INLAND WESTERN RETAIL REAL ESTATE TRUST INC
Form POS AM
March 18, 2005

As filed with the Securities and Exchange Commission on March 18, 2005
Registration No. 333-118860

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 2
TO
FORM S-11
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(Exact name of registrant as specified in governing instruments)

2901 BUTTERFIELD ROAD
OAK BROOK, ILLINOIS 60523
(630) 218-8000
(Address, including zip code, and telephone number,
including, area code of Principal executive offices)

ROBERT H. BAUM, ESQ.
VICE CHAIRMAN, EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL
THE INLAND GROUP, INC.
2901 BUTTERFIELD ROAD
OAK BROOK, ILLINOIS 60523
(630) 218-8000
(Name and address, including zip code, and telephone number,
including area code of agent for service)

WITH A COPY TO:
DAVID J. KAUFMAN, ESQ.
DUANE MORRIS LLP
227 WEST MONROE STREET
SUITE 3400
CHICAGO, ILLINOIS 60606
(312) 499-6700

This Post-Effective Amendment No. 2 consists of the following:

1. Supplement No. 13 dated March 18, 2005 to the Registrant's Prospectus dated December 21, 2004, included herewith, which will be delivered as an unattached document along with the Prospectus dated December 21, 2004.

2. The Registrant's final form of Prospectus dated December 21, 2004, previously filed pursuant to Rule 424(b)(3) on December 21, 2004 and refiled herewith.

3. Part II, included herewith.

4. Signatures, included herewith.

SUPPLEMENT NO. 13
DATED MARCH 18, 2005
TO THE PROSPECTUS DATED DECEMBER 21, 2004
OF INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.

We are providing this Supplement No. 13 to you in order to supplement our prospectus. This supplement updates information in the sections of our prospectus noted in the table of contents below. This Supplement No. 13 supplements, modifies or supersedes certain information contained in our prospectus, and prior Supplements No. 1 through 12 (dated December 29, 2004 through March 16, 2005) and must be read in conjunction with our prospectus.

TABLE OF CONTENTS

	Supplement Page No.	Prospectus Page No.
Prospectus Summary	1	1
Risk Factors	5	12
How We Operate	8	34
Conflicts of Interest	9	36
Compensation Table	12	40
Prior Performance of Our Affiliates	13	49
Management	35	68
Principal Stockholders	38	95
Investment Objectives and Policies	39	99
Real Property Investments	41	109
Management's Discussion and Analysis of Our Financial Condition and Results of Operations	57	298
Shares Eligible for Future Sale	71	332
Summary of Our Organizational Documents	72	335
Stockholders' Meeting	72	335
Plan of Distribution	72	360
Litigation	73	378
Relationships and Related Transactions	73	378
Experts	74	384

PROSPECTUS SUMMARY

THE FIFTH SENTENCE UNDER THE SECTION REGARDING "OUR SPONSOR, OUR BUSINESS MANAGER/ADVISOR AND THE INLAND GROUP"" WHICH STARTS ON PAGE 2 OF OUR PROSPECTUS

HAS BEEN MODIFIED AS FOLLOWS:

Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Property Services LLC, our property managers, are entities owned principally by individuals who are affiliates of The Inland Group.

THE FIRST PARAGRAPH UNDER THE SECTION REGARDING "CONFLICTS OF INTEREST" WHICH STARTS ON PAGE 4 OF OUR PROSPECTUS HAS BEEN SUPERCEDED IN THE ENTIRETY TO READ AS FOLLOWS:

CONFLICTS OF INTEREST EXIST BETWEEN US AND SOME OF OUR AFFILIATES, INCLUDING OUR BUSINESS MANAGER/ADVISOR. THESE AFFILIATES INCLUDE INLAND REAL ESTATE CORPORATION, INLAND RETAIL REAL ESTATE TRUST, INC., INLAND REAL ESTATE EXCHANGE CORPORATION AND INLAND AMERICAN REAL ESTATE

TRUST, INC. INLAND REAL ESTATE CORPORATION IS A PUBLICLY TRADED REIT THAT IS SELF-ADMINISTERED AND GENERALLY PURCHASES SHOPPING CENTERS LOCATED IN THE MIDWEST. INLAND RETAIL REAL ESTATE TRUST, INC. IS SELF-ADMINISTERED AND GENERALLY PURCHASES SHOPPING CENTERS LOCATED EAST OF THE MISSISSIPPI RIVER. INLAND REAL ESTATE EXCHANGE CORPORATION IS A SUBSIDIARY OF INLAND REAL ESTATE INVESTMENT CORPORATION. INLAND REAL ESTATE EXCHANGE CORPORATION PROVIDES REPLACEMENT PROPERTIES FOR PEOPLE WISHING TO COMPLETE AN IRS SECTION 1031 REAL ESTATE EXCHANGE. ON FEBRUARY 11, 2005, INLAND AMERICAN REAL ESTATE TRUST, INC. FILED A REGISTRATION STATEMENT ON FORM S-11 TO REGISTER 500,000,000 SHARES OF COMMON STOCK AND UP TO 40,000,000 SHARES OF THEIR COMMON STOCK FOR PARTICIPANTS IN THEIR DISTRIBUTION REINVESTMENT PROGRAM. THE REGISTRATION STATEMENT HAS NOT BEEN DECLARED EFFECTIVE BY THE SECURITIES AND EXCHANGE COMMISSION, AND THERE IS NO ASSURANCE WHEN AND IF IT WILL BE DECLARED EFFECTIVE. INLAND AMERICAN REAL ESTATE TRUST, INC. IS AFFILIATED WITH THE INLAND GROUP. INLAND AMERICAN REAL ESTATE TRUST, INC. HAS BEEN FORMED TO ACQUIRE COMMERCIAL REAL ESTATE, PRIMARILY RETAIL PROPERTIES AND MULTI-FAMILY, OFFICE AND INDUSTRIAL BUILDINGS, LOCATED IN THE UNITED STATES AND CANADA. INLAND AMERICAN REAL ESTATE TRUST, INC. MAY INVEST IN THOSE ASSETS DIRECTLY BY PURCHASING THE PROPERTY ALSO KNOWN AS A "FEE INTEREST" OR INDIRECTLY BY PURCHASING INTERESTS, INCLUDING CONTROLLING INTERESTS, IN "REAL ESTATE OPERATING COMPANIES." INLAND AMERICAN REAL ESTATE TRUST, INC. MAY ALSO INVEST IN OTHER REAL ESTATE ASSETS AND ENTITIES OWNING THOSE ASSETS, SUCH AS MORTGAGE LOANS SECURED BY COMMERCIAL REAL ESTATE. Midwest Real Estate Equities, Inc. is not a subsidiary of The Inland Group, Inc or its affiliates but does have some of the same shareholders as The Inland Group, Inc. Midwest Real Estate Equities buys, manages and sells commercial and multi-family property.

THE SECOND BULLET POINT AFTER THE SECOND PARAGRAPH UNDER THE SECTION "CONFLICTS OF INTEREST" WHICH STARTS ON PAGE 4 OF OUR PROSPECTUS HAS BEEN SUPERCEDED IN THE ENTIRETY TO READ AS FOLLOWS:

- substantial compensation payable by us to Inland Securities Corporation, Inland Western Retail Real Estate Advisory Services, Inc., Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Property Services LLC for their various services which may not be on market terms and is payable, in most cases, whether or not our stockholders receive distributions;

WE HAVE ADDED A FOURTH PARAGRAPH WITH RELATED BULLET POINTS UNDER THE SECTION "CONFLICTS OF INTEREST" WHICH STARTS ON PAGE 4 OF OUR PROSPECTUS TO READ AS FOLLOWS:

If and when Inland American Real Estate Trust, Inc.'s registration statement is declared effective by the Securities and Exchange Commission, conflicts of

interest that may arise in connection with the sale of shares and use of the offering's proceeds are as follows:

- competition for the time and attention of management and affiliates that provide services to us, which may limit the amount of time that these people may spend on our matters;

- potentially overlapping fiduciary duties owed by certain affiliated directors sitting on more than one board of directors;

- potentially overlapping fiduciary duties owed by certain directors particularly arising in the potential purchase of shopping or retails centers, and office buildings, located in the United States;

- Inland American Real Estate Trust, Inc. may compete for the same properties we are interested in;

- Inland American Real Estate Trust, Inc. may acquire real estate operating companies that may have been a historical or future source for us to acquire properties from; and

- potential time and effort spent by Inland Securities Corporation on the selling of our securities and their sales effort related to the sales of shares by Inland American Real Estate Trust, Inc.

WE HAVE SUPERCEDED THE FOLLOWING DESCRIPTION LOCATED UNDER THE NONSUBORDINATED PAYMENTS AT THE OPERATIONAL STAGE WITHIN THE TABULAR SUMMARY OF FEES AS DISCUSSED UNDER THE SECTION "COMPENSATION TO BE PAID TO OUR BUSINESS MANAGER/ADVISOR AND AFFILIATES" WHICH STARTS ON PAGE 7 OF OUR PROSPECTUS IN THE ENTIRETY, TO READ AS FOLLOWS:

Property management fee This fee terminates upon a business combination with our property managers.	4.5% of the gross income from the properties (cannot exceed 90% of the fee which would be payable to an unrelated third party). We will pay the fee for services in connection with the rental, leasing, operation and management of the properties. For the year ended December 31, 2004, and the period from March 5, 2003 (inception) to December 31, 2003, we have incurred and paid property management fees of $5,381,721 and $16,627, of which $5,381,721 and $16,627 were retained by Inland US Management LLC, Inland Southwest Property Management LLC and Inland Pacific Property Services LLC. Actual amounts we will incur in the future cannot be determined at the present time.

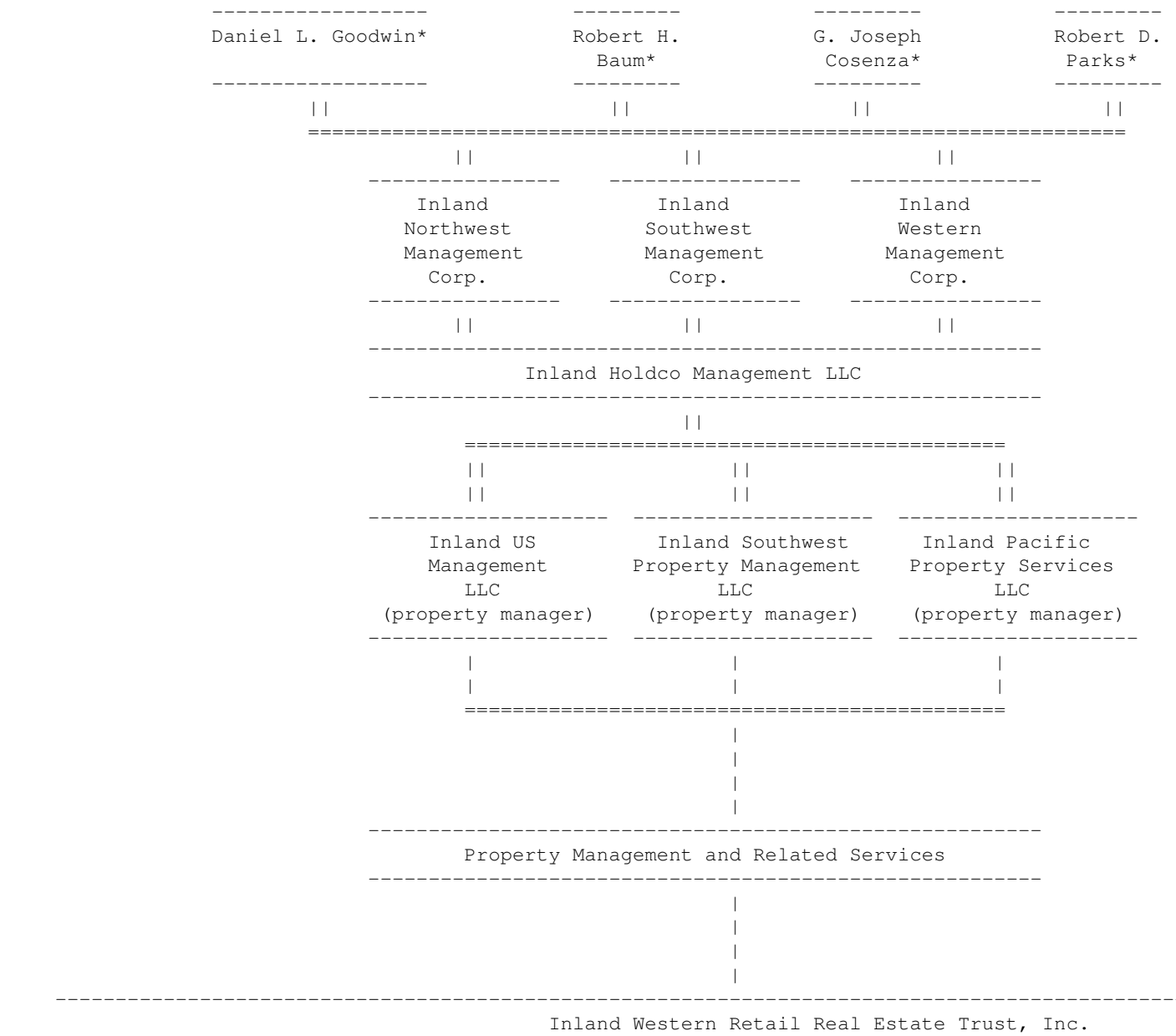
ORGANIZATIONAL CHART

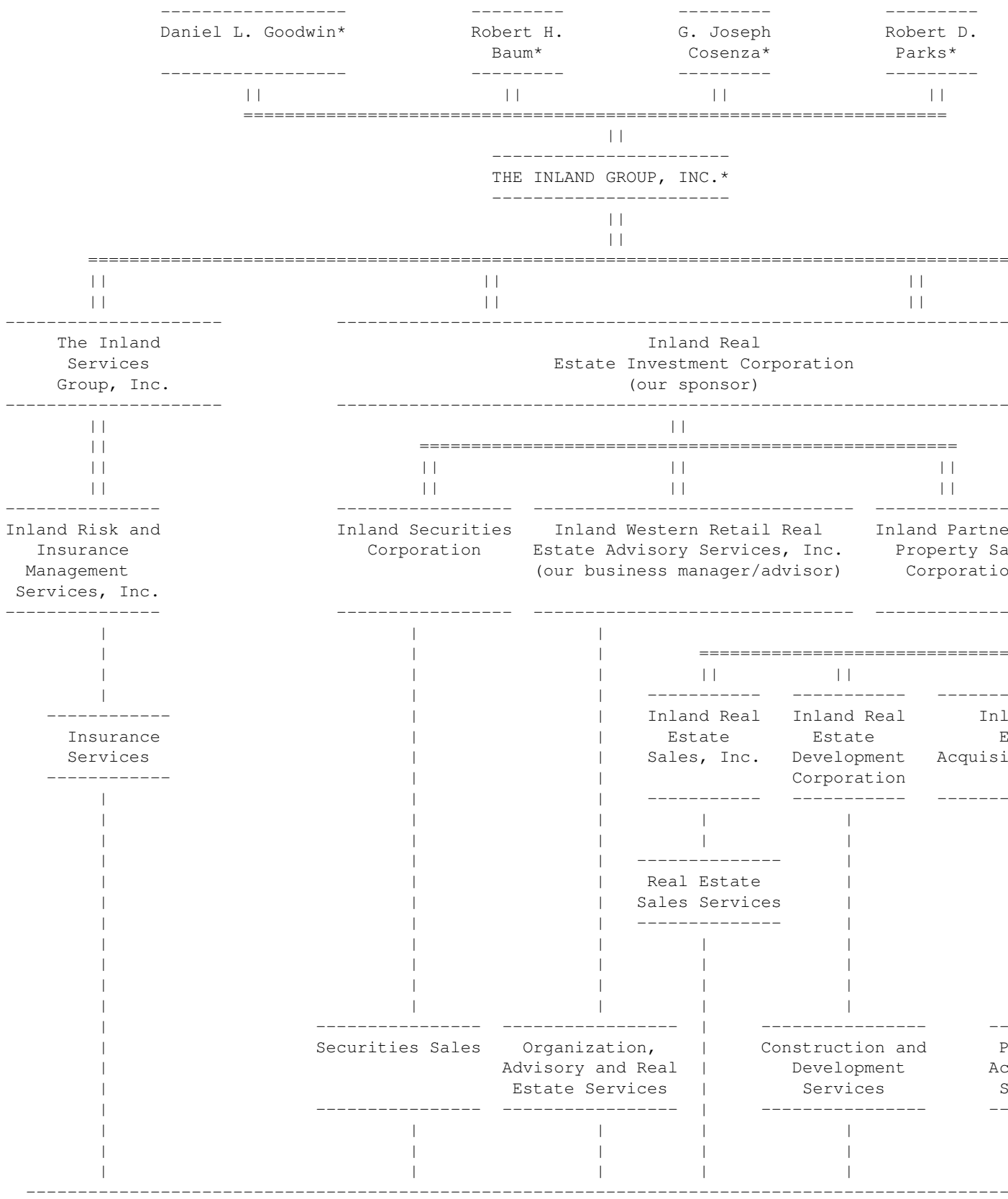
THE ORGANIZATIONAL CHART UNDER THIS SECTION; WHICH IS LISTED ON PAGE 3 OF OUR PROSPECTUS IS SUPERCEDED WITH THE FOLLOWING:

The following organizational chart depicts the services that affiliates or our sponsor will render to us and our organizational structure.

[CHART]

ORGANIZATIONAL CHART




Daniel L. Goodwin*
Robert H. Baum*
G. Joseph Cosenza*
Robert D. Parks*
THE INLAND GROUP, INC.*
The Inland Services Group, Inc.
Inland Real Estate Investment Corporation (our sponsor)
Inland Risk and Insurance Management Services, Inc.
Inland Securities Corporation
Inland Western Retail Real Estate Advisory Services, Inc. (our business manager/advisor)
Inland Partne Property Sa Corporatio
Insurance Services
Inland Real Estate Sales, Inc.
Inland Real Estate Development Corporation
Inl E Acquisi
Real Estate Sales Services
Securities Sales
Organization, Advisory and Real Estate Services
Construction and Development Services
P Ac S
Inland Western Retail Real Estate Trust, Inc.
We are principally owned by public investors. Ownership is represented by shares

* The four indicated individuals control The Inland Group, Inc. and own substantially all of its stock.

Double lines indicate 100% ownership.
Single lines indicate service.

RISK FACTORS

THE SECOND SENTENCE UNDER THE DISCUSSION REGARDING "WE WILL COMPETE WITH REAL ESTATE INVESTMENT PROGRAMS SPONSORED BY COMPANIES AFFILIATED WITH US FOR ACQUISITION OF PROPERTIES AND FOR THE TIME AND SERVICES OF PERSONNEL " WHICH STARTS ON PAGE 13 OF OUR PROSPECTUS HAS BEEN MODIFIED TO READ AS FOLLOWS:

These affiliated companies include Inland Real Estate Corporation, Inland Retail Real Estate Trust, Inc., Inland Real Estate Exchange Corporation, Inland American Real Estate Trust, Inc., and other entities to be formed by The Inland Group.

THE DISCUSSION REGARDING "WE DEPEND ON OUR BOARD OF DIRECTOR, BUSINESS MANAGER/ADVISOR AND PROPERTY MANAGERS AND LOSING THOSE RELATIONSHIPS COULD NEGATIVELY AFFECT OUR OPERATIONS " WHICH STARTS ON PAGE 19 OF OUR PROSPECTUS HAS BEEN SUPERCEDED IN THE ENTIRETY TO READ AS FOLLOWS:

WE DEPEND ON OUR BOARD OF DIRECTORS, BUSINESS MANAGER/ADVISOR AND PROPERTY MANAGERS AND LOSING THOSE RELATIONSHIPS COULD NEGATIVELY AFFECT OUR OPERATIONS. Our board of directors has supervisory control over all aspects of our operations. Our ability to achieve our investment objectives will depend to a large extent on the board's ability to oversee, and the quality of, the management provided by the business manager/advisor, the property managers, their affiliates and employees for day-to-day operations. Therefore, we depend heavily on the ability of the business manager/advisor and its affiliates to retain the services of each of its executive officers and key employees. However, none of these individuals has an employment agreement with the business manager/advisor or its affiliates. The loss of any of these individuals could have a material adverse effect on us. These individuals include Daniel L. Goodwin, Robert H. Baum, G. Joseph Cosenza, Robert D. Parks, Thomas P. McGuinness, Roberta S. Matlin and Brenda G. Gujral.

On February 11, 2005, Inland American Real Estate Trust, Inc. filed a registration statement on Form S-11 to register 500,000,000 shares of common stock and up to 40,000,000 shares of their common stock for participants in their distribution reinvestment program. The registration statement has not been declared effective by the Securities and Exchange Commission, and there is no assurance when and if it will be declared effective. Specific conflicts of interest between us and Inland American Real Estate Trust, Inc include:

- competition for the time and attention of management and affiliates that provide services to us, which may limit the amount of time that these people may spend on our matters;

- potentially overlapping fiduciary duties owed by certain affiliated directors sitting on more than one board of directors; and

- potentially overlapping fiduciary duties owed by certain directors particularly arising in the potential purchase of shopping or retail centers, and office buildings, located in the United States.

Our business manager/advisor must reimburse us for certain operational stage expenses exceeding 15% of the gross offering proceeds. If the business manager/advisor's net worth or cash flow is not sufficient to cover these expenses, we will not be reimbursed.

THE DISCUSSION REGARDING "THERE ARE CONFLICTS OF INTEREST BETWEEN US AND OUR AFFILIATES" WHICH STARTS ON PAGE 19 OF OUR PROSPECTUS HAS BEEN SUPERCEDED IN THE ENTIRETY TO READ AS FOLLOWS:

THERE ARE CONFLICTS OF INTEREST BETWEEN US AND OUR AFFILIATES. Our operation and management may be influenced or affected by conflicts of interest arising out of our relationship with our affiliates. Our business manager/advisor and its affiliates are or will be engaged in other activities that will result in potential conflicts of interest with the services that the business manager/advisor and affiliates will provide to us. Those affiliates could take actions that are more favorable to other entities than to us. The resolution of conflicts in favor of other entities could have a negative impact on our financial performance. These affiliates include Inland Retail Real Estate Trust, Inc., Inland Western Retail Real Estate Advisory Services, Inc., our business manager/advisor, Inland Real Estate Corporation, Inland Real Estate Exchange Corporation, and Inland American Real Estate Trust, Inc., and entities to be formed by The Inland Group, Inc. Inland Real Estate Corporation is a publicly traded REIT that is self-administered and generally purchases shopping centers located in the Midwest. Inland Retail Real Estate Trust, Inc. is self-administered and generally purchases shopping centers located east of the Mississippi River. Inland Real Estate Exchange Corporation is a subsidiary of Inland Real Estate Investment Corporation. Inland Real Estate Exchange Corporation provides replacement properties for people wishing to complete an IRS Section 1031 real estate exchange. On February 11, 2005, Inland American Real Estate Trust, Inc. filed a registration statement on Form S-11 to register 500,000,000 shares of common stock and up to 40,000,000 shares of their common stock for participants in their distribution reinvestment program. The registration statement has not been declared effective by the Securities and Exchange Commission, and there is no assurance when and if it will be declared effective. Inland American Real Estate Trust, Inc. is affiliated with The Inland Group. Inland American Real Estate Trust, Inc. has been formed to acquire commercial real estate, primarily retail properties and multi-family, office and industrial buildings, located in the United States and Canada. Inland American Real Estate Trust, Inc. may invest in those assets directly by purchasing the property also known as a "fee interest" or indirectly by purchasing interests, including controlling interests, in "real estate operating companies." Inland American Real Estate Trust, Inc. may also invest in other real estate assets and entities owning those assets, such as mortgage loans secured by commercial real estate. Our business manager/advisor receives fees based on the book value including acquired intangibles of the properties under management. Specific conflicts of interest between us and our affiliates include:

- We may acquire properties from affiliates of our sponsor in transactions in which the price will not be the result of arm's length negotiations. The prices we pay to affiliates of our sponsor for our properties will be equal to the prices paid by them, plus the costs incurred by them relating to the acquisition and financing of the properties. These prices will not be the subject of arm's length negotiations, which could mean that the acquisitions may be on terms less favorable to us than those negotiated in an arm's-length transaction. Inland American Real Estate Trust, Inc. may acquire real estate operating companies that may have been a historical or future source for us to acquire properties from, which could create a conflict of interest for us. In addition, Inland American Real Estate

Trust, Inc.'s offering, when it becomes effective could potentially negatively impact arm's length negotiations due to overlapping fiduciary duties owed by certain directors particularly arising in the potential purchase of shopping or retails centers, and office buildings, located in the United States. The result of these transactions could cause us to pay more for particular properties than we would have in an arm's length transaction and therefore, adversely affect our cash flow and our ability to pay your distributions.

- WE MAY PURCHASE REAL PROPERTIES FROM PERSONS WITH WHOM OUR BUSINESS MANAGER/ADVISOR OR ITS' AFFILIATES HAVE PRIOR BUSINESS RELATIONSHIPS AND OUR INTERESTS IN THESE BUSINESS RELATIONSHIPS MAY BE DIFFERENT FROM THE INTERESTS OF OUR BUSINESS MANAGER/ADVISOR OR ITS AFFILIATES IN THESE BUSINESS RELATIONSHIPS. We may purchase properties from third parties who have sold properties in the past, or who may sell properties

in the future, to our business manager/advisor or its affiliates. Inland American Real Estate Trust, Inc. may acquire real estate operating companies that may have been a historical or future source for acquiring properties, which could create a conflict of interest for our company. If we purchase properties from these third parties, our business manager/advisor will experience a conflict between our current interests and its interest in preserving any ongoing business relationship with these sellers. This could result in our business manager/advisor or its affiliates recommending properties that may be in the best interest of the third party seller, but not our best interest. This could adversely impact our portfolio by causing us to invest in properties that are not necessarily in our best interest.

- OUR BUSINESS MANAGER/ADVISOR AND ITS AFFILIATES RECEIVE COMMISSIONS, FEES AND OTHER COMPENSATION BASED UPON OUR INVESTMENTS AND THEREFORE OUR BUSINESS MANAGER/ADVISOR AND ITS AFFILIATES MAY RECOMMEND THAT WE MAKE INVESTMENTS IN ORDER TO INCREASE THEIR COMPENSATION. Our business manager/advisor and its affiliates receive commissions, fees and other compensation based upon our investments. They benefit by us retaining ownership of our assets and leveraging our assets, while you may be better served by sale or disposition or not leveraging the assets. In addition, our business manager/advisor's ability to receive fees and reimbursements depends on our continued investment in properties and in other assets which generate fees. Our business manager/advisor receives fees based on the book value including acquired intangibles of the properties under management. Our property managers receive fees based on the income from properties under management. Therefore, our business manager/advisor and/or property managers may recommend that we purchase properties that generate fees for our business manager/advisor and property managers, but are not necessarily the most suitable investment for our portfolio. In addition, our affiliates, who receive fees, including our business manager/advisor, may recommend that we acquire properties, which may result in our incurring substantive amounts of indebtedness. Therefore, the interest of our business manager/advisor and its affiliates in receiving fees may conflict with our ability to earn income and may result in our incurring substantive amounts of indebtedness. The resolution of this conflict of interest may adversely impact our cash flow and our ability to pay your distributions.

- OUR BUSINESS MANAGER/ADVISOR MAY HAVE CONFLICTING FIDUCIARY OBLIGATIONS IF WE ACQUIRE PROPERTIES WITH ITS AFFILIATES. Our business

manager/advisor may cause us to acquire an interest in a property through a joint venture with its affiliates. In these circumstances, our business manager/advisor will have a fiduciary duty to both us and its affiliates participating in the joint venture. Inland American Real Estate Trust, Inc. may acquire real estate operating companies that may have been a historical or future source for acquiring properties, which could create a conflict of interest for us. In addition, Inland American Real Estate Trust, Inc.'s offering, when it becomes effective could potentially negatively impact arm's length negotiations due to overlapping fiduciary duties owed by certain directors particularly arising in the potential purchase of shopping or retails centers, and office buildings, located in the United States. The resolution of this conflict of interest may cause the business manager/advisor to sacrifice our best interest in favor of the seller of the property and therefore, we may enter into a transaction that is not in our best interest. The resolution of this conflict of interest may negatively impact our financial performance.

- THERE IS COMPETITION FOR THE TIME AND SERVICES OF OUR BUSINESS MANAGER/ADVISOR AND OUR BUSINESS MANAGER/ADVISOR MAY NOT DEDICATE THE TIME NECESSARY TO MANAGER OUR BUSINESS. We rely on our business manager/advisor and its affiliates for our daily operation and the management of our assets. Our officers and other personnel of our business manager/advisor and its affiliates have conflicts in allocating their management time, services and functions

among the real estate investment programs they currently service and any future real estate investment programs or other business ventures which they may organize or serve. Those personnel could take actions that are more favorable to other entities than to us. Inland American Real Estate Trust, Inc. will compete with us for the time and attention of management and affiliates that provide services to us, which may limit the amount of time that these people may spend on our matters. The resolution of conflicts in favor of other entities could have a negative impact on our financial performance.

- INLAND SECURITIES CORPORATION IS PARTICIPATING AS MANAGING DEALER IN THE SALE OF THE SHARES. Inland Securities Corporation is our managing dealer of this offering and is affiliated with The Inland Group. Our managing dealer is entitled to selling commissions and reimbursement for marketing and due diligence expenses. Our managing dealer may be subject to a conflict of interest arising out of its participation in this offering and its affiliation with The Inland Group in performing its "due diligence" obligations which arise under the Securities Act of 1933. When it becomes effective, Inland American Real Estate Trust, Inc.'s offering could negatively affect time and effort spent on our capital raise and sales effort due to the efforts related to the sales of shares offered by Inland American Real Estate Trust, Inc. These personnel could spend more time and attention in Inland American Real Estate Trust, Inc.'s offering. The resolution of this conflict of interest could have a negative impact on our financial performance.

- WE MAY ACQUIRE THE BUSINESS OF OUR BUSINESS MANAGER/ADVISOR AND OUR PROPERTY MANAGERS WITHOUT FURTHER ACTION BY OUR STOCKHOLDERS. During the term of our agreements with our business manager/advisor and our property managers, we have the option to acquire or consolidate the business conducted by them without any consent of our stockholders, our business manager/advisor or our property managers. We may elect to exercise this right at any time after September 15, 2008. This

unfettered discretion could cause us to take action that otherwise we would not be able to do, and therefore could have a negative impact on our financial performance.

- WE DO NOT HAVE ARM'S-LENGTH AGREEMENTS, WHICH COULD CONTAIN TERMS WHICH ARE NOT IN OUR BEST INTEREST. As we have noted, our agreements and arrangements with our business manager/advisor or any of its affiliates, including those relating to compensation, are not the result of arm's length negotiations. These agreements may contain terms that our not in our best interest and would not otherwise be applicable if we entered into arm's-length agreements. See "Conflicts of Interest" for a discussion of various conflicts of interest.

HOW WE OPERATE

THE THIRD AND FOURTH PARAGRAPH UNDER THIS HEADING WHICH STARTS ON PAGE 34 OF OUR PROSPECTUS IS SUPERCEDED IN THE ENTIRETY TO READ AS FOLLOWS:

In addition to the services of our business manager/advisor, we contract with Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Property Services LLC for their services as our property managers. Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Property Services LLC provide the day-to-day property management services for all of our properties.

Our sponsor, Inland Real Estate Investment Corporation, is owned by The Inland Group, Inc. Our business manager/advisor Inland Western Retail Real Estate Advisory Services, Inc., is owned by our sponsor, and thus is indirectly controlled by The Inland Group. In addition, our property managers,

Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Property Services LLC, are owned by individuals who are affiliates of the Inland Group.

CONFLICTS OF INTEREST

THE SECOND PARAGRAPH UNDER THIS HEADING WHICH STARTS ON PAGE 36 OF OUR PROSPECTUS IS SUPERCEDED IN THE ENTIRETY TO READ AS FOLLOWS:

THERE MAY BE CONFLICTING INVESTMENT OPPORTUNITIES AMONG AFFILIATES OF OUR BUSINESS MANAGER/ADVISOR AND THE INLAND GROUP. Affiliates of our business manager/advisor and The Inland Group have sponsored multiple previous investment programs. Our sponsor may also sponsor other programs which may have investment objectives similar to ours. On February 11, 2005, Inland American Real Estate Trust, Inc. filed a registration statement on Form S-11 to register 500,000,000 shares of common stock and up to 40,000,000 shares of their common stock for participants in their distribution reinvestment program. The registration statement has not been declared effective by the Securities and Exchange Commission, and there is no assurance when and if it will be declared effective. Inland American Real Estate Trust, Inc. is affiliated with The Inland Group. When it becomes effective, Inland American Real Estate Trust, Inc.'s offering could negatively affect time and effort spent on our capital raise and sales effort due to a lower initial distribution rate offered by Inland American Real Estate Trust, Inc. Therefore, our sponsor, our business manager/advisor and their affiliates could face conflicts of interest in determining which investment programs will have the first opportunity to acquire real properties and other assets as they become available.

WE HAVE ADDED A SIXTH PARAGRAPH UNDER THIS HEADING WHICH STARTS ON PAGE 36 OF

OUR PROSPECTUS TO READ AS FOLLOWS:

Inland American Real Estate Trust, Inc. has been formed to acquire commercial real estate, primarily retail properties and multi-family, office and industrial buildings, located in the United States and Canada. Inland American Real Estate Trust, Inc. may invest in those assets directly by purchasing the property also known as a "fee interest" or indirectly by purchasing interests, including controlling interests, in "real estate operating companies." Inland American Real Estate Trust, Inc. may also invest in other real estate assets and entities owning those assets, such as mortgage loans secured by commercial real estate. If and when Inland American Real Estate Trust, Inc.'s registration statement is declared effective by the Securities and Exchange Commission, conflicts of interest that may arise in connection with the sale of shares and use of the offering's proceeds are as follows:

- competition for the time and attention of management and affiliates that provide services to us, which may limit the amount of time that these people may spend on our matters;

- potentially overlapping fiduciary duties owed by certain affiliated directors sitting on more than one board of directors;

- potentially overlapping fiduciary duties owed by certain directors particularly arising in the potential purchase of shopping or retails centers, and office buildings, located in the United States;

- Inland American Real Estate Trust, Inc. may compete for the same properties we are interested in;

- Inland American Real Estate Trust, Inc. may acquire real estate operating companies that may have been a historical or future source for us to acquire properties from; and

- potential time and effort spent by Inland Securities Corporation on the selling of our securities and their sales effort due to a the effort related to the sales of shares offered by Inland American Real Estate Trust, Inc.

THE SIXTH PARAGRAPH UNDER THIS HEADING WHICH STARTS ON PAGE 36 OF OUR PROSPECTUS IS SUPERCEDED IN THE ENTIRETY AND BECOMES THE SEVENTH PARAGRAPH AND SHOULD READ AS FOLLOWS:

We currently focus on purchase of properties in the states west of the Mississippi River. We have acquired and will continue to acquire properties east of the Mississippi River. If and when Inland American Real Estate Trust, Inc.'s registration statement is declared effective by the Securities and Exchange Commission, conflicts of interest may arise in connection with the sale of shares and use of the offering's proceeds. Those conflicts of interest are discussed above. However, if any conflicts do arise, they will be resolved as provided in the agreement with our business manager/advisor discussed above.

THE NINTH THROUGH FIFTEENTH PARAGRAPHS UNDER THIS HEADING WHICH STARTS ON PAGE 36 OF OUR PROSPECTUS IS SUPERCEDED IN THE ENTIRETY SHOULD READ AS FOLLOWS:

WE MAY ACQUIRE PROPERTIES FROM AFFILIATES OF OUR SPONSOR. The prices we pay to affiliates of our sponsor for these properties will be equal to the prices paid by them, plus the costs incurred by them relating to the acquisition and financing of the properties. These prices will not be the subject of arm's length negotiations, which could mean that the acquisitions may be on terms less

favorable to us than those negotiated in an arm's-length transaction. Inland American Real Estate Trust, Inc. may acquire real estate operating companies that may have been a historical or future source for acquiring properties, which could create a conflict of interest for our company. In addition, Inland American Real Estate Trust, Inc.'s offering, when it becomes effective could potentially negatively impact arm's length negotiations due to overlapping fiduciary duties owed by certain directors particularly arising in the potential purchase of shopping or retails centers, and office buildings, located in the United States. However, our articles of incorporation provide that the purchase price of any property acquired from an affiliate may not exceed its fair market value as determined by a competent independent appraiser. In addition, the price must be approved by a majority of our directors who have no financial interest in the transaction. If the price to us exceeds the cost paid by our affiliate, there must be substantial justification for the excess cost.

WE MAY PURCHASE REAL PROPERTIES FROM PERSONS WITH WHOM AFFILIATES OF OUR BUSINESS MANAGER/ADVISOR HAVE PRIOR BUSINESS RELATIONSHIPS. We may purchase properties from third parties who have sold properties in the past, or who may sell properties in the future, to our business manager/advisor or its affiliates. Inland American Real Estate Trust, Inc. may acquire real estate operating companies that may have been a historical or future source for acquiring properties, which could create a conflict of interest for our company. If we purchase properties from these third parties, our business manager/advisor will experience a conflict between our current interests and its interest in preserving any ongoing business relationship with these sellers. Nevertheless, our business manager/advisor has a fiduciary obligation to us.

PROPERTY MANAGEMENT SERVICES ARE BEING PROVIDED BY COMPANIES OWNED PRINCIPALLY BY AFFILIATES OF THE INLAND GROUP. Our property managers, which are owned principally by individuals who are our affiliates, provide property management services to us pursuant to management services agreements which we can terminate only in the event of gross negligence or willful misconduct on the part of the property managers. However, our property management services agreements provide that we pay our property managers a monthly management fee of no greater than 90% of the fee which would be payable to an unrelated third party providing such services. In addition, the business manager/advisor and the property

managers believe that the property managers have sufficient personnel and other required resources to discharge all responsibilities to us. Inland American Real Estate Trust, Inc. will compete with us for the time and attention of management and affiliates that provide services to us, which may limit the amount of time that these people may spend on our matters.

OUR BUSINESS MANAGER/ADVISOR AND ITS AFFILIATES RECEIVE COMMISSIONS, FEES AND OTHER COMPENSATION BASED UPON OUR INVESTMENTS. We believe that the compensation we will pay to our business manager/advisor and its affiliates is no more than what we would pay for similar services performed by independent firms. Some compensation is payable whether or not there is cash available to make distributions to our stockholders. To the extent this occurs, our business manager/advisor and its affiliates benefit from us retaining ownership of our assets and leveraging our assets, while our stockholders may be better served by sale or disposition or not leveraging the assets. In addition, the business manager/advisor's ability to receive fees and reimbursements depends on our continued investment in properties and in other assets which generate fees. Our business manager/advisor receives fees based on the book value including acquired intangibles of the properties under management. Our property managers receive fees based on the income from properties under management. Therefore, our business manager/advisor and/or property managers may recommend that we purchase properties that generate fees for our business manager/advisor and

property managers, but are not necessarily the most suitable investment for our portfolio. In addition, our affiliates, who receive fees, including our business manager/advisor, may recommend that we acquire properties, which may result in our incurring substantive amounts of indebtedness. Therefore, the interest of the business manager/advisor and its affiliates in receiving fees may conflict with the interest of our stockholders in earning income on their investment in our common stock. Our business manager/advisor and its affiliates recognize that they have a fiduciary duty to us and our stockholders, and have represented to us that their actions and decisions will be made in the manner most favorable to us and our stockholders.

While we will not make loans to our business manager/advisor or its affiliates, we may borrow money from them for various purposes, including funding working capital requirements. If we do, the terms, such as the interest rate, security, fees and other charges, will be at least as favorable to us as those which would be charged by unaffiliated lending institutions in the same locality on comparable loans. Any money borrowed from an affiliate of The Inland Group is expected to be repaid within 180 days.

Our business manager/advisor and its affiliates may do business with others who do business with us, although presently there are no instances of this. However, our business manager/advisor or its affiliates may not receive rebates or participate in any reciprocal business arrangements which would have the effect of circumventing our agreement with our business manager/advisor.

OUR BUSINESS MANAGER/ADVISOR MAY HAVE CONFLICTING FIDUCIARY OBLIGATIONS IF WE ACQUIRE PROPERTIES WITH ITS AFFILIATES. Our business manager/advisor may cause us to acquire an interest in a property through a joint venture with its affiliates. Inland American Real Estate Trust, Inc. may acquire real estate operating companies that may have been a historical or future source for acquiring properties, which could create a conflict of interest for our company. In addition, Inland American Real Estate Trust, Inc.'s offering, when it becomes effective could potentially negatively impact arm's length negotiations due to overlapping fiduciary duties owed by certain directors particularly arising in the potential purchase of shopping or retails centers, and office buildings, located in the United States. In these circumstances, our business manager/advisor will have a fiduciary duty to both us and its affiliates participating in the joint venture. In order to minimize the conflict between these fiduciary duties, the advisory agreement provides guidelines for investments in joint ventures with affiliates. In addition, our articles of incorporation require a majority of our disinterested directors to determine that the transaction is fair and reasonable to us and is on terms and conditions no less favorable than from unaffiliated third parties entering into the venture.

THERE IS COMPETITION FOR THE TIME AND SERVICES OF OUR BUSINESS MANAGER/ADVISOR. We rely on our business manager/advisor and its affiliates for our daily operation and the management of our assets. Personnel of our business manager/advisor and its affiliates have conflicts in allocating their management time, services and functions among the real estate investment programs they currently service and any future real estate investment programs or other business ventures which they may organize or serve. Our business manager/advisor and its affiliates believe they have enough staff to perform their responsibilities in connection with all of the real estate programs and other business ventures in which they are involved. Inland American Real Estate Trust, Inc. will compete with us for the time and attention of management and affiliates that provide services to us, which may limit the amount of time that these people may spend on our matters.

INLAND SECURITIES CORPORATION IS PARTICIPATING AS MANAGING DEALER IN THE SALE OF THE SHARES. Inland Securities Corporation is the managing dealer of the offering and is affiliated with The Inland Group. The managing dealer is entitled to selling commissions and reimbursement for marketing and due diligence expenses. The managing dealer may be subject to a conflict of interest arising out of its participation in this offering and its affiliation with The Inland Group in performing its "due diligence" obligations which arise under the Securities Act of 1933. However, the managing dealer believes it has and will continue to properly perform these "due diligence" activities. When it becomes effective, Inland American Real Estate Trust, Inc.'s offering could negatively affect time and effort spent on our capital raise and sales effort due to the effort related to the sales of shares by Inland American Real Estate Trust, Inc.

THE THIRD AND FOURTH PARAGRAPHS UNDER THIS HEADING WHICH STARTS ON PAGE 36 OF OUR PROSPECTUS IS SUPERCEDED IN THE ENTIRETY TO READ AS FOLLOWS:

On February 11, 2005, a new property acquisition agreement was entered into between Inland Real Estate Acquisitions, Inc. ("Acquisitions"), Inland Western Retail Real Estate Advisory Services, Inc. ("the Advisor"), and us. The property acquisition agreement grants us an exclusive right of first refusal to acquire each and every Subject Property, as defined in the agreement. A Subject Property is defined as any retail facility, mixed-use property, or a single-user property identified by Acquisitions and located within our market area. Our market area is defined in the agreement as the geographic area located west of the Mississippi in the continental United States but excluding the portion of the geographic area within a four hundred (400) mile radius of Oak Brook, Illinois.

Acquisitions are owned by The Inland Group, and we are sponsored by Inland Real Estate Investment Corporation. Inland Real Estate Investment Corporation and the Advisor are owned by The Inland Group.

The property acquisition agreement previously entered into by the parties dated September 18, 2003 has been terminated accordingly. The new property acquisition agreement is filed as an exhibit to the registration statement of which the prospectus is a part and is incorporated into this filing in its entirety.

COMPENSATION TABLE

WE HAVE SUPERCEDED THE FOLLOWING DESCRIPTION LOCATED UNDER THE NONSUBORDINATED PAYMENTS AT THE OPERATIONAL STAGE WITHIN THE TABULAR SUMMARY OF FEES AS DISCUSSED WHICH STARTS ON PAGE 43 OF OUR PROSPECTUS IN THE ENTIRETY, TO READ AS FOLLOWS:

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	ES
Property management fee paid to our property managers, Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Property Services LLC. We will pay the fee for services in connection with the rental, leasing, operation and management of the properties	We will pay a monthly fee of 4.5% of the gross income from the properties. We will also pay a monthly fee for any extra services equal to no more than 90% of that which would be payable to an unrelated party providing the services. The property managers may subcontract their duties for a fee that may be less than the fee provided for in the management services agreements.	For th 2004 March Dece incur manag and $5,3 ret Mana

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THE DISCUSSION UNDER THIS SECTION "COMPENSATION TO OFFICERS AND DIRECTORS" ON THE DIRECTOR FEES, WHICH STARTS ON PAGE 47 OF OUR PROSPECTUS, SHOULD READ AS FOLLOWS:

Director fees	Independent directors receive an annual fee of $5,000 (increasing to $10,000 effective October 1, 2004) and a fee of $500 for attending each meeting of the board or one of its committees (excluding the audit committee) in person and $350 for attending a meeting via the telephone. Effective December 1, 2004, we pay our audit committee members $750 for each in person audit committee meeting and $500 for each audit committee meeting attended by telephone. Our officers who are also our directors do not receive director fees.	We will pay the fiv directors $25,000 i (increasing to $50, October 1, 2004), p attending meetings. amounts to be recei meetings depends up meetings and their therefore, cannot b the present time.

PRIOR PERFORMANCE OF OUR AFFILIATES

PRIOR INVESTMENT PROGRAMS

During the 10-year period ending December 31, 2004, The Inland Group and its affiliates have sponsored two other REITs and 34 real estate exchange private placements, which altogether have raised

more than $3,157,236,000 from over 68,000 investors. During that period, Inland Real Estate Corporation and Inland Retail Real Estate Trust, Inc., the other REITs, have raised over $3,005,648,000 from over 68,000 investors. Inland Real Estate Corporation and Inland Retail Real Estate Trust, Inc. have investment objectives and policies similar to ours and have invested principally in shopping centers that provide sales of convenience goods and personal services to neighboring communities in the Midwest and Southeast areas. However, both Inland Real Estate Corporation and Inland Retail Real Estate Trust, Inc., are

now self-administered REITs. Our investment objectives and policies are similar to those of several of the other prior investment programs sponsored by our affiliates which have owned and operated retail properties. However, the vast majority of the other investment programs sponsored by our affiliates were dissimilar from our operation in that the prior programs owned apartment properties, pre-development land and whole or partial interests in mortgage loans.

The information in this section and in the Prior Performance Tables included in this Post-effective amendment as APPENDIX A shows relevant summary information concerning real estate programs sponsored by our affiliates. The purpose is to provide information on the prior performance of these programs so that you may evaluate the experience of the affiliated companies in sponsoring similar programs. The following discussion is intended to briefly summarize the objectives and performance of the prior programs and to disclose any material adverse business developments sustained by them. Past performance is not necessarily indicative of future performance.

SUMMARY INFORMATION

The table below provides summarized information concerning prior programs sponsored by our affiliates for the 10-year period ending December 31, 2004, and is qualified in its entirety by reference to the introductory discussion above and the detailed information appearing in the Prior Performance Tables in APPENDIX A of this post-effective amendment. YOU SHOULD NOT CONSTRUE INCLUSION OF THE SUCCEEDING TABLES AS IMPLYING IN ANY MANNER THAT WE WILL HAVE RESULTS COMPARABLE TO THOSE REFLECTED IN THE TABLES BECAUSE THE YIELD AND CASH AVAILABLE AND OTHER FACTORS COULD BE SUBSTANTIALLY DIFFERENT FOR OUR PROPERTIES. YOU SHOULD NOTE THAT BY ACQUIRING OUR SHARES, YOU WILL NOT BE ACQUIRING ANY INTERESTS IN ANY PRIOR PROGRAMS.

	INLAND RETAIL REAL ESTATE TRUST, INC. REIT PROGRAM AS OF DECEMBER 31, 2004	INLAND REAL EST CORPORATION REIT PROGRAM AS OF DECEMBER 31, 20
Number of programs sponsored	1	
Aggregate amount raised from investors	$ 2,301,884,000	703,764,
Approximate aggregate number of investors	59,000	9,
Number of properties purchased	276	
Aggregate cost of properties	$ 4,061,050,000	1,326,000,
Number of mortgages/notes	0	
Principal amount of mortgages/notes	0	
Principal of properties (based on cost) that were:		
Commercial--		
Retail	90.00%	86
Single-user retail net-lease	10.00%	14
Nursing homes	0.00%	0
Offices	0.00%	0
Industrial	0.00%	0
Health clubs	0.00%	0
Mini-storage	0.00%	0
Total commercial	100.00%	100
Multi-family residential	0.00%	0
Land	0.00%	0

Percentage of properties (based on cost) that were:		
Newly constructed (within a year of acquisition)	37.00%	40
Existing construction	63.00%	60
Number of properties sold in whole or in part	0	
Number of properties exchanged	0	

Of the programs included in the above table, Inland Real Estate Corporation and Inland Retail Real Estate Trust, Inc. have investment objectives similar to ours. Inland Real Estate Corporation and Inland Retail Real Estate Trust, Inc. represent approximately 97% of the aggregate amount raised from investors, approximately 99% of the aggregate number of investors, approximately 95% of the properties purchased, and approximately 95% of the aggregate cost of the properties.

During the three years prior to December 31, 2004, Inland Real Estate Corporation purchased 27 commercial properties and Inland Retail Real Estate Trust, Inc. purchased 237 commercial properties. Upon written request, you may obtain, without charge, a copy of Table VI filed with the Securities and Exchange Commission in Part II of our post-effective amendment. The table provides more information about these acquisitions.

PUBLICLY REGISTERED REITS

INLAND REAL ESTATE CORPORATION. Through a total of four public offerings, the last of which was completed in 1999, Inland Real Estate Corporation sold a total of 51,642,397 shares of common stock. In addition, as of December 31, 2004, Inland Real Estate Corporation issued 14,467,082 shares of common stock through its distribution reinvestment program. As of December 31, 2004, Inland Real Estate Corporation repurchased 5,256,435 shares of common stock through its share repurchase program for an aggregate amount of $49,159,202. As a result, Inland Real Estate Corporation has realized total gross offering proceeds of

approximately $703,764,000 as of December 31, 2004. On June 9, 2004, Inland Real Estate Corporation listed its shares on the New York Stock Exchange and began trading under the ticker "IRC".

Inland Real Estate Corporation's objective is to purchase shopping centers that provide convenience goods, personal services, wearing apparel and hardware and appliances located within an approximate 400-mile radius of its headquarters in Oak Brook, Illinois, and to provide, at a minimum, cash distributions on a quarterly basis and a hedge against inflation through capital appreciation. It may also acquire single-user retail properties throughout the United States. As of December 31, 2004, the properties owned by Inland Real Estate Corporation were generating sufficient cash flow to cover operating expenses plus pay an annual cash distribution of $0.94 per share paid monthly.

As of December 31, 2004, Inland Real Estate Corporation owned interest in 140 properties for a total investment of approximately $1,325,000,000. These properties were purchased with proceeds received from the above described offerings of shares of its common stock and financings. As of December 31, 2004, Inland Real Estate Corporation financed approximately $599,567,000 on its properties and had $85,000,000 outstanding through an unsecured line of credit.

On July 1, 2000, Inland Real Estate Corporation became a self-administered REIT by completing its acquisition of Inland Real Estate Advisory Service, Inc.,

its advisor, and Inland Commercial Property Management, Inc., its property manager. The acquisition was accomplished by merging its advisor and its property manager into two wholly owned subsidiaries of Inland Real Estate Corporation. As a result of the merger, Inland Real Estate Corporation issued to our sponsor, the sole shareholder of the advisor, and The Inland Property Management Group, Inc., the sole shareholder of its property manager, an aggregate of 6,181,818 shares of Inland Real Estate Corporation's common stock at $11 per share, or approximately 9.008% of its common stock.

INLAND RETAIL REAL ESTATE TRUST, INC. Through a total of three public offerings, the last of which was completed in 2003, Inland Retail Real Estate Trust, Inc. sold a total of 213,699,534 shares of its common stock. In addition, as of December 31, 2004, Inland Retail Real Estate Trust, Inc. issued 21,278,452 shares through its distribution reinvestment program, and has repurchased a total of 3,367,019 shares through the share reinvestment program. As a result, Inland Retail Real Estate Trust Inc. has realized total net offering proceeds of approximately $2,301,884,000 as of December 31, 2004. On December 29, 2004 Inland Retail Real Estate Trust, Inc., issued 19,700,060 shares as a result of merging with their advisor.

Inland Retail Real Estate Trust, Inc.'s objective is to purchase shopping centers east of the Mississippi River in addition to single-user retail properties in locations throughout the United States, and to provide regular cash distributions and a hedge against inflation through capital appreciation. As of December 31, 2004, the properties owned by Inland Retail Real Estate Trust, Inc. were generating sufficient cash flow to cover operating expenses plus pay an annual cash distribution of $.83 per share per annum paid monthly.

As of December 31, 2004, Inland Retail Real Estate Trust, Inc. owned 276 properties for a total investment of approximately $4,061,050,000. These properties were purchased with proceeds received from the above described offerings of shares of its common stock and financings. As of December 31, 2004, Inland Retail Real Estate Trust, Inc. financed approximately $2,257,842,000 on its properties.

On December 29, 2004, and pursuant to an agreement and plan of merger entered into on September 10, 2004, Inland Retail Real Estate Trust, Inc. (IRRETI) acquired, by merger, four entities affiliated with its former sponsor, Inland Real Estate Investment Corporation, which entities provided business management, advisory and property management services to it. The four entities acquired were Inland Retail Real Estate Advisory Services, Inc., Inland Southern Mangement Corp., Inland Mid-Atlantic Management Corp. and Inland Southeast Property Management Corp. (the acquired companies). Shareholders of the acquired companies received an aggregate of 19,700,060 shares of IRRETI common stock, valued under the merger agreement at $10.00 per share.

The following table summarizes distributions for each of the publicly registered REITS through December 31,2004:

REIT PERFORMANCE
Distributions through December 31, 2004

INLAND REAL ESTATE CORPORATION
OFFERING COMPLETED 1999

	Average Annualized	Aver Annual

	Total Distribution ($)	Ordinary Income ($) *	Non taxable Distribution ($) **	Capital Gain Distribution ($) ***	Distribution for Purchases at $10 per Share ($)	Distrib for Pur at $11 Sha ($
1995	736,627	694,213	42,414	-	7.6	N/
1996	3,704,943	3,093,525	611,418	-	8.1	N/
1997	13,127,597	9,739,233	3,388,364	-	8.6	N/
1998	35,443,213	27,015,143	8,428,070	-	8.8	7.
1999	48,379,621	35,640,732	12,738,889	-	8.9	8.
2000	52,964,010	40,445,730	12,518,280	-	9.0	8.
2001	58,791,604	45,754,604	12,662,414	374,586	9.3	8.
2002	60,090,685	41,579,944	18,315,640	195,101	9.4	8.
2003	61,165,608	47,254,096	13,577,679	333,833	9.4	8.
2004	62,586,577	53,458,760	7,883,026	1,244,791	9.4	8.
	396,990,485	304,675,980	90,166,194	2,148,311		

INLAND RETAIL REAL ESTATE TRUST, INC.
OFFERING COMPLETED 2003

	Total Distribution ($)	Ordinary Income ($) *	Non Taxable Distribution ($) **	Average Annualized Distribution (%)
1999	1,396,861	318,484	1,078,377	7.2
2000	6,615,454	3,612,577	3,002,877	7.7
2001	17,491,342	10,538,534	6,952,808	8.0
2002	58,061,491	36,387,136	21,674,355	8.2
2003	160,350,811	97,571,099	62,779,712	8.3
2004	190,630,575	110,922,403	79,708,172	8.3
	434,546,534	259,350,233	175,196,301	

ON JUNE 9, 2004 INLAND REAL ESTATE CORPORATION LISTED ITS SHARES ON THE NEW YORK STOCK EXCHANGE AND BEGAN TRADING UNDER THE SYMBOL "IRC."

* The breakout between ordinary income and return of capital is finalized on an annual basis after the calendar year end.
** Represents a return of capital for federal income tax purposes.
*** Represents a capital gain distribution for federal income tax purposes.

PRIVATE PARTNERSHIPS

Since our inception and through December 31, 2004, our affiliates have sponsored 514 private placement limited partnerships which have raised more than $524,201,000 from approximately 17,000 investors and invested in properties for an aggregate price of more than $1 billion in cash and notes. Of the 522

properties purchased, 93% have been in Illinois. Approximately 90% of the funds were invested in apartment buildings, 6% in shopping centers, 2% in office buildings and 2% in other properties. Including sales to affiliates, 475 partnerships have sold their original property investments. Officers and employees of our sponsor and its affiliates invested more than $17,000,000 in these private placement limited partnerships.

From October 1, 1995 through December 31, 2004, investors in The Inland Group private partnerships have received total distributions in excess of $269,026,000, consisting of cash flow from partnership operations, interest earnings, sales and refinancing proceeds and cash received during the course of property exchanges.

Following a proposal by the former corporate general partner, which was an affiliate of The Inland Group, investors in 301 private partnerships voted in 1990 to make our sponsor the corporate general partner for those partnerships.

Beginning in December 1993 and continuing into the first quarter of 1994, investors in 101 private limited partnerships for which our sponsor is the general partner received letters from it informing them of the possible opportunity to sell the 66 apartment properties owned by those partnerships to a to-be-formed REIT in which affiliates of our sponsor would receive stock and cash and the limited partners would receive cash. The underwriters of this apartment REIT subsequently advised our sponsor to sell to a third party its management and general partner's interests in those remaining limited partnerships not selling their apartment properties to the apartment REIT. Those not selling their apartment properties constituted approximately 30% of the Inland-sponsored limited partnerships owning apartment buildings. The prospective third-party buyers of our sponsor's interests in the remaining partnerships, however, would make no assurance to support those partnerships financially. As a result, in a March 1994 letter, our sponsor informed investors of its decision not to go forward with the formation of the apartment REIT.

Following this decision, two investors filed a complaint in April 1994 in the Circuit Court of Cook County, Illinois, Chancery Division, purportedly on behalf of a class of other unnamed investors, alleging that our sponsor had breached its fiduciary responsibility to those investors whose partnerships would have sold apartment properties to the apartment REIT. The complaint sought an accounting of information regarding the apartment REIT matter, an unspecified amount of damages and the removal of our sponsor as general partner of the partnerships that would have participated in the sale of properties. In August 1994, the court granted our sponsor's motion to dismiss, finding that the plaintiffs lacked standing to bring the case individually. The plaintiffs were granted leave to file an amended complaint. Thereafter, in August 1994, six investors filed an amended complaint, purportedly on behalf of a class of other investors, and derivatively on behalf of six limited partnerships of which our sponsor is the general partner. The derivative counts sought damages from our sponsor for alleged breach of fiduciary duty and breach of contract, and asserted a right to an accounting. Our sponsor filed a motion to dismiss in response to the amended complaint. The suit was dismissed in March 1995 with prejudice. The plaintiffs filed an appeal in April 1996. After the parties briefed the issue, arguments were heard by the Appellate Court in February 1997. In September 1997, the Appellate Court affirmed the trial court decision in favor of our sponsor.

Inland Real Estate Investment Corporation is the general partner of twenty-seven private limited partnerships and one public limited partnership that own corporate interests in fifteen buildings that are net leased to Kmart. The fourteen Kmarts owned by the private limited partnerships are all cross

collateralized. Relating to the Kmart bankruptcy, the status of the fifteen is as follows:

CATEGORY 1 - The leases of nine of the Kmarts are current and have been accepted by Kmart under their Chapter 11 reorganization plan.

CATEGORY 2 - Kmart assigned its designation rights in one lease to Kohl's. The lease was amended and extended for Kohl's by IREIC, the general partner on behalf of the owners and lender; and Kohl's began paying rent February 12, 2003.

CATEGORY 3 - Under Kmart's Chapter 11 reorganization plan and upon emergence from bankruptcy on April 22, 2003, Kmart has rejected the remaining four property leases, one of which is subject to a ground lease to Kimco. Kmart ceased paying rent as of May 1, 2003.

IREIC, the corporate general partner has agreed with the note holders who own the loan to conduct a liquidation of the 14 properties which comprise Categories 1, 2 and 3. The Category 2 property, which is leased by Kohl's, was sold on February 19, 2004. As of December 31, 2004, seven of the Category 1 K-Mart properties have been sold and the remaining two are under contract. Two of the Category 3 properties have been sold, one is under contract and one has an offer pending as of December 31, 2004.

CATEGORY 4 - Under Kmart's Chapter 11 reorganization, Kmart rejected the lease for the property owned by the public limited partnership and ceased paying rent as of June 29, 2002. The corporate general partner plans to either re-tenant or sell this facility.

1031 EXCHANGE PRIVATE PLACEMENT OFFERING PROGRAM

In March of 2001, Inland Real Estate Exchange Corporation (IREX) was established as a subsidiary of Inland Real Estate Investment Corporation. The main objective of IREX is to provide replacement properties for people wishing to complete an IRS Section 1031 real estate exchange. Through December 31, 2004, IREX offered the sale of 34 properties with a total property value of $404,899,000.

LANDINGS OF SARASOTA DBT. Inland Southern Acquisitions, Inc., a Delaware corporation and an affiliate of IREX acquired The Landings, a multi-tenant shopping center located in Sarasota, Florida in December 1997 for $9,800,000. In August 2001, Inland Southern Acquisitions, Inc. contributed 100% of its interest in the property into Landings of Sarasota DBT, a Delaware business trust, refinanced the property with a loan of $8,000,000 from Parkway Bank & Trust Co., an Illinois banking corporation, and began offering all of its beneficial interests in the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $12,000,000, which consisted of $8,000,000 in debt assumption and $4,000,000 in equity investment. $200,000 of the offering proceeds were allocated to a property reserve account. The offering was completed in May 2002 when the maximum offering amount was raised.

SENTRY OFFICE BUILDING, DBT, a Delaware business trust, purchased a newly constructed, single-tenant office building in Davenport, Iowa in December 2001 from Ryan Companies US Inc., a Minnesota corporation. The trust financed its acquisition of the property with a $7,500,000 first mortgage loan from Parkway Bank & Trust Co., an Illinois banking corporation. In January 2002, Sentry Office Building Corporation, a Delaware corporation and the initial beneficiary of the trust, began offering all of its beneficial interests in the trust to certain qualified persons in need of replacement properties to complete a

1031 tax-deferred exchange. The total price was $11,000,000, which consisted of $7,500,000 in debt assumption and $3,500,000 in equity investment. $100,000 of the offering proceeds obtained from the new owners was allocated to a property reserve account. The offering was completed in April 2002 when the maximum offering amount was raised.

PETS BOWIE DELAWARE BUSINESS TRUST purchased a single-tenant retail building leased to PETsMART in Bowie, Maryland in October 2001 from PETsMART, Inc. and Wells Fargo Bank Northwest, N.A. The trust initially financed its acquisition of the property with a temporary loan of $2,625,305 from Parkway Bank & Trust Co., an Illinois banking corporation, and then replaced this loan with a permanent loan of $1,300,000 with the same lender. In May 2002, Pets Bowie Delaware Business Trust began offering all of its beneficial interests to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $3,900,000, which consisted of $1,300,000 in debt assumption and $2,600,000 in equity investment. $90,000 of the offering proceeds obtained from the new owners was allocated to a property reserve account. The offering was completed in July 2002 when the maximum offering amount was raised.

1031 CHATTANOOGA DBT, a Delaware business trust, acquired a retail property currently leased to Eckerd in Chattanooga, Tennessee in May 2002. The trust financed the property with a loan of $1,500,000 from Parkway Bank & Trust Co., an Illinois banking corporation. In July 2002, 1031 Chattanooga, L.L.C., the initial beneficiary of 1031 Chattanooga DBT, began offering all of the beneficial interests of the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $3,400,000, which consisted of $1,500,000 in debt assumption and $1,900,000 in equity investment. The offering was completed in May 2003 when the maximum offering amount was raised.

LANSING SHOPPING CENTER, DBT a Delaware business trust, purchased a newly constructed, multi-tenant retail shopping center in Lansing, Illinois in June 2002 from LaSalle Bank National Association, as trustee under trust agreement dated May 22, 2001 and known as Trust No. 127294. The trust financed its acquisition of the property with a $5,900,000 first mortgage loan from Parkway Bank & Trust Co., an Illinois banking corporation. In August 2002, Lansing Shopping Center, L.L.C., a Delaware limited liability company and the initial beneficiary of Lansing Shopping Center, DBT, began offering all of the beneficial interests of the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $10,900,000, which consisted of $5,900,000 in debt assumption and $5,000,000 in equity investment. $80,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in September 2001 when the maximum offering amount was raised.

INLAND 220 CELEBRATION PLACE DELAWARE BUSINESS TRUST purchased a single-tenant office building currently leased to Walt Disney World Co., a Florida corporation, in Celebration, Osceola County, Florida, in June 2002 from Walt Disney World Co. in a sale/leaseback transaction. The trust financed its acquisition of the property with an $18,000,000 first mortgage loan from Bank of America, N.A., a national banking association. In September 2002, Inland 220 Celebration Place, L.L.C., a Delaware limited liability company and the initial beneficiary of Inland 220 Celebration Place Delaware Business Trust, began offering all of the beneficial interests of the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $33,800,000, which consisted of $18,000,000 in debt assumption and $15,800,000 in equity investment. $50,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in September 2003 when the maximum offering amount was raised.

TAUNTON CIRCUIT DELAWARE BUSINESS TRUST acquired a retail property currently leased to Circuit City in Taunton, Massachusetts in July 2002. The Trust financed the property with a first mortgage of

$2,800,000 from MB Financial Bank. In September 2002, Inland Taunton Circuit, L.L.C., the initial beneficiary of Taunton Circuit Delaware Business Trust, offered all of its interest in the trust to a qualified person in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was $6,550,000, which consisted of $2,800,000 in debt assumption and $3,750,000 in equity investment. The offering was completed in September 2002.

BROADWAY COMMONS DELAWARE BUSINESS TRUST acquired a multi-tenant retail center located in Rochester, Minnesota, in July 2002. The Trust financed the property with a first mortgage of $8,850,000 from Parkway Bank & Trust Co., an Illinois banking corporation. In October 2002, Broadway Commons, L.L.C., the initial beneficiary of Broadway Commons Delaware Business Trust, began offering all of its beneficial interests in the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $17,250,000, which consisted of $8,850,000 in debt assumption and $8,400,000 in equity investment. $100,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in December 2003 when the maximum offering amount was raised.

BELL PLAZA 1031, LLC. REHAB ASSOCIATES XIII, INC., an Illinois corporation and an affiliate of IREX acquired Bell Plaza, a multi-tenant shopping center in Oak Lawn, IL on August 28, 1998 for $1,675,000. In October 2002, Rehab Associates XIII contributed 100% of its interest in the property into Bell Plaza 1031, LLC, a Delaware single member limited liability company, and then offered all of its membership interests in Bell Plaza, LLC to North Forsyth Associates, a North Carolina general partnership, which was in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was $4,030,000, which consisted of $3,140,000 in debt assumption and $890,000 in equity investment. $25,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in November 2002.

INLAND 210 CELEBRATION PLACE DELAWARE BUSINESS TRUST purchased a single-tenant office building, currently leased to Walt Disney World Co., a Florida corporation, in Celebration, Osceola County, Florida, in June 2002 from Walt Disney World Co .in a sale/leaseback transaction. The trust financed its acquisition of the property with a $5,700,000 first mortgage loan from Bear Stearns Commercial Mortgage, Inc. In January 2003, Inland 210 Celebration Place Delaware Business Trust sold its fee simple interest in 210 Celebration Place to Old Bridge Park Celebration, LLC, a Delaware limited liability company, which was in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was $12,000,000, which consisted of $5,700,000 in debt assumption and $6,300,000 in equity investment.

COMPUSA RETAIL BUILDING. Lombard C-USA, L.L.C., a Delaware limited liability company, purchased a single-tenant retail building leased to CompUSA, Inc. in Lombard, Illinois in January 2003 from an unrelated third party. The L.L.C. financed its acquisition of the property with a $4,000,000 loan from Bear Stearns Commercial Mortgage, Inc. In April 2003, Lombard C-USA, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 2840 S. Highland Avenue, Lombard, DuPage County, Illinois for $3,910,500 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $7,950,000, which consisted of $4,000,000 in debt assumption and $3,950,000 in equity investment. As required by the lender, Lombard C-USA, L.L.C. shall retain at least a 1% tenant-in-common

interest, which is included in the $3,950,000 equity investment. $75,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in February 2004 when the maximum offering amount was raised.

DEERE DISTRIBUTION FACILITY IN JANESVILLE, WISCONSIN. Janesville 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant, light industrial distribution center leased to Deere &

Company, a Delaware corporation, in Janesville, Wisconsin in February 2003 from Ryan Janesville, L.L.C., a Minnesota corporation and an affiliate of Ryan Companies US, Inc. The L.L.C. financed its acquisition of the property with a $10,450,000 loan from Bear Stearns Commercial Mortgage, Inc. In May 2003, Janesville 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 2900 Beloit Avenue, Janesville, Rock County, Wisconsin for $9,949,500 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $20,500,000, consisted of $10,450,000 in debt assumption and $10,050,000 in equity investment, 1% of which was required by the lender to be retained by Janesville 1031, L.L.C. $100,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in January 2004 when the maximum offering was raised.

FLEET OFFICE BUILDING. Westminster Office 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant office building leased entirely to Fleet National Bank, a national banking association, in Providence, Rhode Island in April 2003 from Fleet National Bank in a sale/leaseback transaction. The L.L.C. financed its acquisition of the property with a $12,900,000 loan from Bear Stearns Commercial Mortgage, Inc. In June 2003, Westminster Office 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 111 Westminster Street, Providence, Providence County, Rhode Island for $9,900,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $22,900,000, consisted of $12,900,000 in debt assumption and $10,000,000 in equity investment, 1% of which was required by the lender to be retained by Westminster Office 1031, L.L.C. $150,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in January 2004 when the maximum offering was raised.

DEERE DISTRIBUTION FACILITY IN DAVENPORT, IOWA. Davenport 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant, light industrial distribution center leased to Quad Cities Consolidation and Distribution, Inc., an Illinois corporation, in Davenport, Iowa in April 2003 from Ryan Companies US, Inc., a Minnesota corporation. The lease is fully guaranteed by Deere & Company, a Delaware corporation. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc. In August 2003, Davenport 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 2900 Research Parkway, Davenport, Scott County, Iowa for $15,543,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $28,200,000, consisted of $12,500,000 in debt assumption and $15,700,000 in equity investment, 1% of which was required by the lender to be retained by Davenport 1031, L.L.C. $100,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in April 2004 when the maximum offering was raised.

GRAND CHUTE DST, a Delaware statutory trust, purchased a multi-tenant

retail shopping center in Grand Chute, Wisconsin in October 2002 from Continental 56 Fund Limited Partnership. The trust funded the acquisition of the property with cash from the sale of 100% of the beneficial interests in the trust to Grand Chute, L.L.C., a Delaware limited liability company. Subsequent to the acquisition of the property, the trust obtained a $5,678,350 loan from Bank of America, N.A. and the proceeds of the loan were distributed to Grand Chute, L.L.C. as a partial return of its capital contribution. In January 2003, Grand Chute, L.L.C. began offering all of its beneficial interests in the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $12,048,350 which consisted of $5,678,350 in debt assumption and $6,370,000 in equity investment. $478,350 of the offering proceeds was allocated to four separate property reserve accounts, three of which were required by the lender. In September 2003, certain information in the offering was amended and

supplemented through the release of the First Supplement to Private Placement Memorandum. The offering was completed in March 2004 when the maximum offering amount was raised.

MACON OFFICE DST, a Delaware statutory trust, purchased a single-tenant office complex in Macon, Georgia in October 2002 from UTF Macon, L.L.C. The trust funded the acquisition of the property with cash from the sale of 100% of the beneficial interests in the trust to Macon Office, L.L.C., a Delaware limited liability company. Subsequent to the acquisition of the property, the trust obtained a $5,560,000 loan from Bank of America, N.A. and the proceeds of the loan were distributed to Macon Office, L.L.C. as a partial return of its capital contribution. In October 2003, Macon Office, L.L.C. began offering all of its beneficial interests in the trust to certain qualified persons seeking a cash investment, in addition to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $12,160,000 which consisted of $5,560,000 in debt assumption and $6,600,000 in equity investment. $100,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in March 2004 when the maximum offering amount was raised.

WHITE SETTLEMENT ROAD INVESTMENT, LLC, a Delaware limited liability company, acquired a retail property currently leased to Eckerd Corporation in Fort Worth, Texas in July 2003. The LLC funded the acquisition of the property with cash from an affiliate and with a short-term loan from Parkway Bank and Trust Co., an Illinois banking corporation, in the amount of $2,041,000. In November 2003, Fort Worth Exchange, LLC, a Delaware limited liability company and initial beneficiary of White Settlement Road Investment, LLC, offered its entire membership interest in the LLC to a qualified person in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was $2,840,000, which consisted of $1,420,000 in debt assumption and $1,420,000 in equity investment. The offering was completed in December 2003. Simultaneous with the completion of the offering, the short-term loan with Parkway was converted to a permanent loan and the terms of the loan documents were modified in accordance with a loan commitment from Parkway.

PLAINFIELD MARKETPLACE. Plainfield 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant shopping center located in Plainfield, IL on December 16, 2003 from Ryan Companies US, Inc., a Minnesota corporation. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc, a New York corporation. In January 2004, Plainfield 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 11840 South Route 59, Plainfield, Will County, Illinois for $12,350,250 in cash plus the assumption of the existing indebtedness to certain qualified

persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $24,400,000, consisted of $11,925,000 in debt assumption and $12,475,000 in equity investment, 1% of which was required by the lender to be retained by Plainfield 1031, L.L.C. The difference between the real estate acquisition price of $21,700,000 and the total price of $24,400,000 consists of $950,000 acquisition fee, $150,000 for a property reserve account, and $1,600,000 of estimated costs and expenses. The offering was completed in June 2004 when the maximum offering amount was raised.

PIER 1 RETAIL CENTER. Butterfield-Highland 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on December 30, 2003 from the beneficiary of Trust No. 2314, an unrelated third party, which trust was held by North Side Community Bank as Trustee under the Trust Agreement dated December 12, 2003. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc, a New York corporation. In March 2004, Butterfield-Highland 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 2830 S. Highland Avenue, Lombard, Illinois for $4,257,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $8,150,000, consisted of $3,850,000 in debt assumption and $4,300,000 in equity investment, a minimum of 1% of which is required by the

lender to be retained by Butterfield-Highland 1031, L.L.C. The difference between the real estate acquisition price of $7,025,000 and the total price of $8,150,000 consists of $350,000 acquisition fee, $100,000 for a property reserve account, and $675,000 of estimated costs and expenses. The offering was completed in June 2004 when the maximum offering amount was raised.

LONG RUN 1031, L.L.C. LR 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on January 27, 2003 from Ryan Lemont, L.L.C., the third party seller and developer of the property. The L.L.C. financed its acquisition of the property with cash and, on April 24, 2003, placed a loan on the Property in the amount of $4,700,000 from Principal Commercial Funding, LLC. In June 2004, LR 1031, L.L.C. a Delaware limited liability company and initial beneficiary of Long Run 1031, L.L.C offered its entire membership interest in the LLC to a qualified person in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was $4,960,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $9,660,000 consisted of $4,700,000 in debt assumption and $4,960,000 in equity investment. The difference between the real estate acquisition price of $8,500,000 and the total price of $9,660,000 consists of $451,347 acquisition fee, $50,000 for a property reserve account, and $658,653 of estimated costs and expenses. The offering was completed in June 2004 when the maximum offering amount was raised.

FORESTVILLE 1031, L.L.C. Forestville Exchange, L.L.C., a Delaware limited liability company, purchased a single-tenant retail shopping center on November 13, 2003 from Silver Hill, L.L.C., a North Carolina limited liability company, the property's developer. The L.L.C. financed its acquisition of the property with cash. In May 2004, Forestville Exchange, L.L.C. a Delaware limited liability company and initial beneficiary of Forestville 1031, L.L.C offered its entire membership interest in the LLC to a qualified person in need of a replacement property to complete a 1031 tax-deferred exchange. The total price, $3,900,000 consisted of $1,793,630 in mortgage financing from Parkway Bank and Trust Co., and $2,106,370 in equity investment. The difference between the real estate acquisition price of $3,450,000 and the total price of $3,900,000 consists of $172,500 acquisition fee and $277,500 of estimated costs and

expenses. The offering was completed in May 2004 when the maximum offering amount was raised.

BED, BATH & BEYOND RETAIL CENTER. BBY Schaumburg 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on April 20, 2004 from the American Real Estate Holdings, L.P. a Delaware limited partnership, an unrelated third party. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc, a New York corporation. In June 2004, BBY Schaumburg 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 905-915 East Golf Road, Schaumburg, Illinois for $6,633,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $12,605,000, consisted of $6,905,000 in debt assumption and $5,700,000 in equity investment, 1% of which was required by the lender to be retained by BBY Schaumburg 1031, L.L.C. The difference between the real estate acquisition price of $11,655,110 and the total price of $13,605,000 consists of $600,000 acquisition fee, $400,000 for property reserve accounts, and $949,890 of estimated costs and expenses. The offering was completed in October 2004 when the maximum offering amount was raised.

CROSS CREEK COMMONS SHOPPING CENTER. Cross Creek 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on February 17, 2004 from Buckley Shuler Real Estate, L.L.C., a Georgia limited liability company, an unrelated third party. The L.L.C. financed its acquisition of the property with cash and subsequently placed a loan from Bear Stearns Commercial Mortgage on the property. In March 2004, Cross Creek 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 10920-10948 Cross Creek Boulevard, Tampa, Florida for $6,930,000 in cash plus the assumption of the existing

indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. As of June 30, 2004 the L.L.C. had raised $2,788,000. The total price, $12,078,762, consisted of $5,078,762 in debt assumption and $7,000,000 in equity investment, 1% of which was required by the lender to be retained by Cross Creek 1031, L.L.C. The difference between the real estate acquisition price of $10,319,583 and the total price of $12,078,762 consists of $520,000 acquisition fee, $150,000 for a property reserve account, and $1,089,179 of estimated costs and expenses. The offering was completed in August 2004 when the maximum offering amount was raised.

BJ'S SHOPPING CENTER EAST SYRACUSE, NEW YORK. BJS Syracuse 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on April 30, 2004 from the American Real Estate Holdings, L.P. a Delaware limited partnership, an unrelated third party. The L.L.C. financed its acquisition of the property with a loan and cash. In June 2004, BJS Syracuse 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 2-4 Chevy Drive, East Syracuse, New York for $8,365,500 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price of the purchase was $15,850,000. The total price, $15,850,000, consisted of $7,400,000 in debt assumption and $8,450,000 in equity investment, 1% of which was required by the lender to be retained by BJS Syracuse 1031, L.L.C. The difference between the real estate acquisition price of $13,500,000 and the total price of $15,850,000 consists of $675,000 acquisition fee, $150,000 for a property reserve account, and $1,525,000 of estimated costs and expenses. The offering was completed in October 2004 when the maximum offering amount was raised.

BARNES & NOBLE RETAIL CENTER CLAY, NEW YORK. Clay 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on April 15, 2004 from the Clay First Associates, L.L.C., an unrelated third party. The L.L.C. financed its acquisition of the property with an assumed mortgage and note for $3,175,000 and cash. In June 2004, Clay 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 3954-3956 Route 31, Clay, New York for $3,930,300 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $7,145,000, consisted of $3,175,000 in debt assumption and $3,970,000 in equity investment, 1% of which was required by the lender to be retained by BJS Syracuse 1031, L.L.C. The difference between the real estate acquisition price of $6,100,000 and the total price of $7,145,000 consists of $305,000 acquisition fee, $100,000 for a property reserve account, and $640,000 of estimated costs and expenses. The offering was completed in February 2005 when the maximum offering amount was raised.

PORT RICHEY 1031, L.L.C. Port Rickey Exchange, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on January 30, 2004 from Land Capital Group, Inc., an unrelated third party. The L.L.C. financed its acquisition of the property with cash and, on February 25, 2004, placed a loan on the Property in the amount of $2,900,000 from Bear Stearns Commercial Mortgage, Inc. In July 2004, Port Richey Exchange, L.L.C., a Delaware limited liability company and initial beneficiary of Port Richey 1031, L.L.C. offered its entire membership interest in the LLC to a qualified person in need of a replacement property to complete a 1031 tax-deferred exchange. The total price, $5,975,000 consisted of $2,900,000 in debt assumption and $3,075,000 in equity investment. The difference between the real estate acquisition price of $5,250,000 and the total price of $5,975,000 consists of $262,500 acquisition fee and $437,500 of estimated costs and expenses and $25,000 for a property reserve account. The offering was completed in July 2004 when the maximum offering amount was raised.

WALGREENS STORE HOBART INDIANA. Hobart 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant retail shopping center on June 10, 2004 from C. Hobart, L.L.C., an unrelated

third party. The L.L.C. financed its acquisition of the property with cash. In July 2004, Hobart 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvement thereon located at 732 West Old Ridge Road, Hobart, Indiana for $6,534,000 in cash to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $6,534,000 consists of an equity investment, 1% of which will be retained by Hobart 1031, L.L.C. The difference between the real estate acquisition price of $5,575,000 and the total price of $6,534,000 consists of $235,000 acquisition fee, $50,000 for a property reserve account, and $740,000 of estimated costs and expenses. The offering was completed in February 2005 when the maximum offering amount was raised.

KRAFT COLD STORAGE FACILITY, MASON CITY, IOWA. Mason City 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant light industrial building on June 2, 2004 from MDG Iowa, L.P., an unrelated third party. The L.L.C. financed its acquisition of the property with a mortgage and note for $5,333,000 and cash. In July 2004, Mason City 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 904 - 12th Street, Mason City Iowa for $5,610,330 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $11,000,000 consisted of $5,333,000 in debt assumption and

$5,667,000 in equity investment, 1% of which was required by the lender to be retained by Mason City 1031, L.L.C. The difference between the real estate acquisition price of $9,550,000 and the total price of $11,000,000 consists of $480,000 acquisition fee, $100,000 for a property reserve account, environmental insurance credit of $50,000 and $820,000 of estimated costs and expenses. The offering was completed in December 2004 when the maximum offering amount was raised.

HUNTINGTON SQUARE PLAZA, NEW YORK. Huntington Square 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on July 16, 2004 from Starwood Ceruzzi Commack, L.L.C., an unrelated third party. The L.L.C. financed its acquisition of the property with an assumed first mortgage and note for $19,150,000, a junior loan in the amount of $6,180,000 and cash. On August 30, 2004, Huntington Square 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvement thereon located at 3124 East Jericho Turnpike, New York for $20,050,000 in cash plus the assumption of the existing first mortgage indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $39,200,000 consisted of $19,150,000 in debt assumption and $20,050,000 in equity investment, 1% of which was required by the lender to be retained by Huntington Square 1031, L.L.C. The difference between the real estate acquisition price of $24,821,392 and the total price of $39,200,000 consists of $1,500,000 acquisition fee, $150,000 for a property reserve account and $2,728,608 of estimated costs and expenses. The offering is currently selling.

BEST BUY STORE, REYNOLDSBURG, OHIO. Reynoldsburg 1031, L.L.C., a Delaware limited liability company, purchase a single-tenant retail shopping center on August 5, 2004 from NOCA Retail Development Limited, an unrelated third party. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc., a New York corporation for $4,950,000 and cash. In June 2004, Reynoldsburg 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 2872 Taylor Road, Reynoldsburg, Ohio for $5,395,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $10,345,000 consisted of $4,950,000 in debt assumption and $5,395,000 in equity investment, 1% of which was required by the lender to be retained by Reynoldsburg 1031, L.L.C. The difference between the real estate acquisition price of $9,000,000 and the total price of $10,345,000 consists of $450,000 acquisition fee, $100,000 for a property reserve account, and $795,000 of estimated costs and expenses. The offering was completed in February 2005 when the maximum offering amount was raised.

DEERE & COMPANY DISTRIBUTION FACILITY IN JEFFERSON CITY, TENNESSEE. Jefferson City 1031, L.L.C., a Delaware limited liability company, purchased a free-standing industrial distribution facility from Flat Gap Road L.L.C. The property is fully leased by Deere & Company, a Delaware corporation. The L.L.C. financed its acquisition of the property with a loan from LaSalle Bank National Association. In December 2004, Jefferson City 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 1400 Flat Gap Road, Jefferson City, Jefferson County, Tennessee for $10,973,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $20,735,000, consisted of $9,762,000 in debt assumption and $10,973,000 in equity investment, 1% of which was required by the lender to be retained by Jefferson City 1031, L.L.C. The difference between the real estate acquisition price of $17,750,000 and the total price of $20,735,000 consists of $1,300,000 acquisition fee and market

value adjustment, $100,000 for a property reserve account and $1,585,000 of estimated costs and expenses. As of December 31, 2004 there were no investors.

INDIANAPOLIS ENTERTAINMENT 1031, L.L.C. Indianapolis Entertainment Exchange, L.L.C., a Delaware limited liability company purchased a single tenant restaurant on April 20, 2004 from American Real Estate Holdings Limited Partnership, a Delaware limited partnership, an unrelated third party. The L.L.C. financed its acquisition of the property with cash and, on June 30, 2004, placed a loan on the property in the amount of $1,061,000 from Bear Stearns Commercial Mortgage, Inc. In October 2004, Indianapolis Entertainment Exchange, L.L.C., a Delaware limited liability company and initial beneficiary of Indianapolis Entertainment 1031, L.L.C., offered its entire membership interest in the LLC to certain qualified persons in need of a replacement property to complete a 1031 tax-deferred exchange. The total price, $2,190,000, consisted of $1,061,000 in debt assumption and $1,129,000 in equity investment. The difference between the real estate acquisition price of $1,929,316 and the total price of $2,190,000 consists of $95,000 acquisition fee and $165,684 of estimated costs and expenses. The offering was completed in October 2004 when the maximum offering amount was raised.

MOBILE ENTERTAINMENT 1031, L.L.C. Indianapolis Entertainment Exchange, L.L.C., a Delaware limited liability company purchased a single tenant restaurant on April 20, 2004 from American Real Estate Holdings Limited Partnership, a Delaware limited partnership, an unrelated third party. The L.L.C. financed its acquisition of the property with cash and, on June 30, 2004, placed a loan on the property in the amount of $770,000 from Bear Stearns Commercial Mortgage, Inc. In October 2004, Indianapolis Entertainment Exchange, L.L.C., a Delaware limited liability company and initial beneficiary of Indianapolis Entertainment 1031, L.L.C., offered its entire membership interest in the LLC to certain qualified persons in need of a replacement property to complete a 1031 tax-deferred exchange. The total price, $1,578,000, consisted of $770,000 in debt assumption and $808,000 in equity investment. The difference between the real estate acquisition price of $1,400,632 and the total price of $1,578,000 consists of $42,000 acquisition fee and $135,365 of estimated costs and expenses. The offering was completed in October 2004 when the maximum offering amount was raised.

KOHL'S STORE IN STOUGHTON, MASSACHUSETTS. Stoughton 1031, L.L.C., a Delaware limited liability company, purchased a free standing retail building on August 13, 2004 from Koffler/GID Stoughton, LLC, an unrelated third party. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc. for $12,063,000 and cash. In October 2004, Stoughton 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 501 Technology Center Drive, Stoughton, Norfolk County, Massachusetts for $10,187,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $19,950,000, consisted of $9,763,000 in debt assumption and $10,187,000 in equity investment, 1% of which was required by the lender to be retained by Stoughton 1031, L.L.C. The difference between the real estate

acquisition price of $17,650,000 and the total price of $19,950,000 consists of $775,000 acquisition fee, $100,000 for a property reserve account and $1,425,000 of estimated costs and expenses. The offering is currently selling.

The following summary table describes the fees and expenses incurred by

each of our entities in our 1031 Exchange Private Placement Offering Project.

	Landings of Sarasota DBT	Sentry Office Building DBT	Pets Bowie DBT	1031 Chattanooga DBT	Lan Sho Ce D
Commissions & Fees(1)	Up to 8.5%	Up to 8.5%	Up to 8.5%	Up to 8.5%	Up t
Selling Commission To 3rd Party Reps	6.00%	6.00%	6.00%	6.00%	
Due Diligence Fee	0.50%	0.50%	0.50%	0.50%	
Marketing Expenses	1.00%	1.50%	1.50%	1.50%	
Offering & Organization	1.00%	0.50%	0.50%	0.50%	
Mortgage Broker Fee (IMC)(2)	0.50%	0.50%	0.50%	0.50%	
Acquisition Fee & Carrying Costs(3)					
Acquisition Fee	N/A	0.71%	0.77%	0.90%	
Bridge Financing Fees	N/A	N/A	1.49%	0.50%	
Total Load(4)	11.25%-12.75%	14.23%	13.68%	14.39%	
Asset Management Fees(5)	N/A	0.75%	1.00%	0.56%	
Property Management Fees(6)	4.5%	5.0%	Paid by Asset Mgr.	5.0%	
Backend Sales Commission	3.5%	3.5%	3.5%	3.5%	

	Taunton Circuit DBT	Broadway Commons DBT	Bell Plaza 1031 LLC	Inland 210 Celebration Place DBT	Com Re Bui L
Commissions & Fees(1)	Up to 8.0%	Up to 8.77%	Up to 9.19%	Up to 5.27%	Up to
Selling Commission To 3rd Party Reps	6.00%	6.00%	6.00%	3.81%	
Due Diligence Fee	0.50%	0.50%	0.50%	0.00%	
Marketing Expenses	1.00%	1.00%	1.00%	0.50%	
Offering & Organization	0.50%	1.27%	1.69%	0.96%	
Mortgage Broker Fee (IMC)(2)	0.61%	0.50%	0.50%	0.50%	
Acquisition Fee & Carrying Costs(3)					
Acquisition Fee	0.69%	0.75%	N/A	0.89%	
Bridge Financing Fees	0.07%	0.23%	N/A	0.23%	
Total Load(4)	11.89%	12.98%	23.02%	10.52%	
Asset Management Fees(5)	0.57%	N/A	0.53%	0.53%	
Property Management Fees(6)	4.0%	5.0%	5.0%	4.5%	
Backend Sales Commission	N/A	N/A	3.5%	N/A	

Fleet Office	Davenport Deere Distribution	Macon

	Building 1031 LLC	Facility 1031 LLC	Grand Chute DST	Office DST
Commissions & Fees(1)	Up to 8.52%	Up to 8.42%	Up to 8.82%	Up to 8.52%
Selling Commission To 3rd Party Reps	6.00%	6.00%	6.00%	6.00%
Due Diligence Fee	0.50%	0.50%	0.50%	0.50%
Marketing Expenses	1.00%	1.00%	1.00%	1.00%
Offering & Organization	1.02%	0.92%	1.32%	1.02%
Mortgage Broker Fee (IMC)(2)	0.50%	0.71%	0.50%	0.50%
Acquisition Fee & Carrying Costs(3)				
Acquisition Fee	0.85%	0.77%	0.84%	0.72%
Bridge Financing Fees	0.35%	0.72%	0.13%	0.81%
Total Load(4)	14.57%	13.18%	12.96%	14.24%
Asset Management Fees(5)	0.49%	0.50%	0.66%	0.66%
Property Management Fees(6)	4.5%	4.5%	5.0%	4.5%
Backend Sales Commission	N/A	NA	NA	NA

	Pier 1 Retail Center 1031 LLC	Long Run 1031 LLC	Forestville 1031 LLC	Bed, Bath & Beyond 1031 LLC
Commissions & Fees(1)	Up to 8.73%	Up to 8.37%	Up to 8.40%	Up to 8.70%
Selling Commission To 3rd Party Reps	6.00%	5.84%	5.54%	6.00%
Due Diligence Fee	0.50%	0..49%	0.46%	0.50%
Marketing Expenses	1.00%	0.97%	0.93%	1.00%
Offering & Organization	1.23%	1.07%	1.46%	1.20%
Mortgage Broker Fee (IMC)(2)	0.50%	0.47%	0.43%	0.55%
Acquisition Fee & Carrying Costs(3)				
Acquisition Fee	4.29%	5.31%	5.00%	5.15%
Bridge Financing Fees	0.94%			
Total Load(4)	23.84%	22.38%	21.34%	23.13%
Asset Management Fees(5)	0.06%	0.20%	0.00%	0.15%
Property Management Fees(6)	5.0%	5.0%	5.0%	5.0%
Backend Sales Commission	NA	NA	NA	N/A

	Barnes & Noble Retail Center 1031 LLC	Port Richey 1031 LLC	Walgreen Store Hobart 1031 LLC	Kraft Cold Storage Facility 1031 LLC
Commissions & Fees(1)	Up to 8.69%	Up to 8.4%	Up to 8.52%	Up to 8.75%
Selling Commission To 3rd Party Reps	6.00%	5.55%	6.00%	6.00%
Due Diligence Fee	0.50%	0.46%	0.50%	0.50%
Marketing Expenses	1.00%	0.93%	1.00%	1.00%

Offering & Organization	1.19%	1.46%	1.02%	1.25%
Mortgage Broker Fee (IMC)(2)	0.50%	0.43%	N/A	0.50%
Acquisition Fee & Carrying Costs(3)				
Acquisition Fee	5.00%	5.00%	4.22%	5.03%
Bridge Financing Fees	0.49%	0.56%	1.25%	0.56%
Total Load(4)	23.80%	22.80%	14.77%	22.94%
Asset Management Fees(5)	0.13%	0.08%	0.08%	0.05%
Property Management Fees(6)	5.0%	5.0%	4.5%	4.5%
Backend Sales Commission	NA	N/A	N/A	N/A

	Jefferson City 1031 LLC	Stoughton 1031 LLC	Mobile Entertainment 1031 LLC	Indianapolis Entertainment 1031 LLC
Commissions & Fees(1)	Up to 8.63%	Up to 8.61%	Up to 9.88%	Up to 9.07%
Selling Commission To 3rd Party Reps	6.00%	6.00%	5.86%	5.82%
Due Diligence Fee	0.50%	0.50%	0.49%	0.48%
Marketing Expenses	1.00%	1.00%	0.98%	0.97%
Offering & Organization	1.13%	1.11%	2.56%	1.80%
Mortgage Broker Fee (IMC)(2)	0.61%	0.56%	0.50%	0.50%
Acquisition Fee & Carrying Costs(3)				
Acquisition Fee	7.32%	4.39%	3.00%	4.92%
Bridge Financing Fees	0.30%	0.42%	0.73%	0.73%
Total Load(4)	16.25%	21.60%	12.66%	23.09%
Asset Management Fees(5)	0.09%	0.10%	0.37%	0.27%
Property Management Fees(6)	2.9%	2.9%	2.9%	2.9%
Backend Sales Commission	N/A	N/A	N/A	N/A

(1) Commissions and fees are calculated as a percentage of the equity portion of each deal.

(2) The Mortgage Broker Fee is calculated as a percentage of the debt portion of each deal.

(3) Acquisition & Carrying Costs are calculated as a percentage of the real estate acquisition price.

(4) The Total Load is calculated as a percentage of the equity portion of each deal. The Total Load includes the Commissions & Fees, Mortgage Broker Fee, Acquisition Fee & Carrying Costs, as well as any other non-affiliated third party expenses.

(5) Asset Management Fees are calculated as a percentage of the value of the assets under management. However, for The Landings and Broadway Commons, which are both Master Lease deals, the Master Tenant Income is the residual cash flow from the Property after payment of the Master Lease Rent. As a result, it is not possible to accurately represent the Master Tenant Income as a percentage of the value of the assets under management.

(6) Property Management Fees are calculated as a percentage of Gross Income from the property.

The following additional fees are the same for each deal:

Loan Servicing Fee - IMSC will be compensated with a monthly fee equal to the outstanding principal balance of the loan at the beginning of every month multiplied by 1/8% then divided by 12. This figure, however shall never exceed $10,000, nor be less than $1,200 monthly.

Termination Fees - (i) MASTER LEASE: 8.333% of the last 12 Months of NOI less Rent payments for the same 12 months multiplied by the number of months remaining on the then-current term of the Master Lease and (ii) ASSET & PROPERTY MANAGEMENT AGREEMENTS: The sum of the current monthly AM & PM fees times the number of months remaining on the term.

32

The following table summarizes cash distributions to investors for each of the 1031 Exchange Private Placement Offering Projects through December 31, 2004:

1031 EXCHANGE PERFORMANCE
DISTRIBUTIONS THROUGH DECEMBER 31, 2004

Name of Entity	Number of Investors	Offering Equity ($)	Offering Completed ($)	Distributions To Date ($)	2001 Annual Distribution (%)	Dis
Landings of Sarasota DBT	9	4,000,000	05/2002	967,036	8.00	
Sentry Office Building DBT	7	3,500,000	04/2002	838,352		
Pets Bowie DBT	7	2,600,000	07/2002	583,006		
1031 Chattanooga DBT	9	1,900,000	05/2002	396,165		
Lansing Shopping Center DBT	5	5,000,000	09/2001	966,308		
Inland 220 Celebration Place DBT	35	15,800,000	09/2003	2,461,974		
Taunton Circuit DBT	1	3,750,000	09/2002	678,650		
Broadway Commons DBT	32	8,400,000	12/2003	981,185		
Bell Plaza 1031, LLC	1	890,000	11/2003	254,491		
Inland 210 Celebration Place DBT	1	6,300,000	01/2003	1,020,331		
CompUSA Retail Building, LLC	11	3,950,000	02/2004	386,560		
Janesville Deere Distribution Facility 1031, LLC	35	10,050,000	01/2004	858,827		
Fleet Office Building 1031, LLC	30	10,000,000	01/2004	796,941		
Davenport Deere Distribution Facility 1031, LLC	35	15,700,000	04/2004	1,063,928		
Grand Chute DST	29	5,370,000	03/2004	400,400		
Macon Office DST	29	6,600,000	03/2004	515,838		
White Settlement Road Investment, LLC	1	1,420,000	12/2003	115,084		
Plainfield Marketplace 1031, LLC	31	12,475,000	06/2004	406,197		
Pier 1 Retail Center 1031, LLC	22	4,300,000	06/2004	134,212		
Long Run 1031, LLC	1	4,935,000	05/2004	215,000		
Forestville 1031, LLC	1	3,900,000	05/2004	148,563		
Bed, Bath & Beyond 1031, LLC	19	6,633,000	*	49,536		
Cross Creek Commons 1031, LLC	26	6,930,000	08/2004	122,412		
BJ's Shopping Center 1031, LLC	7	8,365,000	*	8,606		
Barnes & Noble Retail Center 1031, LLC	1	3,930,000	*	1,507		
Port Richey 1031, LLC	1	3,075,000	07/2004	47,330		

Walgreen Store Hobart 1031, LLC	11	6,534,000	*	19,907
Kraft Cold Storage Facility 1031, LLC	19	11,000,000	*	28,440
Huntington Square Plaza 1031, LLC	16	39,200,000	*	-
Best Buy Store Reynoldsburg 1031, LLC	4	10,345,000	*	-
Jefferson City 1031, LLC	0	10,973,000		-
Stoughton 1031, LLC	1	19,950,000		-

Name of Entity	Number of Investors	Offering Equity ($)	Offering Completed ($)	Distributions To Date ($)	2001 Annual Distribution (%)	Dis
Indianapolis Entertainment 1031, LLC	1	2,190,000		-		
Mobile Entertainment 1031, LLC	1	1,578,000	*	-		
		261,543,000		14,466,786		

* Offering was not complete as of December 31, 2004

MANAGEMENT

INLAND AFFILIATED COMPANIES

THE DISCUSSION UNDER THIS SECTION WHICH STARTS ON PAGE 64 OF OUR PROSPECTUS IS MODIFIED AND SUPPLEMENTED BY THE FOLLOWING:

Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Property Services LLC, our management companies, were formed to segregate responsibility for management of our properties from Inland Property Management companies' growing management portfolio of retail properties. Our property management companies are responsible for collecting rent, leasing, and maintaining the retail properties they manage. These properties are primarily intended to be our properties in our primary geographical area of investment. Our property management companies are owned primarily by individuals who are affiliates of Inland.

WE HAVE ADDED A FOURTEENTH PARAGRAPH, UNDER THIS SECTION ON "INLAND AFFILIATED COMPANIES" WHICH STARTS ON PAGE 64 OF OUR PROSPECTUS TO READ AS FOLLOWS:

On February 11, 2005, Inland American Real Estate Trust, Inc. filed a registration statement on Form S-11 to register 500,000,000 shares of common stock and up to 40,000,000 shares of their common stock for participants in their distribution reinvestment program. The registration statement has not been declared effective by the Securities and Exchange Commission, and there is no assurance when and if it will be declared effective. Inland American Real

Estate Trust, Inc. is affiliated with The Inland Group.

THE BIOGRAPHY UNDER THIS SECTION, WHICH STARTS ON PAGE 67 OF OUR PROSPECTUS, IS MODIFIED AND SUPPLEMENTED BY THE FOLLOWING:

ROBERT D. PARKS is a Director of The Inland Group, Inc. and one of its four original principals; Chairman of Inland Real Estate Investment Corporation, Director of Inland Securities Corporation, and a Director of Inland Investment Advisors, Inc. Mr. Parks is Chairman, Chief Executive Officer, and Affiliated Director of Inland American Real Estate Trust, Inc. and President, Chief Executive Officer and a Director of Inland Real Estate Corporation. He is Chairman, Officer and Director of Inland Retail Real Estate Trust, Inc., and Mr. Parks is Affiliated Director of Inland Real Estate Exchange Corporation.

Mr. Parks is responsible for the ongoing administration of existing investment programs, corporate budgeting and administration for Inland Real Estate Investment Corporation. He oversees and coordinates the marketing of all investments and investor relations.

Prior to joining Inland, Mr. Parks taught in Chicago's public schools. He received his B.A. Degree from Northeastern Illinois University and his M.A. Degree from the University of Chicago. He is a registered Direct Participation Program Limited Principal with the National Association of Securities Dealers. He is a member of the Real Estate Investment Association, the Financial Planning Association, the Foundation for Financial Planning as well as a member of the National Association of Real Estate Investment Trusts (NAREIT).

OUR DIRECTORS AND EXECUTIVE OFFICERS

THE BIOGRAPHIES INCLUDED IN THIS SUBSECTION, WHICH STARTS ON PAGE 68 OF OUR PROSPECTUS, IS SUPERCEDED IN THE ENTIRETY AND REPLACED BY THE FOLLOWING:

ROBERTA S. MATLIN joined Inland Real Estate Investment Corporation (IREIC) in 1984 as director of investor administration and currently serves as Senior Vice President of IREIC, directing the day-to-day internal operations. Ms. Matlin is a director of IREIC, a director and president of Inland Investment Advisors, Inc., and Intervest Southern Real Estate Corporation, and a director and vice president of Inland Securities Corporation. She is the president of Inland American Advisory Services, Inc. Since 2004, she has been vice president of administration of Inland American Real Estate Trust, Inc. She was Vice President of Administration of Inland Real Corporation from 1995 until 2000 and

of Inland Retail Real Estate Trust, Inc from 1998 until 2004. From June 2001 until April 2004, she was a trustee and executive vice president of Inland Mutual Fund Trust. Prior to joining Inland, she worked for the Chicago Region of the Social Security Administration of the Untied States Department of Health and Human Services. Ms. Matlin is a graduate of the University of Illinois. She holds Series 7, 22, 24, 39, 63 and 65 licenses from the National Association of Securities Dealers.

SCOTT W. WILTON has been our secretary since our formation. Mr. Wilton joined The Inland Group in January 1995. He is assistant vice president of The Inland Real Estate Group, Inc. and assistant counsel with The Inland Real Estate Group law department. From 1998 through 2004, Mr. Wilton was secretary of Inland Retail Real Estate Trust, Inc. and Inland Retail Real Estate Advisory Services, Inc. In 2001, he became the Secretary of Inland Real Estate Exchange Corporation. In 2004, he became secretary of Inland American Real Estate Trust, Inc. Mr. Wilton is involved in all aspects of The Inland Group's business, including real estate acquisitions and financing, securities law and corporate

governance matters, leasing and tenant matters, and litigation management. He received B.S. degrees in economics and history from the University of Illinois at Champaign 1982 and his law degree from Loyola University of Chicago, Illinois 1985. Prior to joining The Inland Group, Mr. Wilton worked for the Chicago law firm of Williams, Rutstein, Goldfarb, Sibrava and Midura, Ltd., specializing in real estate and corporate transactions and litigation.

BRENDA G. GUJRAL is President, Chief Operating Officer and a director of Inland Real Estate Investment Corporation (IREIC) and President, Chief Operating Officer and a director of Inland Securities Corporation (ISC) - a member firm of the National Association of Securities Dealers (NASD). Mrs. Gujral is also a director of Inland Investment Advisors, Inc.; Chairman of the Board of Inland Real Estate Exchange Corporation; and Mrs. Gujral is Director and President of Inland American Real Estate Trust, Inc.

Mrs. Gujral has overall responsibility for the operations of IREIC, including the distribution of checks to over 50,000 investors, review of periodic communications to those investors, the filing of quarterly and annual reports for Inland's publicly registered investment programs with the Securities and Exchange Commission, compliance with other SEC and NASD securities regulations both for IREIC and ISC, review of asset management activities, and marketing and communications with the independent broker/dealer firms selling Inland's current and prior programs. Mrs. Gujral works with internal and outside legal counsel in structuring IREIC's investment programs and in connection with the preparation of its offering documents and registering the related securities with the Securities and Exchange Commission and state securities commissions.

Mrs. Gujral has been with the Inland organization for 22 years, becoming an officer in 1982. Prior to joining Inland, she worked for the Land Use Planning Commission establishing an office in Portland, Oregon, to implement land use legislation for that state.

She is a graduate of California State University. She holds Series 7, 22, 39 and 63 licenses from the NASD. Mrs. Gujral is a member of the National Association of Real Estate Investment Trusts (NAREIT), the Financial Planning Association (FPA), the Foundation for Financial Planning (FFP) and the National Association for Female Executives.

KENNETH H. BEARD is president and chief executive officer of Midwest Mechanical Group, a mechanical construction and service company. From 1999-2002 he was president and chief executive officer of Exelon Services, a subsidiary of Exelon Corporation, where he had responsibility for financial performance including being accountable for creating business strategy, growing the business through acquisition, integrating acquired companies and developing infrastructure for the combined acquired businesses. Prior to that position, from 1974 to 1999, Mr. Beard was the founder, president and chief executive officer of Midwest Mechanical, Inc., a heating, ventilation and air conditioning company providing innovative and cost effective construction services and solutions for commercial, industrial, and institutional facilities. From 1964 to 1974, Mr. Beard was employed by The Trane Company, a manufacturer of heating, ventilating and air conditioning equipment having positions in sales, sales management and general management.

Mr. Beard holds a MBA and BSCE from the University of Kentucky and is a licensed mechanical engineer. He is on the board of directors of the Wellness House in Hinsdale, Illinois, a cancer support organization and serves on the Dean's Advisory Council of the University of Kentucky, School of Engineering. Mr. Beard is a past member of the Oak Brook, Illinois Plan Commission (1981-1991) and a past board member of Harris Bank, Hinsdale (1985-2004).

PAUL R. GAUVREAU is the retired chief financial officer, financial vice president and treasurer of Pittway Corporation, New York Stock exchange listed manufacturer and distributor of professional burglar and fire alarm systems and equipment from 1966 until its sale to Honeywell, Inc. in 2001. He was president of Pittway's non-operating real estate and leasing subsidiaries through 2001. He was a financial consultant to Honeywell, Inc.; Genesis Cable, L.L.C.; ADUSA, Inc. He was a director and audit committee member of Cylink Corporation, a Nasdaq Stock Market listed manufacturer of voice and data security products from 1998 until its merger with Safenet, Inc. in February 2003.

Mr. Gauvreau holds a MBA from the University of Chicago and a BSC from Loyola University of Chicago. He is on the Board of Trustees, Chairman of the Advancement Committee, and Vice Chairman of the Finance Committee of Benedictine University, Lisle, Illinois; a member of the Board of Trustees of the Chaddick Institute of DePaul University, Chicago, Illinois; and a member of the board of directors and vice president of the Children's Brittle Bone Foundation, Pleasant Prairie, Wisconsin.

COMPENSATION OF DIRECTORS AND OFFICERS

THE DISCUSSION INCLUDED IN THIS SUBSECTION, WHICH STARTS ON PAGE 76 OF OUR PROSPECTUS, IS SUPERCEDED IN THE ENTIRETY AND REPLACED BY THE FOLLOWING:

We pay our independent directors an annual fee of $5,000 (increased to $10,000 effective October 1, 2004) plus $500 for each in person meeting, and $350 for each meeting of the board or a committee (excluding the audit committee) of the board attended by telephone, and reimbursement of their out-of-pocket expenses incurred. Effective December 1, 2004, we pay our audit committee members $750 for each in personal audit committee meeting and $500 for each audit committee meeting attended by telephone. Our two other directors, Robert D. Parks and Brenda G. Gujral, do not receive any fees or other remuneration for serving as directors.

OUR ADVISOR

THE DISCUSSION UNDER THIS SECTION ON "OUR ADVISORY AGREEMENT" WHICH STARTS ON PAGE 79 OF OUR PROSPECTUS HAS BEEN MODIFIED TO INCLUDE THE FOLLOWING SIXTEENTH PARAGRAPH:

On February 11, 2005, a new property acquisition agreement was entered into between Inland Real Estate Acquisitions, Inc. ("Acquisitions"), Inland Western Retail Real Estate Advisory Services, Inc. ("the Advisor"), and us. The property acquisition agreement grants us an exclusive right of first refusal to acquire each and every Subject Property, as defined in the agreement. A Subject Property is defined as any retail facility, mixed-use property, or a single-user property identified by Acquisitions and located within our market area. Our market area is defined in the agreement as the geographic area located west of the Mississippi in the continental United States but excluding the portion of the geographic area within a four hundred (400) mile radius of Oak Brook, Illinois.

Acquisitions are owned by The Inland Group, and we are sponsored by Inland Real Estate Investment Corporation. Inland Real Estate Investment Corporation and the Advisor are owned by The Inland Group.

The property acquisition agreement previously entered into by the parties dated September 18, 2003 has been terminated accordingly. The new property acquisition agreement is filed as an exhibit to the registration statement of which the prospectus is a part and is incorporated into this filing in its entirety.

THE DISCUSSION UNDER "TERM OF THE ADVISORY AGREEMENT" SECTION WHICH STARTS ON PAGE 79 OF OUR PROSPECTUS HAS BEEN MODIFIED AND SUPPLEMENTED BY THE FOLLOWING:

TERM OF THE ADVISORY AGREEMENT

On December 28, 2004, the advisory agreement between Inland Western Retail Real Estate Trust, Inc. (the "Company") and Inland Western Retail Real Estate Advisory Services, Inc. (the "Business Manager/Advisor") was amended and restated. The Business Manager/Advisor is owned by the Company's sponsor, and all of the Company's

agreements and arrangements with the Business Manager/Advisor and its affiliates, including those relating to compensation, are not the result of arm's length negotiations but the Company believes that the fee it pays is equal to or less than the fee that would be payable to an unaffiliated third-party providing such service. The advisory agreement was amended and restated to include an initial term of one year instead of three years.

THE LAST PARAGRAPH, UNDER THE SECTION "OUR ADVISORY AGREEMENT", SUBSECTION "LIABILITY AND INDEMNIFICATION OF BUSINESS MANAGER/ADVISOR WHICH STARTS ON PAGE 81 OF OUR PROSPECTUS HAS BEEN SUPERCEDED IN THE ENTIRETY TO READ AS FOLLOWS:

When it becomes effective, Inland American Real Estate Trust, Inc. may acquire real estate operating companies that may have been a historical or future source for acquiring properties, which could create a conflict of interest for our company. In addition, Inland American Real Estate Trust, Inc.'s offering, could potentially negatively impact arm's length negotiations due to overlapping fiduciary duties owed by certain directors particularly arising in the potential purchase of shopping or retails centers, and office buildings, located in the United States. However, if any conflicts do arise, they will be resolved as provided in the property acquisition service agreement.

THE TWENTIETH PARAGRAPH, UNDER THE SECTION "THE PROPERTY MANAGERS AND THE MANAGEMENT AGREEMENT", WHICH STARTS ON PAGE 86 OF OUR PROSPECTUS HAS BEEN SUPERCEDED IN THE ENTIRETY TO READ AS FOLLOWS:

The following sets forth information with respect to the executive officers and managers of Inland Pacific Property Services LLC.

INLAND SECURITIES CORPORATION

THE DISCUSSION UNDER THIS SUBSECTION WHICH STARTS ON PAGE 87 OF OUR PROSPECTUS IS MODIFIED AND SUPPLEMENTED BY THE FOLLOWING INFORMATION:

ANDREW DORNBUSCH (age 27) joined Inland Securities Corporation as a vice president in September 2004. Previously, Mr. Dornbusch was an attorney at Dorsey & Whitney LLP in Minneapolis, Minnesota. Mr. Dornbusch graduated from the University of Minnesota with a bachelor degree in International Relations. He obtained his law degree from Cornell Law School. Mr. Dornbusch holds Series 7, 63 and 65 licenses with the National Association of Securities Dealers, Inc.

SANDRA L. PERION (age 47) joined Inland in 1994 as an Administrative Assistant to the Senior Vice President of Inland Real Estate Investment Corporation. Mrs. Perion's responsibilities included expense accounts, time and attendance reports, supervising file room clerk, furniture and supply orders, shareholder correspondence, arranging board of directors and annual shareholder meetings, proxy tabulation and scheduling seminars and classes for employees. In 2002, Mrs. Perion was promoted to administrator of Inland Securities Corporation, where she became responsible for securities industry registration, compliance procedures and maintaining corporation and shareholder records, and

in 2003 she was promoted to Assistant Vice President of Inland Securities Corporation. Mrs. Perion holds Series 7, 24 and 63 licenses from the National Association of Securities Dealers.

PRINCIPAL STOCKHOLDERS

THE TABLE UNDER THIS SECTION, WHICH STARTS ON PAGE 95 OF OUR PROSPECTUS, IS MODIFIED AND SUPPLEMENTED BY THE FOLLOWING INFORMATION:

The following table provides information as of March 14, 2005 regarding the number and percentage of shares beneficially owned by each director, each executive officer, all directors and executive officers as a group, and any person known to us to be the beneficial owner of more than 5% of our outstanding shares. As of March 14, 2005, no stockholder beneficially owned more than 5% of our outstanding shares. As of March 14, 2005, we had approximately

73,200 stockholders of record and approximately 264,280,614 shares of common stock outstanding for our two offerings. Beneficial ownership includes outstanding shares and shares which are not outstanding that any person has the right to acquire within 60 days after the date of this table. However, any such shares which are not outstanding are not deemed to be outstanding for the purpose of computing the percentage of outstanding shares beneficially owned by any other person. Except as indicated, the persons named in the table have sole voting and investing power with respect to all shares beneficially owned by them.

Beneficial Owner	Number of shares beneficially owned	Percent of class
Robert D. Parks	120,613.4067(1)	*
Roberta S. Matlin	179.7517	*
Scott W. Wilton	0	0
Steven P. Grimes	0	0
Lori A. Foust	0	0
Brenda G. Gujral	0	0
Frank A. Catalano, Jr.	3,000(2)	*
Kenneth H. Beard	53,831.3063(2)	*
Paul R. Gauvreau	114,731.8436(2)	*
Gerald M. Gorski	5,035.3673(2)	*
Barbara A. Murphy	3,000(2)	*
All directors and executive officers as a group (12 persons)	300,391.6756(1)	*

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*Less than 1%

(1) Includes 20,000 shares owned by our business manager/advisor. Our business manager/advisor is a wholly-owned subsidiary of our sponsor, which is an affiliate of The Inland Group. Mr. Parks is a control person of The Inland Group and disclaims beneficial ownership of these shares owned by our business manager/advisor.

(2) Includes 3,000 shares issuable upon exercise of options granted to each independent director under our independent director stock option plan, to the extent that such options are currently exercisable or will become exercisable within 60 days after the date of this table.

INVESTMENT OBJECTIVES AND POLICIES

DISTRIBUTIONS

THE DISCUSSION UNDER THIS SECTION, WHICH STARTS ON PAGE 99 OF OUR PROSPECTUS, IS MODIFIED AND SUPPLEMENTED BY THE FOLLOWING INFORMATION REGARDING DISTRIBUTIONS.

Our Board of Directors approved the following distributions payable to holders of our common stock:

- $.65 per share per annum for the stockholders of record on December 31, 2004, payable on January 10, 2005
- $.63 per share per annum for the stockholders of record on January 31, 2005, payable on February 10, 2005; and
- $.6325 per share per annum for the stockholders of record on February 28, 2005, payable on March 10, 2005.

At the January 27, 2005 regularly scheduled Board meeting, the Board of Directors unanimously approved a resolution to delegate to our management committee the authority to continue to determine the amount of the monthly distributions to stockholders on our common stock to be an amount between 6.0% and 7.25% on an annualized basis, for the remainder of the 2005 calendar year.

THE DISCUSSION UNDER THIS SECTION ON "PROPERTY ACQUISITION STANDARDS", WHICH STARTS ON PAGE 101 OF OUR PROSPECTUS HAS BEEN MODIFIED TO INCLUDE THE FOLLOWING FOURTH PARAGRAPH:

On February 11, 2005, a new property acquisition agreement was entered into between Inland Real Estate Acquisitions, Inc. ("Acquisitions"), Inland Western Retail Real Estate Advisory Services, Inc. ("the Advisor"), and us. The property acquisition agreement grants us an exclusive right of first refusal to acquire each and every Subject Property, as defined in the agreement. A Subject Property is defined as any retail facility, mixed-use property, or a single-user property identified by Acquisitions and located within our market area. Our market area is defined in the agreement as the geographic area located west of the Mississippi in the continental United States but excluding the portion of the geographic area within a four hundred (400) mile radius of Oak Brook, Illinois.

Acquisitions is owned by The Inland Group, and we are sponsored by Inland Real Estate Investment Corporation. Inland Real Estate Investment Corporation and the Advisor are owned by The Inland Group.

The property acquisition agreement previously entered into by the parties dated September 18, 2003 has been terminated accordingly. The new property acquisition agreement is filed as an exhibit to the registration statement of which the prospectus is a part and is incorporated into this filing in its entirety.

REAL PROPERTY INVESTMENTS

SUMMARY TABULAR PRESENTATION OF PROPERTIES OWNED

As of March 14, 2005, we, through separate limited partnerships or limited liability companies, have acquired fee ownership of, or a leasehold interest in, 128 properties consisting of an aggregate of approximately 22,893,000 gross leasable square feet located in Alabama, Arizona, Arkansas, California,

Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Michigan, Minnesota, Missouri, Nevada, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Washington and Ontario, Canada. The following table summarizes these properties in alphabetical order.

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	APPROXIMATE PURCHASE PRICE ($)	MORTGAGE PAYABLE AT MARCH 8, 2005 ($)	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTA GROS LEASAB AREA
23rd Street Plaza Panama City, Florida	NC	2003	Dec-04	7,258,000	-	53,376	0.2
Academy Sports Houma, Louisiana	SU	2004	Jul-04	5,250,000	2,920,000	60,001	0.3
Academy Sports Midland, Texas	SU	2004	Oct-04	4,250,000	2,337,500	61,150	0.3
Academy Sports Port Arthur, Texas	SU	2004	Oct-04	5,000,000	2,775,000	61,001	0.3
Academy Sports San Antonio, Texas	SU	2004	Jan-05	7,150,000	3,933,000	70,910	0.3
Alison's Corner San Antonio, Texas	NC	2003	Apr-04	7,042,000	3,850,000	55,066	0.2
American Express Depere, Wisconsin	SU	2000	Dec-04	18,000,000	11,623,000	132,336	0.6
American Express Fort Lauderdale, Florida	SU	1975	Dec-04	63,000,000	37,170,000	376,348	1.6
American Express Greensboro, North Carolina	SU	1986	Dec-04	56,000,000	33,040,000	389,377	1.7
American Express Markham, Ontario, Canada	SU	1983 & 1987	Feb-05	42,000,000	25,380,000	306,710	1.3

		YEAR BUILT/	DATE	APPROXIMATE PURCHASE	MORTGAGE PAYABLE AT MARCH 8,	GROSS LEASABLE AREA (SQ.	% OF TOTA GROS LEASAB

PROPERTY	TYPE	RENOVATED	ACQUIRED	PRICE ($)	2005 ($)	FT.)	AREA
American Express Minneapolis, Minnesota	SU	1989	Dec-04	95,000,000	56,050,000	541,542	2.4
American Express-19th Ave. Phoenix, Arizona	SU	1983	Dec-04	14,000,000	8,260,000	117,556	0.5
American Express-31st Ave. Phoenix, Arizona	SU	1985	Dec-04	54,000,000	31,860,000	337,439	1.5
Arvada Connection and Arvada Marketplace Arvada, Colorado	RC	1987 -1990	Apr-04	51,550,000	28,510,000	61,079 313,559	0.3 1.4
Azalea Square Summerville, South Carolina	RC	2004	Oct-04	30,013,000	16,535,000	190,142	0.8
Bed, Bath & Beyond Plaza Miami, Florida	NC	2004	Oct-04	20,350,000	11,192,500	97,456	0.4
Best on the Boulevard Las Vegas, Nevada	RC	1996 - 1999	Apr-04	35,500,000	19,525,000	204,427	0.9
Bluebonnet Parc Baton Rouge, Louisiana	RC	2002	Apr-04	22,000,000	12,100,000	135,289	0.6
Boulevard at the Capital Centre Largo, Maryland	JV	2004	Sept-04	127,499,000	71,500,000	479,072	2.1
CarMax San Antonio, Texas	SU	1998	Mar-05	14,600,000	-	60,772	0.3

MORTGAGE	GROSS	% OF TOTA

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	APPROXIMATE PURCHASE PRICE ($)	PAYABLE AT MARCH 8, 2005 ($)	LEASABLE AREA (SQ. FT.)	GROS LEASAB AREA
The Columns Jackson, Tennessee	RC	2004	Aug-04	26,510,000	14,865,400	173,427	0.8
Coram Plaza Coram, New York	RC	2004	Dec-04	37,292,000	20,755,300	144,191	0.6
CorWest Plaza New Britain, Connecticut	RC	1999 - 2003	Jan-04	33,000,000	18,150,000	115,011	0.5
Cottage Plaza Pawtucket, Rhode Island	NC	2004-2005	Feb-05	23,440,000	13,025,000	85,363	0.4
Cranberry Square Cranberry Township, Pennsylvania	RC	1996 - 1997	Jul-04	20,220,000	10,900,000	195,566	0.9
CVS Pharmacy (Eckerd Drug Store) Edmund, Oklahoma	SU	2003	Dec-03	3,364,000	1,850,000	13,824	0.1
CVS Pharmacy (Eckerd Drug Store) Norman, Oklahoma	SU	2003	Dec-03	5,288,000	2,900,000	13,824	0.1
CVS Pharmacy Jacksonville, Florida	SU		Mar-05	5,895,000	-	13,824	0.1
CVS Pharmacy Sylacauga, Alabama	SU	2004	Oct-04	3,066,000	1,685,000	10,055	0.1
Darien Towne Center Darien, Illinois	RC	1994	Dec-03	30,000,000	16,500,000	223,844	1.0
Davis Towne Crossing North Richland Hills, Texas	NC	2003 & 2004	Jun-04	8,141,000	5,365,200	34,091	0.1

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	APPROXIMATE PURCHASE PRICE ($)	MORTGAGE PAYABLE AT MARCH 8, 2005 ($)	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTA GROS LEASAB AREA
Denton Towne Crossing Denton, Texas	RC	2003 & 2004	Oct-04	54,688,000	35,200,000	283,040	1.2
Dorman Center - Phase I & II Spartanburg, South Carolina	RC	2003 - 2004	Mar-04 & Jul-04	50,200,000	27,610,000	388,067	1.7
Eastwood Towne Center Lansing, Michigan	RC	2002	May-04	85,000,000	46,750,000	332,131	1.5
Eckerd Drug Store Columbia, South Carolina	SU	2003 - 2004	Jun-04	3,260,000	1,750,000	13,440	0.1
Eckerd Drug Store Crossville, Tennessee	SU	2003 - 2004	Jun-04	2,625,000	1,425,000	13,824	0.1
Eckerd Drug Store Greer, South Carolina	SU	2003 - 2004	Jun-04	3,069,000	1,650,000	13,824	0.1
Eckerd Drug Store Kill Devil Hills, North Carolina	SU	2003 - 2004	Jun-04	3,650,000	1,975,000	13,824	0.1
Edgemont Town Center Homewood, Alabama	NC	2003	Nov-04	15,639,000	8,600,000	77,655	0.3
Evans Town Center Evans, Georgia	NC	1995	Dec-04	8,795,000	5,005,000	75,695	0.3
Fairgrounds Plaza Middletown, New York	NC	2002 - 2004	Jan-05	21,994,000	15,965,749	58,970	0.3
Five Forks Simpsonville, South Carolina	NC	1999	Dec-04	8,086,000	4,482,500	64,173	0.3
Forks Town Center Easton, Pennsylvania	NC	2002	Jul-04	18,199,000	10,395,000	92,660	0.4
Fox Creek Village Longmont, Colorado	RC	2003 - 2004	Nov-04	20,883,000	11,485,000	114,033	0.5

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	APPROXIMATE PURCHASE PRICE ($)	MORTGAGE PAYABLE AT MARCH 8, 2005 ($)	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTA GROS LEASAB AREA
Fullerton Metrocenter Fullerton, California	RC	1988	Jun-04	51,275,000	28,050,000	253,296	1.1
Gateway Pavilions Avondale, Arizona	RC	2003 - 2004	Dec-04	65,141,000	35,842,000	301,233	1.3
Gateway Plaza Southlake, Texas	RC	2000	Jul-04	33,025,000	18,163,000	358,091	1.6
Gateway Station College Station, Texas	NC	2003 - 2004	Dec-04	5,093,000	-	19,537	0.1
Gateway Village Annapolis, Maryland	JV	1996	Jul-04	53,150,000	31,458,000	273,307	1.2
GMAC Insurance Building Winston-Salem, North Carolina	SU	1980/1990	Sept-04	59,997,000	33,000,000	501,064	2.2
Governor's Marketplace Tallahassee, Florida	RC	2001	Aug-04	32,654,000	20,625,000	231,915	1.0
Green's Corner Cumming, Georgia	NC	1997	Dec-04	12,768,000	7,022,366	85,271	0.4
Gurnee Towne Center Gurnee, Illinois	RC	2000	Oct-04	44,256,000	24,360,000	179,602	0.8
Harris Teeter Wilmington, North Carolina	SU	1977/1995	Sept-04	7,200,000	3,960,000	57,230	0.2

45

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	APPROXIMATE PURCHASE PRICE ($)	MORTGAGE PAYABLE AT MARCH 8, 2005 ($)	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTA GROS LEASAB AREA
Harvest Towne Center Knoxville, Tennessee	NC	1996-1999	Sept-04	8,950,000	5,005,000	42,235	0.2
Henry Town Center McDonough, Georgia	RC	2002	Dec-04	61,397,000	35,814,616	444,296	1.9
Heritage Towne Crossing Euless, Texas	NC	2002	Mar-04	16,123,000	8,950,000	80,639	0.4
Hickory Ridge Hickory, North Carolina	RC	1999	Jan-04	41,900,000	23,650,000	380,487	1.7
High Ridge Crossing High Ridge, Missouri	NC	2004	Mar-05	13,200,000	-	76,857	0.3
Hobby Lobby Concord, North Carolina	SU	2004	Jan-05	5,500,000	3,025,000	60,000	0.3
Holliday Towne Center Duncansville, Pennsylvania	RC	2003	Feb-05	14,828,000	8,050,000	83,122	0.4
Huebner Oaks Center San Antonio, Texas	RC	1997 & 1998	Jun-04	79,721,000	48,000,000	286,684	1.3
Irmo Station Irmo, South Carolina	NC	1980 & 1985	Dec-04	12,800,000	7,085,000	99,619	0.4
John's Creek Village Duluth, Georgia	RC	2003 & 2004	Jun-04	34,255,000	23,300,000	156,582	0.7
Kohl's/Wilshire Plaza III Kansas City, Missouri	SU	2004	Nov-04	10,099,000	5,417,500	88,248	0.4
La Plaza Del Norte San Antonio, Texas	RC	1996/1999	Jan-04	59,143,000	32,528,000	320,345	1.4

Lake Mary Pointe Lake Mary, Florida	NC	1999	Oct-04	6,620,000	3,657,500	51,052	0.2

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	APPROXIMATE PURCHASE PRICE ($)	MORTGAGE PAYABLE AT MARCH 8, 2005 ($)	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTA GROS LEASAB AREA
Lakewood Towne Center Lakewood, Washington	RC	1988 Rebuilt 2002-2003	Jun-04	81,100,000	51,260,000	578,913	2.5
Larkspur Landing Larkspur, California	RC	1978/2001	Jan-04	61,145,000	33,630,000	172,433	0.8
Lincoln Park Dallas, Texas	RC	1998	Sept-04	47,515,000	26,153,000	148,806	0.6
Low Country Village Bluffton, South Carolina	NC	2004	Jun-04	11,090,000	10,810,000	76,385	0.3
MacArthur Crossing Los Colinas, Texas	RC	1995 - 1996	Feb-04	23,102,000	12,700,000	109,755	0.5
Magnolia Square Houma, Louisiana	RC	2004	Feb-05	19,114,000	10,265,000	116,049	0.5
Manchester Meadows Town and Country, Missouri	RC	1994 - 1995	Aug-04	56,200,000	31,064,550	454,172	2.0
Mansfield Towne Crossing Mansfield, Texas	RC	2004	Nov-04	18,322,000	10,982,300	105,286	0.5
Maytag Distribution Center Iowa City, Iowa	SU	2004	Jan-05	23,159,000	12,740,000	750,000	3.3
McAllen Shopping Center McAllen, Texas	NC	2004	Dec-04	4,150,000	2,455,000	17,625	0.1
Mesa Fiesta	RC	2004	Dec-04	36,855,000	23,500,000	194,892	0.9

Mesa, Arizona

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	APPROXIMATE PURCHASE PRICE ($)	MORTGAGE PAYABLE AT MARCH 8, 2005 ($)	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTA GROS LEASAB AREA
Midtown Center Milwaukee, Wisconsin	RC	1986-1987	Jan-05	53,000,000	28,227,617	319,072	1.4
Mitchell Ranch Plaza New Port Richey, Florida	RC	2003	Aug-04	34,000,000	18,700,000	200,404	0.9
Newnan Crossing I & II Newnan, Georgia	RC	1999-2004	Dec-03 & Feb-04	52,360,000	23,766,191	392,050	1.7
Newton Crossroads Covington, Georgia	NC	1997	Dec-04	10,072,000	5,547,622	78,896	0.3
North Ranch Pavilions Thousand Oaks, California	NC	1992	Jan-04	18,468,000	10,157,400	62,812	0.3
North Rivers Town Center Charleston, South Carolina	RC	2003 - 2004	Apr-04	20,100,000	11,050,000	141,204	0.6
Northgate North Seattle, Washington	RC	1999 - 2003	Jun-04	48,455,000	26,650,000	302,095	1.3
Northpointe Plaza Spokane, Washington	RC	1991 - 1993	May-04	54,524,000	30,850,000	377,949	1.7
Northwoods Center Wesley Chapel, Florida	NC	2002 - 2004	Dec-04	13,964,000	11,192,500	74,647	0.3
Oswego Commons Oswego, Illinois	RC	2002 - 2004	Nov-04	35,022,000	19,262,100	187,651	0.8
Paradise Valley Marketplace	NC	2002	Apr-04	28,510,000	15,680,500	92,158	0.4

Phoenix, Arizona							
Pavilion at King's Grant Concord, North Carolina	NC	2002/2003	Dec-03	8,151,000	5,342,000	79,109	0.3

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	APPROXIMATE PURCHASE PRICE ($)	MORTGAGE PAYABLE AT MARCH 8, 2005 ($)	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTA GROS LEASAB AREA
Peoria Crossings Glendale, Arizona	RC	2002 - 2003	Mar-04	37,368,000	20,497,400	213,733	0.9
Phenix Crossing Phenix City, Alabama	NC	2004	Dec-04	10,065,000	-	56,563	0.2
Pine Ridge Plaza Lawrence, Kansas	RC	1998 - 2004	Jun-04	26,982,000	14,700,000	230,510	1.0
Placentia Town Center Placentia, California	RC	1973/2000	Dec-04	24,865,000	13,695,000	110,962	0.5
Plaza at Marysville Marysville, Washington	RC	1995	Jul-04	21,266,000	11,800,000	115,656	0.5
Plaza at Riverlakes Bakersfield, California	RC	2001	Oct-04	17,000,000	-	102,836	0.4
Plaza Santa Fe II Santa Fe, New Mexico	RC	2000 - 2002	Jun-04	30,971,000	17,342,953	222,389	1.0
Pleasant Run Towne Center Ce Hill, Texas	RC	2004	Dec-04	35,370,000	22,800,000	201,587	0.9
Promenade at Red Cliff St. George, Utah	NC	1997	Feb-04	19,537,000	10,590,000	94,445	0.4

Reisterstown Road Plaza Baltimore, Maryland	JV	1986/2004	Aug-04	94,762,000	49,650,000	789,926	3.5
Saucon Valley Square Bethlehem, Pennsylvania	NC	1999	Sept-04	16,043,000	8,850,900	80,695	0.4
Shaw's Supermarket New Britain, Connecticut	SU	1995	Dec-03	13,656,000	6,450,000	65,658	0.3

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	APPROXIMATE PURCHASE PRICE ($)	MORTGAGE PAYABLE AT MARCH 8, 2005 ($)	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTA GROS LEASAB AREA
Shoppes at Lake Andrew Viera, Florida	RC	2003	Dec-04	28,300,000	15,656,511	144,733	0.6
The Shoppes at Park West (Publix Center) Mount Pleasant, South Carolina	NC	2004	Nov-04	12,047,000	6,655,000	64,832	0.3
Shoppes at Quarterfield (Metro Square Center) Severn, Maryland	NC	1999	Jan-04	11,031,000	6,067,183	61,817	0.3
Shoppes of New Hope (Shoppes of Dallas) Dallas, Georgia	NC	2004	Jul-04	13,052,000	7,178,700	70,610	0.3
Shoppes of Prominence Point Canton, Georgia	NC	2004	Jun-04	15,155,000	9,954,300	78,058	0.3
The Shops at Boardwalk Kansas City, Missouri	RC	2003 & 2004	Jul-04	36,642,000	20,150,000	122,916	0.5
Shops at Forest Commons Round Rock, Texas	NC	2002	Dec-04	7,505,000	5,220,981	34,756	0.2
Shops at Park Place Plano, Texas	RC	2001	Oct-03	24,000,000	13,127,000	116,300	0.5

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	APPROXIMATE PURCHASE PRICE ($)	MORTGAGE PAYABLE AT MARCH 8, 2005 ($)	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTA GROS LEASAB AREA
Southgate Plaza Heath, Ohio	NC	1998-2002	Mar-05	12,253,000	-	86,010	0.4
Southlake Town Square Southlake, Texas	RC	1998-2004	Dec-04	135,606,000	81,000,000	456,569	2.0
Stanley Works/Mac Tools Westerville, Ohio	SU	2004	Jan-05	10,000,000	-	72,500	0.3
Stateline Station High Ridge, Missouri	RC	2003-2004	Mar-05	32,000,000	-	141,686	0.6
Stilesboro Oaks Acworth, Georgia	NC	1997	Dec-04	12,640,000	6,951,971	80,772	0.4
Stony Creek Marketplace Noblesville, Indiana	RC	2003	Dec-03	25,750,000	14,162,000	153,796	0.7
Tollgate Marketplace Bel Air, Maryland	JV	1979/1994	Jul-04	72,300,000	39,765,000	392,587	1.7
Towson Circle Towson, Maryland	JV	1998	Jul-04	28,450,000	19,197,500	116,012	0.5
Trenton Crossing McAllen, Texas	RC	2003	Feb-05	29,212,000	19,307,037	215,220	0.9
University Town Center Tuscaloosa, Alabama	NC	2002	Nov-04	10,569,000	5,810,000	57,250	0.3
The Village at Quail Springs Oklahoma City,	RC	2003-2004	Feb-05	10,429,000	5,740,000	100,404	0.4

Oklahoma							
Village Shoppes at Simonton Lawrenceville, Georgia	NC	2004	Aug-04	13,750,000	7,561,700	66,415	0.3

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	APPROXIMATE PURCHASE PRICE ($)	MORTGAGE PAYABLE AT MARCH 8, 2005 ($)	GROSS LEASABLE AREA (SQ. FT.)	% O TOT GROS LEASAB AREA
Wal-Mart Supercenter Blytheville, Arkansas	SU	1999	Jul-04	13,248,000	7,100,000	183,047	0.8
Wal-Mart Supercenter Jonesboro, Arkansas	SU	1997	Aug-04	11,071,000	6,088,500	149,704	0.7
Watauga Pavilion Wautauga, Texas	RC	2003/2004	May-04	35,668,000	19,617,000	205,195	0.9
Winchester Commons Memphis, Tennessee	NC	1999	Nov-04	13,023,000	7,235,000	93,024	0.4
Wrangler El Paso, Texas	SU	1993	Jul-04	18,477,000	11,300,000	316,800	1.4
Zurich Towers Schaumburg, Illinois	SU	1988 - 1990	Nov-04	138,000,000	81,420,000	895,418	3.9
PORTFOLIO TOTAL				3,777,302,000	2,088,440,547	22,893,430	100

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* Major tenants include tenants leasing more than 10% of the gross leasable area of the individual property.

NC Neighborhood and Community Retail Shopping Center
SU Single-User Property
RC Retail Shopping Center
JV Joint Venture

In addition to the properties listed above, we consolidate one 124-unit apartment property, Cardiff Hall East, in which we made an investment through a joint venture arrangement on October 15, 2004. This property which is located in Towson, Maryland had a mortgage payable with a balance of $5,108,656 at December 31, 2004.

We have a 95% ownership interest in the limited liability companies which own Boulevard at the Capital Centre, Gateway Village, Reisterstown Road Plaza, Tollgate Marketplace, and Towson Circle.

THE DISCUSSION UNDER THIS SECTION, WHICH STARTS ON PAGE 98 OF OUR PROSPECTUS, IS MODIFIED AND SUPPLEMENTED BY THE FOLLOWING INFORMATION REGARDING PROPERTIES WE HAVE ACQUIRED OR INTEND TO ACQUIRE.

DESCRIPTION OF PROPERTIES

AMERICAN EXPRESS - SALT LAKE CITY, UTAH

We anticipate purchasing the following office building constructed in 1982 and leasing the entire building back to American Express Travel Related Services Company, Inc.

Location	Approximate Square Feet	Lease Term	Approximate Purchase Price
4315 South 2700 West Salt Lake City, UT	395,787	10 years	48,000,000

For financial information of American Express, please see the financial statements filed with the Securities and Exchange Commission

POTENTIAL PROPERTY ACQUISITIONS

We are currently considering acquiring the properties listed below. Our decision to acquire these properties will generally depend upon:

- no material adverse change occurring relating to the properties, the tenants or in the local economic conditions;
- our receipt of sufficient net proceeds from this offering and financing proceeds to make these acquisition; and
- our receipt of satisfactory due diligence information including appraisals, environmental reports and lease information.

Other properties may be identified in the future that we may acquire before or instead of these properties. We cannot guarantee that we will complete these acquisitions.

In evaluating these properties as potential acquisitions and determining the appropriate amount of consideration to be paid for each property, we have considered a variety of factors including, overall valuation of net rental income, location, demographics, quality of tenant, length of lease, price per square foot, occupancy and the fact that overall rental rate at the shopping center is comparable to market rates. We believe that these properties are well located, have acceptable roadway access, are well maintained and have been professionally managed. These properties will be subject to competition from similar shopping centers within their market area, and their economic performance could be affected by changes in local economic conditions. We did not consider any other factors materially relevant to our decision to acquire these properties.

PROPERTY	TYPE	YEAR BUILT	APPROXIMATE ACQUISITION COSTS INCLUDING EXPENSES ($) *	GROSS LEASABLE AREA (SQ. FT.)	PHYSICAL OCCUPANCY AS OF 03/01/05
Advance Auto Parts 8603 Culebra San Antonio, TX	SU	2004	1,483,675	7,000	100%

PROPERTY	TYPE	YEAR BUILT	APPROXIMATE ACQUISITION COSTS INCLUDING EXPENSES ($) *	GROSS LEASABLE AREA (SQ. FT.)	PHYSICAL OCCUPANCY AS OF 03/01/05
Advance Auto Parts 465 E. Central Texas Expressway Harker Heights, Texas	SU	2004	1,547,609	7,000	100%
Advance Auto Parts 3915 E. Stan Schlueter Killeen, Texas	SU	2004	1,433,113	7,000	100%
Four Peaks Plaza Shea Boulevard and Saguaro Boulevard Fountain Hills, Arizona	RC	2004	8,252,000	140,571	87%
Lakepointe Towne Crossing 715 Hebron Parkway Lewisville, TX	RC	2004	39,482,000	192,679	70%
Metro Town Center 2821 West Peoria Phoenix, Arizona	RC	1988-1990 Renovated 2003 & 2004	31,266,000	147,056	78%

As of March 14, 2005, we have over of $131,464,000 in pending acquisitions and we believe, based in part on projected sales of our common stock, that cash on hand and future financings will provide us with sufficient cash to close these properties at the time of their projected closings.

TERMINATED CONTRACTS

Our Board of Directors previously approved the acquisition of Albertson's Grocery Store in Loveland, Colorado, Mall 205 and Plaza 205 in Portland, Oregon, Eckerd Drug Store in Danforth and Santa Fe in Edmond, Oklahoma, Casa Paloma in Chandler, Arizona (disclosed as probable) Woodbury Village Shopping Center in Woodbury, Minnesota (disclosed as probable), Shaw's Supermarket in Bristol, Connecticut (disclosed as probable), Peoria Station in (disclosed as probable), Thunderbird Crossing in Peoria, Arizona (disclosed as probable), Shoppes at Warner Robins in Warner Robins, Georgia (disclosed as probable), Poinciana Place in Kissimmee, Florida (disclosed as probable), and Cross Creek Shopping Center in Memphis, Tennessee (disclosed as probable). Based on information received during our due diligence process, we have decided not to acquire the properties and our affiliate has terminated the contracts on these acquisitions.

TENANT LEASE EXPIRATION

The following table sets forth, as of March 14, 2005, lease expirations for the next ten years at our properties, assuming that no renewal options are exercised. For purposes of the table, the "total annual base rental income" column represents annualized base rent of each tenant as of January 1 of each year. Therefore, as each lease expires, no amount is included in this column for any subsequent year for that lease. In view of the assumption made with regard to total annual base rent, the percent of annual base rent represented by expiring leases may not be reflective of the expected actual percentages.

YEAR ENDING DECEMBER 31,	NUMBER OF LEASES EXPIRING	APPROX. GROSS LEASABLE AREA OF EXPIRING LEASES (SQ. FT.)	% TOTAL OF PORTFOLIO GROSS LEASABLE AREA REPRESENTED BY EXPIRING LEASES	TOTAL ANNUAL BASE RENTAL INCOME OF EXPIRING LEASES ($)	% OF TOTAL ANNUAL BASE RENTAL INCOME REPRESENTED BY EXPIRING LEASES
Consolidated					
2005	102	279,122	1.2%	4,837,157	1.7%
2006	171	685,392	3.0%	10,684,785	3.9%
2007	245	691,373	3.0%	13,321,125	5.0%
2008	291	952,614	4.2%	17,450,917	6.8%
2009	392	1,510,884	6.6%	26,428,701	11.0%
2010	85	624,989	2.7%	9,497,915	4.4%
2011	76	1,065,789	4.7%	15,697,641	7.6%
2012	105	1,053,894	4.6%	15,476,718	8.2%
2013	175	1,787,522	7.8%	24,412,504	13.7%
2014	170	4,476,160	19.6%	55,637,512	36.1%

TENANT CONCENTRATION

The following table sets forth information regarding the ten individual tenants at our properties comprising the greatest gross leasable area and greatest 2004 annualized base rent based on the properties owned as of March 14, 2005.

DESCRIPTION	TOTAL NUMBER	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTAL GROSS LEASABLE AREA	ANNUALIZED BASE RENTA INCOME
INDIVIDUAL TENANT CONCENTRATIONS (MGMT. CRITERIA TOP 10 OF GLA AND BASE RENT)				
American Express	7	2,201,308	9.62%	22,202,988
Zurich American Insurance Company	1	895,418	3.91%	8,883,864
Wal-Mart	5	864,883	3.78%	5,856,476
Maytag	1	750,000	3.28%	1,726,500
Ross Dress for Less	15	620,529	2.71%	6,408,672
Best Buy	14	603,802	2.64%	8,311,980
GMAC	1	501,064	2.19%	5,164,449
Bed, Bath & Beyond	16	434,002	1.90%	5,055,608
Kohl's	5	431,317	1.88%	2,969,342
Publix	10	423,005	1.80%	4,510,234
Linens 'N Things	13	403,908	1.80%	4,332,814
Michaels	15	347,945	1.50%	3,715,597

PROPERTY ALLOCATION

The following table provides a summary of the properties in our investment portfolio by type of investment and by state as of March 14, 2005.

DESCRIPTION	TOTAL NUMBER	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTAL GROSS LEASABLE AREA
PORTFOLIO ALLOCATION BY TYPE			
Neighborhood and Community Retail Shopping Center	38	2,639,716	11.5%
Single-User Property	31	5,761,250	25.2%
Retail Shopping Center	54	12,441,560	54.3%
Joint Venture*	5	2,050,904	9.0 %
Total	128	22,898,430	100.0%

* In addition to the properties listed above, we consolidate one 124-unit apartment property, Cardiff Hall East, in which we made and investment through a joint venture arrangement on October 15, 2004.

PORTFOLIO ALLOCATION BY STATE			
Alabama	4	201,523	0.9%

Arizona	6	1,257,011	5.5%
California	5	702,339	3.1%
Florida	9	1,243,755	5.4%
Georgia	10	1,528,645	6.7%
Illinois	4	1,486,515	6.5%
Maryland	6	2,112,721	9.2%
Missouri	5	883,879	3.9%
North Carolina	7	1,481,091	6.5%
Pennsylvania	4	452,043	2.0%
South Carolina	9	1,051,686	4.6%
Tennessee	4	322,510	1.4%
Texas	23	3,619,225	15.8%
Washington	4	1,374,613	6.0%
Other	28	5,175,874	22.6%
Total	128	22,893,430	100%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We electronically file our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports with the Securities and Exchange Commission (SEC). The public may read and copy any of the reports that are filed with the SEC at the SEC's Public Reference Room at 405 Fifth Street, NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference room by calling the SEC at (800)-SEC-0330. The SEC maintains an Internet site at (www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically.

CERTAIN STATEMENTS IN THIS "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" AND ELSEWHERE IN THIS FORM 10-K CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE FEDERAL PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE OUR ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THESE FORWARD-LOOKING STATEMENTS.

The following discussion and analysis relates to the year ended December 31, 2004 and for the period from March 5, 2003 (inception) to December 31, 2003. You should read the following discussion and analysis along with our consolidated

financial statements and the related notes included in this report.

Overview

We were formed to acquire and manage a diversified portfolio of real estate, principally multi-tenant shopping centers and single-user buildings. We operate as a real estate investment trust or REIT for Federal and state income tax purposes. We have initially focused on acquiring properties in the Western states. We have begun to acquire and plan to continue acquiring properties in the Western states. We may also acquire retail and single-user net lease properties in locations throughout the United States. We have also begun to acquire properties improved with commercial facilities which provide goods and services as well as double or triple net leased properties, which are either commercial or retail including properties acquired in sale and leaseback transactions. A triple-net leased property is one which is leased to a tenant who is responsible for the base rent and all costs and expenses associated with their occupancy including property taxes, insurance and repairs and maintenance. Inland Western Retail Real Estate Advisory Services, Inc. or our business manager/advisor has been retained to manage, for a fee, our day-to-day affairs, subject to the supervision of our board of directors.

Our goal is to purchase properties principally west of the Mississippi River and evaluate potential acquisition opportunities of properties east of the Mississippi River on a property by property basis, taking into consideration investment objectives and available funds. As of February 28, 2005 we have purchased 12 additional properties located in the states of Florida, Iowa, Louisiana, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, Texas, Wisconsin, and Ontario, Canada.

For the year ended December 31, 2004, we purchased 103 properties, of which 55 were not located in our primary geographical area of interest. We purchased these 55 properties because we had the unique opportunity of taking advantage of our business manager/advisor's acquisition pipeline of properties located east of the Mississippi River which generally, continue to have rates of return above those located in the Western United States. We expect this trend to continue into the next year. Our strategy in purchasing these properties was to deploy stockholder funds promptly and generate income for us as early as possible, while investing in properties which met our acquisition criteria.

During the fourth quarter of 2004, the retail sector has remained relatively stable as a result of sustained consumer spending, which has helped maintain retail sales growth despite potential terrorist threats and the Iraqi war. A modest pace of new retail construction, and the expansion strategy of some retailers, who are renting more space to maintain market share and revenue growth and offset declining same store sales have also contributed to the stability.

Our goal is to maximize the possible return to our stockholders through the acquisition, development, re-development and management of our properties consisting of neighborhood and community shopping centers and single-tenant

buildings. We actively manage our assets by leasing and releasing space at favorable rates, controlling costs, maintaining strong tenant relationships and creating additional value through redeveloping and repositioning our centers. We distribute funds generated from operations to our stockholders, and intend to continue distributions in order to maintain our REIT status.

Overall, the retail segment of the real estate industry has undergone a fundamental shift in consumer spending patterns while the grocery, drug and

discount retail sectors have remained relatively stable over the past few years. The majority of consumer purchases for general merchandise occur at discount stores or warehouse club/supercenters following the lead of industry giants Wal-Mart and Home Depot. Strength in this segment has come at a detriment to older, established retailers, whose operating costs are relatively higher, and who do not offer bulk purchasing opportunities to consumers. In addition, relatively low interest rates have resulted in the increased purchasing power of the general public, further accelerating these retail trends.

Selecting properties with high quality tenants and mitigating risk through diversifying our tenant base is at the forefront of our acquisition strategy. We believe our strategy of purchasing properties, primarily in the fastest growing areas of the country and focusing on acquisitions with tenants who provide basic goods and services will produce stable earnings and growth opportunities in future years.

We are in the process of completing our initial offering of common stock and have raised $2,172,047,447 as of December 31, 2004. We raised on average approximately $237 million per month during the fourth quarter of 2004.

On December 28, 2004, our second offering was declared effective for up to 250,000,000 shares of common stock at $10 each and the issuance of up to 20,000,000 shares at $9.50 each, which may be distributed pursuant to our DRP. We began selling shares of the second offering in January 2005.

As of December 31, 2004, we owned through separate limited partnership, limited liability company, or joint venture agreements, a portfolio of 111 properties located in Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Kansas, Louisiana, Maryland, Michigan, Minnesota, Missouri, Nevada, New Mexico, New York, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Washington and Wisconsin containing an aggregate of approximately 20,231,000 square feet of gross leasable area. As of December 31, 2004, approximately 97% of gross leasable area in the properties was physically leased and 99% was economically leased.

Critical Accounting Policies and Estimates

GENERAL

The following disclosure pertains to critical accounting policies and estimates we believe are most "critical" to the portrayal of our financial condition and results of operations which require our most difficult, subjective or complex judgments. These judgments often result from the need to make estimates about the effect of matters that are inherently uncertain. Critical accounting policies discussed in this section are not to be confused with accounting principles and methods disclosed in accordance with accounting principles generally accepted in the United States of America or GAAP. GAAP requires information in financial statements about accounting principles, methods used and disclosures pertaining to significant estimates. This discussion addresses our judgment pertaining to trends, events or uncertainties known which were taken into consideration upon the application of those policies and the likelihood that materially different amounts would be reported upon taking into consideration different conditions and assumptions.

ACQUISITION OF INVESTMENT PROPERTY

We allocate the purchase price of each acquired investment property between land, building and improvements, acquired above market and below market leases, in-place lease value, and any assumed financing that is determined to be above or below market terms. In addition, we allocate a portion of the purchase price to the value of customer relationships. The allocation of the purchase price is an area that requires judgment and significant estimates. We use the information

contained in the independent appraisal obtained at acquisition as the primary basis for the allocation to land and building and improvements. We determine whether any financing assumed is above or below market based

upon comparison to similar financing terms for similar investment properties. We also allocate a portion of the purchase price to the estimated acquired in-place lease costs based on estimated lease execution costs for similar leases as well as lost rent payments during assumed lease up period when calculating as if vacant fair values. We consider various factors including geographic location and size of leased space. We also evaluate each acquired lease based upon current market rates at the acquisition date and we consider various factors including geographical location, size and location of leased space within the investment property, tenant profile, and the credit risk of the tenant in determining whether the acquired lease is above or below market lease costs. After an acquired lease is determined to be above or below market lease costs, we allocate a portion of the purchase price to such above or below acquired lease costs based upon the present value of the difference between the contractual lease rate and the estimated market rate. However, for below market leases with fixed rate renewals, renewal periods are included in the calculation of below market in-place lease values. The determination of the discount rate used in the present value calculation is based upon the "risk free rate." This discount rate is a significant factor in determining the market valuation which requires our judgment of subjective factors such as market knowledge, economics, demographics, location, visibility, age and physical condition of the property.

IMPAIRMENT OF LONG-LIVED ASSETS

In accordance with Statement of Financial Accounting Standards or SFAS No. 144, we conduct an analysis on a quarterly basis to determine if indicators of impairment exist to ensure that the property's carrying value does not exceed its fair value. If this were to occur, we are required to record an impairment loss. The valuation and possible subsequent impairment of investment properties is a significant estimate that can and does change based on our continuous process of analyzing each property and reviewing assumptions about uncertain inherent factors, as well as the economic condition of the property at a particular point in time. No impairment losses have been taken in 2003 or 2004.

COST CAPITALIZATION AND DEPRECIATION POLICIES

Our policy is to review all expenses paid and capitalize any items exceeding $5,000 which are deemed to be an upgrade or a tenant improvement. These costs are capitalized and are included in the investment properties classification as an addition to buildings and improvements.

Buildings and improvements are depreciated on a straight-line basis based upon estimated useful lives of 30 years for buildings and improvements, and 15 years for site improvements. The portion of the purchase price allocated to acquired above market costs and acquired below market costs are amortized on a straight-line basis over the life of the related lease as an adjustment to net rental income. Acquired in-place lease costs, customer relationship value, other leasing costs, and tenant improvements are amortized on a straight-line basis over the life of the related lease as a component of amortization expense.

The application of SFAS No. 141 and SFAS No. 142 resulted in the recognition upon acquisition of additional intangible assets and liabilities relating to our real estate acquisitions during the year ended December 31, 2004. The portion of the purchase price allocated to acquired above market lease costs and acquired below market lease costs are amortized on a straight-line basis over the life of the related lease as an adjustment to rental income. Amortization pertaining to

the above market lease costs of $3,118,699 was applied as a reduction to rental income for the year ended December 31, 2004 and $5,227 for the period from March 5, 2003 (inception) to December 31, 2003. Amortization pertaining to the below market lease costs of $4,703,357 was applied as an increase to rental income for the year ended December 31, 2004 and $15,386 for the period from March 5, 2003 (inception) to December 31, 2003.

The portion of the purchase price allocated to acquired in-place lease costs are amortized on a straight line basis over the life of the related lease. We incurred amortization expense pertaining to acquired in-place lease costs of $9,923,630 for the year ended December 31, 2004 and $51,773 for the period from March 5, 2003 (inception) to December 31, 2003.

The portion of the purchase price allocated to customer relationship value is amortized on a straight-line basis over the life of the related lease.

The table below presents the amortization during the next five years related to the acquired in-place lease intangibles, customer relationship value, acquired above market lease costs and the below market lease costs for properties owned at December 31, 2004:

Amortization of:	2005	2006	2007	2008
Acquired above market lease costs	$ (5,576,668)	(5,391,370)	(4,558,366)	(4,275,216)
Acquired below market lease costs	9,930,801	9,166,611	8,238,008	7,337,557
Net rental income increase	$ 4,354,133	3,775,241	3,679,642	3,062,341
Acquired in-place lease intangibles	$ (25,857,397)	(25,857,397)	(25,857,397)	(25,803,230)
Customer relationship value	$ (200,000)	(200,000)	(200,000)	(200,000)

Cost capitalization and the estimate of useful lives requires our judgment and includes significant estimates that can and do change based on our process which periodically analyzes each property and on our assumptions about uncertain inherent factors.

REVENUE RECOGNITION

We recognize rental income on a straight-line basis over the term of each lease. The difference between rental income earned on a straight-line basis and the cash rent due under the provisions of the lease agreements is recorded as deferred rent receivable and is included as a component of accounts and rents receivable in the accompanying consolidated balance sheets. We anticipate collecting these amounts over the terms of the leases as scheduled rent payments are made.

Reimbursements from tenants for recoverable real estate tax and operating expenses are accrued as revenue in the period the applicable expenditures are incurred. We make certain assumptions and judgments in estimating the reimbursements at the end of each reporting period. Should the actual results differ from our judgment, the estimated reimbursement could be negatively affected and would be adjusted appropriately.

In conjunction with certain acquisitions, we receive payments under master lease agreements pertaining to certain, non-revenue producing spaces either at the time of, or subsequent to, the purchase of some of our properties. Upon receipt of the payments, the receipts are recorded as a reduction in the purchase price of the related properties rather than as rental income. These master leases were established at the time of purchase in order to mitigate the potential negative effects of loss of rent and expense reimbursements. Master lease payments are received through a draw of funds escrowed at the time of purchase and may cover a period from one to three years. These funds may be released to either us or the seller when certain leasing conditions are met. Restricted cash includes funds received by third party escrow agents, from sellers, pertaining to master lease agreements. We record such escrows as both an asset and a corresponding liability, until certain leasing conditions are met.

We record lease termination income if there is a signed termination letter agreement, all of the conditions of the agreement have been met, and the tenant is no longer occupying the property.

INTEREST RATE FUTURES CONTRACTS

We enter into interest rate futures contracts or treasury contracts as a means of reducing our exposure to rising interest rates. At inception, contracts are evaluated in order to determine if they will qualify for hedge accounting treatment and will be accounted for either on a deferral, accrual or market value basis depending on the nature of our hedge

strategy and the method used to account for the hedged item. Hedge criteria include demonstrating the manner in which the hedge will reduce risk, identifying the specific asset, liability or firm commitment being hedged, and citing the time horizon being hedged.

For the year ended December 31, 2004, the Company entered into treasury contracts with a futures commission merchant with yields ranging from 3.27% to 3.85% for 5 year treasury contracts and 4.00% to 4.63% for 10 year treasury contracts. On December 31, 2004, the treasury contracts had a liquidation value of $46,005 resulting in a loss of $3,666,894 for the year ended December 31, 2004. As these treasury contracts are not offsetting future commitments and therefore do not qualify as hedges, the net loss is recognized currently in earnings.

Liquidity and Capital Resources

GENERAL

Our principal demands for funds have been for property acquisitions, for the payment of operating expenses and distributions, and for the payment of interest on outstanding indebtedness. Generally, cash needs for items other than property acquisitions have been met from operations, and property acquisitions have been funded by a public offering of our shares of common stock. However, there may be a passage of time between the sale of the shares and our purchase of properties, which may result in a delay in the benefits to stockholders of returns generated from property operations. Our business manager/advisor evaluates potential

additional property acquisitions and Inland Real Estate Acquisitions, Inc., one of the affiliates of our sponsor, engages in negotiations with sellers on our behalf. After a purchase contract is executed which contains specific terms, the property will not be purchased until due diligence, which includes review of the title insurance commitment, an appraisal and an environmental analysis, is successfully completed. In some instances, the proposed acquisition still requires the negotiation of final binding agreements, which may include financing documents. During this period, we may decide to temporarily invest any unused proceeds from the offering in certain investments that could yield lower returns than other investments, such as the acquisition of properties. These lower returns may affect our ability to make distributions.

Potential future sources of capital include proceeds from the public or private offering of our equity or debt securities, secured or unsecured financings from banks or other lenders, proceeds from the sale of properties, as well as undistributed funds from operations. We anticipate that during the current year we will (i) acquire additional existing shopping centers and net leased properties, (ii) begin to develop additional shopping center sites and (iii) continue to pay distributions to stockholders, and each is expected to be funded mainly from proceeds of our public offerings of shares, cash flows from operating activities, financings and other external capital resources available to us.

Our leases typically provide that the tenant bears responsibility for substantially all property costs and expenses associated with ongoing maintenance and operation, including utilities, property taxes and insurance. In addition, in some instances our leases provide that the tenant is responsible for roof and structural repairs. Certain of our properties are subject to leases under which we retain responsibility for certain costs and expenses associated with the property. We anticipate that capital demands to meet obligations related to capital improvements with respect to properties will be minimal for the foreseeable future and can be met with funds from operations and working capital. We believe that our current capital resources (including cash on hand) and anticipated financings are sufficient to meet our liquidity needs for the foreseeable future.

LIQUIDITY

OFFERING. As of December 31, 2004, subscriptions for the initial public offering for a total of 217,467,878 shares had been received from the public, which include the 20,000 shares issued to the business manager/advisor and 3,079,003 shares sold pursuant to the DRP as of December 31, 2004. As a result of such sales, we received a total of $2,172,047,447 of gross offering proceeds for the initial public offering as of December 31, 2004.

On December 28, 2004, our second offering was declared effective for up to 250,000,000 shares of common stock at $10 each and the issuance of up to 20,000,000 shares at $9.50 each, which may be distributed pursuant to our DRP. We began selling shares of the second offering in early January 2005.

MORTGAGE DEBT. Mortgage loans outstanding as of December 31, 2004 were $1,782,538,627 and had a weighted average interest rate of 4.58%. Of this amount, $1,635,745,627 had fixed rates ranging from 3.96% to 8.02% and a weighted average fixed rate of 4.67% at December 31, 2004. The rate of 8.02% represented the interest rate on the mortgage for Cardiff Hall East (Cardiff), a joint venture entity which we consolidate. Excluding the Cardiff mortgage, the highest fixed rate on our mortgage debt was 6.34%. The remaining $146,793,000 represented variable rate loans with a weighted average interest rate of 3.55% at December 31, 2004. As of December 31, 2004, scheduled maturities for our

outstanding mortgage indebtedness had various due dates through August 2023.

During the period from January 1, 2005 through February 28, 2005 we obtained mortgage financing on properties that we purchased during 2004 and 2005 totaling approximately $276 million that require monthly payments of interest only and bear interest at a range of 4.30% to 5.69% per annum.

LINE OF CREDIT. On December 24, 2003, we entered into a $150,000,000 unsecured line of credit arrangement with a bank for a period of one year. The funds from this line of credit were used to provide liquidity from the time a property was purchased until permanent debt was placed on the property. We were required to pay interest only on the outstanding balance from time to time under the line at the rate equal to LIBOR plus 175 basis points. We were also required to pay, on a quarterly basis, an amount ranging from .15% to .30%, per annum, on the average daily undrawn funds remaining under this line. The line of credit required compliance with certain covenants, such as debt service ratios, minimum net worth requirements, distribution limitations and investment restrictions. As of December 31, 2003, we were in compliance with such covenants. In connection with obtaining this line of credit, we paid fees in an amount totaling approximately $1,044,000 (which included a .65% commitment fee). The outstanding balance on the line of credit was $5,000,000 as of December 31, 2003 with an effective interest rate of 2.9375% per annum.

On December 16, 2004, we terminated the existing line of credit agreement and executed a new unsecured line of credit facility with a bank for up to $100,000,000 with an optional unsecured borrowing capacity of $150,000,000 for a total unsecured borrowing capacity of $250,000,000. The facility has an initial term of one year with two one-year extension options, with an annual variable interest rate. The funds from this line of credit may be used to provide liquidity from the time a property is purchased until permanent debt is placed on that property. The line of credit requires interest only payments monthly at the rate equal to the London InterBank Offered Rate or LIBOR plus 175 basis points which ranged from 2.34% to 2.42% during the quarter ended December 31, 2004. We are also required to pay, on a quarterly basis, an amount ranging from .15% to .25%, per annum, on the average daily undrawn funds under this line. The line of credit requires compliance with certain covenants, such as debt service ratios, minimum net worth requirements, distribution limitations and investment restrictions. As of December 31, 2004, we were in compliance with such covenants. There was no outstanding balance on the line as of December 31, 2004.

STOCKHOLDER LIQUIDITY. We provide the following programs to facilitate investment in the shares and to provide limited, interim liquidity for stockholders until such time as a market for the shares develops:

The DRP allows stockholders who purchase shares pursuant to the offerings to automatically reinvest distributions by purchasing additional shares from us. Such purchases will not be subject to selling commissions or the marketing contribution and due diligence expense allowance and will be sold at a price of $9.50 per share. As of December 31, 2004, we issued 3,079,003 shares pursuant to the DRP for an aggregate amount of $29,250,830.

Subject to certain restrictions, the SRP provides existing stockholders with limited, interim liquidity by enabling them to sell shares back to us at the following prices:

One year from the purchase date, at $9.25 per share;
Two years from the purchase date, at $9.50 per share;
Three years from the purchase date, at $9.75 per share; and
Four years from the purchase date, at the greater of $10.00 per share, or a price equal to 10 times our "funds available for distribution" per weighted average shares outstanding for the prior calendar year.

Shares purchased by us will not be available for resale. As of December 31, 2004, 10,350 shares have been repurchased for a total of $192,667.

CAPITAL RESOURCES

We expect to meet our short-term operating liquidity requirements generally through our net cash provided by property operations. We also expect that our properties will generate sufficient cash flow to cover our operating expenses plus pay a monthly distribution on our weighted average shares. Operating cash flows are expected to increase as additional properties are added to our portfolio.

We believe that we should put mortgage debt on or leverage our properties at approximately 50% of their value. We also believe that we can borrow at the lowest overall cost of funds or interest rate by placing individual financing on each of our properties. Accordingly, mortgage loans will generally have been placed on each property at the time that the property is purchased, or shortly thereafter, with the property solely securing the financing.

During the year ended December 31, 2004, we closed on mortgage debt with a principal amount of $1,753,086,923. Of this amount, $1,606,293,923 represented fixed rate loans which bear interest rates between 3.96% and 8.02%. The rate of 8.02% represented the interest rate on the mortgage for Cardiff Hall East (Cardiff), a joint venture entity which we consolidate. Excluding the Cardiff mortgage, the highest fixed rate on our mortgage debt was 6.34%. The remaining $146,793,000 represented variable rate loans with a weighted average interest rate of 3.55% at December 31, 2004.

With the exception of the mortgage loans on Plaza Santa Fe II, Shops at Forest Commons and Henry Town Center, all of the loans that closed during the year ended December 31, 2004 may be prepaid with a penalty after specific lockout periods. The mortgage loans on Plaza Santa Fe II, Shops at Forest Commons and Henry Town Center, have no prepayment privileges.

We have entered into interest rate lock agreements with various lenders to secure interest rates on mortgage debt on properties we currently own or will purchase in the future. We have outstanding rate lock deposits in the amount of $2,826,055 as of December 31, 2004 which are applied as credits to the mortgage fundings as they occur. These agreements lock interest rates from 4.45% to 5.12% for periods from 60 days to 90 days on approximately $240 million in principal.

During the period from January 1, 2005 to February 28, 2005, we entered into rate lock agreements which lock interest rates from 4.47% to 4.69% for periods from 30 days to 90 days on approximately $300 million in principal.

Although the loans we closed are generally non-recourse, occasionally, when it is deemed to be advantageous, we may guarantee all or a portion of the debt on a full-recourse basis. Individual decisions regarding interest rates, loan-to-value, fixed versus variable-rate financing, maturity dates and related matters are often based on the condition of the financial markets at the time the debt is incurred, which conditions may vary from time to time.

Distributions are determined by our board of directors with the advice of our business manager/advisor and are dependent on a number of factors, including the amount of funds available for distribution, flow of funds, our financial condition, any decision by our board of directors to reinvest funds rather than to distribute the funds, our capital expenditures, the annual distribution required to maintain REIT status under the Internal Revenue Code and other

factors the board of directors may deem relevant.

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash generated from operating activities was approximately $63,520,000 for the year ended December 31, 2004 and $724,000 for, the period from March 5, 2003 (inception) to December 31, 2003. The increase in net cash provided by operating activities for the year ended December 31, 2004 compared to prior year is due primarily to the additional rental revenues and income generated from the operations of 103 additional properties purchased during the year ended December 31, 2004, compared to eight properties purchased for the period from March 5, 2003 (inception) to December 31, 2003.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows used in investing activities were approximately $3,243,055,000 for the year ended December 31, 2004 and $133,425,000 for the period from March 5, 2003 (inception) to December 31, 2003. The cash flows used in investing activities were primarily due to the acquisition of 103 and eight properties for approximately $3,201,247,000 and $127,196,000 during the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003, respectively.

As of February 28, 2005, we had approximately $550 million available for investment in additional properties. As of February 28, 2005, we are considering the acquisition of approximately $226 million in properties. We are currently in the process of obtaining financings on properties which have been purchased, as well as certain of the properties which we anticipate purchasing. It is our intention to finance each of our acquisitions either at closing or subsequent to closing. As a result of the intended financings and based on our current experience in raising funds in our offerings, we believe that we will have sufficient resources to acquire these properties.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows provided by financing activities were approximately $3,356,378,000 for the year ended December 31, 2004 and $197,082,000 for the period from March 5, 2003 (inception) to December 31, 2003. We generated proceeds from the sale of shares, net of offering costs paid and shares repurchased, of approximately $1,774,231,000 and $166,552,000, respectively. We generated approximately $1,653,523,000 and $29,627,000 from the issuance of new mortgages secured by 97 and two of our properties. We generated $165,000,000 and $5,000,000 from funding on the line of credit. We paid approximately $16,613,000 and $4,023,000 for loan fees and approximately $54,542,000 and $358,000 in distributions to our stockholders. The sponsor has agreed to advance us amounts to pay a portion of these distributions until funds available for distribution are sufficient to cover distributions. In addition, $170,000,000 and $0 was paid off on the line of credit for the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003, respectively.

Given the current size of our offerings, as of February 28, 2005, we could raise approximately $2.4 billion of additional capital. However, there can be no assurance that we will raise this amount of money or that we will be able to acquire additional attractive properties.

We are exposed to interest rate changes primarily as a result of our long-term debt used to maintain liquidity and fund capital expenditures and expansion of our real estate investment portfolio and operations. Our interest rate risk management objectives are to limit the impact of interest rate changes on

earnings and cash flows and to lower our overall borrowing costs. To achieve our objectives we borrow primarily at fixed rates or variable rates with the lowest margins available and, in some cases, with the ability to convert variable rates to current market fixed rates at the time of conversion.

Effects of Transactions with Related and Certain Other Parties

SERVICES PROVIDED BY AFFILIATES OF THE BUSINESS MANAGER/ADVISOR As of December 31, 2004 and December 31, 2003, we had incurred $234,014,231 and $22,144,814, respectively of offering costs, of which $175,508,624 and $16,854,779, respectively were paid or accrued to affiliates. In accordance with the terms of our offerings, our business manager/advisor has guaranteed payment of all public offering expenses (excluding sales commissions and the marketing contribution and the due diligence expense allowance) in excess of 5.5% of the gross proceeds of the offerings or gross offering proceeds or all organization and offering expenses (including selling commissions) which together exceed 15% of gross offering proceeds. As of December 31, 2004 and December 31, 2003, offering costs did not exceed the 5.5% and 15% limitations. We anticipate that these costs will not exceed these limitations upon completion of the offerings. Any excess amounts at the completion of the offerings will be reimbursed by our business manager/advisor.

Our business manager/advisor and its affiliates are entitled to reimbursement for salaries and expenses of employees of our business manager/advisor and its affiliates relating to the offerings. In addition, an affiliate of our business manager/advisor is entitled to receive selling commissions, and the marketing contribution and due diligence expense allowance from us in connection with the offerings. Such costs are offset against the stockholders' equity accounts.

Such costs totaled $175,508,624 and $16,859,779, of which $2,879,894 and $1,061,791 were unpaid at December 31, 2004 and December 31, 2003, respectively.

Our business manager/advisor and its affiliates are entitled to reimbursement for general and administrative expenses relating to our administration. Such costs are included in general and administrative expenses to affiliates, in addition to costs that were capitalized pertaining to property acquisitions. During the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003, we incurred $1,542,986 and $194,017 of these costs, respectively, of which $957,471 and $40,703 remained unpaid as of December 31, 2004 and December 31, 2003, respectively, and are included in Due to affiliates on the Consolidated Balance Sheets.

An affiliate of our business manager/advisor provides loan servicing to us for an annual fee. Such costs are included in property operating expenses to affiliates. The agreement allows for annual fees totaling .03% of the first $1 billion in mortgage balance outstanding and .01% of the remaining mortgage balance, payable monthly. Such fees totaled $140,859 for the year ended December 31, 2004 and $328 for the period from March 5, 2003 (inception) to December 31, 2003.

We use the services of an affiliate of our business manager/advisor to facilitate the mortgage financing that we obtained on some of the properties purchased. We pay the affiliate .02% of the principal balance of mortgage loans obtained. Such costs are capitalized as loan fees and amortized over the respective loan term. During the year ended December 31, 2004 and for the period from March 5, 2003 (inception) to December 31, 2003, we paid loan fees totaling $3,475,472 and $59,523, respectively, to this affiliate.

We may pay an advisor asset management fee of not more than 1% of our average

assets. Our average asset value is defined as the average of the total book value, including acquired intangibles, of our real estate assets invested in equity interests plus our loans receivable secured by real estate, before reserves for depreciation, reserves for bad debt or other similar non-cash reserves. We compute our average assets by taking the average of these values at the end of each month for which we are calculating the fee. The fee would be payable quarterly in an amount equal to 1/4 of 1% of average assets as of the last day of the immediately preceding quarter. For any year in which we qualify as a REIT, our advisor must reimburse us for the following amounts if any: (1) the amounts by which our total operating expenses, the sum of the advisor asset management fee plus other operating expenses, paid during the previous fiscal year exceed the greater of: (i) 2% of our average assets for that fiscal year, or (ii) 25% of our net income for that fiscal year; plus (2) an amount, which will not exceed the advisor asset management fee for that year, equal to any difference between the total amount of distributions to stockholders for that year and the 6% minimum annual return on the net investment of stockholders. For the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003, we neither paid nor accrued such fees because our business manager/advisor agreed to forego such fees for those periods.

The property managers, entities owned principally by individuals who are affiliates of our business manager/advisor, are entitled to receive property management fees totaling 4.5% of gross operating income, for management and leasing services. We incurred property management fees of $5,381,721 and $16,627 for the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003, respectively. None remained unpaid as of December 31, 2004 or December 31, 2003.

We established a discount stock purchase policy for our affiliates and affiliates of our business manager/advisor that enables the affiliates to purchase shares of common stock at either $8.95 or $9.50 a share depending on when the shares are purchased. We sold 605,060 and 59,497 shares of common stock to affiliates and recognized an expense related to these discounts of $427,122 and $62,472 for the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003, respectively.

As of December 31, 2004 and December 31, 2003, we were due funds from our affiliates in the amount of $654,004 and $918,750, respectively, which is comprised of $654,004 and $845,000, respectively, which is due from our sponsor for reimbursement of a portion of distributions paid. The remaining $73,750 as of December 31, 2003 is due from an affiliate for costs paid on their behalf by us. Our sponsor has agreed to advance to us amounts to pay a portion of distributions to our stockholders until funds available for distribution are sufficient to cover the distributions. Our sponsor forgave $2,369,139 of these amounts during the second quarter of 2004 and these funds are no longer due. As

of December 31, 2004 and December 31, 2003, we owe funds to our sponsor in the amount of $3,522,670 and $1,202,519, respectively, for repayment of the funds advanced for payment of distributions.

Off-Balance Sheet Arrangements, Contractual Obligations, Liabilities and Contracts and Commitments

The table below presents our obligations and commitments to make future payments under debt obligations and lease agreements as of December 31, 2004.

Contractual Obligations	Payments due by period

	Total	Less than 1 year	1-3 years	3-5
Long-Term Debt:				
Fixed rate	$ 2,065,626,447	77,170,997	210,970,182	1,1
Variable rate	168,873,039	20,552,746	10,900,759	1
Ground lease payments	$ 358,535,876	3,186,464	6,426,415	

The table includes interest payments to which we are contractually obligated under long term debt agreements.

We lease land under non-cancelable leases at certain of the properties expiring in various years from 2028 to 2096. The property attached to the land will revert back to the lessor at the end of the lease.

CONTRACTS AND COMMITMENTS

We have closed on several properties which have earnout components, meaning that we did not pay for portions of these properties that were not rent producing. We are obligated, under certain agreements, to pay for those portions when the tenant moves into its space and begins to pay rent. The earnout payments are based on a predetermined formula. Each earnout agreement has a time limit regarding the obligation to pay any additional monies. If at the end of the time period allowed certain space has not been leased and occupied, we will own that space without any further obligation. Based on pro forma leasing rates, we may pay as much as $189,042,868 in the future, as retail space covered by earnout agreements is occupied and becomes rent producing.

During 2004, we entered into two installment note agreements in which we are obligated to fund up to a total of $33,398,314. The notes maintain stated interest rates of 6.993% and 7.5572% per annum and mature in July 2005 and August 2005, respectively. Each note requires monthly interest payments with the entire principal balance due at maturity. The combined receivable balance at December 31, 2004 was $31,771,731. Therefore, we may be required to fund up to an additional $1,626,583 on these notes.

We have obtained three irrevocable letters of credit related to loan fundings against earnout spaces at certain properties. Once we purchase the remaining portion of these properties and meet certain occupancy requirements, the letters of credit will be released. The balance of outstanding letters of credit at December 31, 2004 is $11,573,100.

In connection with the purchase of one of our properties, we received a price adjustment in the amount of $763,072 related to spaces that were vacant at the time of closing. If at any time during the next two years the seller is able to lease that space under conditions satisfactory to us, we are obligated to pay the seller a pro-rata share of the purchase price reduction.

We have entered into interest rate lock agreements with various lenders to secure interest rates on mortgage debt on properties we currently own or will purchase in the future. We have outstanding rate lock deposits in the amount of $2,826,055 as of December 31, 2004 which are applied as credits to the mortgage fundings as they occur. These agreements lock interest rates from 4.45% to 5.12% for periods from 60 days to 90 days on approximately $240 million in principal.

Subsequent to December 31, 2004, we purchased 12 properties for a purchase price of approximately $260 million. In addition, we are currently considering acquiring nine properties for an estimated purchase price of $226 million. Our decision to acquire each property generally depends upon no material adverse change occurring relating to the property, the tenants or in the local economic conditions, and our receipt of satisfactory due diligence information including appraisals, environmental reports and lease information prior to purchasing the property.

Results of Operations

GENERAL

The following discussion is based primarily on our consolidated financial statements as of December 31, 2004 and for the period from March 5, 2003 (inception) to December 31, 2003.

Quarter Ended	Properties Purchased per Quarter	Square Feet Acquired	Purchase Price
March 31, 2003	None	N/A	N/A
June 30, 2003	None	N/A	N/A
September 30, 2003	None	N/A	N/A
December 31, 2003	8	797,551	$ 127,195,000
March 31, 2004	11	2,115,280	$ 384,053,000
June 30, 2004	23	4,177,286	$ 713,925,000
September 30, 2004	26	5,705,453	$ 869,128,000
December 31, 2004	43	7,435,554	$ 1,241,693,000
Total	111	20,231,124	$ 3,335,994,000

RENTAL INCOME, TENANT RECOVERIES AND OTHER PROPERTY INCOME. Rental income consists of basic monthly rent and percentage rental income due pursuant to tenant leases. Tenant recovery and other property income consist of property operating expenses recovered from the tenants including real estate taxes, property management fees and insurance. Rental income was $106,424,663 and $606,646 and all additional property income was $23,979,918 and $137,988 for the year ended December 31, 2004 and for the period from March 5, 2003 (inception) to December 31, 2003, respectively.

OTHER INCOME. Other income consists of interest income earned primarily on short term investments that are held by us and other non-operating income earned by us. Other income was $3,681,067 and $37,648, respectively, for the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses consist of salaries and computerized information services costs reimbursed to affiliates for maintaining our accounting and investor records, affiliates common share purchase discounts, insurance, postage, printer costs and fees paid to accountants and lawyers. These expenses were $4,857,101 for the year ended December 31, 2004 and $459,476 for the period from March 5, 2003 (inception) to December 31, 2003 and resulted from increased services required as we acquire properties and grow our portfolio of investment properties and our investor base.

PROPERTY OPERATING EXPENSES. Property operating expenses consist of property management fees and property operating expenses, including real estate taxes, costs of owning and maintaining shopping centers, insurance, and maintenance to the exterior of the buildings and the parking lots. These expenses were $32,521,195 for the year ended December 31, 2004 and $143,244 for the period from March 5, 2003 (inception) to December 31, 2003.

DEPRECIATION AND AMORTIZATION. Depreciation expense was $36,113,611 and $140,497 and is due to depreciation on the properties owned during the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003, respectively. Amortization expense was $11,859,597 and $76,608, respectively, and is due to the application of SFAS 141 and SFAS 142 resulting from the amortization of intangible assets of approximately $250

million and loan and leasing fees of $12 million during the year ended December 31, 2004 and intangible assets of approximately $9 million and loan and leasing fees of $1 million during the period from March 5, 2003 (inception) to December 31, 2003.

INTEREST. Interest was $33,174,623 for the year ended December 31, 2004 and is due to the financing on 97 properties as of December 31, 2004 and funds drawn during the first quarter of 2004 on the line of credit. Interest was $135,735 for the period from March 5, 2003 (inception) to December 31, 2003 and is due to the financing on two properties as of December 31, 2003.

Subsequent Events

We issued 42,629,352 shares of common stock and repurchased 28,459 shares of common stock from January 1, 2005 through February 28, 2005, resulting in a total of 260,058,421 shares of common stock outstanding. As of February 28, 2005, subscriptions for a total of 255,692,354 shares were received resulting in total gross offering proceeds of $2,555,826,905. An additional 4,404,876 shares were issued pursuant to the DRP for $41,846,623 of additional gross proceeds and 38,809 were repurchased in connection with the SRP for $455,916.

We paid distributions of $11,377,712 and $12,232,404 to its stockholders in January and February 2005, respectively.

We have acquired the following properties during the period January 1 to February 28, 2005. The respective acquisitions are detailed in the table below.

DATE ACQUIRED	PROPERTY	YEAR BUILT	APPROXIMATE PURCHASE PRICE ($)	GROSS LE ARE (SQ. F
01/05/05	Fairgrounds Plaza Middletown, NY	2002-2004	21,994,125	
01/06/05	Maytag Distribution Center Iowa City, IA	2004	23,159,499	
01/10/05	Midtown Center Milwaukee, WI	1986-1987	53,000,000	
01/10/05	Hobby Lobby	2004	5,500,000	

	Concord, NC		
01/19/05	Stanley Works/Mac Tools Westerville, OH	2004	10,000,000
01/25/05	American Express Markham, Ontario, Canada	1983 & 1987	42,000,000
01/28/05	Academy Sports San Antonio, TX	2004	7,150,000
02/01/05	Magnolia Square Houma, LA	2004	19,113,739
02/02/05	Cottage Plaza Pawtucket, RI	2004-2005	23,439,950
02/09/05	The Village at Quail Springs Oklahoma City, OK	2003-2004	10,428,978
02/11/05	Holliday Towne Center Duncansville, PA	2003	14,827,645

DATE ACQUIRED	PROPERTY	YEAR BUILT	APPROXIMATE PURCHASE PRICE ($)	GROSS LEASABLE AREA (SQ. FT.)	
02/18/05	Trenton Crossing McAllen, TX	2003	29,212,209	221,019	Hob Ros Mar

The mortgage debt and financings obtained during the period January 1 to February 28, 2005, are detailed in the table below.

DATE FUNDED	MORTGAGE PAYABLE	ANNUAL INTEREST RATE	MATURIT DATE
01/05/05	Fairgrounds Plaza Middletown, NY	5.690%	02/01/3
01/24/05	Hobby Lobby Concord, NC	5.115%	02/01/1
01/25/05	American Express Markham, Ontario, Canada	4.2975%	02/01/1
01/28/05	Coram Plaza Coram, NY	4.550%	02/01/1

01/31/05	Low Country Village II Bluffton, SC	5.130%	05/01/0
01/31/05	Irmo Station Irmo, SC	5.1236%	02/01/1
02/01/05	Evans Towne Centre Evans, GA	4.670%	02/01/1
02/03/05	Magnolia Square Houma, LA	5.115%	03/01/1
02/04/05	Green's Corner Cumming, GA	4.500%	02/11/1
02/04/05	Newton Crossroads Covington, GA	4.500%	02/11/1
02/04/05	Stilesboro Oaks Acworth, GA	4.500%	02/11/1
02/09/05	Five Forks Simpsonville, NC	4.815%	02/11/1
02/14/05	University Town Center Tuscaloosa, AL	4.430%	03/01/1
02/14/05	Edgemont Town Center Homewood, AL	4.430%	03/01/1
02/15/05	Southlake Town Square Southlake, TX	4.550%	03/11/1
02/17/05	Midtown Center Milwaukee, WI	4.460%	03/11/1
02/17/05	McAllen Shopping Center McAllen, TX	5.060%	03/01/1

DATE FUNDED	MORTGAGE PAYABLE	ANNUAL INTEREST RATE	MATURIT DATE
02/18/05	Southlake Town Square II Southlake, TX	4.550%	03/11/1
02/18/05	Mesa Fiesta Mesa, AZ	5.300%	02/01/1
02/24/05	Academy Sports San Antonio, TX	5.060%	03/01/1
02/25/05	The Village at Quail Springs Oklahoma City, OK	5.060%	03/01/1

We are obligated under earnout agreements to pay for certain tenant space in our existing properties after the tenant moves into its space and begins paying rent. During the period from January 1 to February 28, 2005, we funded earnouts totaling $20,552,372 at seven of our existing properties.

We are currently considering acquiring nine properties for an estimated purchase price of $226 million. Our decision to acquire each property will generally depend upon no material adverse change occurring relating to the property, the tenants or in the local economic conditions, and our receipt of satisfactory due diligence information including appraisals, environmental reports and lease information prior to purchasing the property.

During the period from January 1, 2005 to February 28, 2005, we entered into rate lock agreements which lock interest rates from 4.47% to 4.69% for periods from 30 days to 90 days on approximately $300 million in principal.

Inflation

For our multi-tenant shopping centers, inflation is likely to increase rental income from leases to new tenants and lease renewals, subject to market conditions. Our rental income and operating expenses for those properties owned, or to be owned and operated under net leases, are not likely to be directly affected by future inflation, since rents are or will be fixed under the leases and property expenses are the responsibility of the tenants. The capital appreciation of net leased properties is likely to be influenced by interest rate fluctuations. To the extent that inflation determines interest rates, future inflation may have an effect on the capital appreciation of net leased properties. As of December 31, 2004, we owned 24 single-user net leased properties.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We may be exposed to interest rate changes primarily as a result of long-term debt used to maintain liquidity and fund capital expenditures and expansion of our real estate investment portfolio and operations. Our interest rate risk management objectives will be to limit the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. To achieve our objectives we will borrow primarily at fixed rates or variable rates with the lowest margins available and in some cases, with the ability to convert variable rates to fixed rates.

We may use derivative financial instruments to hedge exposures to changes in interest rates on loans secured by our properties. To the extent we do, we are exposed to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. When the fair value of a derivative contract is negative, we owe the counterparty and, therefore, it does not possess credit risk. It is our policy to enter into these transactions with the same party providing the financing, with the right of offset. In the alternative, we will minimize the credit risk in derivative instruments by entering into transactions with high-quality counterparties. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

For the year ended December 31, 2004, we entered into treasury contracts with a futures commission merchant with yields ranging from 3.27% to 3.85% for 5 year treasury contracts and 4.00% to 4.63% for 10 year treasury contracts.

On December 31, 2004, the treasury contracts had a liquidation value of $46,005 resulting in a loss of $3,666,894 for the year ended December 31, 2004. As these treasury contracts are not offsetting future commitments and therefore do not qualify as hedges, the net loss is recognized currently in earnings. To offset the net loss recognized on the treasury contracts, we took advantage of the lower treasury yields which caused the loss on the treasury contracts and secured permanent financing in the amount of approximately $835,000,000 for pending acquisitions.

With regard to variable rate financing, we assess interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. We maintain risk management control systems to monitor interest rate cash flow risk attributable to both of our outstanding or forecasted debt obligations as well as our potential offsetting hedge positions. The risk management control systems involve the use of analytical techniques, including cash flow sensitivity analysis, to estimate the expected impact of changes in interest rates on our future cash flows.

While this hedging strategy is intended to reduce our exposure to interest rate fluctuations, the result may be a reduction in overall returns on your investment.

The fair value of our debt approximates its carrying amount as of December 31, 2004.

Our interest rate risk is monitored using a variety of techniques. The table below presents the principal amounts and weighted average interest rates by year and expected maturity to evaluate the expected cash flows and sensitivity to interest rate changes.

	2005	2006	2007	2008	
Maturing debt					
Fixed rate debt (mortgage loans)	920,574	981,221	57,906,321	47,322,706	960
Variable rate debt (including note payable)	15,672,533	1,212,575	637,533	637,533	111
Average interest rate on debt:					
Fixed rate debt	5.91%	5.92%	4.50%	4.67%	
Variable rate debt	4.23%	3.56%	4.75%	4.75%	

We have $147,368,042 of debt (including note payable) bearing variable rate interest averaging 3.55% as of December 31, 2004. An increase in the variable interest rate on this debt constitutes a market risk. If interest rates increase by 1%, based on debt outstanding as of December 31, 2004, interest expense increases by $1,473,680 on an annual basis.

The table incorporates only those exposures that exist as of December 31, 2004. It does not consider those exposures or positions that could arise after that date. The information presented herein is merely an estimate and has limited predictive value. As a result, the ultimate realized gain or loss with respect to interest rate fluctuations will depend on the exposures that arise during the period, our hedging strategies at that time, and future changes in the level of

interest rates.

SHARES ELIGIBLE FOR FUTURE SALE

INDEPENDENT DIRECTOR STOCK OPTION PLAN

THE DISCUSSION INCLUDED IN THIS SUBSECTION, WHICH STARTS ON PAGE 333 OUR PROSPECTUS, IS SUPERCEDED IN THE ENTIRETY AND REPLACED BY THE FOLLOWING:

We have established an independent director stock option plan for the purpose of attracting and retaining independent directors. See "Management--Independent Director Stock Option Plan." We have issued in the aggregate options to purchase 17,500 shares of our common stock to our independent directors, at the exercise price of $8.95 per share.

One-third of the shares will be exercisable upon their grant. An additional 63,500 shares will be available for future option grants under the independent director stock option plan. See "Management--Independent Director Stock Option Plan" for additional information regarding the independent director stock option plan. Rule 701 under the Securities Act provides that common stock acquired on the exercise of outstanding options by affiliates may be resold by them subject to all provisions of Rule 144 except its one-year minimum holding period. We intend to register the common stock to be issued under the independent director stock option plan in a registration statement or statements on SEC Form S-8 or other appropriate form.

SUMMARY OF OUR ORGANIZATIONAL DOCUMENTS

THE DISCUSSION UNDER THIS HEADING, WHICH STARTS ON PAGE 335 OF OUR PROSPECTUS IS MODIFIED TO ADD A THIRD PARAGRAPH AS FOLLOWS:

On February 10, 2005, our Board of Directors approved the second amended and restated bylaws, which was effective as of that date. The bylaws were amended and restated to include the right of the majority of outstanding shares having the ability to vote to amend the articles, terminate our Company or remove any member of our Board of Directors. The bylaws were additionally amended to not allow any shares held by the business manager/advisor or the Board of Directors, and any affiliates the right to vote or consent on matters submitted to the shareholders regarding the removal of the business manager/advisor, Board of Directors or any affiliate or any transaction between us and any of the above referenced affiliated shareholders. The second amended and restated bylaws of Inland Western Retail Real Estate Trust, Inc., is filed as an exhibit to the registration statement of which this prospectus is a part and is incorporated into this filing in its entirety.

STOCKHOLDERS' MEETINGS

Our board of directors has set the annual meeting of the stockholders to be held on June 7, 2005, at 9:00 a.m., at our offices located at 2901 Butterfield Road, Oak Brook, IL. The meeting will be for stockholders of record as of March 31, 2005.

PLAN OF DISTRIBUTION

THE THIRD PARAGRAPH, UNDER THE SECTION "GENERAL", WHICH STARTS ON PAGE 360 OF OUR PROSPECTUS, HAS BEEN SUPERCEDED IN THE ENTIRETY TO READ AS FOLLOWS:

Our dealer manager is a wholly owned subsidiary of our sponsor, Inland Real Estate Investment Corporation. Our dealer manager was also the dealer manager

for the offerings for Inland Real Estate Corporation and Inland Retail Real Estate Trust, Inc., and will be the dealer manager for Inland American Real Estate Trust, Inc. once the offering becomes effective. Inland Real Estate Corporation raised approximately $696,827,000 in its offerings. Inland Retail Real Estate Trust, Inc. raised approximately $2,262,000,000 in its offerings. Inland American Real Estate Trust, Inc. filed a registration statement on Form S-11 to register 500,000,000 shares of common stock and up to 40,000,000 shares of their common stock for participants in their distribution reinvestment program. The registration statement has not been declared effective by the Securities and Exchange Commission, and there is no assurance when and if it will be declared effective.

THE FOLLOWING NEW SUBSECTION IS INSERTED AT THE END OF THIS SECTION ON PAGE 360 OUR PROSPECTUS.

UPDATE

The following table updates shares sold in our offering as of March 14, 2005:

	Shares	Gross proceeds ($)	Commissi and fee ($) (1)
From our advisor	20,000	200,000	
Our offering dated September 15, 2003:	249,978,197	2,499,701,987	262,079,
Our second offering dated December 21, 2004	15,445,510	154,455,104	11,934,
Shares sold pursuant to our distribution reinvestment program	5,090,118	48,356,132	
Shares repurchased pursuant to our share repurchase program	(154,379)	(1,428,004)	
	270,379,446	2,701,285,219	274,014,

(1) Inland Securities Corporation serves as dealer manager of this offering and is entitled to receive selling commissions and certain other fees, as discussed further in our prospectus.

LITIGATION

THE FOLLOWING NEW PARAGRAPH IS INSERTED AT THE END OF THIS SECTION ON PAGE 378 OF OUR PROSPECTUS.

We have received a subpoena from the New York office of the Securities and Exchange Commission regarding an investigation of Carey Financial Corporation. The information and documentation sought involves broker/dealer compensation in the sales of stock. We are cooperating with this request for information and documentation.

RELATIONSHIPS AND RELATED TRANSACTIONS

WE HAVE SUPERCEDED THE FOLLOWING DESCRIPTION LOCATED UNDER THE NONSUBORDINATED PAYMENTS AT THE OPERATIONAL STAGE WITHIN THE TABULAR SUMMARY OF FEES AS DISCUSSED WHICH STARTS ON PAGE 168 OF OUR PROSPECTUS IN THE ENTIRETY, TO READ AS FOLLOWS:

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	
Property management fee paid to our property managers, Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Property Services LLC. We will pay the fee for services in connection with the rental, leasing, operation and management of the properties	We will pay a monthly fee of 4.5% of the gross income from the properties. We will also pay a monthly fee for any extra services equal to no more than 90% of that which would be payable to an unrelated party providing the services. The property managers may subcontract their duties for a fee that may be less than the fee provided for in the management services agreements.	Fo 20 20 20 pr $5 $5 by So Pa ac the bus manager manager will ce incur i results cannot time.

EXPERTS

The following financial statements have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing:

- the historical summary of gross income and direct operating expenses of Shops at Park Place for the year ended December 31, 2002,
- the combined historical summary of gross income and direct operating expenses of Properties Acquired from Thomas Enterprises for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of CorWest Plaza for the
- the historical summary of gross income and direct operating expenses of Darien Towne Center for the year ended December 31, 2002,
- the historical summary of gross income and direct operating expenses of Hickory Ridge for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Metro Square Center (SuperValue)

period from May 29, 2003 through December 31, 2003,
- the historical summary of gross income and direct operating expenses of Larkspur Landing for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of La Plaza Del Norte for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Promenade at Red Cliff for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Dorman Centre for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Paradise Valley Marketplace for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Bluebonnet Parc for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Arvada Marketplace and Connection for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Watauga Pavilion for the period of August 15, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Plaza Santa Fe II for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Huebner Oaks Center for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Lakewood Town Center for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of North Ranch Pavilion for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of MacArthur Crossing for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Peoria Crossing for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Heritage Towne Crossing for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Best on the Boulevard for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of North Rivers Town Center for the period of October 1, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Eastwood Town Center for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Northpointe Plaza for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Pine Ridge Plaza for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of John's Creek Village for the period from September 21, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Fullerton Metrocenter for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses

expenses of Davis Towne Crossing for the period from July 18, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Cranberry Square for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Safeway Plaza at Marysville for the year ended December 31, 2003,
- the combined historical summary of gross income and direct operating expenses of the Properties owned by Capital Centre, LLC, Gateway Village Limited Partnership, Bel Air Square Joint Venture, Towson Circle Joint Venture LLP, and Reisterstown Plaza Holdings, LLC for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Manchester Meadows for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Mitchell Ranch Plaza for the period from June 30, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Saucon Valley Square for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Azalea Square for the period from July 4, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Denton Crossing for the period from August 11, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Gurnee Town Center for the year ended December 31, 2003,
- the historical summary of gross income and direct operating

- the historical summary of gross income and direct operating expenses of Northgate North for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Gateway Plaza Shopping Center for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Forks Town Center for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of The Shops at Boardwalk for the period from May 30, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Governor's Marketplace for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of The Columns for the period from October 8, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Lincoln Park for the year ended December 31, 2003,
- the combined historical summary of gross income and direct operating expenses of The Properties Acquired from Bayer Properties, Inc. for the year ended December 31, 2003,
- the combined historical summary of gross income and direct operating expenses of The Properties Acquired from Donahue Schriber for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Winchester Commons for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses

expenses of Mansfield Town Center for the period from July 23, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Gateway Pavilions for the period from February 15, 2003 (commencement of operations) to December 31, 2003,
- he consolidated balance sheet of Inland Western Retail Real Estate Trust, Inc. as of December 31, 2003 and the related consolidated statements of operations, stockholders' equity and cash flows for the period from March 5, 2003 (inception) through December 31, 2003 and related financial statement schedule,

of Fox Creek Village for the period from November 12, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Northwoods Center for the year ended December 31, 2003,
- the combined historical summary of gross income and direct operating expenses of The Properties Acquired from Eastern Retail Holdings, LP for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Southlake Town Square for the year ended December 31, 2003,
- and the historical summary of gross income and direct operating expenses of Oswego Commons for the year ended December 31, 2003.

The following financial statements have been included herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing:

- the historical summary of gross income and direct operating expenses of Henry Town Center for the year ended December 31, 2003,
- the combined historical summary of gross income and direct operating expenses of the Properties Acquired from FFI American Market Fund, L.P. for the year ended December 31, 2004,
- the historical summary of gross income and direct operating expenses of Mesa Fiesta

- the historical summary of gross income and direct operating expenses of Shoppes at Lake Andrew for the year ended December 31, 2004,
- the historical summary of gross income and direct operating expenses of Midtown Center for the year ended December 31, 2004,
- the combined historical summary of gross income and direct operating expenses of

for the year ended December 31, 2004,
- the historical summary of gross income and direct operating expenses of Trenton Crossing for the year ended December 31, 2004,
- the combined historical summary of gross income and direct operating expenses of the Properties Acquired from Ceruzzi Holdings the year ended December 31, 2004,

the Properties Acquired from Weber & Company for the year ended December 31, 2004,
- the consolidated balance sheets of Inland Western Retail Real Estate Trust, Inc. as of December 31, 2004 and 2003 and the related consolidated statements of operations, stockholders' equity and cash flows for the year ended December 31, 2004 and the period from March 5, 2003 (inception) through December 31, 2003 and related financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 and the effectiveness of internal control

over financial reporting as of December 31, 2004, which reports appear in the December 31, 2004,

- and the historical summary of gross income and direct operating expenses of the Stateline Station for the year ended December 31, 2004.

APPENDIX A
PRIOR PERFORMANCE TABLES

The following prior performance tables contain information concerning real estate programs sponsored by affiliates of our advisor which have investment objectives similar to ours. This information has been summarized in narrative form under "Prior Performance of Our Affiliates" in the prospectus. The tables provide information on the performance of a number of programs. You can use the information to evaluate the experience of our advisor's affiliates as sponsors of the programs. The inclusion of these tables does not imply that we will make investments comparable to those reflected in the tables or that investors in our shares will experience returns comparable to those experienced in the programs referred to in these tables. If you purchase our shares, you will not acquire any ownership in any of the programs to which these tables relate. The tables consist of:

Table I	Experience in Raising and Investing Funds
Table II	Compensation to IREIC and Affiliates
Table III	Operating Results of Prior Programs
Table IV	Results of Completed Programs
Table V	Sales or Disposals of Properties
Table VI	Acquisition of Properties by Programs*

* Our prospective investors may obtain copies of Table VI by contacting Inland Western Retail Real Estate Advisory Services, Inc., our advisor.

Table VI is included in Part II of the Post Effective Amendment No. 2 to Form S-11 Registration Statement filed with the Securities and Exchange Commission on March 18, 2005. Upon written request to us or our advisor, any prospective investor may obtain, without charge, a copy of Table VI. See also "Where You Can Find More Information" for information on examining at, or obtaining copies from, offices of the SEC.

Upon written request, any potential investor may obtain, without charge, the most recent annual report on Form 10-K filed with the SEC by any public program sponsored by any of the Inland's affiliated companies which has reported to the SEC within the last 24 months. For a reasonable fee, the affiliated companies will provide copies of any exhibits to such annual reports upon request.

Our investment objectives are to: (i) provide regular distributions to stockholders in amounts which may exceed our taxable income due to the non-cash nature of depreciation expense and, to such extent, will constitute a tax-deferred return of capital, but in no event less than 90% of our taxable income, pursuant to the REIT requirements; (ii) provide a hedge against inflation by entering into leases which contain clauses for scheduled rent escalations or

participation in the growth of tenant sales, permitting us to increase distributions and provide capital appreciation; and (iii) preserve stockholders' capital.

The following programs have investment objectives similar to ours and are included in the tables. Inland Retail Real Estate Trust, Inc. or IRRETI and Inland Real Estate Corporation or IREC are two REITs formed primarily to invest in multi-tenant shopping centers, Inland's Monthly Income Fund, L.P. and Inland Monthly Income Fund II, L.P. are public real estate limited partnerships formed primarily to acquire, operate and sell existing residential and commercial real properties. Inland Mortgage Investors Fund, L.P., Inland Mortgage Investors Fund-II, L.P. and Inland Mortgage Investors Fund III, L.P. were public real estate limited partnerships formed primarily to make or acquire loans secured by mortgages on improved, income producing multifamily residential properties.

TABLE I

EXPERIENCE IN RAISING AND INVESTING FUNDS
(000's omitted)

Table I is intended to present information on a dollar and percentage basis showing the experience of Inland Real Estate Investment Corporation ("IREIC"), of which the Advisor is a wholly owned subsidiary, in raising and investing funds in prior programs where the offering closed in the three years prior to December 31, 2003. The table is intended to focus on the dollar amount available for investment in properties expressed as a percentage of total dollars raised. Inland Retail Real Estate Trust, Inc. is the only program that closed in the three years ended December 31, 2003.

	Inland Re Real Est Trust, I
	1 Progr
Dollar amount offered (A)	$ 2,5
Dollar amount raised (B)	2,2
Less offering expenses:	
Syndication fees (C)	1
Other fees (D)	
Organizational fees	
Reserves (E)	
Available for investment	$ 1,9
Acquisition costs:	
Cash down payments	$ 1,3
Repayment of indebtedness	5
Investment in securities	
Total acquisition costs	$ 1,8
Percent leverage	
Date offerings commenced	

Length of offering
Months to invest 90% of amount available for investment (measured from beginning of offering)

TABLE I-(Continued)

EXPERIENCE IN RAISING AND INVESTING FUNDS (A)

NOTES TO TABLE I

(A) This amount does not reflect shares offered for distribution to stockholders participating in Inland Retail Real Estate Trust Inc.'s distribution reinvestment program.

(B) These figures are cumulative and are as of December 31, 2003. The dollar amount raised represents the cash proceeds collected by the program, including shares sold pursuant to our distribution reinvestment program and net of shares repurchased pursuant to our share repurchase program.

(C) Syndication fees are paid by the program to an affiliate, Inland Securities Corporation, or unaffiliated third parties commissions for the sale of shares. All of these syndication fees were used to pay commissions and expenses of the offerings.

(D) Other fees are paid by the program to unaffiliated parties and consist principally of printing, selling and registration costs related to the offering.

(E) Generally, a working capital reserve is established to fund property upgrades and future cash flow deficits, if any, among other things.

(F) On February 11, 1999, the program commenced an initial public offering, on a best effort basis, of 50,000,000 shares of common stock at $10.00 per share. On February 1, 2001, the program commenced an offering of an additional 50,000,000 shares at $10.00 per share, on a best efforts basis. On June 7, 2002, the program commenced an offering of an additional 150,000,000 shares at $10.00 per share, on a best efforts basis. As of December 31, 2003, substantially all proceeds available for investment from the offerings were invested in real properties.

TABLE II

COMPENSATION TO IREIC AND AFFILIATES (A)
(000'S OMITTED)

Table II summarizes the amount and type of compensation paid to Inland Real Estate Investment Corporation and its affiliates during the three years ended December 31, 2003 in connection with the prior programs.

Some partnerships acquired their properties from affiliates of our advisor which had purchased such properties from unaffiliated third parties.

	Inland Retail Real Estate Trust, Inc.	Inland Real Estate Corporation
Date offering commenced	02/11/99	10/14/94
Dollar amount raised	$ 2,223,010	686,602
Total amounts paid to general partner or affiliates from proceeds of offerings:		
Selling commissions and underwriting fees	194,194(C)	49,869(C)
Other offering expenses (D)	2,762	2,350
Acquisition cost and expense	1,725	925
Dollar amount of cash available from operations before deducting payments to general partner or affiliates (F)	264,442	217,142
Amounts paid to general partner or affiliates related to operations: (J)		
Property management fees (G)	19,526	0
Advisor asset management fee	20,824	0
Accounting services	0	0
Data processing service	0	0
Legal services	0	0
Professional services	162	0
Mortgage servicing fees	495	0
Acquisition costs expensed	309	0
Other administrative services	3,303	0
Dollar amount of property sales and refinancings before payments to general partner and affiliates (H):		
Cash	0	22,978
Notes	0	0
Dollar amounts paid or payable to general partner or affiliates from sales and refinancings (I):		
Sales commissions	0	0
Participation in cash distributions	0	0

TABLE II

COMPENSATION TO IREIC AND AFFILIATES (A)

NOTES TO TABLE II

(A) The figures in this Table II relating to proceeds of the offerings are cumulative and are as of December 31, 2003 and the figures relating to cash available from operations are for the three years ending December 31, 2003. The dollar amount raised represents the cash proceeds collected by the partnerships or program. Amounts paid or payable to IREIC or affiliates from proceeds of the offerings represent payments made or to be made to IREIC and affiliates from investor capital contributions.

(B) The selling commissions paid to an affiliate is net of amounts which were

in turn paid to third party soliciting dealers.

(C) The selling commissions paid to an affiliate includes amounts which were in turn paid to third party soliciting dealers.

(D) Consists of legal, accounting, printing and other offering expenses, including amounts to be paid to Inland Securities Corporation to be used as incentive compensation to its regional marketing representatives and amounts for reimbursement of the general partner for marketing, salaries and direct expenses of its employees while directly engaged in registering and marketing the Units and other marketing and organization expenses.

(E) Represents acquisition fees paid to IREIC and its affiliates in connection with the acquisition of properties.

(F) See Note (B) to Table III.

(G) An affiliate provides property management services for all properties acquired by the partnerships or program. Management fees have not exceeded 4.5% of the gross receipts from the properties managed.

(H) See Table V and Notes thereto regarding sales and disposals of properties.

(I) Real estate sales commissions and participations in cash distributions are paid or payable to IREIC and/or its affiliates in connection with the sales of properties in the public partnership programs. Payments of all amounts shown are subordinated to the receipt by the limited partners of their original capital investment. See Table V and Notes thereto.

(J) On July 1, 2000, IREC completed the acquisition of Inland Real Estate Advisory Services, Inc., the former advisor, and Inland Commercial Property Management, Inc., the former property manager (the "Merger"). Each of these entities was merged into subsidiaries that are wholly owned by IREC. As a result of the merger, IREC is now "self-administered." IREC no longer pays advisory or property management fees or other expenses to affiliates but instead has hired an internal staff to perform these tasks.

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS

Table III presents operating results for programs, the offerings of which closed during each of the five years ended December 31, 2003. The operating results consist of:

- The components of taxable income (loss);
- Taxable income or loss from operations and property sales;
- Cash available and source, before and after cash distributions to investors; and
- Tax and distribution data per $1,000 invested.

Based on the following termination dates of the offerings, only IRRETI is included in Table III.

- Inland's Monthly Income Fund, L.P. - offering terminated in 1988
- Inland Monthly Income Fund II, L.P. - offering terminated in 1990
- Inland Mortgage Investors Fund, L.P. - offering terminated in 1987
- Inland Mortgage Investors Fund - II, L.P. - offering terminated in 1988

- Inland Mortgage Investors Fund III, L.P. - offering terminated in 1991
- Inland Real Estate Corporation - offering terminated in 1998

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS
(000'S OMITTED, EXCEPT FOR AMOUNTS PRESENTED PER $1,000 INVESTED)

INLAND RETAIL REAL ESTATE TRUST INC.

	2003	2002	2001	200
Gross revenues	$ 317,828	116,011	37,755	2
Profit on sale of properties	0	0	0	
Less:				
Operating expenses	78,568	27,614	10,178	
Interest expense	62,349	23,508	9,712	
Program expenses	22,069	7,998	1,219	
Depreciation & amortization	85,006	29,395	8,653	
Net income (loss)-GAAP basis	$ 69,836	27,496	7,993	
Taxable income (loss) (A):	0	0	0	
Cash available (deficiency) from operations (B)	147,403	55,250	17,170	
Cash available from sales (C)	828	0	0	
Total cash available before distributions and special items	148,231	55,250	17,170	
Less distributions to investors:				
From operations	152,888	52,156	15,963	
From sales and refinancings	0	0	0	
Cash available after distributions before special items	(4,657)	3,094	1,207	
Special items:	0	0	0	
Cash available after distributions and special items	$ (4,657)	3,094	1,207	
Tax data per $1,000 invested (A):	0	0	0	
Distribution data per $1,000 invested:				
Cash distributions to investors:				
Source (on GAAP basis):				
Investment income	.83	.83	.81	

Source (on cash basis):			
Sales	0	0	0
Operations (D)	.83	.83	.81
Percent of properties remaining unsold	100%		

TABLE III--(CONTINUED)

OPERATING RESULTS OF PRIOR PROGRAMS

NOTES TO TABLE III

(A) IRRETI qualified as real estate investment trusts ("REITs") under the Internal Revenue Code for federal income tax purposes. Since it qualified for taxation as a REIT, it generally will not be subject to federal income tax to the extent it distributes its REIT taxable income to its stockholders. If IRRETI fails to qualify as a REIT in any taxable year, it will be subject to federal income tax on its taxable income at regular corporate tax rates. However, even if the program qualifies for taxation as a REIT, it may be subject to certain state and local taxes on its income and property and federal income and excise taxes on its undistributed income.

(B) "Cash Available (Deficiency) from Operations," represents all cash revenues and funds received by the programs, including but not limited to operating income less operating expenses, and interest income. These amounts do not include payments made by the programs from offering proceeds nor do they include proceeds from sales or refinancings. These amounts also exclude advances from or repayments to IREIC and affiliates which are disclosed elsewhere in the table and include principal payments on long-term debt. For example:

	Inland Retail Real Estate Trust Inc. (000's omitted)				
	2003	2002	2001	2000	1999
Net cash provided by operating activities per the Form 10-K annual report	$ 149,081	55,594	17,427	5,604	2,648
Principal payments on long-term debt	(1,678)	(344)	(257)	(238)	(110)
	$ 147,403	55,250	17,170	5,366	2,538

(C) See Table V and Notes thereto regarding sales and disposals of properties.

TABLE III--(CONTINUED)

OPERATING RESULTS OF PRIOR PROGRAMS

NOTES TO TABLE III

(D) Distributions by a REIT to the extent of its current and accumulated earnings and profits for federal income tax purposes are taxable to stockholders as ordinary income. Distributions in excess of these earnings and profits generally are treated as a non-taxable reduction of the stockholder's basis in the shares to the extent thereof, and thereafter as taxable gain (a return of capital). These distributions in excess of earnings and profits will have the effect of deferring taxation of the amount of the distribution until the sale of the stockholder's shares.

	Inland Retail Real Estate Trust, Inc.				
	2003	2002	2001	2000	1999
% of Distribution representing:					
Ordinary income	60.85	62.65	60.49	54.55	22.23
Return of Capital	39.15	37.35	39.51	45.45	77.77
	100.00	100.00	100.00	100.00	100.00

TABLE IV

RESULTS OF COMPLETED PROGRAMS

(000'S OMITTED, EXCEPT FOR AMOUNTS PRESENTED PER $1,000 INVESTED)

Table IV is a summary of operating and disposition results of prior programs sponsored by affiliates of our advisor, which during the five years ended prior to December 31, 2003 have sold their properties and either hold notes with respect to such sales or have liquidated. One program with investment objectives similar to ours disposed of all of its properties during the five years ended prior to December 31, 2003.

Program Name	Inland Mortgage Investors Fund, L.P.
Dollar amount raised	10,065
Number of properties/loans purchased	15
Date of closing of offering	02/87
Date of first sale of property	12/88
Date of final sale of property	03/99
Tax and distribution data per $1,000 invested (A):	
Federal income tax results:	
Ordinary income (loss):	
Operations	547
Recapture	0

Capital Gain	30
Deferred Gain:	
Capital	0
Ordinary	0
Cash distributions to investors (cash basis):	
Source (on GAAP basis)	
Investment income	624
Return of capital	745
Source (on cash basis)	
Sales	745
Operations	624

(A) Data per $1,000 invested is presented as of December 31, 2003. See Table V and Notes thereto regarding sales and disposals of properties.

TABLE V

SALES OR DISPOSALS OF PROPERTIES

Table V presents information on the results of the sale or disposals of properties in programs with investment objectives similar to ours during the three years ended December 31, 2003. Since January 1, 2001, programs sponsored by affiliates of our advisor had seven sales transactions. The table provides certain information to evaluate property performance over the holding period such as:

- Sales proceeds received by the partnerships in the form of cash down payments at the time of sale after expenses of sale and secured notes received at sale;
- Cash invested in properties;
- Cash flow (deficiency) generated by the property;
- Taxable gain (ordinary and total); and
- Terms of notes received at sale.

TABLE V (CONTINUED)

SALES OR DISPOSALS OF PROPERTIES (A)
(000'S OMITTED)

	Date Acquired	Date of Sale	Cash Received, net of Closing Costs(B)	Selling Commissions Paid or Payable to Inland	Mortgage at Time of Sale

IREC - Lincoln Park Place	01/24/97	04/17/01	1,314	0	1,050
IREC - Antioch Plaza	12/95	03/28/02	943	0	875
IREC - Shorecrest Plaza	07/97	06/12/02	3,107	0	2,978
IREC - Popeye's	06/97	04/08/03	343	0	0
IREC - Summit of Park Ridge	12/96	12/24/03	3,578	0	1,600
IREC - Eagle Country Market	11/97	12/24/03	5,182	0	1,450
IREC - Eagle Ridge Center	04/99	12/30/03	3,185	0	3,000

	Secured Notes Received at Sale	Adjust. Resulting from Application of GAAP	Net Selling Price	Original Mortgage Financing	Partnership Capital Invested (C)
IREC - Lincoln Park Place	0	0	2,364	0	1,897
IREC - Antioch Plaza	0	0	1,818	875	753
IREC - Shorecrest Plaza	0	0	6,085	2,978	2,947
IREC - Popeye's	0	0	343	0	346
IREC - Summit of Park Ridge	0	0	5,178	0	5,181
IREC - Eagle Country Market	0	0	6,632	0	6,635
IREC - Eagle Ridge Center	0	0	6,185	0	6,187

	Excess (deficiency) of property operating cash receipts over cash expenditures (D)	Amount of subsidies included in operating cash receipts	Total Taxable Gain (loss) from Sale
IREC - Lincoln Park Place	218	0	467
IREC - Antioch Plaza	130	0	0(E)
IREC - Shorecrest Plaza	1,556	0	0(E)
IREC - Popeye's	241	0	3
IREC - Summit of Park Ridge	1,399	0	0(E)
IREC - Eagle Country Market	1,290	0	0(E)
IREC - Eagle Ridge Center	1,441	0	0(E)

TABLE V - (CONTINUED)

SALES OR DISPOSALS OF PROPERTIES

NOTES TO TABLE V

(A) The table includes all sales of properties by the programs with investment objectives similar to ours during the three years ended December 31, 2003. All sales have been made to parties unaffiliated with the partnerships.

(B) Consists of cash payments received from the buyers and the assumption of certain liabilities by the buyers at the date of sale, less expenses of sale.

(C) Amounts represent the dollar amount raised from the offerings, less sales

commissions and other offering expenses plus additional costs incurred on the development of the land parcels.

(D) Represents "Cash Available (Deficiency) from Operations (including subsidies)" as adjusted for applicable "Fixed Asset Additions" through the year of sale.

(E) For tax purposes, this sale qualified as part of a tax-deferred exchange. As a result, no taxable gain will be recognized until the replacement property is disposed of in a subsequent taxable transaction.

INDEX TO FINANCIAL STATEMENTS

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.:

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets at December 31, 2004 and 2003

Consolidated Statements of Operations for the year ended December 31, 2004 and the period from March 5, 2003 (inception) through December 31, 2003

Consolidated Statement of Stockholders' Equity for the year ended December 31, 2004 and for the period from March 5, 2003 (inception) to December 31, 2003

Consolidated Statements of Cash Flows for the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003

Notes to Consolidated Financial Statements

Real Estate and Accumulated Depreciation (Schedule III)

Pro Forma Consolidated Balance Sheet (unaudited) at December 31, 2004

Notes to Pro Forma Consolidated Balance Sheet (unaudited) at December 31, 2004

Pro Forma Consolidated Statement of Operations (unaudited) for the year ended December 31, 2004

Notes to Pro Forma Consolidated Statement of Operations (unaudited) for the year ended December 3

HENRY TOWN CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

THE PROPERTIES ACQUIRED FROM CERUZZI HOLDINGS:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for t year ended December 31, 2004

PROPERTIES ACQUIRED FROM FFI AMERICAN MARKET FUND, L.P.:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for t year ended December 31, 2004

SHOPPES AT LAKE ANDREW:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2004

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year e December 31, 2004

MESA FIESTA:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2004

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year e December 31, 2004

MIDTOWN CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2004

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year e December 31, 2004

TRENTON CROSSING:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2004

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year e
December 31, 2004

PROPERTIES ACQUIRED FROM WEBER & COMPANY:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended
December 31, 2004

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for t
year ended December 31, 2004

STATELINE STATION:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December
2004

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year e
December 31, 2004

MCALLEN SHOPPING CENTER:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended
December 31, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year
ended December 31, 2004 (unaudited)

23RD STREET PLAZA:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December
(unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year e
December 31, 2004 (unaudited)

PHENIX CROSSING:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from July 1,
(commencement of operations) through December 31, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses
for the period from July 1, 2004 (commencement of operations) through
December 31, 2004 (unaudited)

MAGNOLIA SQUARE:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from Februar
(commencement of operations) through December 31, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses
for the period from February 1, 2004 (commencement of operations) through
December 31, 2004 (unaudited)

COTTAGE PLAZA:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from Novembe
(commencement of operations) through December 31, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses
for the period from November 1, 2004 (commencement of operations) through
December 31, 2004 (unaudited)

VILLAGE AT QUAIL SPRINGS:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December
(unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year e
December 31, 2004 (unaudited)

HOLLIDAY TOWN CENTER:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December
(unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year e
December 31, 2004 (unaudited)

HIGH RIDGE CROSSING:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from May 17,
(commencement of operations) through December 31, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses
for the period from May 17, 2004 (commencement of operations) through
December 31, 2004 (unaudited)

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Inland Western Retail Real Estate Trust, Inc.:

We have audited the accompanying consolidated balance sheets of Inland Western Retail Real Estate Trust, Inc. as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003. In connection with our audit of the consolidated financial statements, we also have audited the financial statement schedule III. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company

Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Inland Western Retail Real Estate Trust, Inc. as of December 31, 2004 and 2003, and the results of their operations and their cash flows for the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Inland Western Retail Real Estate Trust, Inc.'s internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 3, 2005 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

KPMG LLP

Chicago, Illinois
March 3, 2005

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Inland Western Retail Real Estate Trust, Inc.:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Inland Western Retail Real Estate Trust, Inc. maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe

that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Inland Western Retail Real Estate Trust, Inc. maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, Inland Western Retail Real Estate Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Inland Western Retail Real Estate Trust, Inc. as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2004 and the period from March 3, 2003 (inception) to December 31, 2003, and our report dated March 3, 2005 expressed an unqualified opinion on those consolidated financial statements. In connection with our audit of the consolidated financial statements, we also have audited the financial statement schedule III.

KPMG LLP

Chicago, Illinois
March 3, 2005

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

ASSETS

	December 31, 2004	
Investment properties:		
Land	$ 575,032	$
Building and other improvements	2,654,585	
	3,229,617	
Less accumulated depreciation	(36,290)	
Net investment properties	3,193,327	
Cash and cash equivalents (including cash held by management company of $8,574 and $239 as of December 31, 2004 and 2003, respectively)	241,224	
Restricted cash (Note 2)	65,923	
Restricted escrows (Note 2)	17,105	
Investment in marketable securities and treasury contracts	1,287	
Investment in unconsolidated joint ventures (Note 9)	75,261	
Accounts and rents receivable (net of allowance of $346 and $0 as of December 31, 2004 and 2003, respectively)	19,962	
Due from affiliates (Note 3)	654	
Note receivable (Note 6)	31,772	
Acquired in-place lease intangibles and customer relationship value (net of accumulated amortization of $9,976 and $52 as of December 31, 2004 and 2003, respectively)	240,116	
Acquired above market lease intangibles (net of accumulated amortization of $3,124 and $5 as of December 31, 2004 and 2003, respectively)	40,774	
Loan fees, leasing fees and loan fee deposits (net of accumulated amortization of $755 and $25 as of December 31, 2004 and 2003, respectively)	19,472	
Other assets	8,939	
Total assets	$ 3,955,816	$

See accompanying notes to consolidated financial statements

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

CONSOLIDATED BALANCE SHEETS
(continued)
(Amounts in thousands)

LIABILITIES AND STOCKHOLDER'S EQUITY

	December 31, 2004

Liabilities:	
Mortgages and notes payable (Note 7)	$ 1,783,114
Accounts payable	1,692
Accrued offering costs due to affiliates	2,880
Accrued interest payable	4,306
Tenants improvements payable	5,096
Accrued real estate taxes	4,254
Distributions payable	11,378
Security deposits	3,679
Line of credit (Note 8)	-
Prepaid rental income and other liabilities	7,765
Advances from sponsor (Note 3)	3,523
Acquired below market lease intangibles (net of accumulated amortization of $4,718 and $15 as of December 31, 2004 and 2003, respectively)	85,986
Restricted cash liability (Note 2)	65,923
Due to affiliates	957
Total liabilities	1,980,553
Minority interests	89,537
Stockholders' equity:	
Preferred stock, $.001 par value, 10,000 shares authorized, none outstanding	-
Common stock, $.001 par value, 250,000 shares authorized, 217,458 and 18,737 shares issued and outstanding as of December 31, 2004 and 2003, respectively	217
Additional paid in capital (net of offering costs of $234,014 and $22,145 as of December 31, 2004 and 2003, respectively, of which $175,509 and $16,860 was paid or accrued to affiliates as of December 31, 2004 and 2003, respectively)	1,940,018
Accumulated distributions in excess of net income (loss)	(54,750)
Accumulated other comprehensive income	241
Total stockholders' equity	1,885,726
Commitments and contingencies (Note 12)	
Total liabilities and stockholders' equity	$ 3,955,816

See accompanying notes to consolidated financial statements

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share amounts)

Year Ended

	December 31, 2004
Income:	
Rental income	$ 106,4
Tenant recovery income	23,1
Other property income	8
Total income	130,4
Expenses:	
General and administrative expenses to affiliates	1,8
General and administrative expenses to non-affiliates	3,0
Property operating expenses to affiliates	5,3
Property operating expenses to non-affiliates	14,0
Real estate taxes	13,0
Depreciation and amortization	47,9
Total expenses	85,3
Operating income (loss)	$ 45,0
Other income	3,6
Interest expense	(33,1
Realized loss on sale of treasury contracts	(3,6
Minority interests	3
Equity in earnings (losses) of unconsolidated entities	(5
Net income (loss)	$ 11,7
Other comprehensive income:	
Unrealized gain on investment securities	2
Comprehensive income (loss)	$ 11,9
Net income(loss) per common share, basic and diluted	$.
Weighted average number of common shares outstanding, basic and diluted	98,5

See accompanying notes to consolidated financial statements

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the year ended December 31, 2004 and for the period from March 5, 2003

(inception) to December 31, 2003
(Amounts in thousands)

	NUMBER OF SHARES	COMMON STOCK	ADD P C
Balance at March 5, 2003 (inception)	-	$ -	$
Net loss	-	-	
Distributions declared (.15 per weighted average number of common shares outstanding)	-	-	
Proceeds from offering	18,718	19	
Offering costs	-	-	
Proceeds from dividend reinvestment program	19	-	
Issuance of stock options and discounts on shares issued to affiliates	-	-	
Balance at December 31, 2003	18,737	$ 19	$
Net income	-	-	
Unrealized gain on investment securities	-	-	
Distributions declared (.66 per weighted number of common shares outstanding)	-	-	
Proceeds from offering	195,671	195	
Offering costs	-	-	
Proceeds from dividend reinvestment program	3,060	3	
Shares repurchased	(10)	-	
Shares obligated to be repurchased as of December 31, 2004	-	-	
Contribution from sponsor advances	-	-	
Issuance of stock options and discounts on shares issued to affiliates	-	-	
Balance at December 31, 2004	217,458	$ 217	$

	ACCUMULATED DISTRIBUTIONS IN EXCESS OF NET INCOME (LOSS)	ACCUMULATED OTHER COMPREHENSIVE INCOME	
Balance at March 5, 2003 (inception)	$ -	$ -	$
Net loss	(173)	-	
Distributions declared (.15 per weighted average number of common shares outstanding)	(1,286)	-	
Proceeds from offering	-	-	
Offering costs	-	-	
Proceeds from dividend reinvestment			

program	-	-	
Issuance of stock options and discounts on shares issued to affiliates	-	-	
Balance at December 31, 2003	$ (1,459)	$ -	$
Net income	11,701	-	
Unrealized gain on investment securities	-	241	
Distributions declared (.66 per weighted number of common shares outstanding)	(64,992)	-	
Proceeds from offering	-	-	
Offering costs	-	-	
Proceeds from dividend reinvestment program	-	-	
Shares repurchased	-	-	
Shares obligated to be repurchased as of December 31, 2004	-	-	
Contribution from sponsor advances	-	-	
Issuance of stock options and discounts on shares issued to affiliates	-	-	
Balance at December 31, 2004	(54,750)	$ 241	$

See accompanying notes to consolidated financial statements

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Year Ended December 31, 2004	Perio (in De
Cash flows from operations:		
Net income (loss)	$ 11,701	$
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	36,149	
Amortization	11,824	
Amortization of acquired above market leases	3,119	
Amortization of acquired below market leases	(4,703)	
Rental income under master leases	3,025	
Straight line rental income	(3,886)	
Straight line lease expense	919	
Minority interests	(398)	
Loss from investments in unconsolidated entities	589	
Issuance of stock options and discount on shares issued to affiliates	430	
Realized loss on sale of treasury contracts	3,667	
Changes in assets and liabilities:		

Accounts and rents receivable net of change in allowance of $346 and $0 for December 31, 2004 and 2003, respectively.	(14,928)
Other assets	(3,276)
Accounts payable	1,542
Accrued interest payable	4,306
Accrued real estate taxes	3,674
Security deposits	3,571
Prepaid rental income and other liabilities	6,195
Net cash flows provided by operating activities	63,520
Cash flows from investing activities:	
Purchase of investment securities and treasury contracts	(4,713)
Restricted escrows	(17,105)
Purchase of investment properties	(3,002,437)
Acquired in-place lease intangibles and customer relationship value	(241,286)
Acquired above market leases	(42,303)
Acquired below market leases	84,779
Contributions from minority interests - joint ventures	95,568
Distributions to minority interests - joint ventures	(5,251)
Purchase of unconsolidated joint ventures	(76,232)
Interest capitalized for real estate under development	(85)
Payment of leasing fees	(761)
Tenant improvements payable	4,570
Other assets	(4,482)
Funding of notes receivable	(31,772)
Due to affiliates	(1,545)
Net cash flows used in investing activities	(3,243,055)

See accompanying notes to consolidated financial statements

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(continued)
(Amounts in thousands)

	Year Ended December 31, 2004	Peri (
Cash flows from financing activities:		
Proceeds from offering	1,955,712	
Proceeds from the dividend reinvestment program	29,070	
Shares repurchased	(193)	
Payment of offering costs	(210,358)	
Proceeds from mortgage debt and notes payable	1,653,523	
Principal payments on mortgage debt	(175)	
Proceeds from unsecured line of credit	165,000	
Payoff of unsecured line of credit	(170,000)	
Payment of loan fees and deposits	(16,613)	

Distributions paid	(54,542)	
Due from affiliates	2,585	
Advances from advisor	-	
Contribution from sponsor advances	2,369	
Net cash flows provided by financing activities	3,356,378	
Net increase in cash and cash equivalents	176,843	
Cash and cash equivalents, at beginning of period	64,381	
Cash and cash equivalents, at end of period	$ 241,224	$
Cash paid for interest, net of interest capitalized of $85	$ 28,869	
Restricted cash	$ (65,923)	
Restricted cash liability	65,923	
Due from sponsor	$ (654)	
Due to sponsor	654	
Share repurchase program	$ (472)	
Share repurchase program liability	472	
Supplement schedule of non-cash investing and financing activities:		
Purchase of investment properties	$ (3,113,038)	
Assumption of mortgage debt	100,139	
Write-off of acquisition reserve	521	
Purchase price adjustments	2,389	
Conversion of mortgage receivable to investment property	7,552	
	$ (3,002,437)	
Distributions payable	$ 11,378	
Accrued offering costs payable	$ 2,880	
Write-off of fully amortized loan fees	$ 1,170	

See accompanying notes to financial statements

(1) Organization and Basis of Accounting

Inland Western Retail Real Estate Trust, Inc. (the "Company") was formed on March 5, 2003 to acquire and manage a diversified portfolio of real estate, primarily multi-tenant shopping centers. The Advisory Agreement provides for Inland Western Retail Real Estate Advisory Services, Inc. (the "Business Manager" or "Advisor"), an Affiliate of the Company, to be the Business Manager or Advisor to the Company. On September 15, 2003, the Company commenced an initial public offering (the initial public offering) of up to 250,000,000 shares of common stock at $10 each and the issuance of 20,000,000 shares at $9.50 each which may be distributed pursuant to the Company's distribution reinvestment program. The Company registered a second offering (the second offering) that became effective on December 28, 2004 with the Securities and Exchange Commission for up to 250,000,000 shares of common stock at $10 each and up to 20,000,000 shares at $9.50 each pursuant to the distribution reinvestment program. Sales of shares in the second offering began in early January 2005.

The Company is qualified and has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended, for federal income tax purposes commencing with the tax year ending December 31, 2003. Since the Company qualifies for taxation as a REIT, the Company generally will not be subject to federal income tax to the extent it distributes at least 90% of its REIT taxable income to its stockholders. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax on its taxable income at regular corporate tax rates. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state and local taxes on its income and property and federal income and excise taxes on its undistributed income.

The Company provides the following programs to facilitate investment in the Company's shares and to provide limited liquidity for stockholders.

The Company allows stockholders who purchase shares in the initial public offering and second offering to purchase additional shares from the Company by automatically reinvesting distributions through the distribution reinvestment program ("DRP"), subject to certain share ownership restrictions. Such purchases under the DRP are not subject to selling commissions or the marketing contribution and due diligence expense allowance, and are made at a price of $9.50 per share.

The Company will repurchase shares under the share repurchase program ("SRP"), if requested, at least once quarterly on a first-come, first-served basis, subject to certain restrictions. Subject to funds being available, the Company will limit the number of shares repurchased during any calendar year to 5% of the weighted average number of shares outstanding during the prior calendar year. Funding for the SRP will come exclusively from proceeds that the Company receives from the sale of shares under the DRP and such other operating funds, if any, as the Company's board of directors, at its sole discretion, may reserve for this purpose. The board, at its sole discretion, may choose to terminate the share repurchase program after the end of the offering period, or reduce the number of shares purchased under the program, if it determines that the funds allocated to the SRP are needed for other purposes, such as the acquisition, maintenance or repair of properties, or for use in making a declared distribution. A determination by the board to eliminate or reduce the share repurchase program will require the unanimous affirmative vote of the independent directors. As of December 31, 2004, the Company had repurchased 10,350 shares for $192,667.

The accompanying Consolidated Financial Statements include the accounts of the Company, as well as all wholly owned subsidiaries and consolidated joint venture investments. Wholly owned subsidiaries generally consist of limited liability companies (LLC's) and limited partnerships (LP's). The effects of all

significant intercompany transactions have been eliminated.

The Company would consolidate certain property holding entities and other subsidiaries that it owns less than a 100% equity interest if the entity is a variable interest entity ("VIE") and it is the primary beneficiary (as defined in FASB Interpretation 46(R) CONSOLIDATION OF VARIABLE INTEREST ENTITIES, an Interpretation of ARB No. 51, as revised ("FIN 46(R)")). For joint ventures that are not VIE's of which the Company owns less than 100% of the equity interest, the Company consolidates the property if it receives substantially all of the economics or has the direct or indirect ability to make major decisions. Major decisions are defined in the respective joint venture agreements and generally include participating and protective rights such as decisions regarding major leases, encumbering the entities with debt and whether to dispose of the entities.

The Company has a 95% ownership interest in the LLC's which own Gateway Village, Boulevard at the Capital Centre, Towson Circle, Reisterstown Road Plaza and Tollgate Marketplace, however, the Company shares equally in major decisions. These entities are considered VIE's as defined in FIN 46(R) and the Company is considered the primary beneficiary. Therefore these entities are consolidated by the Company and the 5% outside ownership interest is reflected as minority interest in the accompanying Consolidated Financial Statements.

The Company has a 60.9% ownership interest in, and is the controlling member of the LLC which owns Cardiff Hall East Apartments. The other members' interests in the property are reflected as minority interest in the accompanying Consolidated Financial Statements.

(2) Summary of Significant Accounting Policies

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Certain reclassifications have been made to the 2003 financial statements to conform to the 2004 presentations.

Rental income is recognized on a straight-line basis over the term of each lease. The difference between rental income earned on a straight-line basis and the cash rent due under the provisions of the lease agreements is recorded as deferred rent receivable and is included as a component of accounts and rents receivable in the accompanying consolidated balance sheets.

The Company records lease termination income if there is a signed termination agreement, all of the conditions of the agreement have been met, and the tenant is no longer occupying the property.

Staff Accounting Bulletin ("SAB") 101, REVENUE RECOGNITION IN FINANCIAL

STATEMENTS, determined that a lessor should defer recognition of contingent rental income (i.e. percentage/excess rent) until the specified target (i.e. breakpoint) that triggers the contingent rental income is achieved. The Company records percentage rental revenue in accordance with the SAB 101.

The Company considers all demand deposits, money market accounts and investments in certificates of deposit and repurchase agreements purchased with a maturity of three months or less, at the date of purchase, to be cash equivalents. The Company maintains its cash and cash equivalents at financial institutions. The combined account balances at one or more institutions periodically exceed the Federal Depository Insurance Corporation ("FDIC") insurance coverage and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. The Company believes that the risk is not significant, as the Company does not anticipate the financial institutions' non-performance.

The Company classifies its investment in securities in one of three categories: trading, available-for-sale, or held-to-maturity. Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those securities in which the Company has the ability and intent to hold the security until maturity. All securities not included in trading or held-to-maturity are classified as available-for-sale. Investment in securities at December 31, 2004 consists of common stock investments and is classified as available-for-sale securities and is recorded at fair value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported as a separate component of other comprehensive income until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific identification basis. A decline in the market value of any available-for-sale security below cost that is deemed to be other than temporary, results in a reduction in the carrying amount to fair value. The impairment is charged to earnings and a new costs basis for the security is established. To determine whether an impairment is other than temporary, the Company considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year end and forecasted performance of the investee. Of the investment securities held on December 31, 2004, the Company has accumulated other comprehensive income of $241,015.

Costs associated with the offerings are deferred and charged against the gross proceeds of the offerings upon closing. Formation and organizational costs are expensed as incurred. For the period from March 5, 2003 (inception) through December 31, 2003, $7,500 of organizational costs was expensed. No organizational costs were expensed in the year ended December 31, 2004.

The Company applies the fair value method of accounting as prescribed by Statement of Financial Accounting Standards ("SFAS") No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION for its stock options granted. Under this method, the Company will report the value of granted options as a charge against earnings ratably over the vesting period.

The Company enters into interest rate futures contracts or treasury contracts as a means of reducing exposure to rising interest rates. At inception, contracts are evaluated in order to determine if they will qualify for hedge accounting treatment and will be accounted for either on a deferral, accrual or market value basis depending on the nature of the hedge strategy and the method used to account for the hedged item. Hedge criteria include demonstrating the manner in which the hedge will reduce risk, identifying the specific asset, liability or firm commitment being hedged, and citing the time horizon being hedged.

For the year ended December 31, 2004, the Company entered into treasury contracts with a futures commission merchant with yields ranging from 3.27% to 3.85% for 5 year treasury contracts and 4.00% to 4.63% for 10 year treasury contracts. On December 31, 2004, the treasury contracts had a liquidation value of $46,005 resulting in a loss of $3,666,894 for the year ended December 31, 2004. As these treasury contracts are not offsetting future commitments and therefore do not qualify as hedges, the net loss is recognized currently in earnings.

Differences between the carrying amount of the investment in unconsolidated joint ventures and the Company's equity in the underlying assets are depreciated over 30 years.

Real estate acquisitions are recorded at costs less accumulated depreciation. Ordinary repairs and maintenance are expensed as incurred.

Depreciation expense is computed using the straight line method. Building and improvements are depreciated based upon estimated useful lives of 30 years for building and improvements and 15 years for site improvements.

In accordance with SFAS No. 144, the Company performs an analysis to identify impairment indicators to ensure that the investment property's carrying value does not exceed its fair value. The valuation analysis performed by the Company is based upon many factors which require difficult, complex or subjective judgments to be made. Such assumptions include projecting vacancy rates, rental rates, operating expenses, lease terms, tenant financial strength, economy, demographics, property location, capital expenditures and sales value among other assumptions to be made upon valuing each property. This valuation is sensitive to the actual results of any of these uncertain factors, either individually or taken as a whole. Based upon the Company's judgment, no impairment was warranted as of December 31, 2004 or December 31, 2003.

Tenant improvements are amortized on a straight line basis over the life of the related lease as a component of amortization expense.

Leasing fees are amortized on a straight-line basis over the life of the related lease.

Loan fees are amortized on a straight-line basis over the life of the related loans.

The Company allocates the purchase price of each acquired investment property

between land, building and improvements, acquired above market and below market leases, in-place lease value, and any assumed financing that is determined to be above or below market terms. In addition, we allocate a portion of the purchase price to the value of the customer relationships. The allocation of the purchase price is an area that requires judgment and significant estimates. The Company uses the information contained in the independent appraisal obtained at acquisition as the primary basis for the allocation to land and building and improvements. The Company determines whether any financing assumed is above or below market based upon comparison to similar financing terms for similar investment properties. The Company also allocates a portion of the purchase price to the estimated acquired in-place lease costs based on estimated lease execution costs for similar leases as well as lost rent payments during assumed lease-up period when calculating as if vacant fair values. The Company considers various factors including geographic location and size of leased space. The Company also evaluates each acquired lease based upon current market rates at the acquisition date and considers various factors including geographical location, size and location of leased space within the investment property, tenant profile, and the credit risk of the tenant in determining whether the acquired lease is above or below market lease costs. After an acquired lease is determined to be above or below market lease costs, the Company allocates a portion of the purchase price to such above or below acquired lease costs based upon the present value of the difference between the contractual lease rate and the estimated market rate. However, for below market leases with fixed rate renewals, renewal periods are included in the calculation of below market in-place lease values. The determination of the discount rate used in the present value calculation is based upon the "risk free rate." This discount rate is a significant factor in determining the market valuation which requires the Company's judgment of subjective factors such as market knowledge, economics, demographics, location, visibility, age and physical condition of the property.

The application of the SFAS Nos. 141 and 142 resulted in the recognition upon acquisition of additional intangible assets and liabilities relating to real estate acquisitions during the years ended December 31, 2004 and December 31, 2003. The portion of the purchase price allocated to acquired above market lease costs and acquired below market lease costs are amortized on a straight line basis over the life of the related lease as an adjustment to rental income and over the respective renewal period for below market lease costs with fixed rate renewals. Amortization pertaining to the above market lease costs of $3,118,699 was applied as a reduction to rental income for the year ended December 31, 2004 and $5,227 for the period from March 5, 2003 (inception) through December 31, 2003. Amortization pertaining to the below market lease costs of $4,703,357 was applied as an increase to rental income for the year ended December 31, 2004 and $15,386 for the period from March 5, 2003 (inception) through December 31, 2003.

The portion of the purchase price allocated to acquired in-place lease intangibles is amortized on a straight line basis over the life of the related lease. The Company incurred amortization expense pertaining to acquired in-place lease intangibles of $9,923,630 for the year ended December 31, 2004 and $51,773 for the period from March 5, 2003 (inception) through December 31, 2003.

The portion of the purchase price allocated to customer relationship value is amortized on a straight line basis over the life of the related lease.

The following table presents the amortization during the next five years related to the acquired in-place lease intangibles, customer relationship value, acquired above market lease costs and the below market lease costs for properties owned at December 31, 2004.

Amortization of:	2005	2006	2007	2008
Acquired above market lease costs	$ (5,576,668)	(5,391,370)	(4,558,366)	(4,275,216)
Acquired below market lease costs	9,930,801	9,166,611	8,238,008	7,337,557
Net rental income increase	$ 4,354,133	3,775,241	3,679,642	3,062,341
Acquired in-place lease intangibles	$ (25,857,397)	(25,857,397)	(25,857,397)	(25,803,230)
Customer relationship value	$ (200,000)	(200,000)	(200,000)	(200,000)

In conjunction with certain acquisitions, the Company receives payments under master lease agreements pertaining to certain, non-revenue producing spaces either at the time of, or subsequent to, the purchase of some of the Company's properties. Upon receipt of the payments, the receipts are recorded as a reduction in the purchase price of the related properties rather than as rental income. These master leases were established at the time of purchase in order to mitigate the potential negative effects of loss of rent and expense reimbursements. Master lease payments are received through a draw of funds escrowed at the time of purchase and may cover a period from three months to three years. These funds may be released to either the Company or the seller when certain leasing conditions are met. Restricted cash includes funds received by third party escrow agents from sellers pertaining to master lease agreements. The Company records the third party escrow funds as both an asset and a corresponding liability, until certain leasing conditions are met.

Restricted escrows primarily consist of lenders' restricted escrows and earnout escrows. Earnout escrows are established upon the acquisition of certain investment properties for which the funds may be released to the seller when certain leasing conditions have been met.

Notes receivable relate to real estate financing arrangements and bear interest at a market rate based on the borrower's credit quality and are recorded at face value. Interest is recognized over the life of the note. The Company requires collateral for the notes.

(continued)

A note is considered impaired pursuant to SFAS No. 114, ACCOUNTING BY CREDITORS FOR IMPAIRMENT OF A LOAN. Pursuant to SFAS No. 114, a note is impaired if it is probable that the Company will not collect all principal and interest contractually due. The impairment is measured based on the present value of expected future cash flows discounted at the note's effective interest rate. The Company does not accrue interest when a note is considered impaired. When ultimate collectibility of the principal balance of the impaired note is in doubt, all cash receipts on impaired notes are applied to reduce the principal amount of such notes until the principal has been recovered and are recognized as interest income, thereafter.

The carrying amount of the Company's debt approximates fair value. The Company estimates the fair value of its mortgages payable by discounting the future cash flows of each instrument at rates currently offered to the Company for similar debt instruments of comparable maturities by the Company's lenders. The carrying amount of the Company's other financial instruments approximate fair value because of the relatively short maturity of these instruments.

New Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 153, EXCHANGE OF NONMONETARY ASSETS, AN AMENDMENT OF APB OPINION NO. 29, ("SFAS 153"). The amendments made by SFAS 153 are based on the principle that exchanges of nonmonetary assets should be measured on the fair value of assets exchanged. It eliminates the exceptions for nonmonetary exchanges of similar productive assets and replaces it with a broader exception for exchanges of nonmonetary assets that do not have commercial substance. The statement is effective for nonmonetary exchanges occurring in fiscal periods beginning after June 15, 2005. The Company does not believe that the adoption of SFAS 153 will have a material impact on its Consolidated Financial Statements.

(3) Transactions with Affiliates

The Business Manager or Advisor contributed $200,000 to the capital of the Company for which it received 20,000 shares of common stock.

Certain compensation and fees payable to the Business Manager or Advisor for services to be provided to the Company are limited to maximum amounts.

Nonsubordinated payments:

Offering stage:		
	Selling commissions	7.5% of the sale price for each share
	Marketing contribution and due diligence allowance	3.0% of the gross offering proceeds
	Reimbursable expenses and other expenses of issuance	We will reimburse our sponsor for actual costs in behalf, in connection with the offerings
Acquisition stage:		
	Acquisition expenses	We will reimburse an affiliate of our business ma advisor for costs incurred, on our behalf, in con the acquisition of properties

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2004 and 2003
(continued)

Operational stage:	
Property management fee THIS FEE TERMINATES UPON A BUSINESS COMBINATION WITH THE PROPERTY MANAGEMENT COMPANY.	4.5% of the gross income from the properties. (cannot exceed 90% of the fee which would be paya an unrelated third party)
Loan servicing fee	.03% per year on the first billion dollars of mor serviced and .01% thereafter
Other property level services	Compensation for these services will not exceed 9 that which would be paid to any third party for s services
Reimbursable expenses relating to administrative services	The compensation and reimbursements to our busine advisor and its affiliates will be approved by a directors
Liquidation stage:	
Property disposition fee THIS FEE TERMINATES UPON A BUSINESS COMBINATION WITH THE ADVISOR	Lesser of 3% of sales price or 50% of the customa commission which would be paid to a third party
Subordinated payments:	
Operational stage:	
Advisor asset management fee THIS FEE TERMINATES UPON A BUSINESS COMBINATION WITH THE ADVISOR	Not more than 1% per annum of our average assets; Subordinated to a non-cumulative, non-compounded equal to 6% per annum
Liquidation stage:	
Incentive advisory fee THIS FEE TERMINATES UPON A BUSINESS COMBINATION WITH THE ADVISOR	After the stockholders have first received a 10% non-compounded return per year and a return of th investment, an incentive advisory fee equal to 15 proceeds from the sale of a property will be paid business manager or advisor

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2004 and 2003

(continued)

On October 31, 2003, the Company acquired an existing shopping center known as The Shops at Park Place through the purchase of all of the membership interests of the general partner and the membership interests of the limited partner of the limited partnership holding title to this property. The center contains approximately 116,300 gross leasable square feet and is located in Plano, Texas. An affiliate of our Advisor, Inland Park Place Limited Partnership, acquired this property on September 30, 2003 from CDG Park Place LLC, an unaffiliated third party for $23,868,000. Inland Park Place Limited Partnership agreed to sell this property to the Company when sufficient funds from the sale of shares to acquire this property were raised. Inland Park Place Limited Partnership agreed to sell this property to the Company for the price the affiliate paid to the unaffiliated third party, plus any actual costs incurred. The Company's board of directors unanimously approved acquiring this property, including a unanimous vote of the independent directors. The total acquisition cost to the Company was $24,000,000, which included $132,000 of costs incurred by the affiliate.

As of December 31, 2004 and December 31, 2003, the Company had incurred $234,014,231 and $22,144,814 of offering costs, of which $175,508,624 and $16,859,779, respectively, were paid or accrued to affiliates. Pursuant to the terms of the offerings, the Business Manager or Advisor has guaranteed payment of all public offering expenses (excluding sales commissions and the marketing contribution and the due diligence expense allowance) in excess of 5.5% of the gross proceeds of the offerings or all organization and offering expenses (including selling commissions) which together exceed 15% of gross proceeds. As of December 31, 2004 and December 31, 2003, offering costs did not exceed the 5.5% and 15% limitations. The Company anticipates that these costs will not exceed these limitations upon completion of the offerings.

The Business Manager or Advisor and its affiliates are entitled to reimbursement for salaries and expenses of employees of the Business Manager or Advisor and its affiliates relating to the offerings. In addition, an affiliate of the Business Manager or Advisor is entitled to receive selling commissions, and the marketing contribution and due diligence expense allowance from the Company in connection with the offerings. Such costs are offset against the stockholders' equity accounts. Such costs totaled $175,508,624 and $16,859,779, of which $2,879,894 and $1,061,791 were unpaid at December 31, 2004 and December 31, 2003, respectively.

The Business Manager or Advisor and its affiliates are entitled to reimbursement for general and administrative costs relating to the Company's administration. Such costs are included in general and administrative expenses to affiliates, in addition to costs that were capitalized pertaining to property acquisitions. For the year ended December 31, 2004 and the period from March 5, 2003 (inception) through December 31, 2003, the Company incurred $1,542,986 and $194,017 of these costs, respectively, of which $957,471 and $40,703 remained unpaid as of December 31, 2004 and 2003, respectively, and are included in due to affiliates on the Consolidated Balance Sheets.

An affiliate of the Business Manager or Advisor provides loan servicing to the Company for an annual fee. The agreement allows for annual fees totaling .03% of the first $1 billion in mortgage balance outstanding and .01% of the remaining mortgage balances, payable monthly. Such fees totaled $140,859 for the year ended December 31, 2004 and $328 for the period from March 5, 2003 (inception) through December 31, 2003.

The Company used the services of an affiliate of the Business Manager or Advisor to facilitate the mortgage financing that the Company obtained on some of the properties purchased. The Company pays the affiliate .02% of the principal amount of each loan obtained on the Company's behalf. Such costs are capitalized

as loan fees and amortized over the respective loan term. For the year ended December 31, 2004 and for the period from March 5, 2003 (inception) through December 31, 2003, the Company paid loan fees totaling $3,475,472 and $59,523 to this affiliate, respectively.

The Company may pay an advisor asset management fee of not more than 1% of the average assets. Average asset value is defined as the average of the total book value, including acquired intangibles, of the Company's real estate assets plus the Company's loans receivable secured by real estate, before reserves for depreciation, reserves for bad debt or other similar non-cash reserves. The Company computes the average assets by taking the average of these values at the end of each month for which the fee is being calculated. The fee would be payable quarterly in an amount equal to 1/4 of 1% of average assets as of the last day of the immediately preceding quarter. For any year in which the Company qualifies as a REIT, the advisor must reimburse the Company for the following amounts if any: (1) the amounts by which total operating expenses, the sum of the advisor asset management fee plus other operating expenses, paid during the previous fiscal year exceed the greater of: (i) 2% of average assets for that fiscal year, or (ii) 25% of net income for that fiscal year; plus (2) an amount, which will not exceed the advisor asset management fee for that year, equal to any difference between the total amount of distributions to stockholders for that year and the 6% minimum annual return on the net investment of stockholders. The Company neither paid nor accrued such fees because the Business Manager or Advisor agreed to forego such fees for the year ended December 31, 2004 and for the period from March 5, 2003 (inception) to December 31, 2003.

The property managers, entities owned principally by individuals who are affiliates of the Business Manager or Advisor, are entitled to receive property management fees totaling 4.5% of gross operating income, for management and leasing services. The Company incurred property management fees of $5,381,721 and $16,627 for the year ended December 31, 2004 and the period from March 5, 2003 (inception) through December 31, 2003, respectively. None remained unpaid as of December 31, 2004 or December 31, 2003.

The Company established a discount stock purchase policy for affiliates of the Company and the Business Manager or Advisor that enables the affiliates to purchase shares of common stock at a discount at either $8.95 or $9.50 per share depending on when the shares are purchased. The Company sold 605,060 and 59,497 shares of common stock to affiliates and recognized an expense related to these discounts of $427,122 and $62,472 for the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003, respectively.

As of December 31, 2004 and 2003, the Company was due funds from affiliates in the amount of $654,004 and $918,750, respectively which is comprised of $654,004 and $845,000, respectively, which is due from the sponsor for reimbursement of a portion of distributions paid. The remaining $73,750 as of December 31, 2003 is due from an affiliate for costs paid on their behalf by the Company. The sponsor has agreed to advance funds to the Company for a portion of distributions paid to the Company's shareholders until funds available for distributions are sufficient to cover the distributions. The sponsor forgave $2,369,139 of these amounts during the second quarter of 2004 and these funds are no longer due and

are recorded as a contribution to capital in the accompanying Consolidated Financial Statements. As of December 31, 2004 and December 31, 2003, the Company owed funds to the sponsor in the amount of $3,522,670 and $1,202,519, respectively, for repayment of the funds advanced for payment of distributions.

As of December 31, 2003 the Company owed funds to an affiliate in the amount of $2,154,158 for the reimbursement of costs paid by the affiliate on behalf of the Company. The amount due at December 31, 2003 was repaid during 2004.

(4) Stock Option Plan

The Company has adopted an Independent Director Stock Option Plan which, subject to certain conditions, provides for the grant to each independent director of an option to acquire 3,000 shares following their becoming a director and for the grant of additional options to acquire 500 shares on the date of each annual stockholders' meeting. The options for the initial 3,000 shares are exercisable as follows: 1,000 shares on the date of grant and 1,000 shares on each of the first and second anniversaries of the date of grant. The subsequent options will be exercisable on the second anniversary of the date of grant. The initial options will be exercisable at $8.95 per share. The subsequent options will be exercisable at the fair market value of a share on the last business day preceding the annual meeting of stockholders. As of December 31, 2004 and 2003, we have issued 3,500 and 3,000 options, respectively, to acquire shares to each of our independent directors, for a total of 17,500 and 15,000 options, respectively, of which none have been exercised or expired.

The per share weighted average fair value of options granted was $0.60 on the date of the grant using the Black Scholes option-pricing model with the following assumptions: expected dividend yield of 8%, risk free interest rate of 2.0%, expected life of five years and expected volatility rate of 18.0%. The Company had recorded $3,000 as expense for the 5,000 options (1,000 options per director) vesting upon the date of grant as of December 31, 2003 and is recording the remaining $6,000 in expense related to 2003 grants ratably over the remaining two-year vesting period. During the year ended December 31, 2004, the Company issued an additional 2,500 options with a weighted average fair value at the date of grant of $1,500 and recorded $3,375 of expense related to stock options.

(5) Leases

Master Lease Agreements

In conjunction with certain acquisitions, the Company received payments under master lease agreements pertaining to certain non-revenue producing spaces at the time of purchase, for periods ranging from three months to three years after the date of purchase or until the spaces are leased. As these payments are received, they are recorded as a reduction in the purchase price of the respective property rather than as rental income. The cumulative amount of such payments was $3,024,547 as of December 31, 2004. No such payments were received in 2003.

Operating Leases

Minimum lease payments to be received under operating leases, excluding rental income under master lease agreements and assuming no expiring leases are renewed, are as follows:

	Minimum Lease Payments
2005	$ 227,000,049
2006	221,072,711
2007	212,006,042
2008	201,306,939
2009	184,145,285
Thereafter	1,106,350,470
Total	$ 2,151,881,496

The remaining lease terms range from one year to 55 years. Pursuant to the lease agreements, tenants of the property are required to reimburse the Company for some or their entire pro rata share of the real estate taxes, operating expenses and management fees of the properties. Such amounts are included in tenant recovery income.

Ground Leases

The Company leases land under noncancelable operating leases at certain of the properties expiring in various years from 2028 to 2096. For the year ended December 31, 2004, ground lease rent was $2,187,286. No ground lease payments were made in 2003. Minimum future rental payments to be paid under the ground leases are as follows:

	Minimum Lease Payments
2005	$ 3,186,464
2006	3,187,605
2007	3,238,811
2008	3,240,086
209	3,402,159
Thereafter	342,280,751
Total	$ 358,535,876

(6) Notes Receivable

The notes receivable balance of $31,771,731 as of December 31, 2004 consisted of two installment notes, one from Newman Development Group of Gilroy, LLC (Gilroy) and one from Newman Development Group of Richland, LLC (Richland) that mature on July 15, 2005 and August 15, 2005, respectively. These notes are secured by first mortgages on Pacheco Pass Shopping Center and Quakertown Shopping Center, respectively and are guaranteed personally by the owners of Gilroy and Richland. Interest only is due in advance on the first of each month at a rate of 6.993% per annum for Gilroy and 7.5572% per annum for Richland. Upon closing, an interest reserve escrow totaling three months of interest payments was established for both notes.

The notes receivable balance of $7,552,155 as of December 31 2003 consisted of an installment note from Fourth Quarter Properties XIV, LLC (Fourth) that matured on January 15, 2004. This installment note was secured by a 49% interest in Fourth, which owned the remaining portion of the Newnan Crossing shopping center and was also guaranteed personally by the owner of Fourth. Interest only at a rate of 7.6192% per annum was due on the note. The installment note was advanced to Fourth in contemplation of the Company purchasing the remaining portions of Newnan Crossing. The Company did not call the note on January 15, 2004 and subsequently purchased the property on February 13, 2004 at which time the note was paid in full by Fourth as a credit to the purchase price of the property.

(7) Mortgages and Note Payable

Mortgage loans outstanding as of December 31, 2004 were $1,782,538,627 and had a weighted average interest rate of 4.58%. Of this amount, $1,635,745,627 had fixed rates ranging from 3.96% to 8.02% and a weighted average fixed rate of 4.67% at December 31, 2004. The rate of 8.02% represented the interest rate on the mortgage for Cardiff Hall East (Cardiff), a joint venture entity which the Company consolidates. Excluding the Cardiff mortgage, the highest fixed rate on our mortgage debt was 6.34%. The remaining $146,793,000 represented variable rate loans with a weighted average interest rate of 3.55% at December 31, 2004. Properties with a net carrying value of $2,906,338,366 at December 31, 2004 and related tenant leases are pledged as collateral. As of December 31, 2004, scheduled maturities for the Company's outstanding mortgage indebtedness had various due dates through August 2023.

The following table shows the mortgage debt maturing during the next five years:

	2005	2006	2007	2008
Maturing debt				
Fixed rate debt	920,574	981,221	57,906,321	47,322,706
Variable rate debt	15,672,533	637,533	637,533	637,533

The debt is cross-collateralized among the properties in connection with the financing of Heritage Towne Crossing and Eckerd Drug Stores in Norman and Edmond, OK.

As part of the Plaza Santa Fe II loan assumption, a promissory note approximating $414,000 was executed between the Company and the seller for the total amount that the seller had paid into escrows under the loan agreement as of the acquisition date. The note bears interest at the rate of prime less 3.00%, payable to the seller upon maturity of the note in 2006. The seller also agreed to fund the Company's monthly required payments into this escrow for a period of two years. Each monthly payment funded by the seller increases the principal balance of the note payable. The outstanding note payable balance at December 31, 2004 is approximately $575,000.

(8) Line of Credit

On December 24, 2003, the Company entered into a $150,000,000 unsecured line of credit arrangement with a bank for a period of one year. The funds from this line of credit were used to provide liquidity from the time a property was purchased until permanent debt was placed on the property. The Company was required to pay interest only on the outstanding balance from time to time under the line at the rate equal to LIBOR plus 175 basis points. The Company was also required to pay, on a quarterly basis, an amount ranging from .15% to .30%, per annum, on the average daily undrawn funds remaining under this line. The line of credit required compliance with certain covenants, such as debt service ratios, minimum net worth requirements, distribution limitations and investment restrictions. As of December 31, 2003, the Company was in compliance with such covenants. In connection with obtaining this line of credit, the Company paid fees in an amount totaling approximately $1,044,000 (which included a .65% commitment fee). The outstanding balance on the line of credit was $5,000,000 as of December 31, 2003 with an effective interest rate of 2.9375% per annum.

On December 16, 2004, the Company terminated the existing line of credit agreement and executed a new unsecured line of credit facility with a bank for up to $100,000,000 with an optional unsecured borrowing capacity of $150,000,000 for a total unsecured borrowing capacity of $250,000,000. The facility has an initial term of one year with two one-year extension options, with an annual variable interest rate. The funds from this line of credit may be used to provide liquidity from the time a property is purchased until permanent debt is placed on that property. The line of credit requires interest only payments monthly at the rate equal to the London InterBank Offered Rate or LIBOR plus 175 basis points which ranged from 2.34% to 2.42% during the quarter ended December 31, 2004. The Company is also required to pay, on a quarterly basis, an amount ranging from .15% to .25%, per annum, on the average daily undrawn funds under this line. The line of credit requires compliance with certain covenants, such as debt service ratios, minimum net worth requirements, distribution limitations and investment restrictions. As of December 31, 2004, the Company was in compliance with such covenants. There was no outstanding balance on the line as of December 31, 2004.

(9) Investments in Unconsolidated Joint Ventures

On August 11, 2004, CR Investors, LLC, an entity wholly owned by Reisterstown Plaza Holdings, LLC (a joint venture entity consolidated by the Company), invested $5,781,600 to purchase a 36.5% tenancy in common interest in an apartment complex known as Courthouse Square located in Towson, MD.

(A Maryland Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2004 and 2003
(continued)

On November 5, 2004, CRP Power Plant Investors, LLC, an entity wholly owned by Reisterstown Plaza Holdings, LLC (a joint venture entity consolidated by the Company), invested $15,000,000 to purchase a 37.5% interest in a retail/office complex known as The Power Plant located in Baltimore, MD. On the same day, CGW Power Plant Investors, LLC, an entity wholly owned by Gateway Village Holding, LLC (a joint venture entity consolidated by the Company), invested $5,000,000 to purchase a 12.5% interest in The Power Plant.

On November 5, 2004, CTC Pier IV Investors, LLC, an entity wholly owned by Towson Circle Holding, LLC (a joint venture entity consolidated by the Company), invested $5,000,000 to purchase a 16.67% interest in a retail/office complex known as Pier IV located in Baltimore, MD. On the same day, CTOLL Pier IV Investors, LLC, an entity wholly owned by Tollgate Marketplace Holding Company, LLC (a joint venture entity consolidated by the Company), invested $15,000,000 to purchase a 50.0% interest in Pier IV.

On December 23, 2004, NP Acquisitions, LLC, an entity wholly owned by CR Investors, LLC an entity wholly owned by Reisterstown Plaza Holdings, LLC (a joint venture entity consolidated by the Company), invested $2,250,000 to purchase a 25% tenancy in common interest in a retail complex known as North Plaza Shopping Center located in Parkville, MD.

On December 29, 2004, CGW Louisville Investors, LLC, an entity wholly owned by Gateway Village Holding, LLC (a joint venture entity consolidated by the Company), invested $1,900,000 to purchase a 3.3% interest in a retail/office complex known as Louisville Galleria located in Louisville, KY. On the same day, CTOLL Louisville Investors, LLC, an entity wholly owned by Tollgate Marketplace Holding Company, LLC (a joint venture entity consolidated by the Company), invested $7,200,000 to purchase a 12.0% interest in Louisville Galleria. Also, on the same day, CCC Louisville Investors, LLC an entity wholly owned by Capital Centre Holdings, LLC (a joint venture entity consolidated by the Company), invested $19,100,000 to purchase a 31.8% member interest in Louisville Galleria.

These investments are accounted for utilizing the equity method of accounting. Under the equity method of accounting, the net equity investment of the Company is reflected on the Consolidated Balance Sheets and the Consolidated Statements of Operations includes the Company's share of net income or loss from the unconsolidated entity. For the year ended December 31, 2004, all equity in earnings of unconsolidated entities was allocated to the Company's joint venture partners in accordance with the entities' operating agreements.

(10) Segment Reporting

The Company owns and seeks to acquire single-user net lease properties and multi-tenant shopping centers principally in the western United States. The Company's shopping centers are typically anchored by discount retailers, home improvement retailers, grocery and drugstores complemented with additional stores providing a wide range of other goods and services to shoppers.

The Company assesses and measures operating results on an individual property basis for each of its properties based on net property operations. Since all of the Company's properties exhibit highly similar economic characteristics, cater to the day-to-day living needs of their respective surrounding communities, and offer similar degrees of risk and opportunities for growth, the properties have been aggregated and reported as one operating segment.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2004 and 2003
(continued)

Net property operations are summarized in the following table for the year ended December 31, 2004 and for the period from March 5, 2003 through December 31, 2003, along with a reconciliation to net income.

	2004
Property rental income and additional property income	$ 130,404,
Total property operating expenses	(32,521,
Interest expense	(33,174,
Net property operations	64,708,
Other income	3,681,
Less non-property expenses:	
General and administrative expenses	(4,857,
Depreciation and amortization	(47,973,
Realized loss on sale of treasury contracts	(3,666,
Minority interests	397,
Equity in earnings (losses) of unconsolidated entities	(589,
Net income (loss)	$ 11,700,

The following table summarizes property asset information as of December 31, 2004 and December 31, 2003.

	December 31, 2004	December 31, 20
Total assets:		
Rental real estate	$ 3,601,512,810	$ 142,804,1
Non-segment assets	354,302,750	69,298,0
	$ 3,955,815,560	$ 212,102,1

The Company does not derive any of its consolidated revenue from foreign countries and does not have any major customers that individually account for 10% or more of the Company's consolidated revenues.

(11) Earnings (loss) per Share

Basic earnings (loss) per share ("EPS") are computed by dividing income by the

weighted average number of common shares outstanding for the period (the "common shares"). Diluted EPS is computed by dividing net income (loss) by the common shares plus shares issuable upon exercising options or other contracts. As a result of the net loss incurred in 2003, diluted weighted average shares outstanding do not give effect to common stock equivalents as to do so would be anti-dilutive. As of December 31, 2004, options to purchase 17,500 shares of common stock at an exercise price of $8.95 per share were outstanding. These options were not included in the computation of basic or diluted EPS as the effect would be immaterial.

The basic and diluted weighted average number of common shares outstanding was 98,562,885 and 2,520,986 for the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003, respectively.

(12) Commitments and Contingencies

The Company has closed on several properties which have earnout components, meaning the Company did not pay for portions of these properties that were not rent producing. The Company is obligated, under certain agreements, to pay for those portions when the tenant moves into its space and begins to pay rent. The earnout payments are based on a predetermined formula. Each earnout agreement has a time limit regarding the obligation to pay any additional monies. If at the end of the time period allowed certain space has not been leased and occupied, the Company will own that space without any further obligation. Based on pro forma leasing rates, the Company may pay as much as $189,042,868 in the future, as retail space covered by earnout agreements is occupied and becomes rent producing.

During 2004, the Company entered into two installment note agreements in which the Company is obligated to fund up to a total of $33,398,314. The notes maintain stated interest rates of 6.993% and 7.5572% per annum and mature in July 2005 and August 2005. Each note requires monthly interest payments with the entire principal balance due at maturity. The combined receivable balance at December 31, 2004 was $31,771,731. Therefore, the Company may be required to fund up to an additional $1,626,583 on these notes.

The Company has obtained three irrevocable letters of credit related to loan fundings against earnout spaces at certain properties. Once the Company purchases the remaining portion of these properties and meet certain occupancy requirements, the letters of credit will be released. The balance of outstanding letters of credit at December 31, 2004 is $11,573,100.

In connection with the purchase of one of our properties, the Company received a price adjustment in the amount of $763,072 related to spaces that were vacant at the time of closing. If at any time during the next two years the seller is able to lease that space under conditions satisfactory to the Company, the Company is obligated to pay the seller a pro-rata share of the purchase price reduction.

The Company has entered into interest rate lock agreements with various lenders to secure interest rates on mortgage debt on properties the Company currently owns or will purchase in the future. The Company has outstanding rate lock deposits in the amount of $2,826,055 as of December 31, 2004 which are applied

as credits to the mortgage fundings as they occur. These agreements lock interest rates from 4.45% to 5.12% for periods from 60 days to 90 days on approximately $240 million in principal.

The Company is currently considering acquiring nine properties for an estimated purchase price of $226 million. The Company's decision to acquire each property will generally depend upon no material adverse change occurring relating to the property, the tenants or in the local economic conditions and the Company's receipt of satisfactory due diligence information including appraisals, environmental reports and lease information prior to purchasing the property.

(13) Subsequent Events

The Company issued 42,629,352 shares of common stock and repurchased 28,459 shares of common stock from January 1, 2005 through February 28, 2005 in connection with the initial public offering and second offering, resulting in gross proceeds of approximately $425 million.

The Company paid distributions of $11,377,712 and $12,232,404 to its stockholders in January and February 2005, respectively.

The Company has acquired the following properties or joint venture interests in properties during the period January 1 to February 28, 2005. The respective acquisitions are detailed in the table below.

DATE ACQUIRED	PROPERTY	YEAR BUILT	APPROXIMATE PURCHASE PRICE ($)	GROSS LE ARE (SQ.
01/05/05	Fairgrounds Plaza Middletown, NY	2002-2004	21,994,125	
01/06/05	Maytag Distribution Center Iowa City, IA	2004	23,159,499	7
01/10/05	Midtown Center Milwaukee, WI	1986-1987	53,000,000	3
01/10/05	Hobby Lobby Concord, NC	2004	5,500,000	
01/19/05	Stanley Works/Mac Tools Westerville, OH	2004	10,000,000	
01/25/05	American Express Markham, Ontario, Canada	1983 & 1987	42,000,000	3
01/28/05	Academy Sports San Antonio, TX	2004	7,150,000	

02/01/05	Magnolia Square Houma, LA	2004	19,113,739	1
02/02/05	Cottage Plaza Pawtucket, RI	2004-2005	23,439,950	
02/09/05	The Village at Quail Springs Oklahoma City, OK	2003-2004	10,428,978	1
02/11/05	Holliday Towne Center Duncansville, PA	2003	14,827,645	
02/18/05	Trenton Crossing McAllen, TX	2003	29,212,209	2

The mortgage debt and financings obtained during the period January 1 to February 28, 2005, are detailed in the table below.

DATE FUNDED	MORTGAGE PAYABLE	ANNUAL INTEREST RATE	MATURITY DATE
01/05/05	Fairgrounds Plaza Middletown, NY	5.690%	02/01/33
01/24/05	Hobby Lobby Concord, NC	5.115%	02/01/10
01/25/05	American Express Markham, Ontario, Canada	4.2975%	02/01/15
01/28/05	Coram Plaza Coram, NY	4.550%	02/01/10
01/31/05	Low Country Village II Bluffton, SC	5.130%	05/01/09
01/31/05	Irmo Station Irmo, SC	5.1236%	02/01/10
02/01/05	Evans Towne Centre Evans, GA	4.670%	02/01/10
02/03/05	Magnolia Square Houma, LA	5.115%	03/01/10

02/04/05	Green's Corner Cumming, GA	4.500%	02/11/10
02/04/05	Newton Crossroads Covington, GA	4.500%	02/11/10
02/04/05	Stilesboro Oaks Acworth, GA	4.500%	02/11/10
02/09/05	Five Forks Simpsonville, NC	4.815%	02/11/10

DATE FUNDED	MORTGAGE PAYABLE	ANNUAL INTEREST RATE	MATURITY DATE
02/14/05	University Town Center Tuscaloosa, AL	4.430%	03/01/10
02/14/05	Edgemont Town Center Homewood, AL	4.430%	03/01/10
02/16/05	Southlake Town Square Southlake, TX	4.550%	03/11/10
02/16/05	Midtown Center Milwaukee, WI	4.460%	03/11/10
02/17/05	McAllen Shopping Center McAllen, TX	5.060%	03/01/10
02/18/05	Southlake Town Square II Southlake, TX	4.550%	03/11/10
02/18/05	Mesa Fiesta Mesa, AZ	5.300%	02/01/10
02/24/05	Academy Sports San Antonio, TX	5.060%	03/01/10
02/25/05	The Village at Quail Springs Oklahoma City, OK	5.060%	03/01/10

The Company is obligated under earnout agreements to pay for certain tenant space in our existing properties after the tenant moves into its space and begins paying rent. During the period from January 1 to February 28, 2005, the Company funded earnouts totaling $20,552,372 at 7 of its existing properties.

During the period from January 1, 2005 to February 28, 2005, the Company entered into rate lock agreements which lock interest rates from 4.47% to 4.69% for periods from 30 days to 90 days on approximately $300 million in principal.

(14) Supplemental Financial Information (unaudited)

The following represents the results of operations, for the each quarterly period, during 2004 and 2003.

	2004	
	Dec. 31	Sept. 30
Total income	$ 62,433,343	42,199,376
Net income (loss)	7,286,936	2,266,656
Net income (loss), per common share, basic and diluted:	.04	.02
Weighted average number of common shares outstanding, basic and diluted	182,739,194	112,887,491

	2003	
	Dec. 31	Sept. 30
Total income	$ 782,281	-
Net income (loss)	(132,535)	(32,794)
Net income (loss), per common share, basic and diluted:	(.02)	(1.64)
Weighted average number of common shares outstanding, basic and diluted	8,319,975	20,000

Initial Cost (A)

MULTI-TENANT	Encumbrances	Initial Cost to Company		Adjustments to Basis (C)
		Land	Buildings and Improvements	
23rd Street Plaza Panama City, FL	-	1,300,000	5,318,806	
Alison's Corner San Antonio, TX.	3,850,000	1,045,000	5,700,345	
Arvada Connection and Arvada Marketplace Arvada, CO	28,510,000	8,125,000	39,383,116	17,682
Azalea Square Summerville, SC	16,535,000	6,375,000	21,303,772	(14,793)
Bed, Bath & Beyond Plaza Miami, FL	11,192,500	-	18,367,361	
Best on the Boulevard Las Vegas, NV	19,525,000	7,460,000	25,583,195	(84,486)
Bluebonnet Parc Baton Rouge, LA	12,100,000	4,450,000	16,407,032	(101,955)
Boulevard at the Capital Centre Largo, MD	71,500,000	-	114,702,961	(418,558)
The Columns Jackson, TN	14,865,400	5,830,000	19,438,839	(22,200)
Coram Plaza Coram, NY	20,760,000	10,200,000	26,177,515	
CorWest Plaza New Britain, CT	18,150,000	6,900,000	23,850,938	(13,950)
Cranberry Square Cranberry Township, PA	10,900,000	3,000,000	18,736,381	
Darien Towne Center Darien, IL	16,500,000	7,000,000	22,468,408	213,305
Davis Towne Crossing North Richland Hills, TX.	5,365,200	1,850,000	5,681,061	
Denton Crossing Denton, TX	35,200,000	6,000,000	43,433,763	
Dorman Center - Phase 1 & II Spartanburg, SC	27,610,000	17,025,000	29,478,484	(103,087)
Eastwood Towne Center Lansing, MI	46,750,000	12,000,000	65,066,567	
Edgemont Town Center Homewood, AL	-	3,500,000	10,956,495	
Evans Towne Centre Evans, GA	-	1,700,000	6,424,805	

MULTI-TENANT	Gross amount carried at end of period			Accumulated Depreciation (E)	Con
	Land	Buildings and Improvements	Total (B) (D)		
23rd Street Plaza Panama City, FL	1,300,000	5,318,806	6,618,806	-	
Alison's Corner San Antonio, TX.	1,045,000	5,700,345	6,745,345	139,668	
Arvada Connection and Arvada Marketplace Arvada, CO	8,125,000	39,400,798	47,525,798	974,072	19
Azalea Square Summerville, SC	6,375,000	21,288,979	27,663,979	130,069	
Bed, Bath & Beyond Plaza	-	18,367,361	18,367,361	168,316	

Miami, FL					
Best on the Boulevard Las Vegas, NV	7,460,000	25,498,709	32,958,709	702,197	19
Bluebonnet Parc Baton Rouge, LA	4,450,000	16,305,078	20,755,078	419,934	
Boulevard at the Capital Centre Largo, MD	-	114,284,403	114,284,403	1,383,741	
The Columns Jackson, TN	5,830,000	19,416,639	25,246,639	224,291	
Coram Plaza Coram, NY	10,200,000	26,177,515	36,377,515	-	
CorWest Plaza New Britain, CT	6,900,000	23,836,988	30,736,988	875,539	199
Cranberry Square Cranberry Township, PA	3,000,000	18,736,381	21,736,381	343,369	19
Darien Towne Center Darien, IL	7,000,000	22,681,714	29,681,714	847,581	
Davis Towne Crossing North Richland Hills, TX.	1,850,000	5,681,061	7,531,061	103,773	20
Denton Crossing Denton, TX	6,000,000	43,433,763	49,433,763	258,849	20
Dorman Center - Phase 1 & II Spartanburg, SC	17,025,000	29,375,397	46,400,397	909,740	20
Eastwood Towne Center Lansing, MI	12,000,000	65,066,567	77,066,567	1,590,128	
Edgemont Town Center Homewood, AL	3,500,000	10,956,495	14,456,495	33,474	
Evans Towne Centre Evans, GA	1,700,000	6,424,805	8,124,805	-	

		Initial Cost (A)		
MULTI-TENANT	Encumbrances	Land	Buildings and Improvements	Adjustments to Basis (C)
Five Forks Simpsonville, SC	-	2,100,000	5,374,421	
Forks Town Center Easton, PA	10,395,000	2,430,000	14,835,863	
Fox Creek Village Longmont, CO	11,485,000	3,755,000	15,563,434	(33,181)
Fullerton Metrocenter Fullerton, CA	28,050,000	-	47,403,451	(199,396)
Gateway Pavilions Avondale, AZ	35,842,000	9,880,000	55,194,702	
Gateway Plaza Southlake, TX	18,163,000	-	26,370,511	
Gateway Station College Station, TX	-	1,050,000	3,910,500	
Gateway Village Annapolis, MD	31,458,000	8,550,000	39,298,239	
Governor's Marketplace Tallahassee, FL	20,625,000	-	30,377,452	(56,281)
Green's Corner Cumming, GA	-	3,200,000	8,663,397	

Gurnee Town Center Gurnee, IL	24,360,000	7,000,000	35,146,950	(22,965)
Harvest Towne Center Knoxville, TN	5,005,000	3,155,000	5,085,037	
Henry Town Center McDonough, GA	35,814,616	10,650,000	46,813,649	
Heritage Towne Crossing Euless, TX	8,950,000	3,065,000	10,729,077	
Hickory Ridge Hickory, NC	23,650,000	6,860,000	30,517,166	
Huebner Oaks Center San Antonio, TX	48,000,000	14,080,000	59,825,626	88,560
Irmo Station Irmo, SC	-	2,600,000	9,247,308	
John's Creek Village Duluth, GA	23,300,000	5,750,000	21,269,874	
La Plaza Del Norte San Antonio, TX	32,528,000	16,005,000	37,744,002	(288,670)
Lake Mary Pointe Orlando, FL	3,657,500	2,075,000	4,009,147	
Lakewood Towne Center Lakewood, WA	51,260,000	11,200,000	70,796,423	(360,223)
Larkspur Landing Larkspur, CA	33,630,000	20,800,000	32,820,864	480,656
Lincoln Park Dallas, TX	26,153,000	9,360,000	34,717,980	
Low Country Village Bluffton, SC	5,370,000	1,550,000	8,778,906	(4,871)

	Gross amount carried at end of period				
MULTI-TENANT	Land	Buildings and Improvements	Total (B) (D)	Accumulated Depreciation (E)	Con
Five Forks Simpsonville, SC	2,100,000	5,374,421	7,474,421	16,400	
Forks Town Center Easton, PA	2,430,000	14,835,863	17,265,863	226,641	
Fox Creek Village Longmont, CO	3,755,000	15,530,253	19,285,253	47,426	20
Fullerton Metrocenter Fullerton, CA	-	47,204,055	47,204,055	864,861	
Gateway Pavilions Avondale, AZ	9,880,000	55,194,702	65,074,702	168,492	20
Gateway Plaza Southlake, TX	-	26,370,511	26,370,511	403,357	
Gateway Station College Station, TX	1,050,000	3,910,500	4,960,500	11,932	20
Gateway Village Annapolis, MD	8,550,000	39,298,239	47,848,239	597,527	
Governor's Marketplace Tallahassee, FL	-	30,321,171	30,321,171	370,888	
Green's Corner Cumming, GA	3,200,000	8,663,397	11,863,397	-	
Gurnee Town Center Gurnee, IL	7,000,000	35,123,985	42,123,985	214,573	
Harvest Towne Center Knoxville, TN	3,155,000	5,085,037	8,240,037	62,188	19
Henry Town Center McDonough, GA	10,650,000	46,813,649	57,463,649	-	

Heritage Towne Crossing Euless, TX	3,065,000	10,729,077	13,794,077	327,196	
Hickory Ridge Hickory, NC	6,860,000	30,517,166	37,377,166	1,088,098	
Huebner Oaks Center San Antonio, TX	14,080,000	59,914,186	73,994,186	1,283,898	19
Irmo Station Irmo, SC	2,600,000	9,247,308	11,847,308	-	198
John's Creek Village Duluth, GA	5,750,000	21,269,874	27,019,874	392,876	20
La Plaza Del Norte San Antonio, TX	16,005,000	37,455,332	53,460,332	1,276,221	19
Lake Mary Pointe Orlando, FL	2,075,000	4,009,147	6,084,147	24,484	
Lakewood Towne Center Lakewood, WA	11,200,000	70,436,200	81,636,200	1,294,701	1988
Larkspur Landing Larkspur, CA	20,800,000	33,301,520	54,101,520	1,211,593	19
Lincoln Park Dallas, TX	9,360,000	34,717,980	44,077,980	424,282	
Low Country Village Bluffton, SC	1,550,000	8,774,035	10,324,035	160,970	

		Initial Cost (A)		
MULTI-TENANT	Encumbrances	Land	Buildings and Improvements	Adjustments to Basis (C)
MacArthur Crossing Los Colinas, TX	12,700,000	4,710,000	16,264,562	
Manchester Meadows Town and Country, MO	31,064,550	14,700,000	39,737,846	(84,875)
Mansfield Towne Crossing Mansfield, TX	10,982,300	3,300,000	12,194,571	
McAllen Shopping Center McAllen, TX	-	850,000	2,958,498	
Mesa Fiesta Mesa, AZ	-	7,372,000	26,730,387	
Mitchell Ranch Plaza New Port Richey, FL	18,700,000	5,550,000	26,212,826	(65,767)
Newnan Crossing I Newnan, GA	21,543,091	4,542,244	12,188,579	(832,534)
Newnan Crossing II Newnan, GA	2,223,100	10,557,591	21,798,114	
Newton Crossroads Covington, GA	-	3,350,000	6,926,760	
North Ranch Pavilions Thousand Oaks, CA	10,157,400	9,705,000	8,295,988	43,735
North Rivers Town Center Charleston, SC	11,050,000	3,350,000	15,720,415	
Northgate North Seattle, WA	26,650,000	7,540,000	49,077,929	
Northpointe Plaza Spokane, WA	30,850,000	13,800,000	37,706,966	(48,029)
Northwoods Center	11,192,500	3,415,000	9,474,629	

Wesley Chapel, FL				
Oswego Commons Oswego, IL	19,262,100	6,250,000	26,629,204	
Paradise Valley Marketplace Phoenix, AZ	15,680,500	6,590,000	20,425,319	(147,469)
Pavilion at King's Grant Concord, NC	5,342,000	4,300,000	2,741,212	15,748
Peoria Crossings Peoria, AZ	20,497,400	6,240,000	29,190,441	(68,395)
Phenix Crossing Phenix City, AL	-	2,600,000	6,776,273	
Pine Ridge Plaza Lawrence, KS	14,700,000	5,000,000	19,802,170	
Placentia Town Center Placentia, CA	13,695,000	11,200,000	11,750,963	
Plaza at Marysville Marysville, WA	11,800,000	6,600,000	13,727,658	
Plaza at Riverlakes Bakersfield, CA	-	5,100,000	10,824,341	

	Gross amount carried at end of period				
MULTI-TENANT	Land	Buildings and Improvements	Total (B) (D)	Accumulated Depreciation (E)	Con
MacArthur Crossing Los Colinas, TX	4,710,000	16,264,562	20,974,562	546,335	19
Manchester Meadows Town and Country, MO	14,700,000	39,652,971	54,352,971	608,067	19
Mansfield Towne Crossing Mansfield, TX	3,300,000	12,194,571	15,494,571	74,502	20
McAllen Shopping Center McAllen, TX	850,000	2,958,498	3,808,498	-	
Mesa Fiesta Mesa, AZ	7,372,000	26,730,387	34,102,387	-	
Mitchell Ranch Plaza New Port Richey, FL	5,550,000	26,147,060	31,697,060	319,699	
Newnan Crossing I Newnan, GA	4,542,244	11,356,045	15,898,289	414,663	
Newnan Crossing II Newnan, GA	10,557,591	21,798,114	32,355,705	449,285	
Newton Crossroads Covington, GA	3,350,000	6,926,760	10,276,760	-	
North Ranch Pavilions Thousand Oaks, CA	9,705,000	8,339,723	18,044,723	306,554	
North Rivers Town Center Charleston, SC	3,350,000	15,720,415	19,070,415	384,070	20
Northgate North Seattle, WA	7,540,000	49,077,929	56,617,929	899,882	19
Northpointe Plaza Spokane, WA	13,800,000	37,658,937	51,458,937	807,530	19
Northwoods Center Wesley Chapel, FL	3,415,000	9,474,629	12,889,629	28,945	20
Oswego Commons Oswego, IL	6,250,000	26,629,204	32,879,204	81,370	20
Paradise Valley Marketplace Phoenix, AZ	6,590,000	20,277,850	26,867,850	521,508	
Pavilion at King's Grant Concord, NC	4,300,000	2,756,960	7,056,960	107,010	20
Peoria Crossings	6,240,000	29,122,046	35,362,046	964,437	20

Peoria, AZ					
Phenix Crossing Phenix City, AL	2,600,000	6,776,273	9,376,273	-	
Pine Ridge Plaza Lawrence, KS	5,000,000	19,802,170	24,802,170	421,316	19
Placentia Town Center Placentia, CA	11,200,000	11,750,963	22,950,963	35,898	19
Plaza at Marysville Marysville, WA	6,600,000	13,727,658	20,327,658	207,702	
Plaza at Riverlakes Bakersfield, CA	5,100,000	10,824,341	15,924,341	66,115	

		Initial Cost (A)		
MULTI-TENANT	Encumbrances	Land	Buildings and Improvements	Adjustments to Basis (C)
Plaza Santa Fe II Santa Fe, NM	17,393,732	-	28,587,813	(59,393)
Pleasant Run Towne Center Cedar Hill, TX	22,800,000	4,200,000	29,084,836	
Promenade at Red Cliff St. George, UT	10,590,000	5,340,000	12,664,907	
Reisterstown Road Plaza Baltimore, MD	49,650,000	15,800,000	70,371,762	(260,184)
Saucon Valley Square Bethlehem, PA	8,850,900	3,200,000	12,641,881	
Shoppes at Lake Andrew Viera, FL	15,656,511	4,000,000	22,996,002	
The Shoppes at Park West (Publix Center) Mt. Pleasant, SC	6,655,000	2,240,000	9,356,781	210
Shoppes at Quarterfield (Metro Square Center) Severn, MD	6,067,183	2,190,000	8,839,520	
Shoppes of Dallas Dallas, GA	7,178,700	1,350,000	11,045,345	84,202
Shoppes of Prominence Point Canton, GA	9,954,300	2,850,000	11,148,965	(7,331)
The Shops at Boardwalk Kansas City, MO	20,150,000	5,000,000	30,540,431	(203,838)
Shops at Forest Commons Round Rock, TX	5,229,789	1,050,000	6,132,547	
Shops at Park Place Plano, TX	13,127,000	9,096,000	13,174,867	256,937
Southlake Town Square Southlake, TX	-	16,350,000	110,778,125	
Stilesboro Oaks Acworth, GA	-	2,200,000	9,426,287	
Stony Creek Marketplace Noblesville, IN	14,162,000	6,735,000	17,564,434	20,945
Tollgate Marketplace Bel Air, MD	39,765,000	8,700,000	61,247,363	
Towson Circle Towson, MD	19,197,500	9,050,000	17,840,034	(36,654)

University Town Center Tuscaloosa, AL	-	-	9,556,971	
Village Shoppes at Simonton Lawrenceville, GA	7,561,700	2,200,000	10,873,898	(86,687)
Watauga Pavilion Watauga, TX	17,100,000	5,185,000	27,503,862	
Winchester Commons Memphis, TN	7,235,000	4,400,000	7,471,467	(2,918)
SUBTOTAL MULTI-TENANT	1,423,423,471	506,632,835	2,138,977,574	(2,406,708)

	Gross amount carried at end of period				
MULTI-TENANT	Land	Buildings and Improvements	Total (B) (D)	Accumulated Depreciation (E)	Con
Plaza Santa Fe II Santa Fe, NM	-	28,528,421	28,528,421	610,545	20
Pleasant Run Towne Center Cedar Hill, TX	4,200,000	29,084,836	33,284,836	-	
Promenade at Red Cliff St. George, UT	5,340,000	12,664,907	18,004,907	425,495	
Reisterstown Road Plaza Baltimore, MD	15,800,000	70,111,578	85,911,578	1,034,081	19
Saucon Valley Square Bethlehem, PA	3,200,000	12,641,881	15,841,881	154,414	
Shoppes at Lake Andrew Viera, FL	4,000,000	22,996,002	26,996,002	-	
The Shoppes at Park West (Publix Center) Mt. Pleasant, SC	2,240,000	9,356,991	11,596,991	57,018	
Shoppes at Quarterfield (Metro Square Center) Severn, MD	2,190,000	8,839,520	11,029,520	296,973	
Shoppes of Dallas Dallas, GA	1,350,000	11,129,547	12,479,547	204,210	
Shoppes of Prominence Point Canton, GA	2,850,000	11,141,635	13,991,635	204,307	
The Shops at Boardwalk Kansas City, MO	5,000,000	30,336,593	35,336,593	558,200	20
Shops at Forest Commons Round Rock, TX	1,050,000	6,132,547	7,182,547	18,664	
Shops at Park Place Plano, TX	9,096,000	13,431,805	22,527,805	593,842	
Southlake Town Square Southlake, TX	16,350,000	110,778,125	127,128,125	-	19
Stilesboro Oaks Acworth, GA	2,200,000	9,426,287	11,626,287	-	
Stony Creek Marketplace Noblesville, IN	6,735,000	17,585,379	24,320,379	733,916	
Tollgate Marketplace Bel Air, MD	8,700,000	61,247,363	69,947,363	932,050	19
Towson Circle Towson, MD	9,050,000	17,803,379	26,853,379	272,109	
University Town Center Tuscaloosa, AL	-	9,556,971	9,556,971	29,195	
Village Shoppes at Simonton Lawrenceville, GA	2,200,000	10,787,211	12,987,211	165,348	
Watauga Pavilion Watauga, TX	5,185,000	27,503,862	32,688,862	588,588	20
Winchester Commons	4,400,000	7,468,549	11,868,549	45,641	

Memphis, TN				
SUBTOTAL MULTI-TENANT	506,632,835	2,136,570,866	2,643,203,701	33,742,830

		Initial Cost (A)		
SINGLE-USER	Encumbrances	Land	Buildings and Improvements	Adjustments to Basis (C)
Academy Sports Houma, LA	2,920,000	1,230,000	3,751,721	
Academy Sports Midland, TX	2,337,500	1,340,000	2,942,634	
Academy Sports Port Arthur, TX	2,775,000	1,050,000	3,954,157	
American Express De Pere, WI	11,623,000	1,400,000	15,370,089	
American Express Fort Lauderdale, FL	37,170,000	2,900,000	55,966,421	
American Express Greensboro, NC	33,040,000	2,800,000	49,470,089	
American Express Minneapolis, MN	56,050,000	14,200,000	74,607,812	
American Express - 19th Ave. Phoenix, AZ	8,260,000	2,900,000	10,170,089	
American Express - 31st Ave. Phoenix, AZ	31,860,000	5,100,000	45,270,089	
CVS Pharmacy (Eckerd Drug Store) Edmund, OK	1,850,000	975,000	2,400,249	1,336
CVS Pharmacy (Eckerd Drug Store) Norman, OK	2,900,000	932,000	4,369,730	
CVS Pharmacy Sylacauga, AL	1,685,000	600,000	2,469,216	
Eckerd Drug Store Columbia, SC	1,750,000	900,000	2,376,504	
Eckerd Drug Store Crossville, TN	1,425,000	600,000	2,033,000	
Eckerd Drug Store Greer, SC	1,650,000	1,050,000	2,047,200	
Eckerd Drug Store Kill Devil Hills, NC	1,975,000	700,000	2,960,139	
GMAC Winston-Salem, NC	33,000,000	8,250,000	50,287,192	
Harris Teeter Wilmington, NC	3,960,000	1,810,000	5,152,401	
Kohl's/Wilshire Plaza III Kansas City, MO	5,417,500	2,600,000	6,848,649	
Shaw's Supermarket New Britain, CT	6,450,000	2,700,000	11,532,191	(139,774)
Wal-Mart Supercenter Blytheville, AR	7,100,000	1,756,000	10,913,942	
Wal-Mart Supercenter Jonesboro, AR	6,088,500	2,397,000	8,089,320	
Wrangler El Paso, TX	11,300,000	1,218,669	16,249,921	

	Gross amount carried at end of period				
SINGLE-USER	Land	Buildings and Improvements	Total (B) (D)	Accumulated Depreciation (E)	Con
Academy Sports Houma, LA	1,230,000	3,751,721	4,981,721	57,225	
Academy Sports Midland, TX	1,340,000	2,942,634	4,282,634	17,969	
Academy Sports Port Arthur, TX	1,050,000	3,954,157	5,004,157	24,164	
American Express De Pere, WI	1,400,000	15,370,089	16,770,089	-	
American Express Fort Lauderdale, FL	2,900,000	55,966,421	58,866,421	-	
American Express Greensboro, NC	2,800,000	49,470,089	52,270,089	-	
American Express Minneapolis, MN	14,200,000	74,607,812	88,807,812	-	
American Express - 19th Ave. Phoenix, AZ	2,900,000	10,170,089	13,070,089	-	
American Express - 31st Ave. Phoenix, AZ	5,100,000	45,270,089	50,370,089	-	
CVS Pharmacy (Eckerd Drug Store) Edmund, OK	975,000	2,401,585	3,376,585	89,028	
CVS Pharmacy (Eckerd Drug Store) Norman, OK	932,000	4,369,730	5,301,730	163,287	
CVS Pharmacy Sylacauga, AL	600,000	2,469,216	3,069,216	15,090	
Eckerd Drug Store Columbia, SC	900,000	2,376,504	3,276,504	52,171	20
Eckerd Drug Store Crossville, TN	600,000	2,033,000	2,633,000	43,468	20
Eckerd Drug Store Greer, SC	1,050,000	2,047,200	3,097,200	43,688	20
Eckerd Drug Store Kill Devil Hills, NC	700,000	2,960,139	3,660,139	63,299	20
GMAC Winston-Salem, NC	8,250,000	50,287,192	58,537,192	460,933	19
Harris Teeter Wilmington, NC	1,810,000	5,152,401	6,962,401	62,960	19
Kohl's/Wilshire Plaza III Kansas City, MO	2,600,000	6,848,649	9,448,649	20,926	
Shaw's Supermarket New Britain, CT	2,700,000	11,392,417	14,092,417	431,997	
Wal-Mart Supercenter Blytheville, AR	1,756,000	10,913,942	12,669,942	166,680	
Wal-Mart Supercenter Jonesboro, AR	2,397,000	8,089,320	10,486,320	123,525	
Wrangler El Paso, TX	1,218,669	16,249,921	17,468,590	248,226	

	Initial Cost (A)

SINGLE-USER	Encumbrances	Land	Buildings and Improvements	Adjustments to Basis (C)
Zurich Towers Schaumburg, IL	81,420,000	7,900,000	121,312,096	
SUBTOTAL SINGLE-USER	354,006,500	67,308,669	510,544,848	(138,437)
CONSOLIDATED JOINT VENTURES				
Cardiff Hall East Towson, MD	5,108,656	1,090,000	7,607,874	-
TOTAL INVESTMENT PROPERTIES	1,782,538,627	575,031,504	2,657,130,296	(2,545,145)

	Gross amount carried at end of period				
SINGLE-USER	Land	Buildings and Improvements	Total (B) (D)	Accumulated Depreciation (E)	Con
Zurich Towers Schaumburg, IL	7,900,000	121,312,096	129,212,096	369,841	19
SUBTOTAL SINGLE-USER	67,308,669	510,406,411	577,715,080	2,454,475	
CONSOLIDATED JOINT VENTURES					
Cardiff Hall East Towson, MD	1,090,000	7,607,874	8,697,873	92,725	
TOTAL INVESTMENT PROPERTIES	575,031,504	2,654,585,151	3,229,616,655	36,290,031	

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

SCHEDULE III (CONTINUED)
REAL ESTATE AND ACCUMULATED DEPRECIATION

December 31, 2004 and 2003

Notes:

(A) The initial cost to the Company represents the original purchase price of the property, including amounts incurred subsequent to acquisition which were contemplated at the time the property was acquired.

(B) The aggregate cost of real estate owned at December 31, 2004 for Federal income tax purposes was approximately $3,029,000,000 (unaudited).

(C) Reconciliation of real estate owned:

	2004	2003
Balance at beginning of period	$ 122,719,914	
Purchases of property	3,308,730,780	127,195,4
Payments received under master leases and principal escrow	(3,024,547)	
Acquired in-place lease intangibles and customer relationship value	(241,285,534)	(8,805,6
Acquired above market lease intangibles	(42,302,599)	(1,595,6
Acquired below market lease intangibles	84,778,641	5,925,7
Balance at end of period	$ 3,229,616,655	122,719,9

(D) Reconciliation of accumulated depreciation:

Balance at beginning of period	$ 140,497	
Depreciation expense	36,149,534	140,4
Balance at end of period	$ 36,290,031	140,4

Inland Western Retail Real Estate Trust, Inc.
Pro Forma Consolidated Balance Sheet
December 31, 2004
(unaudited)

The following unaudited Pro Forma Consolidated Balance Sheet is presented as if the acquisitions of the properties and the issuance of the notes receivable had occurred on December 31, 2004.

This unaudited Pro Forma Consolidated Balance Sheet is not necessarily indicative of what the actual financial position would have been at December 31, 2004, nor does it purport to represent our future financial position. No pro forma adjustments have been made for any potential property acquisitions identified as of March 14, 2005. The Company does not consider these properties as probable under Rule 3-14 of Regulation S-X as the Company has not completed the due diligence process on these properties. Additionally, the Company has not received sufficient offering proceeds or obtained firm financing commitments to acquire all of these properties as of March 14, 2005. The Company believes it will have sufficient cash from offering proceeds raised and from additional financing proceeds to acquire these properties if and when the Company is prepared to acquire these properties.

Inland Western Retail Real Estate Trust, Inc.
Pro Forma Consolidated Balance Sheet
December 31, 2004
(unaudited)
(Amounts in thousands)

	Historical (A)	Pr Adj
ASSETS		
Net investment properties (B)	$ 3,193,327	
Cash and cash equivalents	241,224	
Restricted cash	65,923	
Restricted escrows	17,105	
Investment in marketable securities and treasury contracts	1,287	
Investment in unconsolidated joint ventures	75,261	
Accounts and rents receivable	19,962	
Due from affiliates	654	
Note receivable	31,772	
Acquired in-place lease intangibles and customer relationship value(B) (D)	240,116	
Acquired above market lease intangibles (B) (D)	40,774	
Loan fees, leasing fees and loan fee deposits (G)	19,472	
Other assets (G)	8,939	
Total assets	$ 3,955,816	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Mortgage and notes payable (B) (E)	1,783,114	
Accounts payable	1,692	
Accrued offering costs due to affiliates	2,880	
Accrued interest payable	4,306	
Tenant improvements payable	5,096	
Accrued real estate taxes	4,254	
Distributions payable	11,378	
Security deposits	3,679	
Prepaid rental income and other liabilities	7,765	
Advances from sponsor	3,523	
Acquired below market lease intangibles (B) (D)	85,986	
Restricted cash liability	65,923	
Due to affiliates	957	
Total liabilities	1,980,553	
Minority interests	89,537	
Common stock (C)	217	
Additional paid-in capital (net of offering costs) (C)	1,940,018	
Accumulated distributions in excess of net income (F)	(54,750)	
Accumulated other comprehensive income	241	
Total stockholders' equity	1,885,726	
Total liabilities and stockholders' equity	$ 3,955,816	

See accompanying notes to pro forma consolidated balance sheet.

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Balance Sheet
December 31, 2004
(unaudited)

(A) The historical column represents our Consolidated Balance Sheet as of December 31, 2004 as filed with the Securities Exchange Commission on Form 10-K. As of December 31, 2004, the Company had sold 214,368,875 shares to the public and 3,079,003 shares were issued pursuant to the Company's distribution reinvestment program. In addition, the company had repurchased 10,350 shares pursuant to the Company's share repurchase program. As a result, the Company received $2,171,654,780 of gross offering proceeds. In addition, the Company received the Advisor's capital contribution of $200,000 for which the Advisor was issued 20,000 shares.

(B) The pro forma adjustments reflect the acquisition of the following properties or earnout components. The Company is obligated under earnout agreements to pay for certain tenant space in its existing properties after the tenant moves into its space and begins paying rent. The mortgages payable represent mortgages obtained from a third party, either assumed as part of the acquisition or subsequent to acquisition. No pro forma adjustment has been made for prorations or other closing costs as the amounts are not significant:

	Acquisition Price	Mortgage Payable
PURCHASES		
Fairgrounds Plaza	$ 21,994,000	15,982
Maytag Distribution Center	23,160,000	12,740
Midtown Center	53,000,000	28,228
Hobby Lobby - Concord	5,500,000	3,025
Stanley Works	10,000,000	
American Express - Markham, Ontario	42,000,000	25,380
Academy Sports - San Antonio	7,150,000	3,933
Magnolia Square	19,114,000	10,265
Cottage Plaza	23,440,000	13,025
Village of Quail Springs	10,429,000	5,740
Holliday Towne Center	14,828,000	8,050
Trenton Crossing	29,212,000	19,307
CVS Pharmacy - Jacksonville	6,000,000	
CarMax - San Antonio	14,600,000	
Southgate Plaza	12,253,000	
Stateline Station	32,000,000	
High Ridge Crossing	13,200,000	
American Express - Salt Lake City	48,000,000	28,320
EARNOUTS		
Reisterstown Road Plaza	3,670,000	
John's Creek Village	5,096,000	
Denton Crossing	1,286,000	
Gateway Village	3,636,000	
Mansfield Towne Crossing	2,275,000	

Heritage Towne Crossing	1,276,000	
Boulevard at the Capital Centre	3,312,000	
Total	$ 406,431,000	173,995

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Balance Sheet
December 31, 2004
(unaudited)

Allocation of net investments in properties:

Land	$ 69,133,000
Building and improvements	309,873,000
Acquired in-place lease intangibles and customer relationship value	25,278,000
Acquired above market lease intangibles	2,877,000
Acquired below market lease intangibles	(730,000)
Total	$ 406,431,000

(C) Additional offering proceeds of $526,210,000, net of additional offering costs of $63,146,000 are reflected as received as of December 31, 2004, prior to the purchase of the properties and are limited to offering proceeds necessary to acquire the properties and offering proceeds actually received as of March 14, 2005. Offering costs consist principally of registration costs, printing and selling costs, including commissions.

(D) Acquired intangibles represent above and below market leases and the difference between the property valued with the existing in-place leases and the property valued as if vacant as well as the value associated with customer relationships. The value of the acquired leases and customer relationship values will be amortized over the lease term.

(E) Additional mortgages payable of $357,650,000, reflected as funded as of December 31, 2004, includes $173,995,000 of mortgages payable obtained subsequent to the acquisition of the properties described in (B) and $183,655,000 of new financing placed on previously acquired properties.

(F) No pro forma assumptions have been made for the additional payment of distributions resulting from the additional proceeds raised.

(G) Change in loan fees, leasing fees and loan fee deposits of $5,691,000 represents prepaid loan fees applied to mortgage payables obtained as described in (E). Change in other assets of $103,000 represents advance purchase deposits on properties purchased as described in (B).

Inland Western Retail Real Estate Trust, Inc.
Pro Forma Consolidated Statement of Operations

For the year ended December 31, 2004
(unaudited)

The following unaudited Pro Forma Consolidated Statement of Operations is presented to give effect the acquisition of the properties indicated in Note B of the Notes to the Pro Forma Consolidated Statement of Operations as though they occurred on January 1, 2004 or the date significant operations commenced. No pro forma adjustments have been made for any potential property acquisitions identified as of March 14, 2005. The Company does not consider these properties as probable under Rule 3-14 of Regulation S-X as the Company has not completed the due diligence process on these properties. Additionally, the Company has not received sufficient offering proceeds or obtained firm financing commitments to acquire all of these properties as of March 14, 2005. The Company believes it will have sufficient cash from offering proceeds raised and from additional financing proceeds to acquire these properties if and when the Company is prepared to acquire these properties. No pro forma adjustments were made for Eckerd - Greer, Eckerd - Kill Devil Hills, Eckerd - Columbia, Eckerd - Crossville, Kohl's - Wilshire Plaza III, Academy Sports - Houma, The Columns - Phase II, Academy Sports - Port Arthur, Academy Sports - Midland, Hobby Lobby - Concord, Stanley Works, Academy Sports - San Antonio or CVS Pharmacy - Jacksonville as the properties were completed in 2004 and there were no significant operations prior to the Company's acquisition. No pro forma adjustments were made related to the Pacheco Pass and Quakertown notes receivable as the properties were completed in 2004 and there were no significant operations prior to the Company's funding of the notes receivable.

This unaudited Pro Forma Consolidated Statement of Operations is not necessarily indicative of what the actual results of operations would have been for the year ended December 31, 2004, nor does it purport to represent our future results of operations.

Inland Western Retail Real Estate Trust, Inc.
Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2004 (unaudited)
(Amounts in thousands)

	Historical (A)	Pro Forma Adjustments (B)
Rental income	$ 106,425	19,929
Tenant recovery income	23,155	4,031
Other property income	825	-
Total income	130,405	23,960
General and administrative expenses	4,857	-
Advisor asset management fee (D)	-	-
Property operating expenses (G)	32,522	6,149
Depreciation and amortization (E)	47,973	9,904
Total expenses	85,352	16,053

Operating income	45,053	7,907
Other income	3,681	-
Interest expense (H)	(33,175)	(7,577)
Realized loss on sale of treasury contacts	(3,667)	-
Minority interests	398	-
Equity in earnings (losses) of unconsolidated entities	(589)	-
Net income (loss)	$ 11,701	330
Other comprehensive income:		
Unrealized gain/loss on investment securities	241	-
Comprehensive income (loss)	$ 11,942	330
Weighted average number of shares of common stock outstanding, basic and diluted (F)	98,563	
Net income (loss) per share, basic and diluted (F)	.12	

See accompanying notes to pro forma consolidated statement of operations.

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2004
(unaudited)

(A) The historical information represents the historical statement of operations of the Company for the period from January 1, 2004 to December 31, 2004 as filed with the Securities Exchange Commission on Form 10-K.

(B) Total pro forma adjustments for acquisitions consummated as of March 14, 2005 are as though the properties were acquired January 1, 2004.

	Gross Income & Direct Operating Expenses (1)	Pro Forma Adjustments
Rental income	$ 20,258	(329)
Tenant recovery income	4,031	-
Total income	24,289	(329)
Advisor asset management fee	-	-

Property operating expenses	5,071	1,078
Depreciation and amortization	-	9,904
Interest expense	-	7,577
Total expenses	5,071	18,559
Net income (loss)	$ 19,218	(18,888)

(1) Audited combined gross income and direct operating expenses as prepared in accordance with Rule 3-14 of Regulation S-X for the following properties:

Coram Plaza, Mesa Fiesta, Green's Corner, Newton Crossroads, Stilesboro Oaks, Pleasant Run Towne Crossing, Shoppes at Lake Andrew, Fairgrounds Plaza, Midtown Center, Trenton Crossing, Lakepointe Towne Center and Stateline Station.

As previously reported, an audit of Magnolia Square was going to be performed, however, no audit was required in accordance with Rule 3.14 of Regulation S-X.

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2004
(unaudited)

(C) Total pro forma adjustments for acquisitions consummated as of March 14, 2005 are as though the properties were acquired January 1, 2004. No pro forma adjustments were made for Eckerd - Greer, Eckerd - Kill Devil Hills, Eckerd - Columbia, Eckerd - Crossville, Kohl's - Wilshire Plaza III, Academy Sports - Houma, The Columns - Phase II, Academy Sports - Port Arthur, Academy Sports - Midland, Hobby Lobby - Concord, Stanley Works, Academy Sports - San Antonio or CVS Pharmacy - Jacksonville as the properties were completed in 2004 and there were no significant operations prior to the Company's acquisition. No pro forma adjustments were made related to the Pacheco Pass and Quakertown notes receivable as the properties were completed in 2004 and there were no significant operations prior to the Company's funding of the notes receivable.

	Gross Income & Direct Operating Expenses (1)	Pro Forma Adjustments
Rental income	$ 130,679	(2,797)
Tenant recovery income	23,090	-
Total revenues	153,769	(2,797)
Advisor asset management fee	-	-
Property operating expenses	31,779	6,702

Depreciation and amortization	-	68,789
Interest expense	-	49,203
Total expenses	31,779	124,694
Net income (loss)	$ 121,990	(127,491)

(1) Unaudited combined gross income and direct operating expenses from January 1, 2004 through the date of acquisition based on information provided by the Seller for the following properties:

CorWest Plaza, Hickory Ridge, Shoppes at Quarterfield, Larkspur Landing, North Ranch Pavilion, La Plaza Del Norte, MacArthur Crossing, Promenade at Red Cliff, Peoria Crossings, Dorman Center, Heritage Towne Crossing, Paradise Valley Marketplace, Best on the Boulevard, Bluebonnet Parc, North Rivers Town Center, Alison's Corner, Arvada Connection and Arvada Marketplace, Eastwood Town Center, Watauga Pavilion, Northpointe Plaza, Plaza Santa Fe II, Pine Ridge Plaza, Huebner Oaks Center, John's Creek Village, Lakewood Towne Center, Shoppes of Prominence Point, Northgate North, Davis Towne Crossing, Fullerton Metrocenter, Low Country Village, The Shops at Boardwalk, Shoppes of Dallas, Cranberry Square, Tollgate Marketplace, Gateway Village, Towson Circle, Gateway Plaza, Plaza at Marysville, Forks Town Center, Reisterstown Road Plaza, Village Shoppes at Simonton, Manchester Meadows, Governor's Marketplace, Mitchell Ranch Plaza, The Columns, Saucon Valley Square, Lincoln Park, Harvest Towne Center, Boulevard at the Capital Centre, Bed, Bath & Beyond Plaza, Denton Crossing, Azalea Square, Lake Mary Pointe, Plaza at Riverlakes, Gurnee Town Centre, Mansfield Towne Crossing, Winchester Commons, Publix Center (Shoppes at Park West), Fox Creek Village, Oswego Commons, University Town Center, Edgemont Town Center, Five Forks, Placentia Town Center, Gateway Station, Northwoods Center, Shops at Forest Commons, Gateway Pavilions, Henry Town Center, McAllen Shopping Center, 23rd Street Plaza, Southlake Town Square, Irmo Station, Evans Towne Centre, Cottage Plaza, Village at Quail Springs, Phenix Crossing, Magnolia Square, Holliday Towne Center, Southgate Plaza and High Ridge Crossing.

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2004
(unaudited)

Gross rental income from January 1, 2004 through the date of acquisition based on information provided by tenant net leases for the following properties:

Eckerd - Greer, Eckerd - Kill Devil Hills, Eckerd - Columbia, Eckerd - Crossville, Kohl's - Wilshire Plaza III, Wal-Mart Supercenter - Blytheville, Wrangler Company Western Headquarters, Academy Sports - Houma, Wal-Mart Supercenter - Jonesboro, Harris Teeter - Wilmington, GMAC Insurance, Academy Sports - Port Arthur, CVS Pharmacy - Sylacauga, Academy Sports - Midland, Zurich Towers, the American Express portfolio, Maytag Distribution Center, Hobby Lobby - Concord, Stanley Works, Academy Sports - San Antonio, CVS Pharmacy - Jacksonville, and CarMax - San Antonio.

(D) The advisor asset management fee is expected to be subordinated to the

shareholders' receipt of a stated return thus no amount is reflected.

(E) Buildings and improvements will be depreciated on a straight line basis based upon estimated useful lives of 30 years for building and improvements and 15 years for site improvements. That portion of the purchase price that is allocated to above or below lease intangibles will be amortized on a straight line basis over the life of the related leases as an adjustment to rental income. Other leasing costs, tenant improvements, in-place lease intangibles and customer relationship values will be amortized on a straight line basis over the life of the related leases as a component of amortization expense.

(F) The pro forma weighted average shares of common stock outstanding for the year ended December 31, 2004 was calculated using the additional shares sold to purchase each of the properties on a weighted average basis plus the 20,000 shares purchased by the Advisor in connection with our organization.

(G) Management fees are calculated as 4.5% of gross revenues pursuant to the management agreement and are included in property operating expenses.

(H) The pro forma adjustments relating to interest expense were based on the following debt terms:

	Principal Balance	Interes Rate
Academy Sports - Houma	2,920,000	
Academy Sports - Midland	2,338,000	
Academy Sports - Port Arthur	2,775,000	
Adademy Sports - San Antonio	3,933,000	
Alison's Corner	3,850,000	
American Express - Markham, Ontario	25,380,000	
American Express - Depere, WI	11,623,000	
American Express - 31st Avenue - Phoenix	31,860,000	
American Express - 19th Avenue - Phoenix	8,260,000	
American Express - Minneapolis	56,050,000	
American Express - Greensboro, NC	33,040,000	
American Express - Fort Lauderdale, FL	37,170,000	
American Express - Salt Lake City	28,320,000	
Arvada Marketplace and Arvada Connection	28,510,000	
Azalea Square	16,535,000	
Bed Bath & Beyond Plaza	11,193,000	
Best on the Boulevard	19,525,000	
Bluebonnet Parc	12,100,000	
Boulevard at the Capital Centre	71,500,000	

	Principal	Interes

	Balance	Rate
Cardiff Hall East	5,109,000	
Cottage Plaza	13,025,000	
Coram Plaza	20,755,000	
CorWest Plaza	18,150,000	
Cranberry Square	10,900,000	
CVS Pharmacy - Sylacauga	1,685,000	
Davis Towne Crossing	5,365,000	
Denton Crossing	35,200,000	
Dorman Center	27,610,000	
Eastwood Towne Center	46,750,000	
Eckerds Drug Stores (4)	6,800,000	
Edgemont Town Center	8,600,000	
Evans Towne Centre	5,005,000	
Fairgrounds Plaza	15,982,000	
Five Forks	4,483,000	
Forks Town Center	10,395,000	
Fox Creek Village	11,485,000	
Fullerton Metrocenter	28,050,000	
Gateway Pavilions	35,842,000	
Gateway Plaza	18,163,000	
Gateway Village (Note A)	27,233,000	LIBOR
Gateway Village (Note B)	4,225,000	LIBOR
GMAC Insurance	33,000,000	
Governor's Marketplace	20,625,000	
Green's Corner	7,022,000	
Gurnee Town Center	24,360,000	
Harris Teeter - Wilmington	3,960,000	
Harvest Towne Center	5,005,000	
Henry Town Center	35,815,000	
Heritage Towne Crossing	8,950,000	
Hickory Ridge	23,650,000	
Hobby Lobby - Concord	3,025,000	
Holliday Towne Center	8,050,000	
Huebner Oaks Center (Note A)	31,723,000	
Huebner Oaks Center (Note B)	16,277,000	
Irmo Station	7,085,000	
John's Creek Village	23,300,000	
Kohl's - Wilshire Plaza III	5,418,000	
La Plaza Del Norte	32,528,000	
Lake Mary Pointe	3,658,000	
Lakewood Towne Center (Note A)	44,000,000	
Lakewood Towne Center (Note B)	7,260,000	
Larkspur Landing	33,630,000	
Lincoln Park	26,153,000	
Low Country Village - Phase I	5,370,000	
Low Country Village - Phase II	5,440,000	
MacArthur Crossing	12,700,000	
Magnolia Square	10,265,000	
Manchester Meadows	31,065,000	

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2004
(unaudited)

	Principal Balance	Interes Rate
Mansfield Towne Crossing	10,982,000	
Maytag Distribution Center	12,740,000	
McAllen Shopping Center	2,455,000	
Mesa Fiesta	23,500,000	
Midtown Center	28,228,000	
Mitchell Ranch Plaza	18,700,000	
Newnan Crossing II	2,223,000	
Newton Crossroads	5,548,000	
North Ranch Pavilion	10,157,000	
North Rivers Town Center	11,050,000	
Northgate North	26,650,000	
Northpointe Plaza	30,850,000	
Northwoods Center	11,192,500	
Oswego Commons	19,262,000	
Paradise Valley Marketplace	15,681,000	
Peoria Crossings	20,497,000	
Pine Ridge Plaza	14,700,000	
Plaza at Marysville	11,800,000	
Plaza Santa Fe II	17,394,000	
Pleasant Run Towne Crossing	22,800,000	
Promenade at Red Cliff	10,590,000	
Publix Center	6,655,000	
Reisterstown Road Plaza	49,650,000	
Saucon Valley Square	8,851,000	
Shoppes at Lake Andrew	15,657,000	
Shoppes at Quarterfield	6,067,000	
Shoppes of Dallas	7,179,000	
Shoppes of Prominence Point	9,954,000	
Shops at Forest Commons	5,230,000	
Southlake Town Square	70,571,000	
Southlake Town Square II	10,429,000	
Stilesboro Oaks	6,592,000	
The Columns - Phase I	11,423,000	
The Columns - Phase II	3,442,000	
The Shops at Boardwalk	20,150,000	
Tollgate Marketplace	39,765,000	LIBO
Towson Circle (Note A)	15,647,500	
Towson Circle (Note B)	3,550,000	LIBOR
Trenton Crossing	19,307,000	
University Town Center	5,810,000	
Village at Quail Springs	5,740,000	
Village Shoppes at Simonton	7,562,000	
Wal-Mart Supercenter - Blytheville	7,100,000	
Wal-Mart Supercenter - Jonesboro	6,088,500	
Watauga Pavilion	17,100,000	
Winchester Commons	7,235,000	
Wrangler Company Western Headquarters	11,300,000	
Zurich Towers	81,420,000	

INDEPENDENT AUDITORS' REPORT

The Board of Directors

Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Henry Town Center ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Form 8-K/A of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Henry Town Center for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
February 3, 2005

HENRY TOWN CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the nine months ended
September 30, 2004 (unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 (unaudited)
Gross income:	
Base rental income	$ 3,540,928
Operating expense and real estate tax recoveries	915,538

Total gross income	4,456,466
Direct operating expenses:	
Operating expenses	331,664
Insurance	78,557
Real estate taxes	514,565
Interest expense	1,486,640
Total direct operating expenses	2,411,426
Excess of gross income over direct operating expenses	$ 2,045,040

See accompanying notes to historical summary of gross income and direct operating expenses.

HENRY TOWN CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the nine months ended
September 30, 2004 (unaudited)

(1) Business

Henry Town Center ("the Property") is located in McDonough, GA. The Property consists of approximately 380,942 square feet of gross leasable area and was approximately 100% occupied at December 31, 2003. The Property is leased to a total of 42 tenants and has two ground leases. Of these, one tenant accounts for approximately 22% of base rental revenue for the year ended December 31, 2003. On December 23, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Form 8-K/A of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate tax, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision

for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

The Property has two ground leases that are classified as operating leases with terms extending through 2012 and 2022. Total ground lease income was $301,228 and is included in base rental income in the accompanying Historical Summary for the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $79,576 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from one to 19 years, as of December 31, 2003, are as follows:

YEAR	
2004	$ 4,649,668
2005	4,633,825
2006	4,580,016
2007	4,405,775
2008	3,484,283
Thereafter	26,367,048
	$ 48,120,615

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, and professional fees are excluded from the Historical Summary.

(5) Interest Expense

IWRRETI assumed a $35,814,616 mortgage loan secured by the Property in connection with the acquisition. This mortgage loan had an original balance of $36,000,000, and was paid down by an additional $185,384 in 2004 prior to IWRRETI assuming the loan. The mortgage loan bears a fixed interest rate of 5.42%, payable in monthly installments of principal and interest, and matures on January 11, 2013.

Minimum annual principal payments under the terms of the mortgage debt are as follows:

YEAR	
2004	$ -
2005	475,022
2006	501,793
2007	530,073
2008	554,578
Thereafter	33,753,150
	$ 35,814,616

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Combined Historical Summary of Gross Income and Direct Operating Expenses ("Combined Historical Summary") of the Properties acquired from Ceruzzi Holdings for the year ended December 31, 2004. This Combined Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Combined Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Combined Historical Summary is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Properties' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Combined Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Combined Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Combined Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Form 8-K/A of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Properties' revenues and expenses.

In our opinion, the Combined Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of the Properties acquired from Ceruzzi Holdings for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
January 22, 2005

PROPERTIES ACQUIRED FROM CERUZZI HOLDINGS
Combined Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

	FOR THE YEAR ENDED DECEMBER 31, 2004
Gross income:	
Base rental income	$ 4,295,301
Operating expense and real estate tax recoveries	444,729
Total gross income	4,740,030
Direct operating expenses:	
Operating expenses	393,558
Insurance	31,380
Real estate taxes	207,147
Interest expense	931,059
Total direct operating expenses	1,563,144
Excess of gross income over direct operating expenses	$ 3,176,886

See accompanying notes to combined historical summary of gross income and direct operating expenses.

PROPERTIES ACQUIRED FROM CERUZZI HOLDINGS
Notes to Combined Historical Summary of Gross Income and Direct Operating Expenses For the year ended December 31, 2004

(1) Business

The Properties Acquired from Ceruzzi Holdings consist of:

Name	Gross Leasable Area	Location	Occupanc December 3
Coram Plaza	141,780	Coram, NY	92%
Fairgrounds Plaza	Ground lease	Middletown, NY	

The Properties are leased to a total of 22 tenants and has one ground lease. Of these, one tenant and the ground lease account for 79% of base rental revenue for the year ended December 31, 2004. On December 23, 2004 and January 5, 2005, respectively, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired Coram Plaza and Fairgrounds Plaza from Ceruzzi Holdings, an unaffiliated third party. The Combined Historical Summary for the year ended December 31, 2004 includes gross income and direct operating expenses for a full year, including the period for which IWRRETI owned Coram Plaza.

(2) Basis of Presentation

The Combined Historical Summary of Gross Income and Direct Operating Expenses ("Combined Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Form 8-K/A of IWRRETI and is not intended to be a complete presentation of the Properties' revenues and expenses. The Combined Historical Summary has been prepared on the accrual basis of accounting and requires management of the Properties to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates. The Combined Historical Summary is presented on a combined basis since the Properties were acquired from the same seller.

(3) Gross Income

The Properties lease retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Properties are reimbursed for common area, real estate tax, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals.

The Properties have one ground lease that is classified as an operating lease with terms extending through January 31, 2028. Total ground lease income was $1,769,970 and is included in base rental income in the accompanying Combined Historical Summary for the year ended December 31, 2004.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $929,878 for the year ended December 31, 2004.

PROPERTIES ACQUIRED FROM CERUZZI HOLDINGS
Notes to Combined Historical Summary of Gross Income and Direct Operating Expenses For the year ended December 31, 2004

Minimum rents to be received from tenants under operating leases, which terms range from one to 35 years, as of December 31 2004, are as follows:

YEAR

2005	$ 4,233,364
2006	4,142,951
2007	4,048,334
2008	3,948,586
2009	3,971,733
Thereafter	65,540,843
	$ 85,885,811

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Properties. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Combined Historical Summary.

(5) Interest Expense

IWRRETI assumed a $15,982,376 mortgage loan secured by Fairgrounds Plaza in connection with the acquisition. This mortgage loan had an original balance of $16,375,000, and was paid down by an additional $16,547 in 2005 prior to IWRRETI assuming the loan. The mortgage loan bears a fixed interest rate of 5.69%, payable in monthly installments of principal and interest, and matures on February 1, 2033.

Minimum annual principal payments under the terms of the mortgage debt are as follows:

YEAR	
2005	$ 205,564
2006	235,268
2007	249,206
2008	261,451
2009	279,457
Thereafter	14,751,430
	$ 15,982,376

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Combined Historical Summary of Gross Income and Direct Operating Expenses ("Combined Historical Summary") of the Properties acquired from FFI American Market Fund, L.P. ("the Properties") for the year

ended December 31, 2004. This Combined Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Combined Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Combined Historical Summary is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Properties' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Combined Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Combined Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Combined Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Form 8-K/A of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Properties' revenues and expenses.

In our opinion, the Combined Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of the Properties acquired from FFI American Market Fund, L.P. for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Atlanta, Georgia
March 2, 2005

PROPERTIES ACQUIRED FROM FFI AMERICAN MARKET FUND, L.P.
Combined Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

	FOR THE YEAR ENDED DECEMBER 31, 2004
Gross income:	
Base rental income	$ 2,567,103
Operating expense and real estate tax recoveries	549,895
Total gross income	3,116,998
Direct operating expenses:	
Operating expenses	336,187

Insurance	179,097
Real estate taxes	43,656
Total direct operating expenses	558,940
Excess of gross income over direct operating expenses	$ 2,558,058

See accompanying notes to combined historical summary of gross income and direct operating expenses.

THE PROPERTIES ACQUIRED FROM FFI AMERICAN MARKET FUND, L.P.
Notes to Combined Historical Summary of Gross Income
and Direct Operating Expenses
For the year ended December 31, 2004

(1) Business

The Properties acquired from FFI American Market Fund, L.P. ("the Properties") consist of the following:

Name	Gross Leasable Area	Location	Occupancy at December 31, 2004
Green's Corner	82,792	Cumming, GA	100%
Newton Crossroads	78,896	Covington, GA	100%
Stilesboro Oaks	80,772	Acworth, GA	100%

The Properties are leased to a total of 36 tenants and has one ground lease. Of these, one tenant, that occupies space in each of the three properties, accounts for approximately 56% of base rental revenue for the year ended December 31, 2004. On December 29, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Properties from FFI American Market Fund, L.P., an unaffiliated third party. The Combined Historical Summary for the year ended December 31, 2004 includes gross income and direct operating expenses for a full year, including the period for which IWRRETI owned the Properties.

(2) Basis of Presentation

The Combined Historical Summary of Gross Income and Direct Operating Expenses ("Combined Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Form 8-K/A of IWRRETI and is not intended to be a complete presentation of the Properties' revenues and expenses. The Combined Historical Summary has been prepared on the accrual basis of accounting and requires management of the Properties to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates. The Combined Historical Summary is presented on a combined basis since the Properties were acquired from the same seller.

(3) Gross Income

The Properties lease retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Properties are reimbursed for common area, real estate tax, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2004.

The Properties have one ground lease that is classified as an operating lease with terms extending through July 15, 2017. Total ground lease income was $51,106 and is included in base rental income in the accompanying Combined Historical Summary for the year ended December 31, 2004.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $19,354 for the year ended December 31, 2004.

PROPERTIES ACQUIRED FROM FFI AMERICAN MARKET FUND, L.P.
Notes to Combined Historical Summary of Gross Income and
Direct Operating Expenses
For the year ended December 31, 2004

Minimum rents to be received from tenants under operating leases, which terms range from one to 18 years, as of December 31 2004, are as follows:

YEAR	
2005	$ 2,596,907
2006	2,434,256
2007	2,157,007
2008	1,758,671
2009	1,620,053
Thereafter	14,439,590
	$ 25,006,484

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Properties. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Combined Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Shoppes at Lake Andrew ("the Property") for the year ended December 31, 2004. This Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Form 8-K/A of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Shoppes at Lake Andrew for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
January 26, 2005

SHOPPES AT LAKE ANDREW
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

	FOR THE YEAR ENDED DECEMBER 31, 2004
Gross income:	
Base rental income	$ 1,907,240

Operating expense and real estate tax recoveries	385,623
Total gross income	2,292,863
Direct operating expenses:	
Operating expenses	138,198
Insurance	47,877
Real estate taxes	227,361
Total direct operating expenses	413,436
Excess of gross income over direct operating expenses	$ 1,879,427

See accompanying notes to historical summary of gross income and direct operating expenses.

SHOPPES AT LAKE ANDREW
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

(1) Business

Shoppes at Lake Andrew ("the Property") is located in Melbourne, FL. The Property consists of approximately 144,752 square feet of gross leasable area and was approximately 100% occupied at December 31, 2004. The Property is leased to a total of 18 tenants, of which five tenants account for approximately 65% of base rental revenue for the year ended December 31, 2004. On December 28, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party. The Historical Summary for the year ended December 31, 2004 includes gross income and direct operating expenses for a full year, including the period for which IWRRETI owned the Property.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Form 8-K/A of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate tax, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision

for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2004.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $46,547 for the year ended December 31, 2004.

SHOPPES AT LAKE ANDREW
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

Minimum rents to be received from tenants under operating leases, which terms range from one to 12 years, as of December 31 2004, are as follows:

YEAR	
2005	$ 2,033,910
2006	2,036,159
2007	2,040,439
2008	2,010,768
2009	1,735,132
Thereafter	6,987,372
	$ 16,843,780

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Mesa Fiesta ("the Property") for the year ended December 31, 2004. This Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Form 8-K/A of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Mesa Fiesta for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Atlanta, Georgia
March 2, 2005

MESA FIESTA
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

	FOR THE YEAR ENDED DECEMBER 31, 2004
Gross income:	
Base rental income	$ 2,491,382
Operating expense and real estate tax recoveries	525,213
Total gross income	3,016,595
Direct operating expenses:	
Operating expenses	132,419
Insurance	74,524
Real estate taxes	320,061
Total direct operating expenses	527,004

Excess of gross income over direct operating expenses	$ 2,489,591

See accompanying notes to historical summary of gross income and direct operating expenses.

MESA FIESTA
Notes to the Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

(1) Business

Mesa Fiesta ("the Property") is located in Mesa, Arizona. The Property consists of approximately 194,892 square feet of gross leasable area and was approximately 100% occupied at December 31, 2004. The Property is leased to a total of 8 tenants, of which 3 tenants account for approximately 57% of base rental revenue for the year ended December 31, 2004. On December 28, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party. The Historical Summary for the year ended December 31, 2004 includes gross income and direct operating expenses for a full year, including the period for which IWRRETI owned the Property.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Form 8-K/A of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate tax, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2004.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments decreased base rental income by $25,314 for the year ended December 31, 2004.

MESA FIESTA
Notes to the Historical Summary of Gross Income and Direct Operating Expenses

For the year ended December 31, 2004

Minimum rents to be received from tenants under operating leases, which terms range from three to six years, as of December 31 2004, are as follows:

YEAR	
2005	$ 2,700,054
2006	2,717,769
2007	2,658,117
2008	2,646,222
2009	1,289,448
Thereafter	48,038
	$ 12,059,648

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Midtown Center ("the Property") for the year ended December 31, 2004. This Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for

inclusion in Form 8-K/A of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Midtown Center for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
February 19, 2005

MIDTOWN CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

	FOR THE YEAR ENDED DECEMBER 31, 2004
Gross income:	
Base rental income	$ 2,984,727
Operating expense and real estate tax recoveries	673,088
Contingent rent	70,071
Other income	6,525
Total gross income	3,734,411
Direct operating expenses:	
Operating expenses	436,819
Insurance	21,483
Real estate taxes	353,680
Total direct operating expenses	811,982
Excess of gross income over direct operating expenses	$ 2,922,429

See accompanying notes to historical summary of gross income and direct operating expenses.

MIDTOWN CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

(1) Business

Midtown Center ("the Property") is located in Milwaukee, Wisconsin. The Property consists of approximately 319,108 square feet of gross leasable area and was approximately 98% occupied at December 31, 2004. The Property is leased to a total of 24 tenants, of which two tenants account for approximately 62% of base rental revenue for the year ended December 31, 2004. Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") purchased the Property on January 10, 2005, from an unaffiliated third party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Form 8-K/A of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate tax, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $70,071 was earned during the year ended December 31, 2004.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $135,609 for the year ended December 31, 2004.

MIDTOWN CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

Minimum rents to be received from tenants under operating leases, which terms range from five to 20 years, as of December 31 2004, are as follows:

YEAR	
2005	$ 3,408,623
2006	3,417,970
2007	3,391,311
2008	3,256,084
2009	3,106,530
Thereafter	30,495,875

	$ 47,076,393
	==========

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Trenton Crossing ("the Property") for the year ended December 31, 2004. This Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Form 8-K/A of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Trenton Crossing for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
February 1, 2005

TRENTON CROSSING
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

	FOR THE YEAR ENDED DECEMBER 31, 2004
Gross income:	
Base rental income	$ 1,700,789
Operating expense and real estate tax recoveries	334,703
Total gross income	2,035,492
Direct operating expenses:	
Operating expenses	140,992
Insurance	55,393
Real estate taxes	294,395
Total direct operating expenses	490,780
Excess of gross income over direct operating expenses	$ 1,544,712

See accompanying notes to historical summary of gross income and direct operating expenses.

TRENTON CROSSING
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

(1) Business

Trenton Crossing ("the Property") is located in McAllen, TX. The Property consists of approximately 225,560 square feet of gross leasable area and was approximately 86% occupied at December 31, 2004. The Property is leased to a total of 18 tenants, of which four tenants account for approximately 67% of base rental revenue for the year ended December 31, 2004. On February 10, 2005, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Form 8-K/A of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared

on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate tax, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2004.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $68,184 for the year ended December 31, 2004.

TRENTON CROSSING
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

Minimum rents to be received from tenants under operating leases, which terms range from one to 10 years, as of December 31 2004, are as follows:

YEAR	
2005	$ 2,180,569
2006	2,199,706
2007	2,191,491
2008	2,159,838
2009	1,704,403
Thereafter	8,910,041
	$ 19,346,048

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Combined Historical Summary of Gross Income and Direct Operating Expenses ("Combined Historical Summary") of the Properties acquired from Weber & Company for the year ended December 31, 2004. This Combined Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Combined Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Combined Historical Summary is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Properties' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Combined Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Combined Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Combined Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Form 8-K/A of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Properties' revenues and expenses.

In our opinion, the Combined Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of the Properties acquired from Weber & Company for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
February 26, 2005

PROPERTIES ACQUIRED FROM WEBER & COMPANY
Combined Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

	FOR THE YEAR ENDED DECEMBER 31, 2004
Gross income:	
Base rental income	$ 3,213,870

Operating expense and real estate tax recoveries	747,932
Contingent rent	9,934
Total gross income	3,971,736
Direct operating expenses:	
Operating expenses	350,520
Insurance	116,888
Real estate taxes	785,759
Total direct operating expenses	1,253,167
Excess of gross income over direct operating expenses	$ 2,718,569

See accompanying notes to combined historical summary of gross income and direct operating expenses.

PROPERTIES ACQUIRED FROM WEBER & COMPANY
Notes to Combined Historical Summary of Gross Income and Direct Operating Expenses For the year ended December 31, 2004

(1) Business

The Properties acquired from Weber & Company consist of:

Name	Gross Leasable Area	Location	Occupancy at December 31, 2004
Lakepointe Towne Crossing	193,503	Lewisville, TX	69%
Pleasant Run Towne Crossing	205,230	Cedar Hill, TX	88%

The Properties are leased to a total of 30 tenants and has three ground leases. Of these, eight tenants account for 65% of base rental revenue for the year ended December 31, 2004. On December 30, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired Pleasant Run Towne Crossing from Weber & Company, an unaffiliated third party. IWRRETI is expected to close on the acquisition of Lakepointe Towne Crossing in the second quarter of 2005. The Combined Historical Summary for the year ended December 31, 2004 includes gross income and direct operating expenses for a full year, including the period for which IWRRETI owned Pleasant Run Towne Crossing.

(2) Basis of Presentation

The Combined Historical Summary of Gross Income and Direct Operating Expenses ("Combined Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Form 8-K/A of IWRRETI and is not intended to be a complete presentation of the Properties' revenues and expenses. The Combined Historical Summary has been prepared on the accrual basis of accounting and requires

management of the Properties to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates. The Combined Historical Summary is presented on a combined basis since the Properties were acquired from the same seller.

(3) Gross Income

The Properties lease retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Properties are reimbursed for common area, real estate tax, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $9,934 was earned the year ended December 31, 2004.

The Properties have three ground leases that are classified as operating leases with terms extending through May 31, 2024. Total ground lease income was $147,177 and included in base rental income in the accompanying Combined Historical Summary of the year ended December 31, 2004.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $310,065 for the year ended December 31, 2004.

PROPERTIES ACQUIRED FROM WEBER & COMPANY
Notes to Combined Historical Summary of Gross Income
and Direct Operating Expenses
For the year ended December 31, 2004

Minimum rents to be received from tenants under operating leases, which terms range from two to 20 years, as of December 31, 2004, are as follows:

YEAR	
2005	$ 4,979,148
2006	5,046,516
2007	5,046,516
2008	4,967,816
2009	4,456,005
Thereafter	27,846,203
	$ 52,342,204

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Properties. Repairs and maintenance

expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Combined Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Stateline Station ("the Property") for the year ended December 31, 2004. This Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 8 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Stateline Station for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
February 26, 2005

STATELINE STATION
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

	FOR THE YEAR ENDED DECEMBER 31, 2004
Gross income:	
Base rental income	$ 1,220,522
Operating expense and real estate tax recoveries	304,637
Total gross income	1,525,159
Direct operating expenses:	
Operating expenses	172,550
Insurance	40,220
Real estate taxes	197,006
Total direct operating expenses	409,776
Excess of gross income over direct operating expenses	$ 1,115,383

See accompanying notes to historical summary of gross income and direct operating expenses.

STATELINE STATION
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

(1) Business

Stateline Station ("the Property") is located in Kansas City, MO. The Property consists of approximately 132,152 square feet of gross leasable area and was approximately 76% occupied at December 31, 2004. The Property is leased to a total of 16 tenants, of which four tenants account for approximately 76% of base rental revenue for the year ended December 31, 2004. On March 8, 2005, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 8 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its

tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2004.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $30,917 for the year ended December 31, 2004.

STATELINE STATION
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004

Minimum rents to be received from tenants under operating leases, which terms range from one to 11 years, as of December 31 2004, are as follows:

YEAR	
2005	$ 2,003,064
2006	2,027,680
2007	2,029,623
2008	2,037,394
2009	1,877,860
Thereafter	7,725,391
	$ 17,701,012

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

MCALLEN SHOPPING CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004 (unaudited)

	For the year ended December 31 2004

	For the year ended December 31 2004 (unaudited)
Gross income:	
Base rental income	$ 332,768
Operating expense and real estate tax recoveries	38,226
Total gross income	370,994
Direct operating expenses:	
Operating expenses	22,627
Real estate taxes	37,784
Insurance	21,110
Total direct operating expenses	64,009
Excess of gross income over direct operating expenses	$ 286,421

See accompanying notes to historical summary of gross income and direct operating expense.

MCALLEN SHOPPING CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004
(unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of McAllen Shopping Center to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the year ended December 31, 2004.

23RD STREET PLAZA
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004 (unaudited)

	For the year ended December 31 2004 (unaudited)
Gross income:	

Base rental income	$ 510,380
Operating expense and real estate tax recoveries	49,298
Total gross income	370,994
Direct operating expenses:	
Operating expenses	8,968
Real estate taxes	59,455
Insurance	2,228
Total direct operating expenses	70,651
Excess of gross income over direct operating expenses	$ 489,027

See accompanying notes to historical summary of gross income and direct operating expense.

23RD STREET PLAZA
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004
(unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of 23rd Street Plaza to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the year ended December 31, 2004.

PHENIX CROSSING
Historical Summary of Gross Income and Direct Operating Expenses
For the period from July 1, 2004 (commencement of operations)
through December 31, 2004 (unaudited)

	For the period from July 1, 2004 (commencement of operations) through December 31 2004
	(unaudited)
Gross income:	

Base rental income	$ 298,203
Operating expense and real estate tax recoveries	40,844
Total gross income	339,047
Direct operating expenses:	
Operating expenses	45,019
Real estate taxes	26,419
Insurance	7,154
Total direct operating expenses	78,592
Excess of gross income over direct operating expenses	$ 260,455

See accompanying notes to historical summary of gross income and direct operating expense.

PHENIX CROSSING
Historical Summary of Gross Income and Direct Operating Expenses
For the period from July 1, 2004 (commencement of operations)
through December 31, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the period from July 1, 2004 (commencement of operations) to December 31, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Phenix Crossing to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the period from July 1, 2004 (commencement of operations) to December 31, 2004.

MAGNOLIA SQUARE
Historical Summary of Gross Income and Direct Operating Expenses
For the period from February 1, 2004 (commencement of operations)
through December 31, 2004 (unaudited)

	For the period from February 1, 2004 (commencement of operations) through December 31 2004
	(unaudited)

Gross income:	
Base rental income	$ 703,210
Operating expense and real estate tax recoveries	106,846
Total gross income	810,056
Direct operating expenses:	
Operating expenses	55,965
Real estate taxes	39,505
Insurance	9,876
Total direct operating expenses	105,346
Excess of gross income over direct operating expenses	$ 704,710

See accompanying notes to historical summary of gross income and direct operating expense.

MAGNOLIA SQUARE
Historical Summary of Gross Income and Direct Operating Expenses
For the period from February 1, 2004 (commencement of operations) through December 31, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the period from February 1, 2004 (commencement of operations) to December 31, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Magnolia Square to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the period from February 1, 2004 (commencement of operations) to December 31, 2004.

COTTAGE PLAZA
Historical Summary of Gross Income and Direct Operating Expenses
For the period from November 1, 2004 (commencement of operations) through December 31, 2004 (unaudited)

	For the period from November 1, 2004 (commencement of operations) through December 31 2004
	(unaudited)

Gross income:	
Base rental income	$ 196,247
Operating expense and real estate tax recoveries	10,821
Total gross income	207,068
Direct operating expenses:	
Operating expenses	13,398
Real estate taxes	27,217
Insurance	3,227
Total direct operating expenses	43,842
Excess of gross income over direct operating expenses	$ 163,226

See accompanying notes to historical summary of gross income and direct operating expense.

COTTAGE PLAZA
Historical Summary of Gross Income and Direct Operating Expenses
For the period from November 1, 2004 (commencement of operations)
through December 31, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the period from November 1, 2004 (commencement of operations) to December 31, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Cottage Plaza to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the period from November 1, 2004 (commencement of operations) to December 31, 2004.

VILLAGE AT QUAIL SPRINGS
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004 (unaudited)

	For the year ended December 31 2004
	(unaudited)
Gross income:	
Base rental income	$ 522,678

Operating expense and real estate tax recoveries	80,998
Total gross income	603,676
Direct operating expenses:	
Operating expenses	84,533
Real estate taxes	22,611
Insurance	44,546
Total direct operating expenses	151,690
Excess of gross income over direct operating expenses	$ 451,986

See accompanying notes to historical summary of gross income and direct operating expense.

VILLAGE AT QUAIL SPRINGS
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004
(unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Village at Quail Springs to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the year ended December 31, 2004.

HOLLIDAY TOWNE CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004 (unaudited)

	For the year ended December 31 2004
	(unaudited)
Gross income:	
Base rental income	$ 997,591
Operating expense and real estate tax recoveries	166,812
Total gross income	1,164,403

Direct operating expenses:	
Operating expenses	153,699
Real estate taxes	81,949
Insurance	28,475
Total direct operating expenses	264,123
Excess of gross income over direct operating expenses	$ 900,280

See accompanying notes to historical summary of gross income and direct operating expense.

HOLLIDAY TOWNE CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2004
(unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Holliday Towne Center to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the year ended December 31, 2004.

HIGH RIDGE CROSSING
Historical Summary of Gross Income and Direct Operating Expenses
For the period from May 17, 2004 (commencement of operations) through December 31, 2004 (unaudited)

	For the period from May 17, 2004 (commencement of operations) through December 31 2004
	(unaudited)
Gross income:	
Base rental income	$ 347,416
Operating expense and real estate tax recoveries	126,501
Total gross income	473,917

Direct operating expenses:	
Operating expenses	106,893
Real estate taxes	56,962
Insurance	4,813
Total direct operating expenses	168,668
Excess of gross income over direct operating expenses	$ 305,249

See accompanying notes to historical summary of gross income and direct operating expense.

HIGH RIDGE CROSSING
Historical Summary of Gross Income and Direct Operating Expenses
For the period from May 17, 2004 (commencement of operations)
to December 31, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the period from May 17, 2004 (commencement of operations) to December 31, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of High Ridge Crossing to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the period from May 17, 2004 (commencement of operations) to December 31, 2004.

[INLAND WESTERN LOGO]

PROSPECTUS
270,000,000 shares of common stock

$10.00 per share: Minimum Initial Purchase - 300 shares (100 shares for Tax-Exempt Entities)

We are a real estate investment trust or a REIT. We were formed in 2003 to acquire and manage properties which are located primarily in states west of the Mississippi River. As of December 7, 2004, we owned 91 properties which have an aggregate gross leasable area of approximately 16.1 million square feet. No public market currently exists for our shares of common stock and our shares cannot be readily sold.

We are offering 250,000,000 shares to investors who meet our suitability standards; and up to 20,000,000 shares to participants in our reinvestment plan (at $9.50 per share). The common stock will be issued in book entry form only.

The managing dealer of the offering, Inland Securities Corporation, is our

affiliate. The managing dealer is not required to sell any specific number or dollar amount of shares but will use its best efforts to sell 250,000,000 of our shares. Your subscription payments will be placed in an escrow account held by the escrow agent, LaSalle Bank National Association, and will be held in trust for your benefit, pending release to us. Subscription proceeds are expected to be released to us as subscriptions are accepted. This offering will end no later than December 21, 2005, unless we elect to extend it to a date no later than December 21, 2006 in states that permit us to make this extension.

INVESTING IN OUR COMPANY INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 12 FOR A DISCUSSION OF THE MATERIAL RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH YOUR INVESTMENT IN OUR COMMON STOCK. THESE RISKS INCLUDE:

- our common stock is not currently listed or traded on an exchange and cannot be readily sold (and sales by stockholders may be made at a loss);
- we have no ownership in our business manager/advisor and the business manager/advisor is owned by our sponsor or their affiliates;
- our business manager/advisor and its affiliates will receive substantial fees, including participation in proceeds from the sale, refinancing or liquidation of our assets
- our business manager/advisor, property managers and two of our directors are subject to conflicts of interest as a result of their affiliation with The Inland Group;
- there are limits on ownership, transferability and redemption of shares;
- risks that the incentive structure of fees payable to our business manager/advisor and its affiliates may encourage our business manager/advisor to make investments that have greater risks to generate higher fees; and
- although we anticipate that aggregate borrowings will not exceed 55% of the combined fair market value of our properties, our charter imposes a limitation on our borrowings of less than 300% of net assets and there are risks associated with a high amount of leverage.

The use of forecasts in this offering is prohibited. Any representations to the contrary and any predictions, written or oral, as to the amount or certainty of any present or future cash benefit or tax consequence which may flow from an investment in this program is not permitted. Any stockholder loss of capital will be limited to the amount of their investment. You should purchase these securities only if you can afford a complete loss of your investment.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Max. Offering
Public offering price, primary shares (1).....	$ 10.00	$ $2,500,000,000
Public offering price, distribution reinvestment program..	$ 9.50	$ 190,000,000
Selling commissions (1).....	$ 1.05	$ 262,500,000
Proceeds, before expenses, to us.....	$ 8.95	$ 2,427,500,000

(1) The selling commission only applies to sales of primary shares and is composed of a 7.5% selling commission (7.0% of which is reallowable), 2.5% marketing allowance and .5% due diligence expense allowance.

The date of this Prospectus is December 21, 2004.

FOR RESIDENTS OF MICHIGAN ONLY:

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE DEPARTMENT OF CONSUMER & INDUSTRY SERVICES, MICHIGAN OFFICE OF FINANCIAL AND INSURANCE SERVICES. THE DEPARTMENT HAS NOT UNDERTAKEN TO PASS UPON THE VALUE OF THESE SECURITIES NOR TO MAKE ANY RECOMMENDATIONS AS TO THEIR PURCHASE.

THE USE OF THIS PROSPECTUS IS CONDITIONED UPON ITS CONTAINING ALL MATERIAL FACTS AND THAT ALL STATEMENTS CONTAINED THEREIN ARE TRUE AND CAN BE SUBSTANTIATED. THE DEPARTMENT HAS NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.

NO BROKER-DEALER, SALESMAN, AGENT OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFERING HEREBY MADE OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS OR EFFECTIVE LITERATURE.

THIS IS A BEST EFFORTS OFFERING, AND WE RESERVE THE RIGHT TO ACCEPT OR REJECT ANY SUBSCRIPTION AND WILL PROMPTLY NOTIFY THE SUBSCRIBER OF ACCEPTANCE OR REJECTION. THERE IS NO ASSURANCE THAT THIS OFFERING WILL ALL BE SOLD. THERE ARE NO ASSURANCES AS TO WHAT SIZE WE MAY REACH.

THERE IS NO ASSURANCE THAT OUR OPERATIONS WILL BE PROFITABLE OR THAT LOSSES WILL NOT OCCUR.

IT IS NOT OUR POLICY TO REDEEM OUR STOCK (EXCEPT AS PROVIDED IN THIS OFFERING).

ANY REPRESENTATIONS CONTRARY TO ANY OF THE FOREGOING SHOULD BE REPORTED FORTHWITH TO THE OFFICE OF FINANCIAL AND INSURANCE SERVICE AT 611 West Ottawa Street, 2nd Floor Ottawa Building, P.O. Box 30701, Lansing, MI 48909-8201, or Telephone (877) 999-6442.

WHO MAY INVEST

In order to purchase shares, you must:

- Meet the financial suitability standards, and

- Purchase a minimum number of shares.

SUITABILITY STANDARDS

Because an investment in our common stock is risky and is a long-term investment, it is suitable for you only if you have adequate financial means, you have no immediate need for liquidity in your investment and you can bear the complete loss of your investment.

We have established financial suitability standards for investors who purchase shares of our common stock. In addition, residents of some states must meet higher suitability standards under state law. These standards require you to meet the applicable criteria below. In determining your net worth, do not include your home, home furnishings or your automobile. INVESTORS WITH INVESTMENT DISCRETION

a

OVER ASSETS OF AN EMPLOYEE BENEFIT PLAN COVERED BY ERISA SHOULD CAREFULLY REVIEW THE INFORMATION IN THE SECTION ENTITLED, "ERISA CONSIDERATIONS."

GENERAL STANDARDS FOR ALL INVESTORS

- Minimum net worth of at least $150,000; or

- Minimum annual gross income of at least $45,000 and net worth of at least $45,000.

Standards for Maine Residents

- Minimum net worth of $200,000, or

- Minimum annual gross income of $50,000 and a minimum net worth of $50,000.

Standards for Arizona, California, Iowa, Massachusetts, Michigan, Missouri, Oregon or Tennessee Residents

- Minimum net worth of $225,000, or

- Minimum annual gross income of $60,000 and a minimum net worth of $60,000.

Standards for Kansas, Missouri, Ohio and Pennsylvania Residents

- In addition to meeting the general standards for all investors, your investment may not exceed 10% of your liquid net worth.

In the case of sales to fiduciary accounts, these minimum standards must be met by the beneficiary, the fiduciary account, or by the donor or grantor who directly or indirectly supplies the funds to purchase the common stock if the donor or the grantor is the fiduciary. INVESTORS WITH INVESTMENT DISCRETION OVER ASSETS OF AN EMPLOYEE BENEFIT PLAN COVERED UNDER ERISA SHOULD CAREFULLY REVIEW THE INFORMATION ENTITLED "ERISA CONSIDERATIONS."

In the case of gifts to minors, the suitability standards must be met by the custodian account or by the donor.

MINIMUM PURCHASE

Subject to the restrictions imposed by state law, we will sell shares of our common stock only to investors who initially purchase a minimum of 300 shares of common stock for a total purchase price of $3,000, or tax-exempt entities which purchase a minimum of 100 shares of common stock for a total purchase price of $1,000. For investors living in Iowa, the minimum investment for IRAs will be 300 shares of common stock for a total purchase price of $3,000, and for investors living in Minnesota, the minimum investment for IRAs and qualified plan accounts will be 200 shares of common stock for a total purchase price of $2,000. Tax-exempt entities are generally any investor that is exempt from federal income taxation, including:

- a pension, profit-sharing, retirement, IRA or other employee benefit plan which satisfies the requirements for qualification under Section 401(a), 414(d) or 414(e) of the Internal Revenue Code;

b

- a pension, profit-sharing, retirement, IRA or other employee benefit plan which meets the requirements of Section 457 of the Internal Revenue Code;

- trusts that are otherwise exempt under Section 501(a) of the

Internal Revenue Code;

- a voluntary employees' beneficiary association under Section 501(c)(9) of the Internal Revenue Code; or

- an IRA which meets the requirements of Section 408 of the Internal Revenue Code.

The term "plan" includes plans subject to Title I of ERISA, other employee benefit plans and IRAs subject to the prohibited transaction provisions of Section 4975 of the Internal Revenue Code, governmental or church plans that are exempt from ERISA and Section 4975 of the Internal Revenue Code, but that may be subject to state law requirements, or other employee benefit plans.

Subject to any restrictions imposed by state law, subsequent additional investments by current investors require a minimum investment of $25. This limitation does not apply to the purchase of shares through the dividend reinvestment provision.

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TABLE OF CONTENTS

PAGE

WHO MAY INVEST.....a

Suitability Standards.....a

Minimum Purchase.....b

PROSPECTUS SUMMARY.....1

Inland Western Retail Real Estate Trust, Inc.....1

The types of real estate that we may acquire and manage.....1

Our sponsor, our business manager/advisor and The Inland Group.....2

Conflicts of interest.....4

Compensation to be paid to our business manager/advisor and affiliates.....5

Primary business objective and strategies.....8

Terms of the offering.....9

Is an investment in us appropriate for you?.....10

Distributions.....10

Real property investments.....10

Share repurchase program.....10

Estimated Use of Proceeds.....11

RISK FACTORS.....12

Our common stock is not currently listed on an exchange or trading market and cannot be readily sold.....12

The price of our common stock is subjective and may not bear any relationship to what a stockholder could receive if it was sold.....12

You do not know what real properties and other assets we may acquire in the future, and must rely on our business manager/advisor, our board and officers to select them and stockholders will not participate in these decisions.....12

Competition with third parties in acquiring properties will reduce our profitability and the return on your investment.....12

We will compete with real estate investment programs sponsored by companies affiliated with us for the acquisition of properties and for the time and services of personnel..13

We plan to incur mortgage indebtedness and other borrowings, which may reduce the funds available for distribution, may increase the risk of loss since defaults may result in foreclosure and mortgages may include cross-collateralization or cross-default provisions that increase the risk that more than one property may be affected by a default.....13

If we have insufficient working capital reserves, we will have to obtain financing from other sources.....14

The types of properties which we intend to acquire and the area in which we may acquire retail centers is limited.....14

The aggregate amount we may borrow is limited under our articles of incorporation.....14

Because of the way we are organized, we would be a difficult takeover target. This could depress the price of our stock and inhibit a management change.....14

Your investment return may be reduced if we are required to register as an investment company under the Investment Company Act.....16

There are many factors which can affect distributions to stockholders.....16

Our derivative financial instruments used to hedge against interest rate fluctuations could reduce the overall returns on your investment.....17

We could issue more shares in the future, which could reduce the market price of our outstanding shares.....18

Our share repurchase program is limited to 5% of the weighted average number of shares of our stock outstanding during the prior calendar year and may be changed or terminated by us, thereby reducing the potential liquidity of your investment.....18

Stockholders have limited control over changes in our policies.....18

If we invest in joint ventures, the objectives of our partners may conflict with our objectives.....18

If we sell properties by providing financing to purchasers, we will bear the risk of

default by the purchaser.....18

Delays in acquisitions of properties may have an adverse effect.....19

We may not be able to immediately invest proceeds in real estate, which will harm your returns.....19

We depend on our board of directors, business manager/advisor and property managers and losing those relationships could negatively affect our operations.....19

There are conflicts of interest between us and our affiliates.....19

We cannot predict the amounts of compensation to be paid to our business manager/advisor and our other affiliates.....21

The managing dealer has not made an independent review of us or the prospectus.....22

Our rights and the rights of our stockholders to take action against our directors and officers and the business manager/advisor are limited.....22

The business of our business manager/advisor and our property managers may be acquired by us without further action of our stockholders.....22

Your percentage of ownership may become diluted if we issue new shares of stock.....23

There are inherent risks with real estate investments.....23

Adverse economic conditions in our primary geographic region and in the market for retail space could reduce our income and distributions to you.....23

Rising expenses could reduce cash flow and funds available for future acquisitions.....24

If our tenants are unable to make rental payments, if their rental payments are reduced, or if they terminate a lease, our financial condition and ability to pay distributions will be adversely affected.....24

Our financial condition and ability to make distributions may be adversely affected by the bankruptcy or insolvency, a downturn in the business, or a lease termination of a tenant that occupies a large area of the retail center or an anchor tenant.....24

If a tenant claims bankruptcy, we may be unable to collect balances due under relevant leases.....24

We may incur additional costs in acquiring or re-leasing retail properties.....25

Our properties will be subject to competition for tenants and customers.....25

Our properties will face competition which may affect tenants' ability to pay rent and the amount of rent paid to us and in turn affect the cash available for distributions and the amount of distributions.....25

We may be restricted from re-leasing space.....25

We may be unable to sell a property if or when we decide to do so.....25

If we suffer losses that are not covered by insurance or that are in excess of insurance coverage, we could lose invested capital and anticipated profits.....26

Terrorist attacks, such as the attacks that occurred in New York and Washington, D.C. on September 11, 2001, and other acts of violence or war may affect the markets in which we operate, our operations and our profitability.....26

Real estate related taxes may increase and if these increases are not passed on to tenants, our income will be reduced.....27

Revenue from our properties depends on the amount of our tenants' retail revenue, making us vulnerable to general economic downturns and other conditions affecting the retail industry.....27

The costs of compliance with environmental laws and other governmental laws and regulations may adversely affect our income and the cash available for any distributions.....27

Our costs associated with complying with the Americans with Disabilities Act may affect cash available for distributions.....28

If a sale or leaseback transaction is recharacterized, our financial condition could be adversely affected.....28

We may incur additional costs in acquiring newly constructed properties which may adversely affect cash available for distributions to you.....29

Our investments in unimproved real property may result in additional cost to us to comply with re-zoning restrictions or environmental regulations.....29

Construction and development activities will expose us to risks such as cost overruns, carrying costs of projects under construction or development, availability and costs of materials and labor, weather conditions and government regulation.....29

We may acquire or finance properties with lock-out provisions which may prohibit us from selling a property, or may require us to maintain specified debt levels for a period of years on some properties.....29

Your investment has various federal income tax risks.....29

If we fail to maintain our REIT status, our dividends will not be deductible to us and our income will be subject to taxation.....30

You may have tax liability on distributions you elect to reinvest in common stock.....30

The opinion of Duane Morris LLP regarding our status as a REIT does not guarantee our ability to remain a REIT.....30

Even REITS are subject to federal and state income taxes.....30

An investment in our common stock may not be suitable for every employee benefit plan.....30

The annual statement of value that we will be sending to stockholders subject to ERISA and to certain other plan stockholders is only an estimate and may not reflect the actual value of our shares.....31

CAUTIONING NOTE REGARDING FORWARD-LOOKING STATEMENTS.....32

HOW WE OPERATE.....34

CONFLICTS OF INTEREST.....36

COMPENSATION TABLE.....40

ESTIMATED USE OF PROCEEDS.....48

PRIOR PERFORMANCE OF OUR AFFILIATES.....49

Prior Investment Programs.....49

Summary Information.....49

Publicly Registered REITS.....51

Private Partnerships.....54

1031 Exchange Private Placement Offering Program.....55

MANAGEMENT.....68

Inland Affiliated Companies.....68

Our General Management.....71

Our Directors and Executive Officers.....72

Committees of Our Board of Directors.....75

Compensation of Directors and Officers.....76

Executive Compensation.....76

Independent Director Stock Option Plan.....77

Our Business Manager/Advisor.....78

Our Advisory Agreement.....79

The Property Managers and the Management Agreements.....82

LIMITATION OF LIABILITY AND INDEMNIFICATION OF DIRECTORS, OFFICERS AND OUR BUSINESS MANAGER/ADVISOR.....92

PRINCIPAL STOCKHOLDERS.....95

OUR STRUCTURE AND FORMATION.....96

Structure.....96

SELECTED FINANCIAL DATA.....97

INVESTMENT OBJECTIVES AND POLICIES.....99

General 99
Distributions.....99
Types of Investments.....100
Property Acquisition Standards.....101
Description of Leases.....102

Property Acquisition.....102
Borrowing.....103
Sale or Disposition of Properties.....104
Change in Investment Objectives and Policies.....105
Investment Limitations.....105
Other Investments.....105
Appraisals.....106
Return of Uninvested Proceeds.....106
Additional Offerings and Exchange Listing.....107
Joint Ventures.....107
Construction and Development Activities.....107
Other Policies.....108
REAL PROPERTY INVESTMENTS.....110
Investing in REITS.....110
General 110
Insurance Coverage on Properties.....112
Properties.....112
Retail Shopping Centers.....113
Neighborhood and Community Shopping Centers.....114
Single-User Properties.....114
Summary Tabular Presentation of Properties Owned.....115
Description of Properties.....124
Potential Property Acquisitions.....262

Tenant Lease Expiration....292
Tenant Concentration....293
Property Allocation....295

CAPITALIZATION....297
MANAGEMENT'S DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION....298
DESCRIPTION OF SECURITIES....324
Authorized Stock....324
Common Stock....324
Preferred Stock....325
Issuance of Additional Securities and Debt Instruments....326
Restrictions on Issuance of Securities....326
Restrictions on Ownership and Transfer....327
Anti-Takeover Provisions of Maryland Law and Our Articles of Incorporation and Bylaws....329
SHARES ELIGIBLE FOR FUTURE SALE....332
Shares to be Outstanding or Issuable upon Exercise or Conversion of Other Outstanding Securities....332
Securities Act Restrictions....332
Independent Director Stock Option Plan....333
Effect of Availability of Shares on Market Price of Shares....333
Registration Rights....333
SUMMARY OF OUR ORGANIZATIONAL DOCUMENTS....335
Articles of Incorporation and Bylaw Provisions....335
Stockholders' Meetings....335
Board of Directors....336
Stockholder Voting Rights....336
Rights of Objecting Stockholders....337
Stockholder Lists; Inspection of Books and Records....337
Amendment of the Organizational Documents....338

Dissolution or Termination of the Company....338
Advance Notice of Director Nominations and New Business....338
Restrictions on Certain Conversion Transactions and Roll-Ups....339

Limitation on Total Operating Expenses....341
Transactions with Affiliates....342
Restrictions on Borrowing....343
Restrictions on Investments....343
FEDERAL INCOME TAX CONSIDERATIONS....346
Federal Income Taxation as a REIT....346
Federal Income Taxation of Stockholders....353
Other Tax Considerations....356
ERISA CONSIDERATIONS....357
PLAN OF DISTRIBUTION....360
General 360
Escrow Conditions....360
Subscription Process....361
Representations and Warranties in the Subscription Agreement....361
Determination of Your Suitability as an Investor....362
Compensation We Will Pay for the Sale of Our Shares....363
Volume Discounts....364
Deferred Commission Option....365
Indemnification....367
HOW TO SUBSCRIBE....369
SALES LITERATURE....371
DISTRIBUTION REINVESTMENT AND SHARE REPURCHASE PROGRAMS....372
Distribution Reinvestment Program....372
Share Repurchase Program....373

REPORTS TO STOCKHOLDERS.....376

PRIVACY POLICY NOTICE.....377

LITIGATION.....378

RELATIONSHIPS AND RELATED TRANSACTIONS.....378

LEGAL MATTERS.....384

EXPERTS.....384

WHERE YOU CAN FIND MORE INFORMATION.....387

Index to Financial Statements	F-1
Appendix A - Prior Performance Tables	A-1
Appendix B - Distribution Reinvestment Plan	B-1
Appendix C - Subscription Agreement	C-1
Appendix D - Transfer on Death Designation	D-1
Appendix E1 - Letter of Direction	E1-1
Appendix E2 - Notice of Revocation	E2-1
Appendix G - Privacy Policy Notice	G-1

PROSPECTUS SUMMARY

This summary highlights all of the material information in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read this entire prospectus and its appendices carefully before you decide to invest in our shares of common stock.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.

We are a Maryland corporation formed in March 2003 and we operate as a real estate investment trust, or a REIT, for federal and state income tax purposes. Our company owns all of our assets, either directly or indirectly.

Our principal executive offices are located at 2901 Butterfield Road, Oak Brook, Illinois 60523 and our telephone number is (630) 218-8000.

THE TYPES OF REAL ESTATE THAT WE MAY ACQUIRE AND MANAGE

Our business manager/advisor is experienced in acquiring and managing real estate, particularly retail focused shopping centers. We acquire and manage a diversified (by geographical location and by type and size of retail centers) portfolio of real estate primarily improved for use as retail establishments, principally multi-tenant shopping centers. Our portfolio does and will consist predominantly of grocery and discount store anchored retail, including net lease retail. We may acquire certain mixed use properties that may include lodging, office and/or multi-family residential if they are part of a retail center. And, we may also acquire other types of retail shopping centers, such as enclosed malls, outlet malls and power centers. We also anticipate acquiring real estate

improved with other commercial facilities which provide goods and services as well as double or triple net leased properties, which are either commercial or retail, including properties acquired in sale and leaseback transactions. A triple-net leased property is one which is leased to a tenant who is responsible for the base rent and all costs and expenses associated with their occupancy, including property taxes, insurance, repairs and maintenance.

The geographic focus of our portfolio continues to be western U.S. markets; yet, at the present time, we believe that properties available for sale east of the Mississippi River are offering more favorable investment returns. Our objective continues to be to acquire quality properties primarily for income as distinguished from primarily for capital gain. As a result, many of our recently acquired properties and properties that we currently have under contract for purchase are located in eastern U.S. markets. However, over the long-term, we expect the portfolio to consist of properties located primarily west of the Mississippi River. Where feasible, we will endeavor to acquire multiple properties within the same major metropolitan markets where the acquisitions result in efficient property management operations with the potential to achieve market dominance. As a result, we may have clusters of properties east of the Mississippi.

We do not intend to invest in real estate properties that are primarily:

- farms;
- health care facilities;
- industrial properties;
- leisure home sites;
- manufacturing facilities;
- mining properties;
- ranches;
- single-family residential properties;

- timberlands; or
- unimproved properties not intended to be developed (vacant land).

Subject to compliance with the applicable requirements under the federal income tax laws, we may also undertake construction and development activities and render services in connection with such activities.

OUR SPONSOR, OUR BUSINESS MANAGER/ADVISOR AND THE INLAND GROUP

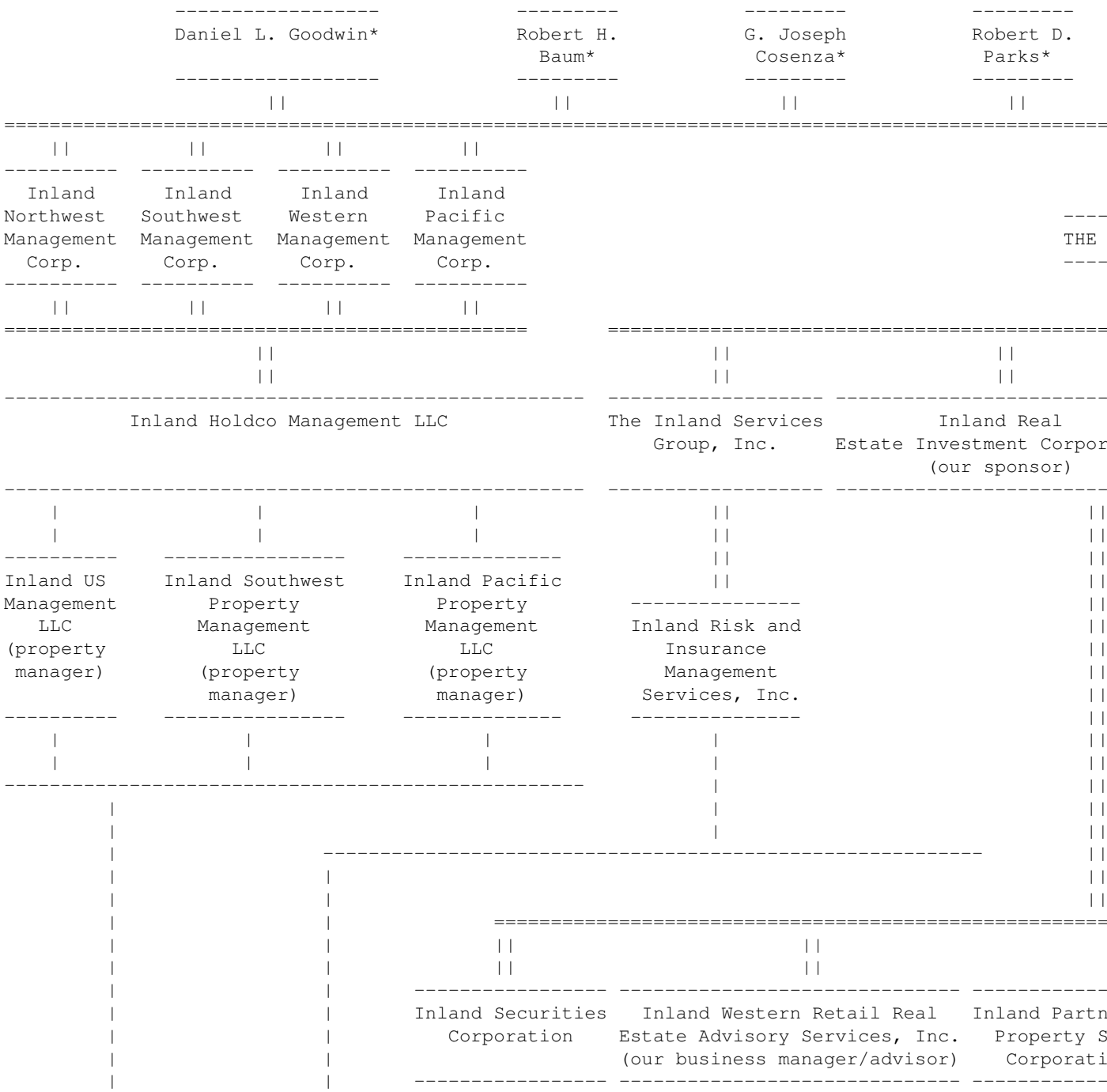
Our sponsor is Inland Real Estate Investment Corporation, which is owned by The Inland Group, Inc. The Inland Group, together with its subsidiaries and affiliates, is a fully-integrated group of legally and financially separate companies that have been engaged in diverse facets of real estate for over 35 years providing property management, leasing, marketing, acquisition, disposition, development, redevelopment, syndication, renovation, construction, finance and other related services. Inland Western Retail Real Estate Advisory Services, Inc., is a wholly owned subsidiary of our sponsor and is our business manager/advisor. Inland Securities Corporation, another affiliate of The Inland Group, is the managing dealer of this offering. Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Management LLC, our property managers, are entities owned principally by individuals who are affiliates of The Inland Group. The principal executive offices of The Inland Group, our sponsor, and our business manager/advisor are located at 2901 Butterfield Road, Oak Brook, Illinois 60523 and their telephone number is (630) 218-8000. The principal executive offices of our property managers are located at 2907 Butterfield Road, Oak Brook, Illinois 60523 and their telephone number is (630)

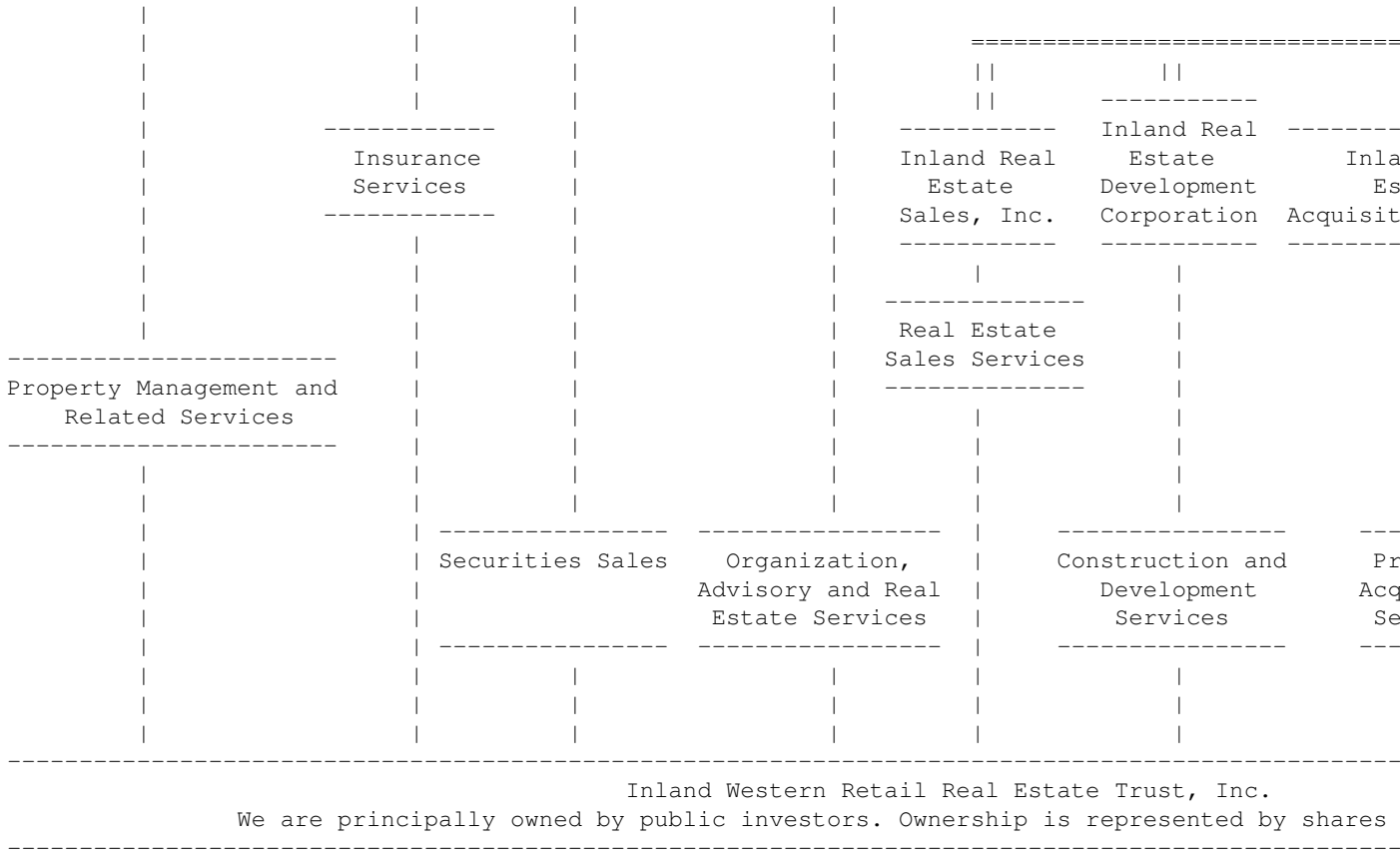
218-8000.

The following organizational chart depicts the services that affiliates or our sponsor will render to us and our organizational structure.

The following organizational chart depicts the services that affiliates of our sponsor will render to us and our organizational structure.

ORGANIZATIONAL CHART





* The four indicated individuals control The Inland Group, Inc. and own substantially all of its stock.

Solid lines indicate 100% ownership.
Broken lines indicate service.

Investment in shares of our common stock involves risks. If we are unable to effectively manage the impact of these risks, we may not meet our investment objectives and, therefore, you may lose some or all of your investment. The following is a summary of the material risks which we believe are most relevant to an investment in the shares. These risks are generally listed in the order of priority.

- our common stock is not currently listed or traded on an exchange and cannot be readily sold (and sales by stockholders may be made at a loss);

- although we anticipate that aggregate borrowings will not exceed 55% of the combined fair market value of our properties, our charter imposes a limitation on our borrowings of less than 300% of net assets and there are risks associated with a high amount of leverage;

- we have no ownership in our business manager/advisor and the business manager/advisor is owned by our sponsor or their affiliates;

- our business manager/advisor and its affiliates will receive substantial fees, including participation in proceeds from the

sale, refinancing or liquidation of our assets;

- our business manager/advisor, property managers and two of our directors are subject to conflicts of interest as a result of their affiliation with The Inland Group, including conflicts of interest relating to:
  - the negotiation of the terms of the advisor and property management agreements;
  - the allocation of their time between us and their other business ventures;
  - decisions whether to acquire and dispose of properties;
  - the purchase and sale of properties to or from the business manager/advisor and our affiliates; and
  - the allocation of investment opportunities between us and their other business ventures.

- we may make distributions that include a return of principal for federal tax purposes;

- there are limits on ownership, transferability and redemption of shares;

- our investment policies and strategies may be changed without stockholder consent;

- our investments will lack geographic diversification; and

- risks that incentive structure of fees payable to our business manager/advisor and its affiliates may encourage our business manager/advisor to make investments that have greater risks to generate higher fees.

CONFLICTS OF INTEREST

CONFLICTS OF INTEREST EXIST BETWEEN US AND SOME OF OUR AFFILIATES, INCLUDING OUR BUSINESS MANAGER/ADVISOR. THESE AFFILIATES INCLUDE INLAND REAL ESTATE CORPORATION, INLAND RETAIL REAL ESTATE TRUST, INC. AND INLAND REAL ESTATE EXCHANGE CORPORATION. INLAND REAL ESTATE CORPORATION IS A PUBLICLY TRADED REIT THAT IS SELF-ADMINISTERED AND IS NO LONGER AFFILIATED WITH THE INLAND GROUP. INLAND REAL ESTATE CORPORATION PURCHASES SHOPPING CENTERS LOCATED IN THE MIDWEST. INLAND RETAIL REAL ESTATE TRUST, INC. IS AFFILIATED WITH THE INLAND GROUP. INLAND RETAIL REAL ESTATE TRUST, INC. GENERALLY PURCHASES SHOPPING CENTERS LOCATED EAST OF THE MISSISSIPPI RIVER. INLAND REAL

ESTATE EXCHANGE CORPORATION IS A SUBSIDIARY OF INLAND REAL ESTATE INVESTMENT CORPORATION. INLAND REAL ESTATE EXCHANGE CORPORATION PROVIDES REPLACEMENT PROPERTIES FOR PEOPLE WISHING TO COMPLETE AN IRS SECTION 1031 REAL ESTATE EXCHANGE. Midwest Real Estate Equities, Inc. is not a subsidiary of The Inland Group, Inc or its affiliates but does have some of the same shareholders as The Inland Group, Inc. Midwest Real Estate Equities buys, manages and sells commercial and multi-family property.

Some of these conflicts include:

- competition for the time and services of personnel that work for us and our affiliates, including such persons as Daniel L. Goodwin, Robert H. Baum, G. Joseph Cosenza, Robert D. Parks, Thomas P. McGuinness, Roberta S. Matlin and Brenda G. Gujral,

which may limit the amount of time these people may spend on our business matters;

- substantial compensation payable by us to Inland Securities Corporation, Inland Western Retail Real Estate Advisory Services, Inc., Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Management LLC for their various services which may not be on market terms and is payable, in most cases, whether or not our stockholders receive distributions;

- competition for properties, although our affiliates are governed by the Property Acquisition Service Agreement which, with certain limitations, gives us a right of first refusal for certain properties west of the Mississippi River; and

- the possibility that we may do business with entities that have pre-existing relationships with our affiliates which may result in a conflict between our business and the ongoing business relationships our affiliates have with each other.

Conflicts of interest may also arise in connection with the potential sale or refinancing of our properties or the enforcement of agreements.

We have an option to acquire or consolidate into us the business conducted by our business manager/advisor and/or our property managers for shares of common stock.

COMPENSATION TO BE PAID TO OUR BUSINESS MANAGER/ADVISOR AND AFFILIATES

We pay our business manager/advisor and affiliates substantial fees for managing our business.

We will also pay the business manager/advisor and other affiliates of our sponsor a number of other fees for services or expense reimbursements during our offering, operational and liquidation stage.

Set forth below is a tabular summary of fees and compensation payable to our business manager/advisor and other affiliates.

Type of Compensation	
Nonsubordinated payments:	
Offering stage:	
Selling commissions	7.5% of the sale price for each share Estimated maximum: $187,500,000. Through September 30, 2004, we have incurred $135,587,028 in selling commissions in connection with our initial public offering. In our initial public offering, we intend to sell 250,000,000 shares of our common stock at $10.00 per share.
Marketing allowance and due diligence expense allowance	2.5% of the gross offering proceeds for marketing allowance and 0.5% of the

	gross offering proceeds for due diligence expense allowance. Through September 30, 2004, we have incurred $16,811,558 in marketing allowance and due diligence expense allowance in connection with our initial public offering. The actual amount of marketing allowance and due diligence expense allowance in connection with this offering will depend on the number of shares sold. If there are no special sales, and we sell the maximum number of shares offered, approximately $75,000,000 will be paid for the marketing allowance and the due diligence expense allowance.
Reimbursable expenses and other expenses of issuance	Estimated amount: $14,684,000. Through September 30, 2004, we have incurred $969,524 of reimbursable expenses to our business manager/advisor in connection with our initial public offering. In addition, in connection with our initial public offering, as of December 31, 2003, our business manager/advisor had advanced an aggregate of approximately $1,763,306 for the payment of offering expenses to non-affiliated third parties, all of which has been repaid. Our sponsor has not advanced any reimbursable expenses in connection with this offering. We may reimburse up to $14,684,000 for offering expenses advanced if we sell the maximum number of shares offered. If the offering is not successful, then our sponsor will be solely responsible for the offering expenses to the extent it has not been reimbursed.
	6
Acquisition stage:	
Acquisition expenses	We will reimburse Inland Real Estate Acquisitions, Inc. for costs incurred, on our behalf, in connection with the acquisition of properties. We will pay an amount, estimated to be up to 0.5% of the total of (1) the gross offering proceeds from the sale of 250,000,000 shares and (2) the gross proceeds from the sale of up to 20,000,000 shares pursuant to the distribution reinvestment programs. The acquisition expenses for any particular property will not exceed 6% of the gross purchase

	price of the property.
Operational stage:	
Property management fee This fee terminates upon a business combination with our property managers.	4.5% of the gross income from the properties. (cannot exceed 90% of the fee which would be payable to an unrelated third party). We will pay the fee for services in connection with the rental, leasing, operation and management of the properties. For the year ended December 31, 2003, and the nine months ended September 30, 2004, we have incurred and paid property management fees of $16,627 and $2,847,427, of which $16,627 and $2,847,427 were retained by Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Management LLC. Actual amounts we will incur in the future cannot be determined at the present time.
Loan servicing fee and mortgage brokerage fee	0.08% of the total principal amount of the loans being serviced for each full year, up to the first $100 million and a lesser percentage on a sliding scale thereafter. For the year ended December 31, 2003, and the nine months ended September 30, 2004, we have incurred and paid $328 and $63,978 to Inland Mortgage Servicing Corporation. For the year ended December 31, 2003, and the nine months ended September 30, 2004, we have incurred and paid $59,523 and $2,241,986 to Inland Mortgage Investment Corporation.
Reimbursable expenses relating to administrative services	The compensation and reimbursements to our business manager/advisor and its affiliates will be approved by a majority of our directors. Actual amounts cannot be determined at the present time. These may include cost of goods and services and non-supervisory services performed directly for us by independent parties.

Liquidation stage:	
Property disposition fee This fee terminates upon a business combination with our business manager/advisor.	Lesser of 3% of sales price or 50% of the customary commission which would be paid to a third party. Actual amounts cannot be determined at the present time.

Subordinated payments:

Operational stage:

Advisor asset management fee This fee terminates upon a business combination with our business manager/advisor.	Not more than 1% per annum of our average assets; subordinated to a non-cumulative, non-compounded return, equal to 6% per annum. Actual amounts cannot be determined at the present time. We will pay the fee for services in connection with our day-to-day operations, including administering our bookkeeping and accounting functions, services as our consultant in connection with policy decisions made by our board, managing our properties or causing them to be managed by another party and providing other services as our board deems appropriate. As of September 30, 2004, we have not paid or accrued any advisor asset management fees. Actual amounts we will incur in the future cannot be determined at the present time.

Liquidation stage:

Incentive advisory fee This fee terminates upon a business combination with the business manager/advisor.	After our stockholders have first received a 10% cumulative, non-compounded return and a return of their net investment, an incentive advisory fee equal to 15% on net proceeds from the sale of a property will be paid to our business manager/advisor.

PRIMARY BUSINESS OBJECTIVE AND STRATEGIES

Our primary business objective is to enhance the performance and value of our properties through active management. Key elements of our strategy are:

Acquisitions:

- To selectively acquire real properties that are diversified types and well-located.

- To selectively acquire properties on an all-cash basis if necessary to provide us with a competitive advantage over potential purchasers who must secure financing. We may, however, acquire properties subject to existing indebtedness if we believe this is in our best interest. We may acquire properties free and clear of permanent mortgage debt by paying the entire purchase price of each property in cash or for shares, interests in entities that own one or more of our properties or a combination of these. However, as of the date of this

prospectus, we had not paid the purchase price of any properties using shares or interests in entities that will own our

properties.

- To diversify geographically within the states west of the Mississippi by acquiring properties primarily located in major metropolitan areas to minimize the potential adverse impact of economic downturns in local markets.

Operations:

- We intend to continue to actively manage costs and minimize operating expenses by centralizing all management, leasing, marketing, financing, accounting, renovation and data processing activities.

- We intend to improve rental income and cash flow by aggressively marketing rentable space.

- We intend to continue to emphasize regular maintenance and periodic renovation to meet the needs of tenants and to maximize long-term returns.

- We intend to continue to maintain a diversified tenant base at our retail centers, consisting primarily of retail tenants providing consumer goods and services.

TERMS OF THE OFFERING

If we sell the maximum amount of shares under the offering, we will have sold a total of 500,020,000 shares, assuming that we sell all of the 250,000,000 shares offered in our initial public offering which began September 2003. These numbers do not include shares issued upon exercise of options granted and which may be granted under our independent director stock option plan, nor do they include shares issued pursuant to our existing distribution reinvestment program.

We are offering a maximum of 250,000,000 shares on a best efforts basis through the managing dealer at $10.00 per share, subject to discounts in some cases. An offering on a best efforts basis is one in which the securities dealers participating in the offering are under no obligation to purchase any of the securities being offered and, therefore, no specified number of securities are guaranteed to be sold and no specified amount of money is guaranteed to be raised from the offering.

We are also offering up to 20,000,000 shares at a purchase price of $9.50 per share to stockholders who elect to participate in our distribution reinvestment program.

The offering price of our shares is subjective and was determined by our board of directors. Our board of directors determined the offering price based upon the offering price in our initial public offering in September 2003, the offering price of earlier REITs organized by our sponsor, the range of other REITs that do not have a public trading market and the recommendation of the managing dealer based on its consultations with likely soliciting dealers.

IS AN INVESTMENT IN US APPROPRIATE FOR YOU?

An investment in us might be appropriate as part of your investment portfolio if:

- You are looking for regular distributions. We intend to pay regular monthly distributions to our domestic stockholders and regular quarterly distributions to our foreign stockholders. We have paid regular distributions to our domestic and foreign stockholders for the past nine months and the past three quarters. The maximum time that you should have to wait to receive the first distribution is 45 days from the date in which we accept your subscription.

- You are looking for a hedge against inflation. We have, and intend to continue to hedge against inflation by entering into leases with tenants which provide for scheduled rent escalations or participation in the growth of tenant sales. This is designed to provide increased distributions and capital appreciation.

- You are looking for capital preservation and appreciation. We intend to acquire, a portfolio of diverse properties, usually on an all cash basis, that are well located. After acquiring these properties, we may finance them, but we anticipate that aggregate borrowings secured by our properties will not exceed 55% of their combined fair market value. Currently, our aggregate borrowings secured by our properties is approximately 55% of their combined fair market value.

WE CANNOT GUARANTEE THAT WE WILL ACHIEVE THESE OBJECTIVES.

DISTRIBUTIONS

We have and intend to continue to pay regular monthly distributions to our domestic stockholders and regular quarterly distributions to our foreign stockholders. The maximum time that you should have to wait to receive the first distribution is 45 days from the date in which we accept your subscription.

In order to maintain our REIT status under federal income tax laws, we intend to distribute at least 90% of our taxable income to our stockholders. For federal income tax purposes only, we may make distributions that include a return of principal or an amount in excess of 95% of cash available to us.

REAL PROPERTY INVESTMENTS

As of December 7, 2004, our real estate portfolio was comprised of 91 properties containing approximately 16.1 million square feet of gross leasable area. The 91 properties consist of 42 retail shopping centers, 26 neighborhood and community shopping center properties, 18 single-user facilities and five joint venture retail shopping centers that we have operating control of, located in 25 states.

SHARE REPURCHASE PROGRAM

We have instituted a share repurchase program. Our share repurchase program provides eligible stockholders with limited interim liquidity by enabling them to sell shares back to us. The prices at which shares may be sold back to us will be one year from the purchase date at $9.25 per share; two years from the purchase date at $9.50 per share; three years from the purchase date at $9.75 per share; and four years from the purchase date at the greater of $10.00 per share or a price equal to ten times our "funds available for distribution" per weighted average share outstanding for the prior calendar year. We may terminate, reduce or otherwise change the above share repurchase program.

ESTIMATED USE OF PROCEEDS

The amounts listed in the table below represent our current estimates concerning the use of the offering proceeds. Since these are estimates, they may not accurately reflect the actual receipt or application of the offering proceeds. The amounts set forth below assume:

- we sell the maximum of 250,000,000 shares in this offering at $10 per share; and
- we sell the maximum of 20,000,000 shares in our distribution reinvestment program at $9.50 per share.

We have not given effect to any special sales or volume discounts which could reduce selling commissions.

	MAXIMUM OFFERING (INCLUDING SHARES SOLD UNDER THE DISTRIBUTION REINVESTMENT PROGRAM)	
	AMOUNT	PERCENT
Gross proceeds	$ 2,690,000,000	100.00%
Less expenses:		
Selling commissions	187,500,000	6.97%
Marketing allowance	62,500,000	2.32%
Due diligence expense allowance	12,500,000	0.46%
Organization and offering	14,684,000	.55%
Total expenses	277,184,000	10.30%
Gross amount available	2,412,816,000	89.70%
Less		
Acquisition expenses	13,450,000	0.50%
Working capital reserve	26,900,000	1.00%
Net cash available	$ 2,372,466,000	88.20%

We will pay the managing dealer cash selling commissions of up to 7.5% on all of the 250,000,000 shares of common stock sold on a best-efforts basis. No selling commission is paid on shares sold through our distribution reinvestment program.

RISK FACTORS

An investment in our shares involves significant risks and therefore is suitable only for those persons who understand those risks and the consequences of their investment and who are able to bear the risk of loss of their entire investment. You should consider the following material risks in addition to other information set forth elsewhere in this prospectus before making your investment decisions.

OUR COMMON STOCK IS NOT CURRENTLY LISTED ON AN EXCHANGE OR TRADING MARKET AND CANNOT BE READILY SOLD. There is currently no public trading market for the shares and we cannot assure you that one will develop. We may never list the shares for trading on a national stock exchange or include the shares for quotation on a national market system. The absence of an active public market for our shares could impair your ability to sell our stock at a profit or at all. By September 15, 2008 our board of directors will determine whether it is in our best interests to apply to have the shares listed on a national stock exchange or included for quotation on a national market system if we meet the applicable listing requirements at that time.

THE PRICE OF OUR COMMON STOCK IS SUBJECTIVE AND MAY NOT BEAR ANY RELATIONSHIP TO WHAT A STOCKHOLDER COULD RECEIVE IF IT WAS SOLD. Our board of directors determined the offering price of our shares of common stock based on the following factors:

- the offering price of our common stock in our initial public offering in September 2003;
- the offering price of the earlier REITs organized by our sponsor;
- the range of offering prices of other REITs that do not have a public trading market; and
- the recommendation of the managing dealer based on its consultations with likely soliciting dealers.

However, the offering price of our shares of common stock may not be the same as the price at which the shares may trade if they were listed on an exchange or actively traded by brokers, nor of the proceeds that a stockholder may receive if we were liquidated or dissolved. As such, any sales may be made at a loss.

YOU DO NOT KNOW WHAT REAL PROPERTIES AND OTHER ASSETS WE MAY ACQUIRE IN THE FUTURE, AND MUST RELY ON OUR BUSINESS MANAGER/ADVISOR, OUR BOARD AND OFFICERS TO SELECT THEM AND STOCKHOLDERS WILL NOT PARTICIPATE IN THESE DECISIONS. We intend to acquire commercial retail properties. Although we have already acquired 91 properties, and we are considering acquiring others, no information is available as to the identification, location, operating histories, lease terms or other relevant economic and financial data of any other properties or other assets we may purchase in the future. As a result, you must rely on us to locate and acquire additional suitable investment properties. In addition, our board of directors may approve future equity offerings or obtain financing, the proceeds of which may be invested in additional properties; therefore, you will not have an opportunity to evaluate all of the properties that will be in our portfolio. Stockholders will not participate in evaluating these investment opportunities. Nonetheless, you will be unable to evaluate the manner in which we invest the proceeds of this offering or the economic merit of particular properties prior to their acquisition. This prospectus only describes the parameters we will use to acquire additional real properties and other assets.

COMPETITION WITH THIRD PARTIES IN ACQUIRING PROPERTIES WILL REDUCE OUR PROFITABILITY AND THE RETURN ON YOUR INVESTMENT. We compete with many other entities engaged in real estate investment activities, many of which have greater resources than we do. Larger REITs may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced

operating efficiencies. In addition, the number of entities and the amount of funds competing for suitable investment properties may increase. This will result in increased demand for these assets and therefore increased prices paid for them. If we pay higher prices for properties, our profitability is reduced and you will experience a lower return on your investment.

WE WILL COMPETE WITH REAL ESTATE INVESTMENT PROGRAMS SPONSORED BY COMPANIES AFFILIATED WITH US FOR THE ACQUISITION OF PROPERTIES AND FOR THE TIME AND SERVICES OF PERSONNEL. Affiliated companies have previously sponsored other REITs, private real estate equity programs and private placement mortgage and note programs, and affiliated companies in the future may sponsor other real estate investment programs. These affiliated companies include Inland Real Estate Corporation, Inland Retail Real Estate Trust, Inc., Inland Real Estate Exchange Corporation and other entities to be formed by The Inland Group, Inc. We will compete with these existing and future real estate investment programs for the acquisition of properties of a type suitable for our investment, for the time and services of personnel of our business manager/advisor and affiliates of our business manager/advisor in connection with our operation and the management of our assets, and for obtaining and retaining investors for our common stock. We will generally be acquiring properties that are located primarily west of the Mississippi River and single user net lease properties located anywhere in the United States and therefore our geographic diversity may be limited.

WE PLAN TO INCUR MORTGAGE INDEBTEDNESS AND OTHER BORROWINGS, WHICH MAY REDUCE THE FUNDS AVAILABLE FOR DISTRIBUTION, MAY INCREASE THE RISK OF LOSS SINCE DEFAULTS MAY RESULT IN FORECLOSURE AND MORTGAGES MAY INCLUDE CROSS-COLLATERALIZATION OR CROSS-DEFAULT PROVISIONS THAT INCREASE THE RISK THAT MORE THAN ONE PROPERTY MAY BE AFFECTED BY A DEFAULT. We may, in some instances, use either existing financing or borrow new funds to acquire properties. We intend to incur or increase our mortgage debt by obtaining loans secured by selected or all of the real properties to obtain funds to acquire additional real properties. We may also borrow funds if necessary to satisfy the requirement that we distribute to stockholders as dividends at least 90% of our annual REIT taxable income, or otherwise as is necessary or advisable to assure that we maintain our qualification as a REIT for federal income tax purposes. Currently, our aggregate borrowings secured by our properties is approximately 55% of their combined fair market value.

We may incur mortgage debt on a particular real property if we believe the property's projected cash flow is sufficient to service the mortgage debt. However, if there is a shortfall in cash flow, then the amount available for distributions to stockholders may be affected. In addition, incurring mortgage debt increases the risk of loss since defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and our loss of the property securing the loan which is in default. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds. We may give full or partial guarantees to lenders of mortgage debt to the entity that owns our properties. In such cases, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. If any mortgages contain cross-collateralization or cross-default provisions, there is a risk that more than one real property may be affected by a default.

If mortgage debt is unavailable at reasonable rates, we will not be able to place financing on the properties, which could reduce distributions per share. If we place mortgage debt on the properties, we run the risk of being unable to refinance the properties when the loans come due, or of being unable to refinance on favorable terms. If interest rates are higher when the

properties are refinanced, our net income could be reduced, which would reduce cash available for distribution to stockholders and may prevent us from raising capital by issuing more stock and may prevent us from borrowing more money.

IF WE HAVE INSUFFICIENT WORKING CAPITAL RESERVES, WE WILL HAVE TO OBTAIN FINANCING FROM OTHER SOURCES. We have established working capital reserves which we believe are adequate to cover our cash needs. However, if these reserves are insufficient to meet our cash needs, we may have to obtain financing from either affiliated or unaffiliated sources to fund our cash requirements. We cannot assure you that sufficient financing will be available or, if available, will be available on economically feasible terms or on terms acceptable to us. Additional borrowing for working capital purposes will increase our interest expense and therefore, our financial condition and our ability to pay distributions may be adversely affected.

THE TYPES OF PROPERTIES WHICH WE INTEND TO ACQUIRE AND THE AREA IN WHICH WE MAY ACQUIRE RETAIL CENTERS IS LIMITED. We primarily acquire and manage retail centers. We intend to acquire retail centers primarily in the states west of the Mississippi River. Adverse economic conditions affecting that area could adversely affect our profitability to a greater degree than if we had diversified our investments to include other types of real estate over a larger geographic region.

THE AGGREGATE AMOUNT WE MAY BORROW IS LIMITED UNDER OUR ARTICLES OF INCORPORATION. Our articles of incorporation limit the aggregate amount we may borrow, secured and unsecured, to 300% of our net assets, absent a satisfactory showing that a higher level is appropriate. Currently, our aggregate borrowings are approximately 164% of our net assets. That limitation could have adverse consequences on our business, including:

- freezing our ability to purchase properties;

- causing us to lose our REIT status if borrowing was necessary to distribute the required minimum amount of cash to our stockholders for us to qualify as a REIT;

- causing operational problems if there are cash flow shortfalls for working capital purposes; and

- resulting in the loss of a property if, for example, financing was necessary to cure a default on a mortgage.

In order to change this limitation, we must obtain approval by a majority of our independent directors and by a majority of our stockholders. There will be a delay before approval can be obtained, if it can be obtained at all. It is possible that even if the required approval is obtained, it may not be obtained in sufficient time to avoid the adverse consequences of not having the additional funding when it is needed.

BECAUSE OF THE WAY WE ARE ORGANIZED, WE WOULD BE A DIFFICULT TAKEOVER TARGET. THIS COULD DEPRESS THE PRICE OF OUR STOCK AND INHIBIT A MANAGEMENT CHANGE. Provisions which may have an anti-takeover effect and inhibit a change in our management include:

- THERE ARE OWNERSHIP LIMITS AND RESTRICTIONS ON TRANSFERABILITY AND OWNERSHIP IN OUR ARTICLES OF INCORPORATION. In order for us to qualify as a REIT, no more than 50% of the outstanding shares of our stock may be beneficially owned, directly or indirectly, by five or fewer individuals at any time during the last half of each

taxable year. To assure that we will not fail to qualify as a REIT under this test, our articles of incorporation provide that, subject to some exceptions, no person may beneficially own more than 9.8% of our common stock.

This restriction may:

- have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might involve a premium price for holders of our common stock; or

- compel a stockholder who had acquired more than 9.8% of our stock to dispose of the additional shares and, as a result, to forfeit the benefits of owning the additional shares.

- OUR ARTICLES OF INCORPORATION PERMIT OUR BOARD OF DIRECTORS TO ISSUE PREFERRED STOCK WITH TERMS THAT MAY DISCOURAGE A THIRD PARTY FROM ACQUIRING US. Our articles of incorporation permit our board of directors to issue, without stockholder approval, up to 10 million shares of preferred stock. The board may classify or reclassify any unissued preferred stock and establish preferences, conversion or other rights, voting power, restrictions, limitations as to dividends and other distributions, qualifications, or terms or conditions of redemption, of any preferred stock. Thus, our board could authorize, without the approval by our stockholders, the issuance of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as merger, tender offer or sale of all or substantially all of our assets) that might provide a premium for holders of our common stock.

- MARYLAND LAW MAY DISCOURAGE A THIRD PARTY FROM ACQUIRING US. Maryland law restricts mergers and other business combinations between us and an interested stockholder. Under the Maryland Business Combination Act, an anti-takeover statute, for a period of five years after the most recent acquisition of stock by an interested stockholder, we may not engage in any merger or other business combination with that interested stockholder or any affiliate of that interested stockholder. After the five-year period, any merger or other business combination must be approved by our board of directors and by at least 80% of all the votes entitled to be cast by holders of outstanding shares of our voting stock and two-thirds of all the votes entitled to be cast by holders of outstanding shares of our voting stock other than the interested stockholder with whom the business combination is to be effected. The votes cited in the previous sentence would not apply if, among other things, the stockholders of the company receive in the business combination a minimum consideration for their common stock equal to the highest price paid by the interested stockholder for its common stock. However, as permitted by the Maryland Business Combination Act, our articles of incorporation provide that the business combination provisions of Maryland law do not apply to any business combination involving us and our affiliates. As a result, the five-year prohibition and the

super-majority stockholder vote requirements will not apply to any business combinations between us and our affiliates. The Maryland Business Combination Act could have the effect of discouraging offers from third parties to acquire us and of increasing the difficulty of successfully completing a business combination. See "Description of Securities - Provisions of Maryland Law and our Articles of Incorporation and Bylaws."

- MARYLAND LAW ALSO LIMITS THE ABILITY OF A THIRD PARTY TO BUY A LARGE STAKE IN US AND EXERCISE VOTING POWER IN ELECTING DIRECTORS. Maryland law provides a second anti-takeover statute, its Control Share Acquisition Act, which provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by the corporation's disinterested stockholders by a vote of two-thirds of the votes entitled to be cast on the matter; shares of stock owned by interested stockholders, that

is, by the acquirer, by officers or by directors who are employees of the corporation, are not entitled to be cast on the matter. "Control shares" are voting shares of stock which would entitle the acquirer to exercise voting power in electing directors within specified ranges of voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition of control shares. The control share acquisition statute does not apply (i) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (ii) to acquisitions approved or exempted by the articles of incorporation or bylaws of the corporation. As permitted by the Maryland Control Share Acquisition Act, our bylaws exempt our affiliates from the Maryland control share acquisition statute. This statute could have the effect of discouraging offers from third parties to acquire us and increasing the difficulty of successfully completing this type of offer by anyone other than our affiliates or any of their affiliates. See "Description of Securities - Provisions of Maryland Law and our Articles of Incorporation and Bylaws - Control Share Acquisition."

YOUR INVESTMENT RETURN MAY BE REDUCED IF WE ARE REQUIRED TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT. We are not registered as an investment company under the Investment Company Act of 1940. If we were obligated to register as an investment company, we would have to comply with a variety of substantive requirements under the Investment Company Act. These requirements include:

- limitations on capital structure;

- restrictions on specified investments;

- prohibitions on transactions with affiliates; and

- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly change our operations.

In order to maintain our exemption from regulation under the Investment Company Act of 1940, we must engage primarily in the business of buying real

estate, and these investments must be made within a year after the offering ends. If we are unable to invest a significant portion of the proceeds of this offering in properties within one year of the termination of the offering, we may avoid being required to register as an investment company by temporarily investing any unused proceeds in government securities with low returns. This would reduce the cash available for distribution to investors and possibly lower your returns.

To maintain compliance with the Investment Company Act exemption, we may be unable to sell assets we would otherwise want to sell and may need to sell assets we would otherwise wish to retain. In addition, we may have to acquire additional income or loss generating assets that we might not otherwise have acquired or may have to forgo opportunities to acquire interests in companies that we would otherwise want to acquire and would be important to our strategy.

If we were required to register as an investment company but failed to do so, we would be prohibited from engaging in our business, and criminal and civil actions could be brought against us. In addition, our contracts would be unenforceable unless a court were to require enforcement, and a court could appoint a receiver to take control of us and liquidate our business.

THERE ARE MANY FACTORS WHICH CAN AFFECT DISTRIBUTIONS TO STOCKHOLDERS. Distributions will be based principally on cash available from our properties, real estate securities, and other investments. The

amount of cash available for distributions will be affected by many factors, such as our ability to buy properties as offering proceeds become available, the yields on securities of other REITs which we invest in, and our operating expense levels, as well as many other variables. Actual cash available for distributions may vary substantially from estimates. We can give no assurance that we will be able to pay or maintain distributions or that distributions will increase over time. Nor can we give any assurance that rents from the properties will increase, that the securities we buy will increase in value or provide increased dividends over time, or that future acquisitions of real properties or our investments in securities will increase our cash available for distributions to stockholders. Our actual results may differ from the assumptions used by our board of directors in establishing the initial distribution rate to stockholders. Some of these factors are beyond our control, and a change in any one factor could adversely affect our ability to pay future distributions:

- If one or more tenants defaults or terminates their lease, there could be a decrease or cessation of rental payments which would mean less cash available for distributions.

- Cash available for distributions may be reduced if we are required to spend money to correct defects or to make improvements to properties.

- Cash available to make distributions may decrease if the assets we acquire have lower yields than expected.

- There may be a delay between the sale of the common stock and our purchase of real properties. During that time, we may invest in lower yielding short term instruments, which could result in a lower yield on your investment.

- Federal income tax laws require REITs to distribute at least 90% of their taxable income to stockholders. This limits the earnings

which we may retain for corporate growth, such as property acquisition, development or expansion and makes us more dependent upon additional debt or equity financing than corporations which are not REITs. If we borrow more funds in the future, more of our operating cash will be needed to make debt payments and cash available for distributions may therefore decrease.

- In connection with future property acquisitions, we may issue additional shares of common stock or interests in other entities that own our properties. We cannot predict the number of shares of common stock, units or interests which we may issue, or the effect that these additional shares might have on cash available for distributions to you. If we issue additional shares, they could reduce the cash available for distributions to you.

- We make distributions to our stockholders to comply with the distribution requirements of the Internal Revenue Code and to eliminate, or at least minimize, exposure to federal income taxes and the nondeductible REIT excise tax. Differences in timing between the receipt of income and the payment of expenses and the effect of required debt payments could require us to borrow funds on a short term basis to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT.

OUR DERIVATIVE FINANCIAL INSTRUMENTS USED TO HEDGE AGAINST INTEREST RATE FLUCTUATIONS COULD REDUCE THE OVERALL RETURNS ON YOUR INVESTMENT. We may use derivative financial instruments to hedge exposures to changes in interest rates on loans secured by our properties. To the extent we do, we are exposed to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty

owes us, which creates credit risk for us. When the fair value of a derivative contract is negative, we owe the counterparty and, therefore, it does not possess credit risk.

Our hedging strategy and use of derivative financial instruments may reduce the overall returns on your investments. We have had limited experience with derivative financial instruments and so far we have recognized losses in our use of derivative financial instruments.

WE COULD ISSUE MORE SHARES IN THE FUTURE, WHICH COULD REDUCE THE MARKET PRICE OF OUR OUTSTANDING SHARES. We have the power to issue more shares of our common stock in the future. We cannot predict the effect on the market price of our outstanding common stock, if any, of future sales by us of shares of our common stock, or the availability of shares for future sales through the exercise of options granted to independent directors under our independent director stock option plan. The issuance of these additional shares, or the perception that these shares could be issued, could adversely affect the prevailing market prices, if any, for our common stock.

OUR SHARE REPURCHASE PROGRAM IS LIMITED TO 5% OF THE WEIGHTED AVERAGE NUMBER OF SHARES OF OUR STOCK OUTSTANDING DURING THE PRIOR CALENDAR YEAR AND MAY BE CHANGED OR TERMINATED BY US, THEREBY REDUCING THE POTENTIAL LIQUIDITY OF YOUR INVESTMENT. In accordance with our share repurchase program, a maximum of 5% of the weighed average number of shares of our stock outstanding during the prior calendar year may be repurchased by us. This standard limits the number of shares we can purchase. Our board also has the ability to change or terminate,

at any time, our share repurchase program. If we terminate or modify our share repurchase program or if we do not have sufficient funds available to repurchase all shares that our stockholders request to repurchase, then our stockholders' ability to liquidate their shares will be diminished.

STOCKHOLDERS HAVE LIMITED CONTROL OVER CHANGES IN OUR POLICIES. Our board of directors determines our major policies, including our investment objectives, financing, growth, debt capitalization, REIT qualification and distributions. Our board of directors may amend or revise these and other policies without a vote of the stockholders. This means that stockholders will have limited control over changes in our policies.

IF WE INVEST IN JOINT VENTURES, THE OBJECTIVES OF OUR PARTNERS MAY CONFLICT WITH OUR OBJECTIVES. We may make investments in joint ventures or other partnership arrangements between us and affiliates of our sponsor or with unaffiliated third parties. Investments in joint ventures which own real properties may involve risks otherwise not present when we purchase real properties directly. For example, our co-venturer may file for bankruptcy protection, may have economic or business interests or goals which are inconsistent with our interests or goals, or may take actions contrary to our instructions, requests, policies or objectives. Among other things, actions by a co-venturer might subject real properties owned by the joint venture to liabilities greater than those contemplated by the terms of the joint venture or other adverse consequences.

IF WE SELL PROPERTIES BY PROVIDING FINANCING TO PURCHASERS, WE WILL BEAR THE RISK OF DEFAULT BY THE PURCHASER. If we decide to sell any of our properties, we will use our best efforts to sell for cash. However, we may sell our properties by providing financing to purchasers. When we provide financing to purchasers, we will bear the risk of default by the purchaser and will be subject to remedies provided by law. There are no limitations or restrictions on our ability to take purchase money obligations. We may therefore take a purchase money obligation secured by a mortgage as part payment for the purchase price. The terms of payment to us will be affected by custom in the area where the property being sold is located and the then-prevailing economic conditions. If we receive promissory notes or other property in lieu of cash from property sales, the distribution of the proceeds of sales to our stockholders, or their reinvestment in other properties, will be delayed until the promissory notes or other property are actually paid, sold, refinanced or otherwise disposed of. In some cases, we may receive initial down payments in

cash and other property in the year of sale in an amount less than the selling price and subsequent payments will be spread over a number of years.

DELAYS IN ACQUISITIONS OF PROPERTIES MAY HAVE AN ADVERSE EFFECT. Delays we encounter in the selection, acquisition and development of properties could adversely affect your returns and distributions on your investment. Where we acquire properties prior to the start of construction or during the early stages of construction, it will typically take several months to complete construction and rent available space. Therefore, you could suffer delays in your distributions attributable to those particular properties. In addition, it takes a certain amount of time to locate, negotiate an acceptable purchase contract, conduct due diligence and ultimately acquire a property. If we are unable to invest our offering proceeds in income producing real properties in a timely manner, this may adversely affect the funds available for distribution.

WE MAY NOT BE ABLE TO IMMEDIATELY INVEST PROCEEDS IN REAL ESTATE, WHICH WILL HARM YOUR RETURNS. Until we invest the proceeds of this offering in real estate investments, we may invest in short-term, highly liquid or other

authorized investments. Such short-term investments are not likely to earn as high a return as we expect to earn on our real estate investments, and we cannot guarantee how long it will take us to fully invest the proceeds of this offering in real estate investments. If we are unable to locate and close on real estate investments promptly, or in a manner consistent with the capital we raise, the funds available for your distributions could be reduced.

WE DEPEND ON OUR BOARD OF DIRECTORS, BUSINESS MANAGER/ADVISOR AND PROPERTY MANAGERS AND LOSING THOSE RELATIONSHIPS COULD NEGATIVELY AFFECT OUR OPERATIONS. Our board of directors has supervisory control over all aspects of our operations. Our ability to achieve our investment objectives will depend to a large extent on the board's ability to oversee, and the quality of, the management provided by the business manager/advisor, the property managers, their affiliates and employees for day-to-day operations. Therefore, we depend heavily on the ability of the business manager/advisor and its affiliates to retain the services of each of its executive officers and key employees. However, none of these individuals has an employment agreement with the business manager/advisor or its affiliates. The loss of any of these individuals could have a material adverse effect on us. These individuals include Daniel L. Goodwin, Robert H. Baum, G. Joseph Cosenza, Robert D. Parks, Thomas P. McGuinness, Roberta S. Matlin and Brenda G. Gujral.

Our business manager/advisor must reimburse us for certain operational stage expenses exceeding 15% of the gross offering proceeds. If the business manager/advisor's net worth or cash flow is not sufficient to cover these expenses, we will not be reimbursed.

THERE ARE CONFLICTS OF INTEREST BETWEEN US AND OUR AFFILIATES. Our operation and management may be influenced or affected by conflicts of interest arising out of our relationship with our affiliates. Our business manager/advisor and its affiliates are or will be engaged in other activities that will result in potential conflicts of interest with the services that the business manager/advisor and affiliates will provide to us. Those affiliates could take actions that are more favorable to other entities than to us. The resolution of conflicts in favor of other entities could have a negative impact on our financial performance. These affiliates include Inland Retail Real Estate Trust, Inc., Inland Western Retail Real Estate Advisory Services, Inc., our business manager/advisor, Inland Real Estate Corporation, Inland Real Estate Exchange Corporation and entities to be formed by The Inland Group, Inc. Inland Real Estate Corporation is a publicly traded REIT that is self-administered and is no longer affiliated with The Inland Group. Inland Real Estate Corporation generally purchases shopping centers located in the Midwest. Inland Retail Real Estate Trust, Inc. is affiliated with The Inland Group, Inc. Inland Retail Real Estate Trust, Inc. purchases shopping centers located east of the Mississippi River. Inland Real Estate Exchange Corporation is a subsidiary of Inland Real Estate Investment Corporation. Inland Real Estate Exchange

Corporation provides replacement properties for people wishing to complete an IRS Section 1031 real estate exchange. Our business manager/advisor receives fees based on the book value including acquired intangibles of the properties under management. Specific conflicts of interest between us and our affiliates include:

- WE MAY ACQUIRE PROPERTIES FROM AFFILIATES OF OUR SPONSOR IN TRANSACTIONS IN WHICH THE PRICE WILL NOT BE THE RESULT OF ARM'S LENGTH NEGOTIATIONS. The prices we pay to affiliates of our sponsor for our properties will be equal to the prices paid by them, plus the costs incurred by them relating to the acquisition and financing of the properties. These prices will not be the

subject of arm's length negotiations, which could mean that the acquisitions may be on terms less favorable to us than those negotiated in an arm's-length transaction. The result of these transactions could cause us to pay more for particular properties than we would have in an arm's length transaction and therefore, adversely affect our cash flow and our ability to pay your distributions.

- WE MAY PURCHASE REAL PROPERTIES FROM PERSONS WITH WHOM OUR BUSINESS MANAGER/ADVISOR OR ITS AFFILIATES HAVE PRIOR BUSINESS RELATIONSHIPS AND OUR INTERESTS IN THESE BUSINESS RELATIONSHIPS MAY BE DIFFERENT FROM THE INTERESTS OF OUR BUSINESS MANAGER/ADVISOR OR ITS AFFILIATES IN THESE BUSINESS RELATIONSHIPS. We may purchase properties from third parties who have sold properties in the past, or who may sell properties in the future, to our business manager/advisor or its affiliates. If we purchase properties from these third parties, our business manager/advisor will experience a conflict between our current interests and its interest in preserving any ongoing business relationship with these sellers. This could result in our business manager/advisor or its affiliates recommending properties that may be in the best interest of the third party seller, but not our best interest. This could adversely impact our portfolio by causing us to invest in properties that are not necessarily in our best interest.

- OUR BUSINESS MANAGER/ADVISOR AND ITS AFFILIATES RECEIVE COMMISSIONS, FEES AND OTHER COMPENSATION BASED UPON OUR INVESTMENTS AND THEREFORE OUR BUSINESS MANAGER/ADVISOR AND ITS AFFILIATES MAY RECOMMEND THAT WE MAKE INVESTMENTS IN ORDER TO INCREASE THEIR COMPENSATION. Our business manager/advisor and its affiliates receive commissions, fees and other compensation based upon our investments. They benefit by us retaining ownership of our assets and leveraging our assets, while you may be better served by sale or disposition or not leveraging the assets. In addition, our business manager/advisor's ability to receive fees and reimbursements depends on our continued investment in properties and in other assets which generate fees. Our business manager/advisor receives fees based on the book value including acquired intangibles of the properties under management. Our property managers receive fees based on the income from properties under management. Therefore, our business manager/advisor and/or property managers may recommend that we purchase properties that generate fees for our business manager/advisor and property managers, but are not necessarily the most suitable investment for our portfolio. In addition, our affiliates, who receive fees, including our business manager/advisor, may recommend that we acquire properties, which may result in our incurring substantive amounts of indebtedness. Therefore, the interest of our business manager/advisor and its affiliates in receiving fees may conflict with our ability to earn income and may result in our incurring substantive amounts of indebtedness. The resolution of this conflict of interest may adversely impact our cash flow and our ability to pay your distributions.

- OUR BUSINESS MANAGER/ADVISOR MAY HAVE CONFLICTING FIDUCIARY OBLIGATIONS IF WE ACQUIRE PROPERTIES WITH ITS AFFILIATES. Our business manager/advisor may cause us to acquire an

interest in a property through a joint venture with its

affiliates. In these circumstances, our business manager/advisor will have a fiduciary duty to both us and its affiliates participating in the joint venture. The resolution of this conflict of interest may cause the business manager/advisor to sacrifice our best interest in favor of the seller of the property and therefore, we may enter into a transaction that is not in our best interest. The resolution of this conflict of interest may negatively impact our financial performance.

- THERE IS COMPETITION FOR THE TIME AND SERVICES OF OUR BUSINESS MANAGER/ADVISOR AND OUR BUSINESS MANAGER/ADVISOR MAY NOT DEDICATE THE TIME NECESSARY TO MANAGER OUR BUSINESS. We rely on our business manager/advisor and its affiliates for our daily operation and the management of our assets. Our officers and other personnel of our business manager/advisor and its affiliates have conflicts in allocating their management time, services and functions among the real estate investment programs they currently service and any future real estate investment programs or other business ventures which they may organize or serve. Those personnel could take actions that are more favorable to other entities than to us. The resolution of conflicts in favor of other entities could have a negative impact on our financial performance.

- INLAND SECURITIES CORPORATION IS PARTICIPATING AS MANAGING DEALER IN THE SALE OF THE SHARES. Inland Securities Corporation is our managing dealer of this offering and is affiliated with The Inland Group. Our managing dealer is entitled to selling commissions and reimbursement for marketing and due diligence expenses. Our managing dealer may be subject to a conflict of interest arising out of its participation in this offering and its affiliation with The Inland Group in performing its "due diligence" obligations which arise under the Securities Act of 1933. The resolution of this conflict of interest could have a negative impact on our financial performance.

- WE MAY ACQUIRE THE BUSINESS OF OUR BUSINESS MANAGER/ADVISOR AND OUR PROPERTY MANAGERS WITHOUT FURTHER ACTION BY OUR STOCKHOLDERS. During the term of our agreements with our business manager/advisor and our property managers, we have the option to acquire or consolidate the business conducted by them without any consent of our stockholders, our business manager/advisor or our property managers. We may elect to exercise this right at any time after September 15, 2008. This unfettered discretion could cause us to take action that otherwise we would not be able to do, and therefore could have a negative impact on our financial performance.

- WE DO NOT HAVE ARM'S-LENGTH AGREEMENTS, WHICH COULD CONTAIN TERMS WHICH ARE NOT IN OUR BEST INTEREST. As we have noted, our agreements and arrangements with our business manager/advisor or any of its affiliates, including those relating to compensation, are not the result of arm's length negotiations. These agreements may contain terms that our not in our best interest and would not otherwise be applicable if we entered into arm's-length agreements. See "Conflicts of Interest" for a discussion of various conflicts of interest.

WE CANNOT PREDICT THE AMOUNTS OF COMPENSATION TO BE PAID TO OUR BUSINESS MANAGER/ADVISOR AND OUR OTHER AFFILIATES. Because the fees that we will pay to our business manager/advisor and our other affiliates are based on the level of our business activity, it is not possible to predict the amounts of

compensation that we will be required to pay these entities. In addition, because key employees of our affiliates are given broad discretion to determine when to consummate a transaction, we rely on these key persons to dictate the level of our business activity. Fees paid to our affiliates will reduce funds available for distribution. Because we cannot predict the amount of fees due to these affiliates, we cannot predict how precisely such fees will impact our distributions.

THE MANAGING DEALER HAS NOT MADE AN INDEPENDENT REVIEW OF US OR THE PROSPECTUS. The managing dealer, Inland Securities Corporation, is one of our affiliates and will not make an independent review of us or the offering. Accordingly, you do not have the benefit of an independent review of the terms of this offering. Further, the due diligence investigation of us by the managing dealer, also an affiliate, cannot be considered to be an independent review and, therefore, may not be as meaningful as a review conducted by an unaffiliated broker-dealer or investment banker. In addition, a substantial portion of the proceeds of the offering will be paid to the managing dealer for managing the offering, including cash selling commissions, a marketing allowance and a due diligence expense allowance.

OUR RIGHTS AND THE RIGHTS OF OUR STOCKHOLDERS TO TAKE ACTION AGAINST OUR DIRECTORS AND OFFICERS AND THE BUSINESS MANAGER/ADVISOR ARE LIMITED. Maryland law provides that a director has no liability in the capacity as a director if he performs his duties in good faith, in a manner he reasonably believes to be in our best interests, and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Maryland law also provides that an act by a director of a Maryland corporation is presumed to satisfy the standards of the preceding sentence. Additionally, our articles of incorporation limit the liability of our directors and officers to us and to our stockholders for monetary damages to the maximum extent permitted under Maryland law. Our articles of incorporation, in the case of our directors, officers, employees and agents, and the advisory agreement, in the case of the business manager/advisor, require us to indemnify our directors, officers, employees and agents and the business manager/advisor for actions taken by them in good faith and without negligence or misconduct. Moreover, we have entered into separate indemnification agreements with each of our directors and some of our executive officers. As a result, we and our stockholders may have more limited rights against our directors, officers, employees and agents, and the business manager/advisor than might otherwise exist under common law. In addition, we may be obligated to fund the defense costs incurred by our directors, officers, employees and agents or the business manager/advisor in some cases. See "Limitation of Liability and Indemnification of Directors, Officers and Our Business Manager/Advisor."

THE BUSINESS OF OUR BUSINESS MANAGER/ADVISOR AND OUR PROPERTY MANAGERS MAY BE ACQUIRED BY US WITHOUT FURTHER ACTION OF OUR STOCKHOLDERS. During the term of our agreements with our business manager/advisor and our property managers, we have the option to cause the business conducted by our business manager/advisor and/or our property managers (including all of their assets) to be acquired by or consolidated into us, without any consent of our stockholders, our business manager/advisor or our property managers or their respective board of directors or stockholders or shareholders in certain instances. We may elect to exercise this right as soon as any time after September 15, 2008. Our decision to exercise this right will be determined by a vote of a majority of our directors not otherwise interested in the transaction (including a majority of our independent directors). Our business manager/advisor and our property managers and/or their respective stockholders and shareholders will receive in connection with such an acquisition and in exchange for the transfer of all of the stock or assets of our business manager/advisor and/or our property

managers, as the case may be, and for terminating their contractual relationships with us and the release or waiver of all their fees payable under the provisions of those contractual arrangements until their stated termination, but not paid, a determinable number of our shares. We will be obligated to pay any fees accrued under such contractual arrangements for services rendered through the closing of such acquisitions. In the event such an acquisition transaction is structured as a purchase of assets by us or a share exchange in which we are the acquiring corporation, our articles of incorporation and Maryland law will permit us to enter into and to consummate such a transaction without obtaining the approval of our stockholders. We do not presently intend to seek such stockholder approval if it is not then required by Maryland law or our articles of incorporation. Any such transaction will occur, if at all, only if our board of directors obtains a fairness opinion from a recognized financial advisor or institution providing valuation services to the effect that the consideration to be paid therefore is fair, from a financial point of view, to our stockholders. As a

result, our stockholders will not have a right to vote on a decision to acquire the business manager/advisor or property managers and such transaction could dilute your holdings.

YOUR PERCENTAGE OF OWNERSHIP MAY BECOME DILUTED IF WE ISSUE NEW SHARES OF STOCK. Stockholders have no rights to buy additional shares of stock in the event we issue new shares of stock, known as preemptive rights. We may issue common stock, convertible debt or preferred stock in a subsequent public offering or a private placement, upon exercise of options, or to sellers of properties we directly or indirectly acquire instead of, or in addition to, cash consideration. Investors purchasing common stock in this offering who do not participate in any future stock issues will experience dilution in the percentage of the issued and outstanding stock they own. Your investment will not be diluted as a result of any future stock issues if we sell any subsequently issued common stock for cash or property having a value of not less than $10 per share. Options to purchase common stock to be issued to independent directors under our independent director stock option plan, and/or convertible securities, if any, likely will be exercised or converted at a time when we seek to obtain needed capital through a new offering of our securities and on terms more favorable than those provided by the offered securities. As long as options on convertible securities remain unexercised or unconverted, the terms on which we could raise additional capital may be adversely affected, increasing the likelihood of your ownership percentage being diluted.

THERE ARE INHERENT RISKS WITH REAL ESTATE INVESTMENTS. All real property investments are subject to some degree of risk. Equity real estate investments cannot be quickly converted to cash. This limits our ability to promptly vary our portfolio in response to changing economic, financial and investment conditions. Real property investments are also subject to adverse changes in general economic conditions or local conditions which reduce the demand for rental space. Other factors also affect real estate values, including:

- possible federal, state or local regulations and controls affecting rents, prices of goods, fuel and energy consumption and prices, water and environmental restrictions;

- increasing labor and material costs; and

- the attractiveness of the property to tenants in the neighborhood.

The yields available from equity investments in real estate depend in

large part on the amount of rental income earned, as well as property operating expenses and other costs we incur. If our properties do not generate revenues sufficient to meet operating expenses, we may have to borrow amounts to cover fixed costs, and our cash available for distributions may be adversely affected.

Prior investment programs of our sponsor experienced mortgage defaults and restructuring of debt. The principal real estate related adverse effects experienced by prior investment programs sponsored by The Inland Group and its affiliates were mortgage defaults and restructuring of debt.

ADVERSE ECONOMIC CONDITIONS IN OUR PRIMARY GEOGRAPHIC REGION AND IN THE MARKET FOR RETAIL SPACE COULD REDUCE OUR INCOME AND DISTRIBUTIONS TO YOU. We intend to acquire properties that will be located primarily in states west of the Mississippi River in the United States. Our properties will primarily be used as retail establishments, principally multi-tenant shopping centers. The economic performance of our properties could be affected by changes in local economic conditions. Our performance is therefore linked to economic conditions in areas where we have acquired or intend to acquire properties and in the market for retail space generally. Therefore, to the extent that there are adverse economic conditions in an area and in the market for retail space generally that impact the market rents for retail space, such conditions could result in a reduction of our income and cash available for distributions and thus affect the amount of distributions we can make to you.

In addition, we intend to predominantly own and operate grocery and discount anchored retail centers. To the extent that the investing public has a negative perception of the retail sector, the value of our common stock may be negatively impacted, thereby resulting in the shares trading (if at all) at a discount below the inherent value of our assets as a whole.

RISING EXPENSES COULD REDUCE CASH FLOW AND FUNDS AVAILABLE FOR FUTURE ACQUISITIONS. Our properties and any properties we buy in the future are and will be subject to operating risks common to real estate in general, any or all of which may negatively affect us. If any property is not fully occupied or if rents are being paid in an amount that is insufficient to cover operating expenses, we could be required to expend funds with respect to that property for operating expenses. The properties will be subject to increases in tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses.

While some of our properties may be leased on a triple-net-lease basis or require the tenants to pay a portion of such expenses, renewals of leases or future leases may not be negotiated on that basis, in which event we will have to pay those costs. If we are unable to lease properties on a triple-net-lease basis or on a basis requiring the tenants to pay all or some of such expenses, or if tenants fail to pay required tax, utility and other impositions, we could be required to pay those costs which could adversely affect funds available for future acquisitions or cash available for distributions.

IF OUR TENANTS ARE UNABLE TO MAKE RENTAL PAYMENTS, IF THEIR RENTAL PAYMENTS ARE REDUCED, OR IF THEY TERMINATE A LEASE, OUR FINANCIAL CONDITION AND ABILITY TO PAY DISTRIBUTIONS WILL BE ADVERSELY AFFECTED. We are subject to the risk that tenants, as well as lease guarantors, if any, may be unable to make their lease payments or may decline to extend a lease upon its expiration. A default by a tenant, the failure of a guarantor to fulfill its obligations or other premature termination of a lease, or a tenant's election not to extend a lease upon its expiration, could have an adverse effect on our financial condition and our ability to pay distributions.

OUR FINANCIAL CONDITION AND ABILITY TO MAKE DISTRIBUTIONS MAY BE ADVERSELY AFFECTED BY THE BANKRUPTCY OR INSOLVENCY, A DOWNTURN IN THE BUSINESS, OR A LEASE TERMINATION OF A TENANT THAT OCCUPIES A LARGE AREA OF THE RETAIL CENTER OR AN ANCHOR TENANT. Generally, any tenant occupying a large portion of the gross leasable area of a retail center, a tenant of any of the triple-net single-user properties outside the primary geographical area of investment, commonly referred to as an anchor tenant, or a tenant that is an anchor tenant at more than one retail center, may become insolvent, may suffer a downturn in business, or may decide not to renew its lease. Any of these events would result in a reduction or cessation in rental payments to us and would adversely affect our financial condition. A lease termination by an anchor tenant could result in lease terminations or reductions in rent by other tenants whose leases permit cancellation or rent reduction if an anchor tenant's lease is terminated. In certain properties where there are large tenants, other tenants may require that if certain large tenants or "shadow" tenants discontinue operations, a right of termination or reduced rent may exist. In such event, we may be unable to re-lease the vacated space. Similarly, the leases of some anchor tenants may permit the anchor tenant to transfer its lease to another retailer. The transfer to a new anchor tenant could cause customer traffic in the retail center to decrease and thereby reduce the income generated by that retail center. A transfer lease to a new anchor tenant could also allow other tenants to make reduced rental payments or to terminate their leases at the retail center. If we are unable to re-lease the vacated space to a new anchor tenant, we may incur additional expenses in order to re-model the space to be able to re-lease the space to more than one tenant.

IF A TENANT CLAIMS BANKRUPTCY, WE MAY BE UNABLE TO COLLECT BALANCES DUE UNDER RELEVANT LEASES. Any or all of the tenants, or a guarantor of a tenant's lease obligations, could be subject to a bankruptcy proceeding pursuant to Title 11 of the bankruptcy laws of the United States. Such a bankruptcy filing would bar all efforts by us to collect pre-bankruptcy debts from these entities or their properties, unless

we receive an enabling order from the bankruptcy court. Post-bankruptcy debts would be paid currently. If a lease is assumed, all pre-bankruptcy balances owing under it must be paid in full. If a lease is rejected by a tenant in bankruptcy, we would have a general unsecured claim for damages. If a lease is rejected, it is unlikely we would receive any payments from the tenant because our claim is capped at the rent reserved under the lease, without acceleration, for the greater of one year or 15% of the remaining term of the lease, but not greater than three years, plus rent already due but unpaid. This claim could be paid only in the event funds were available, and then only in the same percentage as that realized on other unsecured claims.

A tenant or lease guarantor bankruptcy could delay efforts to collect past due balances under the relevant leases, and could ultimately preclude full collection of these sums. Such an event could cause a decrease or cessation of rental payments which would mean a reduction in our cash flow and the amount available for distributions to you. In the event of a bankruptcy, we cannot assure you that the tenant or its trustee will assume our lease. If a given lease, or guaranty of a lease, is not assumed, our cash flow and the amounts available for distributions to you may be adversely affected.

WE MAY INCUR ADDITIONAL COSTS IN ACQUIRING OR RE-LEASING RETAIL PROPERTIES. Some of the properties we may acquire may be designed or built primarily for a particular tenant or a specific type of use. If a tenant fails to renew its lease or defaults on its lease obligations, we may not be able to readily market the property to a new tenant without substantial capital improvements or remodeling, which may adversely affect our results of operation

and financial condition.

OUR PROPERTIES WILL BE SUBJECT TO COMPETITION FOR TENANTS AND CUSTOMERS. We have and intend to continue to acquire properties located in developed areas. Therefore, there are and will undoubtedly be numerous other retail properties within the market area of each of our properties which will compete with our properties and which will compete with us for tenants. The number of competitive properties could have a material effect on our ability to rent space at our properties and the amount of rents charged. We could be adversely affected if additional competitive properties are built in locations competitive with our properties, causing increased competition for customer traffic and creditworthy tenants. This could result in decreased cash flow from tenants and may require us to make capital improvements to properties which we would not have otherwise made, thus affecting cash available for distributions, and the amount available for distributions to you.

OUR PROPERTIES WILL FACE COMPETITION WHICH MAY AFFECT TENANTS' ABILITY TO PAY RENT AND THE AMOUNT OF RENT PAID TO US AND IN TURN AFFECT THE CASH AVAILABLE FOR DISTRIBUTIONS AND THE AMOUNT OF DISTRIBUTIONS. Each of our properties will be subject to competition from similar retail centers within their respective market areas. Other retail centers within the market area of our properties will compete with our properties for customers affecting their cash flows and thus affecting their ability to pay rent. In addition, some of our tenant rent payments may be based on the amount of sales revenue generated by them. If these tenants experience competition, the amount of their rent may decrease and our cash flow will decrease.

WE MAY BE RESTRICTED FROM RE-LEASING SPACE. In many cases, tenant leases will contain provisions giving the tenant the exclusive right to sell particular types of merchandise or provide specific types of services within the particular retail center, or limit the ability of other tenants to sell such merchandise or provide such services. When re-leasing space after a vacancy is required, these provisions may limit the number and types of prospective tenants for the vacant space. The failure to re-lease or to re-lease on satisfactory terms could result in a reduction of net income, funds from operations and cash available for distributions and thus affect the amount of distributions to you.

WE MAY BE UNABLE TO SELL A PROPERTY IF OR WHEN WE DECIDE TO DO SO. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and

other factors, including supply and demand, that are beyond our control. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We cannot predict the length of time needed to find a willing purchaser and to close the sale of a property.

We may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure you that we will have funds available to correct such defects or to make such improvements.

In acquiring a property, we may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These provisions would restrict our ability to sell a property.

IF WE SUFFER LOSSES THAT ARE NOT COVERED BY INSURANCE OR THAT ARE IN EXCESS OF INSURANCE COVERAGE, WE COULD LOSE INVESTED CAPITAL AND ANTICIPATED PROFITS. Each tenant is responsible for insuring its goods and premises and, in

some circumstances, may be required to reimburse us for a share of the cost of acquiring comprehensive insurance for the property, including casualty, liability, fire and extended coverage customarily obtained for similar properties in amounts which our business manager/advisor determines are sufficient to cover reasonably foreseeable losses. Tenants of single-user properties leased on a triple-net-lease basis typically are required to pay all insurance costs associated with those properties. Material losses may occur in excess of insurance proceeds with respect to any property as insurance may not have sufficient resources to fund the losses. However, there are types of losses, generally of a catastrophic nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters, which are either uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or copayments. Insurance risks associated with potential terrorism acts could sharply increase the premium we pay for coverage against property and casualty claims. Additionally, mortgage lenders in some cases have begun to insist that specific coverage against terrorism be purchased by commercial property owners as a condition for providing mortgage loans. It is uncertain whether such insurance policies will be available, or available at reasonable cost, which could inhibit our ability to finance or refinance our potential properties. In such instances, we may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. We cannot assure you that will have adequate coverage for such losses. The Terrorism Risk Insurance Act of 2002 is designed for a sharing of terrorism losses between insurance companies and the federal government. We cannot be certain how this act will impact us or what additional cost to us, if any, could result. If such an event occurred to, or caused the destruction of, one or more of our properties, we could lose both our invested capital and anticipated profits from such property.

TERRORIST ATTACKS, SUCH AS THE ATTACKS THAT OCCURRED IN NEW YORK AND WASHINGTON, D.C. ON SEPTEMBER 11, 2001, AND OTHER ACTS OF VIOLENCE OR WAR MAY AFFECT THE MARKETS IN WHICH WE OPERATE, OUR OPERATIONS AND OUR PROFITABILITY. Terrorist attacks may negatively affect our operations and your investment in our common shares. We cannot assure you that there will not be further terrorist attacks against the United States or United States businesses. Properties we may acquire may be located in areas that may be susceptible to attack, which may make these properties more likely to be viewed as terrorist targets than similar, less recognizable properties. These attacks or armed conflicts may directly impact the value of our properties through damage, destruction, loss or increased security costs. We may obtain terrorism insurance as required by our lenders. The terrorism insurance that we obtain may not be sufficient to cover loss for damages to our properties as a result of terrorist attacks. In addition, certain losses resulting from these types of events are uninsurable and others would not be covered by our current terrorism insurance. Additional terrorism insurance may not be available at a reasonable price or at all.

The United States' armed conflict in Iraq and continued efforts against terrorism could have a further impact on our tenants. The consequences of any armed conflict and efforts against terrorism are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business or your investment.

More generally, any of these events could result in increased volatility in or damage to the United States and worldwide financial markets and economy. They also could result in an economic uncertainty in the United States or abroad. Our revenues will be dependent upon payment of rent by retailers, which may be particularly vulnerable to uncertainty in the local economy. Adverse economic conditions could affect the ability of our tenants to pay rent, which could have a material adverse effect on our operating results and

financial condition, as well as our ability to pay distributions to stockholders.

REAL ESTATE RELATED TAXES MAY INCREASE AND IF THESE INCREASES ARE NOT PASSED ON TO TENANTS, OUR INCOME WILL BE REDUCED. Some local real property tax assessors may seek to reassess some of our properties as a result of our acquisition of the property. Generally, from time to time our property taxes increase as property values or assessment rates change or for other reasons deemed relevant by the assessors. An increase in the assessed valuation of a property for real estate tax purposes will result in an increase in the related real estate taxes on that property. Although some tenant leases may permit us to pass through such tax increases to the tenants for payment, there is no assurance that renewal leases or future leases will be negotiated on the same basis. Increases not passed through to tenants will adversely affect our income, cash available for distributions, and the amount of distributions to you.

REVENUE FROM OUR PROPERTIES DEPENDS ON THE AMOUNT OF OUR TENANTS' RETAIL REVENUE, MAKING US VULNERABLE TO GENERAL ECONOMIC DOWNTURNS AND OTHER CONDITIONS AFFECTING THE RETAIL INDUSTRY. Some of our leases may provide for base rent plus contractual base rent increases. Some of our leases may also include a percentage rent clause for additional rent above the base amount based upon a specified percentage of the sales our tenants generate.

Under those leases which contain percentage rent clauses, our revenue from tenants may increase as the sales of our tenants increase. Generally, retailers face declining revenues during downturns in the economy. As a result, the portion of our revenue which we derive from percentage rent leases could decline upon a general economic downturn.

THE COSTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS AND OTHER GOVERNMENTAL LAWS AND REGULATIONS MAY ADVERSELY AFFECT OUR INCOME AND THE CASH AVAILABLE FOR ANY DISTRIBUTIONS. All real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials, and the remediation of contamination associated with disposals. Some of these laws and regulations may impose joint and several liability on tenants, owners or operators for the costs of investigation or remediation of contaminated properties, regardless of fault or the legality of the original disposal. Under various federal, state and local laws, ordinances and regulations, a current or previous owner, developer or operator of real estate may be liable for the costs of removal or remediation of hazardous or toxic substances at, on, under, or in its property. The costs of removal or remediation could be substantial. In addition, the presence of such substances, or the failure to properly remediate such substances, may adversely affect our ability to sell or rent such property or to use such property as collateral for future borrowing.

Some of these laws and regulations have been amended so as to require compliance with new or more stringent standards as of future dates. Compliance with new or more stringent laws or regulations, stricter interpretation of existing laws or the future discovery of environmental contamination may require

material expenditures by us. We cannot assure that future laws, ordinances or regulations will not impose any material environmental liability, or that the current environmental condition of our properties will not be affected by the operations of the tenants, by the existing condition of the land, by operations in the vicinity of the properties, such as the presence of underground storage

tanks, or by the activities of unrelated third parties.

These laws typically allow liens to be placed on the affected property. In addition, there are various local, state and federal fire, health, life-safety and similar regulations which we may be required to comply with, and be subject to liability in the form of fines or damages for noncompliance.

State and federal laws in this area are constantly evolving, and we intend to monitor these laws and take commercially reasonable steps to protect ourselves from the impact of these laws, including obtaining environmental assessments of each property acquired. We cannot assure that such assessments will reveal all environmental liabilities or that a prior owner of a property did not create a material environmental condition not known to us. We cannot predict what other environmental legislation or regulations will be enacted in the future, how existing or future laws or regulations will be administered or interpreted, or what environmental conditions may be found to exist in the future. We cannot assure that our business, assets, results of operations, liquidity or financial condition will not be adversely affected by these laws, which may adversely affect cash available for distributions, and the amount of distributions to you.

OUR COSTS ASSOCIATED WITH COMPLYING WITH THE AMERICANS WITH DISABILITIES ACT MAY AFFECT CASH AVAILABLE FOR DISTRIBUTIONS. Our properties will be subject to the Americans with Disabilities Act of 1990. Under the Disabilities Act, all places of public accommodation are required to comply with federal requirements related to access and use by disabled persons. The Disabilities Act has separate compliance requirements for "public accommodations" and "commercial facilities" that generally requires that buildings and services, including restaurants and retail stores, be made accessible and available to people with disabilities. The Disabilities Act's requirements could require removal of access barriers and could result in the imposition of injunctive relief, monetary penalties, or, in some cases, an award of damages. We will attempt to acquire properties which comply with the Disabilities Act or place the burden on the seller or other third party, such as a tenant, to ensure compliance with the Disabilities Act. However, we cannot assure that we will be able to acquire properties or allocate responsibilities in this manner. If we cannot, our funds used for Disabilities Act compliance may affect cash available for distributions and the amount of distributions to you.

IF A SALE OR LEASEBACK TRANSACTION IS RECHARACTERIZED, OUR FINANCIAL CONDITION COULD BE ADVERSELY AFFECTED. We may enter into sale and leaseback transactions, where we would purchase a property and then lease the same property back to the person from whom we purchased it. In the event of the bankruptcy of a tenant, a transaction structured as a sale and leaseback may be recharacterized as either a financing or a joint venture, either of which outcomes could adversely affect our business.

If the sale and leaseback were recharacterized as a financing, we might not be considered the owner of the property, and as a result would have the status of a creditor in relation to the tenant. In that event, we would no longer have the right to sell or encumber our ownership interest in the property. Instead, we would have a claim against the tenant for the amounts owed under the lease, with the claim arguably secured by the property. The tenant/debtor might have the ability to propose a plan restructuring the term, interest rate and amortization schedule of its outstanding balance. If confirmed by the bankruptcy court, we could be bound by the new terms, and prevented from foreclosing our lien on the property. These outcomes could adversely affect our cash flow and the amount available for distributions to you.

If the sale and leaseback were recharacterized as a joint venture, we and our lessee could be treated as co-venturers with regard to the property. As a result, we could be held liable, under some circumstances, for debts incurred by the lessee relating to the property. The imposition of liability on us could adversely affect our cash flow and the amount available for distributions to our stockholders.

WE MAY INCUR ADDITIONAL COSTS IN ACQUIRING NEWLY CONSTRUCTED PROPERTIES WHICH MAY ADVERSELY AFFECT CASH AVAILABLE FOR DISTRIBUTIONS TO YOU. We have and intend to continue to primarily acquire existing or newly constructed properties. We may purchase properties that are subject to completion of construction and development. The builder's failure to perform may result in tenants terminating leases. These actions may increase our costs or necessitate legal action by us to rescind our purchase of a property, to compel performance, or to sue for damages. Any such legal action may result in increased costs to us.

OUR INVESTMENTS IN UNIMPROVED REAL PROPERTY MAY RESULT IN ADDITIONAL COST TO US TO COMPLY WITH RE-ZONING RESTRICTIONS OR ENVIRONMENTAL REGULATIONS. We may invest up to 10% of our assets in unimproved real property. Investments in unimproved properties are subject to the risks of real estate investments in general. They are also subject to risks and uncertainties associated with re-zoning the land for higher use or development and environmental concerns of governmental entities and/or community groups. We do not intend to invest in any unimproved property which is not intended to be developed.

CONSTRUCTION AND DEVELOPMENT ACTIVITIES WILL EXPOSE US TO RISKS SUCH AS COST OVERRUNS, CARRYING COSTS OF PROJECTS UNDER CONSTRUCTION OR DEVELOPMENT, AVAILABILITY AND COSTS OF MATERIALS AND LABOR, WEATHER CONDITIONS AND GOVERNMENT REGULATION. Should we elect to engage in construction and development activities, in accordance with current pronouncements of the Internal Revenue Service, we intend to have our employees only perform oversight and review functions. These functions may include selecting sites, reviewing construction and tenant improvement design proposals, negotiating and contracting for feasibility studies, supervising compliance with local, state or federal laws and regulations, negotiating contracts, oversight of construction, accounting and obtaining financing. We will retain an independent general contractor to perform the actual physical construction work on tenant improvements or the installation of heating, ventilation and air conditioning systems. These activities will expose us to risks inherent in construction and development, including cost overruns, carrying costs of projects under construction or development, availability and costs of materials and labor, adverse weather conditions and governmental regulation.

WE MAY ACQUIRE OR FINANCE PROPERTIES WITH LOCK-OUT PROVISIONS WHICH MAY PROHIBIT US FROM SELLING A PROPERTY, OR MAY REQUIRE US TO MAINTAIN SPECIFIED DEBT LEVELS FOR A PERIOD OF YEARS ON SOME PROPERTIES. Lock out provisions could materially restrict us from selling or otherwise disposing of or refinancing properties. These provisions would affect our ability to turn our investments into cash and thus affect cash available for distributions to you. Lock out provisions may prohibit us from reducing the outstanding indebtedness with respect to any properties, refinancing such indebtedness on a nonrecourse basis at maturity, or increasing the amount of indebtedness with respect to such properties.

Lock out provisions could impair our ability to take actions during the lock-out period that would otherwise be in the best interests of our stockholders and, therefore, may have an adverse impact on the value of the shares, relative to the value that would result if the lock-out provisions did not exist. In particular, lock out provisions could preclude us from participating in major transactions that could result in a disposition of our assets or a change in control even though that disposition or change in control

might be in the best interests of our stockholders.

YOUR INVESTMENT HAS VARIOUS FEDERAL INCOME TAX RISKS. Although the provisions of the Internal Revenue Code relevant to your investment are generally described in the section of the prospectus titled "Federal Income Tax Considerations," we strongly urge you to consult your own tax advisor concerning

the effects of federal, state and local income tax law on an investment and on your individual tax situation.

IF WE FAIL TO MAINTAIN OUR REIT STATUS, OUR DIVIDENDS WILL NOT BE DEDUCTIBLE TO US AND OUR INCOME WILL BE SUBJECT TO TAXATION. We have qualified as a REIT under the Internal Revenue Code of 1986, as amended, which affords us significant tax advantages. The requirements for this qualification, however, are complex. If we fail to continue to meet these requirements, our dividends will not be deductible to us and we will have to pay a corporate level tax on our income. This would substantially reduce our cash available to pay distributions and your yield on your investment. In addition, tax liability might cause us to borrow funds, liquidate some of our investments or take other steps which could negatively affect our operating results. Moreover, if our REIT status is terminated because of our failure to meet a technical REIT test, we would be disqualified from electing treatment as a REIT for the four taxable years following the year in which REIT status is lost.

YOU MAY HAVE TAX LIABILITY ON DISTRIBUTIONS YOU ELECT TO REINVEST IN COMMON STOCK. If you participate in our distribution reinvestment program, you will be deemed to have received, and for income tax purposes will be taxed on, the amount reinvested in common stock. As a result, unless you are a tax-exempt entity, you may have to use funds from other sources to pay your tax liability on the value of the common stock received.

THE OPINION OF DUANE MORRIS LLP REGARDING OUR STATUS AS A REIT DOES NOT GUARANTEE OUR ABILITY TO REMAIN A REIT. Our legal counsel, Duane Morris LLP, has rendered its opinion that we qualify as a REIT, based upon our representations as to the manner in which are owned, invest in assets, and operate, among other things. Our qualification as a REIT depends upon our ability to meet, through investments, actual operating results, distributions, and satisfaction of specific stockholder rules, the various tests imposed by the Internal Revenue Code. Duane Morris LLP will not review these operating results or compliance with the qualification standards. This means that we cannot assure you that we will satisfy the REIT requirements in the future. Also, this opinion represents Duane Morris LLP's legal judgment based on the law in effect as of the date of this prospectus and is not binding on the Internal Revenue Service, and could be subject to modification or withdrawal based on future legislative, judicial or administrative changes to the federal income tax laws, any of which could be applied retroactively.

EVEN REITS ARE SUBJECT TO FEDERAL AND STATE INCOME TAXES. Even if we qualify and maintain our status as a REIT, we may become subject to federal income taxes and related state taxes. For example, if we have net income from a "prohibited transaction," such income will be subject to a 100% tax. We may not be able to make sufficient distributions to avoid excise taxes applicable to REITs. We may also decide to retain income we earn from the sale or other disposition of our property and pay income tax directly on such income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability. In addition, we may also be subject to state and local taxes on our income or property, either directly or at the level of the

operating partnership or at the level of the other companies through which we indirectly own our assets. We cannot assure you that we will be able to continue to satisfy the REIT requirements.

IN VIEW OF THE COMPLEXITY OF THE TAX ASPECTS OF THE OFFERING, PARTICULARLY IN LIGHT OF THE FACT THAT SOME OF THE TAX ASPECTS OF THE OFFERING WILL NOT BE THE SAME FOR ALL INVESTORS, PROSPECTIVE INVESTORS ARE STRONGLY ADVISED TO CONSULT THEIR TAX ADVISORS WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATION PRIOR TO AN INVESTMENT IN SHARES OF OUR COMMON STOCK.

AN INVESTMENT IN OUR COMMON STOCK MAY NOT BE SUITABLE FOR EVERY EMPLOYEE BENEFIT PLAN. When considering an investment in our common stock, an individual with investment discretion over assets of any pension plan, profit-sharing plan, retirement plan, IRA or other employee benefit plan

covered by ERISA should consider whether the investment satisfies the fiduciary requirements of ERISA and other applicable laws. In particular, attention should be paid to the diversification requirements of Section 404(a)(1)(C) of ERISA in light of all the facts and circumstances, including the portion of the plan's portfolio of which the investment will be a part. All plan investors should also consider whether the investment is prudent and meets plan liquidity requirements as there may be only a limited market in which to sell or otherwise dispose of our common stock, and whether the investment is permissible under the plan's governing instrument. We have not, and will not, evaluate whether an investment in our common stock is suitable for any particular plan. Rather, we will accept entities as stockholders if an entity otherwise meets the suitability standards.

THE ANNUAL STATEMENT OF VALUE THAT WE WILL BE SENDING TO STOCKHOLDERS SUBJECT TO ERISA AND TO CERTAIN OTHER PLAN STOCKHOLDERS IS ONLY AN ESTIMATE AND MAY NOT REFLECT THE ACTUAL VALUE OF OUR SHARES. The annual statement of value will report the value of each common stock based as of the close of our fiscal year. No independent appraisals will be obtained and the value will be based upon an estimated amount we determine would be received if our properties and other assets were sold as of the close of our fiscal year and if such proceeds, together with our other funds, were distributed pursuant to a liquidation. However, the net asset value of each share of common stock will be deemed to be $10 during this offering and for the first three years following the termination of this offering. Because this is only an estimate, we may subsequently revise any annual valuation that is provided. We cannot assure that:

- a value included in the annual statement could actually be realized by us or by our stockholders upon liquidation;

- stockholders could realize that value if they were to attempt to sell their common stock; or

- an annual statement of value would comply with any reporting and disclosure or annual valuation requirements under ERISA or other applicable law. We will stop providing annual statements of value if the common stock becomes listed for trading on a national stock exchange or included for quotation on a national market system.

CAUTIONING NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements that reflect management's expectations and projections about our future results, performance,

prospects and opportunities. We have attempted to identify these forward-looking statements by using words such as "may," "will," "expects," "anticipates," "believes," "intends," "expects," "estimates," "could" or similar expressions. These forward-looking statements are based on information currently available to us and are subject to a number of known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These factors include, among other things, and are detailed on the previous pages:

- our common stock is not currently listed or traded on an exchange and cannot be readily sold;
- although we anticipate that aggregate borrowings will not exceed 55% of the combined fair market value of our properties, our charter imposes a limitation on our borrowings of less than 300% of net assets and there are risks associated with a high amount of leverage;
- we have no ownership in our business manager/advisor and the business manager/advisor is owned by our sponsor or their affiliates;
- our business manager/advisor and its affiliates will receive substantial fees, including participation in proceeds from the sales, refinancing or liquidation of our assets;
- our business manager/advisor, property managers and two of our directors are subject to conflicts of interest as a result of their affiliation with The Inland Group, including conflicts of interest relating to:
    - the negotiation of the terms of the advisor and property management agreements;
    - the allocation of their time between us and their other business ventures;
    - decisions whether to acquire and dispose of properties
    - the purchase and sale of properties to or from the business manager/advisor and our affiliates; and
    - the allocation of investment opportunities between us and their other business ventures.
- we may make distributions that include a return of principal for federal tax purposes;
- there are limits on ownership, transferability and redemption of shares;
- our investment policies and strategies may be changed without stockholder consent;
- our investments may lack geographic diversification; and
- risks that incentive structure of fees payable to our business manager/advisor and its affiliates may encourage our business manager/advisor to make investments that have greater risks to generate higher fees.

32

You should not place undue reliance on any forward-looking statements. Except as otherwise required by federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this prospectus.

33

HOW WE OPERATE

We operate as a REIT for federal and state income tax purposes. Our sponsor is Inland Real Estate Investment Corporation. Our sponsor was instrumental in our organization.

We contract with Inland Western Retail Real Estate Advisory Services, Inc. for its services as our business manager/advisor. Our business manager/advisor has the responsibility for our day-to-day operations and the management of our assets.

In addition to the services of our business manager/advisor, we contract with Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Management LLC for their services as our property managers. Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Management LLC provide the day-to-day property management services for all of our properties.

Our sponsor, Inland Real Estate Investment Corporation, is owned by The Inland Group, Inc. Our business manager/advisor Inland Western Retail Real Estate Advisory Services, Inc., is owned by our sponsor, and thus is indirectly controlled by The Inland Group. In addition, our property managers, Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Management LLC, are owned by individuals who are affiliates of the Inland Group.

The Inland Group, together with its subsidiaries and affiliates, is a fully-integrated group of legally and financially separate companies that have been engaged in diverse facets of real estate for over 35 years providing the following and other related services:

Property management
Marketing
Disposition
Redevelopment
Renovation
Finance
Leasing
Acquisition
Development
Syndication
Construction
Other related services

The following organizational chart depicts the services that affiliates or our sponsor will render to us and our organizational structure.

34

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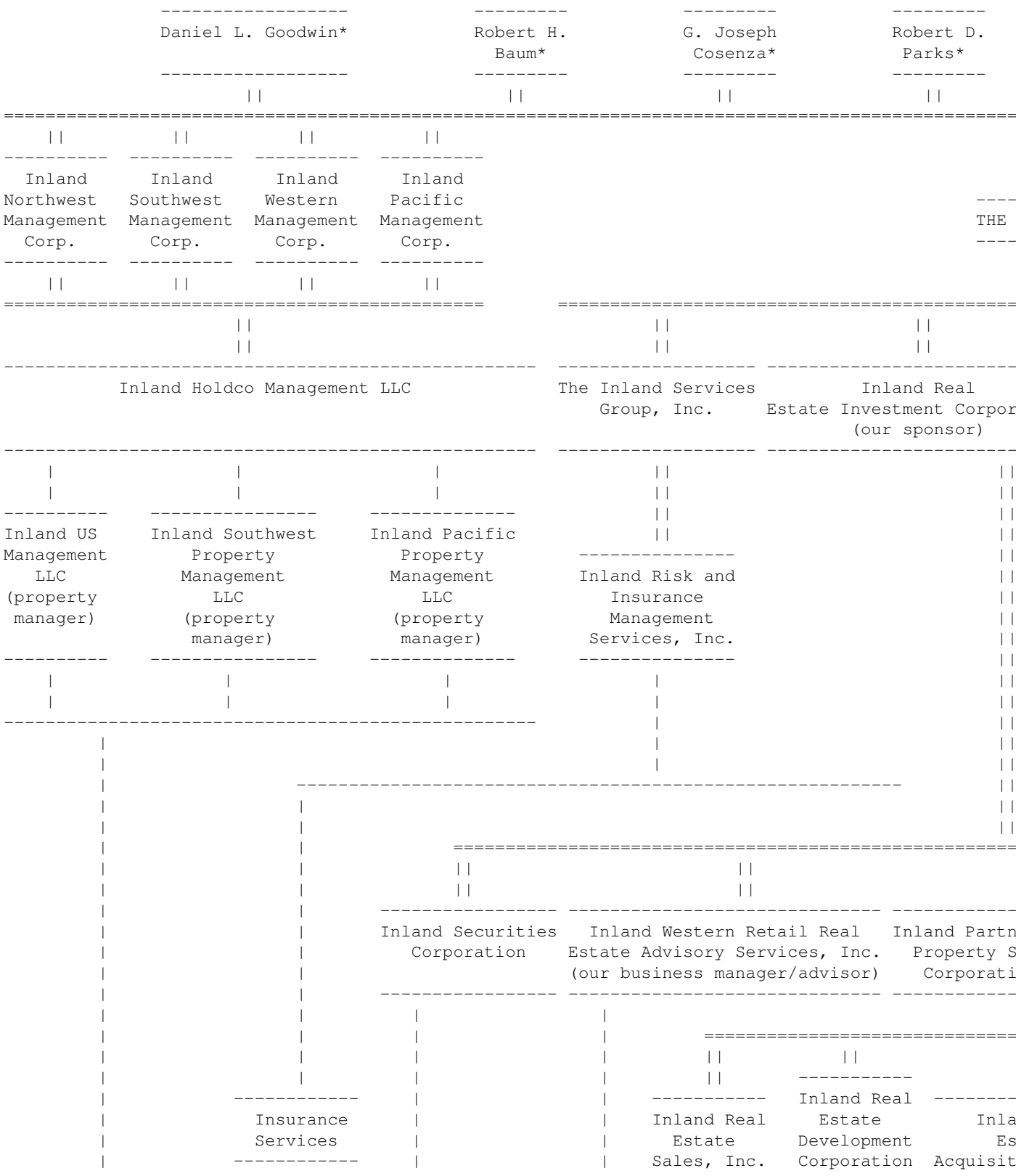
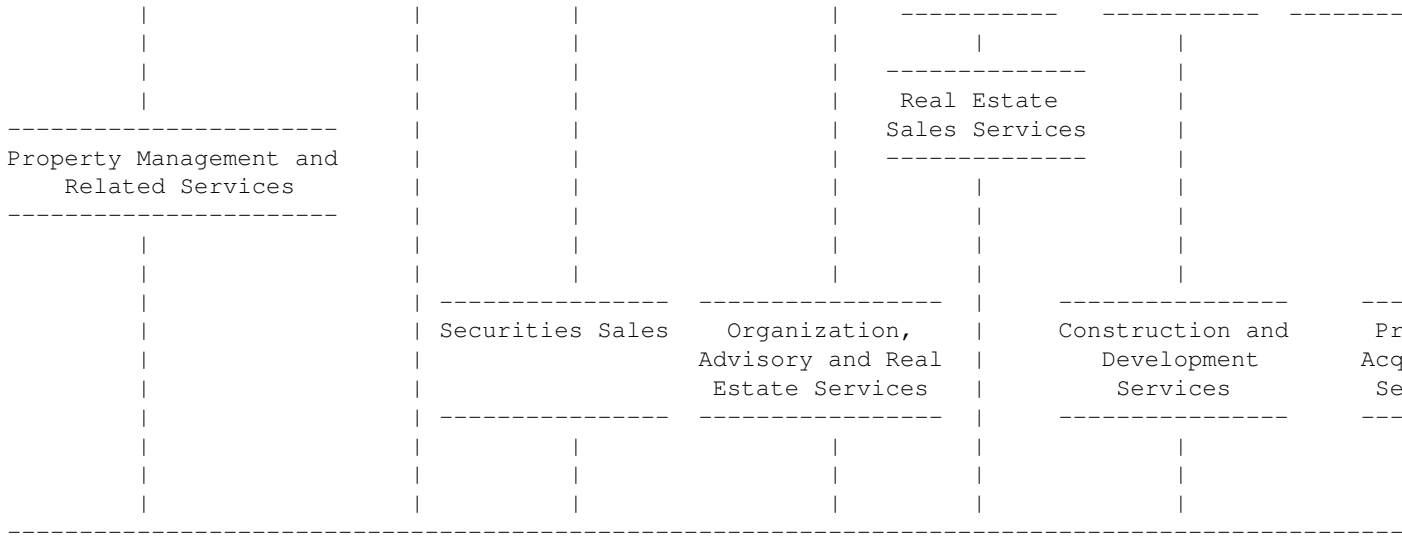
or our sponsor will render to us and our organizational structure.

ORGANIZATIONAL CHART





* The four indicated individuals control The Inland Group, Inc. and own substantially all of its stock.

Solid lines indicate 100% ownership.
Broken lines indicate service.

CONFLICTS OF INTEREST

We are subject to conflicts of interest arising out of our relationship with our sponsor, our business manager/advisor and their affiliates. All of our agreements and arrangements with our business manager/advisor and its affiliates, including those relating to compensation, are not the result of arm's length negotiations. Some of the conflicts inherent in our transactions with our business manager/advisor and its affiliates, and the limitations on our business manager/advisor adopted to address these conflicts, are described below. Our business manager/advisor and its affiliates will try to balance our interests with their own. However, to the extent that our business manager/advisor or its affiliates take actions that are more favorable to other entities than to us, these actions could have a negative impact on our financial performance and, consequently, on distributions to you and the value of our stock. In addition, our directors and officers and security holders may engage for their own account in business activities of the types conducted or to be conducted by us and our subsidiaries.

THERE MAY BE CONFLICTING INVESTMENT OPPORTUNITIES AMONG AFFILIATES OF OUR BUSINESS MANAGER/ADVISOR AND THE INLAND GROUP. Affiliates of our business manager/advisor and The Inland Group have sponsored multiple previous investment programs. Our sponsor may also sponsor other programs which may have investment objectives similar to ours. Therefore, our sponsor, our business manager/advisor and their affiliates could face conflicts of interest in determining which investment programs will have the first opportunity to acquire real properties and other assets as they become available.

In order to address this situation, we have an agreement with our business manager/advisor, some of its affiliates, and Inland Retail Real Estate Trust, Inc., another REIT sponsored by our sponsor. This agreement gives us the right to purchase property in our primary geographic area of investment, which

includes the states west of the Mississippi River, placed under contract by our business manager/advisor or any of its affiliates, if we are able to close the purchase within 60 days. Similarly, Inland Retail Real Estate Trust, Inc. has the first opportunity to purchase properties in its primary geographical area of investment, which is located in states east of the Mississippi.

IN THE SITUATION INVOLVING SINGLE USER NET LEASED RETAIL PROPERTY LOCATED ANYWHERE WITHIN THE UNITED STATES, AND BOTH OF US HAVE FUNDS AVAILABLE TO MAKE THE PURCHASE, THE PROSPECTIVE PROPERTY WILL FIRST BE OFFERED TO INLAND RETAIL REAL ESTATE TRUST, INC. IF INLAND RETAIL REAL ESTATE TRUST, INC. DOES NOT PURCHASE THE PROSPECTIVE PROPERTY, IT WILL THEN BE OFFERED TO US.

Factors which may be considered in connection with evaluating the suitability of the prospective property or other asset for investment by a particular investment program include:

- the effect of the acquisition on the diversification of each program's portfolio;
- the amount of funds available for investment;
- cash flow; and
- the estimated income tax effects of the purchase and subsequent disposition.

We currently focus on purchase of properties in the states west of the Mississippi River which is outside Inland Retail Real Estate Trust Inc.'s primary geographic area of investment. We have acquired and will continue to acquire properties east of the Mississippi River. However, if any conflicts do arise, they will be resolved as provided in the agreement with our business manager/advisor discussed above.

All actions taken by our business manager/advisor or its affiliates which present potential conflicts with us will be APPROVED BY A MAJORITY OF OUR INDEPENDENT DIRECTORS.

WE MAY ACQUIRE PROPERTIES FROM AFFILIATES OF OUR SPONSOR. The prices we pay to affiliates of our sponsor for these properties will be equal to the prices paid by them, plus the costs incurred by them relating to the acquisition and financing of the properties. These prices will not be the subject of arm's length negotiations, which could mean that the acquisitions may be on terms less favorable to us than those negotiated in an arm's-length transaction. However, our articles of incorporation provide that the purchase price of any property acquired from an affiliate may not exceed its fair market value as determined by a competent independent appraiser. In addition, the price must be approved by a majority of our directors who have no financial interest in the transaction. If the price to us exceeds the cost paid by our affiliate, there must be substantial justification for the excess cost.

WE MAY PURCHASE REAL PROPERTIES FROM PERSONS WITH WHOM AFFILIATES OF OUR BUSINESS MANAGER/ADVISOR HAVE PRIOR BUSINESS RELATIONSHIPS. We may purchase properties from third parties who have sold properties in the past, or who may sell properties in the future, to our business manager/advisor or its affiliates. If we purchase properties from these third parties, our business manager/advisor will experience a conflict between our current interests and its interest in preserving any ongoing business relationship with these sellers. Nevertheless, our business manager/advisor has a fiduciary obligation to us.

PROPERTY MANAGEMENT SERVICES ARE BEING PROVIDED BY COMPANIES OWNED PRINCIPALLY BY AFFILIATES OF THE INLAND GROUP. Our property managers, which are owned principally by individuals who are our affiliates, provide property management services to us pursuant to management services agreements which we can terminate only in the event of gross negligence or willful misconduct on the part of the property managers. However, our property management services agreements provide that we pay our property managers a monthly management fee of no greater than 90% of the fee which would be payable to an unrelated third party providing such services. In addition, the business manager/advisor and the property managers believe that the property managers have sufficient personnel and other required resources to discharge all responsibilities to us.

OUR BUSINESS MANAGER/ADVISOR AND ITS AFFILIATES RECEIVE COMMISSIONS, FEES AND OTHER COMPENSATION BASED UPON OUR INVESTMENTS. We believe that the compensation we will pay to our business manager/advisor and its affiliates is no more than what we would pay for similar services performed by independent firms. Some compensation is payable whether or not there is cash available to make distributions to our stockholders. To the extent this occurs, our business manager/advisor and its affiliates benefit from us retaining ownership of our assets and leveraging our assets, while our stockholders may be better served by sale or disposition or not leveraging the assets. In addition, the business manager/advisor's ability to receive fees and reimbursements depends on our continued investment in properties and in other assets which generate fees. Our business manager/advisor receives fees based on the book value including acquired intangibles of the properties under management. Our property managers receive fees based on the income from properties under management. Therefore, our business manager/advisor and/or property managers may recommend that we purchase properties that generate fees for our business manager/advisor and property managers, but are not necessarily the most suitable investment for our portfolio. In addition, our affiliates, who receive fees, including our business manager/advisor, may recommend that we acquire properties, which may result in our incurring substantive amounts of indebtedness. Therefore, the interest of the business manager/advisor and its affiliates in receiving fees may conflict with the interest of our stockholders in earning income on their investment in our common stock. Our business manager/advisor and its affiliates recognize that they have a fiduciary duty to us and our stockholders, and have represented to us that their actions and decisions will be made in the manner most favorable to us and our stockholders.

While we will not make loans to our business manager/advisor or its affiliates, we may borrow money from them for various purposes, including funding working capital requirements. If we do, the terms, such as the interest rate, security, fees and other charges, will be at least as favorable to us as those which would be charged by unaffiliated lending institutions in the same locality on comparable loans. Any money borrowed from an affiliate of The Inland Group is expected to be repaid within 180 days.

Our business manager/advisor and its affiliates may do business with others who do business with us, although presently there are no instances of this. However, our business manager/advisor or its affiliates may not receive rebates or participate in any reciprocal business arrangements which would have the effect of circumventing our agreement with our business manager/advisor.

OUR BUSINESS MANAGER/ADVISOR MAY HAVE CONFLICTING FIDUCIARY OBLIGATIONS IF WE ACQUIRE PROPERTIES WITH ITS AFFILIATES. Our business manager/advisor may cause us to acquire an interest in a property through a joint venture with its affiliates. In these circumstances, our business manager/advisor will have a fiduciary duty to both us and its affiliates participating in the joint venture. In order to minimize the conflict between these fiduciary duties, the advisory

agreement provides guidelines for investments in joint ventures with affiliates. In addition, our articles of incorporation require a majority of our disinterested directors to determine that the transaction is fair and reasonable to us and is on terms and conditions no less favorable than from unaffiliated third parties entering into the venture.

THERE IS COMPETITION FOR THE TIME AND SERVICES OF OUR BUSINESS MANAGER/ADVISOR. We rely on our business manager/advisor and its affiliates for our daily operation and the management of our assets. Personnel of our business manager/advisor and its affiliates have conflicts in allocating their management time, services and functions among the real estate investment programs they currently service and any future real estate investment programs or other business ventures which they may organize or serve. Our business manager/advisor and its affiliates believe they have enough staff to perform their responsibilities in connection with all of the real estate programs and other business ventures in which they are involved.

INLAND SECURITIES CORPORATION IS PARTICIPATING AS MANAGING DEALER IN THE SALE OF THE SHARES. Inland Securities Corporation is the managing dealer of the offering and is affiliated with The Inland Group. The managing dealer is entitled to selling commissions and reimbursement for marketing and due diligence expenses. The managing dealer may be subject to a conflict of interest arising out of its participation in this offering and its affiliation with The Inland Group in performing its "due diligence" obligations which arise under the Securities Act of 1933. However, the managing dealer believes it has and will continue to properly perform these "due diligence" activities.

WE MAY ACQUIRE THE BUSINESS OF OUR BUSINESS MANAGER/ADVISOR AND OUR PROPERTY MANAGERS WITHOUT FURTHER ACTION BY OUR STOCKHOLDERS. During the term of our agreements with our business manager/advisor and our property managers, we have the option to acquire or consolidate the business conducted by them without any consent of our stockholders, our business manager/advisor or our property managers. We may elect to exercise this right at any time after September 15, 2008. Before this date, we need the consent of the business manager/advisor and the property managers to exercise this right. Our decision to exercise this right will be determined by a vote of a majority of our disinterested directors. Our business manager/advisor and our property managers and their shareholders will receive shares of our common stock in the acquisition. The transaction will occur, if at all, only if the board of directors obtains a fairness opinion from a recognized financial valuation service provider to the effect that the consideration to be paid is fair, from a financial point of view, to our stockholders. We will be obligated to pay any fees accrued under any contractual arrangements we have with the business manager/advisor and/or the property managers for services rendered through the closing of such acquisitions.

WE DO NOT HAVE ARM'S-LENGTH AGREEMENTS. As we have noted, our agreements and arrangements with our business manager/advisor or any of its affiliates, including those relating to compensation, are not the result of arm's length negotiations, but we believe these agreements and arrangements approximate the terms of arm's length transactions.

COMPENSATION TABLE

The compensation arrangements between us and our business manager/advisor, The Inland Group and its affiliates, were not determined by arm's-length negotiations. See "Conflicts of Interest." The following table

discloses the compensation which we may pay our business manager/advisor and its affiliates. In those instances in which there are maximum amounts or ceilings on the compensation which may be received, our business manager/advisor and its affiliates may not recover any excess amounts for those services by reclassifying them under a different compensation or fee category.

We define net income as total revenues less expenses other than additions to reserves for depreciation or bad debts or other similar non-cash reserves. When we use the term "net income" for purposes of calculating some expenses and fees, it excludes the gain from the sale of our assets. This definition of net income is prescribed by the Statement of Policy Regarding REITs adopted by the North American Securities Administrators Association, Inc., or NASAA; but it is not in accordance with generally accepted accounting principles in the United States, because depreciation and other non-cash reserves are not deducted in determining net income under the NASAA REIT Statement. Excluding depreciation will result in not reimbursing our business manager/advisor for a non-cash expenditure and not excluding the gain from the sale of our assets could result in greater net income on which the 25% reimbursement to our business manager/advisor is allowed.

NONSUBORDINATED PAYMENTS

The following aggregate amounts of compensation, allowances and fees we may pay to our business manager/advisor and its affiliates are not subordinated to the returns on net investments that we are required to pay to our stockholders.

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	ESTIMATED MAXIMUM DOLLAR AMOUNT
	OFFERING STAGE	
Selling commissions payable to the managing dealer and dealers designated by the managing dealers referred to as soliciting dealers.	We will pay a selling commission of 7.5% of the sale price for each share (and reallow 7%), subject to reduction for special sales under the circumstances as described in the "Plan of Distribution - Compensation - We Will Pay For the Sale of Our Shares." We will permit the managing dealer and its respective officers and employees and certain of its affiliates to purchase shares net of sales commissions and the marketing allowance and due diligence expense allowance or for $8.95 per share; however, any subsequent purchases of shares by any such persons are limited to a maximum discount of 5%.	Through September 30, 2004, we have incurred $135,587,028 in selling commissions in connect with our initial public offeri We intend to sell 250,000,000 shares of our common stock at $10.00 per share in our initia public offering. The actual am we will incur in this offering depends upon the amount of sha sold. A total of $187,500,000 selling commissions will be pa if the maximum offering is sol and there are no special sales

TYPE OF COMPENSATION AND	ESTIMATED MAXIMUM

RECIPIENT	METHOD OF COMPENSATION	DOLLAR AMOUNT
	Also, soliciting dealers and their respective officers and employees and certain of their respective affiliates who request and are entitled to purchase shares net of selling commissions may make an initial purchase of shares net of sales commissions or for $9.30 per share; however, any subsequent purchases of shares by any such persons are limited to a maximum discount of 5%.	
Marketing allowance and due diligence expense allowance paid to the managing dealer and soliciting dealers.	We will pay an amount equal to 2.5% of the gross offering proceeds to the managing dealer, all or a portion of which may be passed on to soliciting dealers, in lieu of reimbursement of specific expenses associated with marketing. We may pay an additional 0.5% of the gross offering proceeds to the managing dealer, which may be passed on to the soliciting dealers, for due diligence expenses. We will not pay the marketing allowance and due diligence expense allowance in connection with any special sales, except those receiving volume discounts and those described in "Plan of Distribution - Volume Discounts."	Through September 30, 2004, we have incurred $16,811,558 in marketing allowance and due diligence expense allowance in connection with our initial pu offering. The actual amount of marketing allowance and due diligence expense allowance in connection with this offering depend on the number of shares sold. If there are no special sales and we sell the maximum number of shares offered, approximately $75,000,000 will paid for the marketing allowan and the due diligence expense allowance.

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION		ESTIMATED MAXIMUM DOLLAR AMOUNT
Reimbursable expenses and other expenses of issuance and distribution	We expect to incur the following expenses in connection with this offering:		All amounts other than the Securities and Exchange Commis registration fee and the NASD filing fee are estimates. The actual amounts of these expens cannot be determined at the present time. We estimate the total amount of the issuance a distribution expenses to be approximately $13,307,323. Thr September 30, 2004, we have incurred $969,524 of reimbursa expenses to our business manager/advisor in connection our initial public offering. I addition, as of December 31, 2 our business manager/advisor h advanced an aggregate of approximately $1,763,306 for t
	Securities and Exchange Commission registration		
	Fee	$ 340,823	
	NASD filing fee	$ 30,500	
	Printing and mailing expenses	$ 4,250,000	
	Blue Sky fees and expenses	$ 136,000	
	Legal fees and expenses	$ 900,000	
	Accounting fees and expenses	$ 650,000	

		payment of offering expenses t
Advertising and sales literature	$ 5,500,000	non-affiliated third parties i connection with our initial pu offering, all of which has bee
Transfer Agent fees	$ 800,000	repaid.
Data processing fees	$ 500,000	
Bank fees and other administrative expenses	$ 200,000	
If the aggregate of all offering expenses, including selling commissions, the marketing allowance and due diligence expense allowance, exceeds 15% of the gross offering proceeds, of if the aggregate of all offering expenses, excluding the selling expenses, exceeds 5.5% of the gross offering proceeds, our business manager/advisor or its affiliates will promptly pay the excess and we will have no liability for these expenses at any time afterward.		Our sponsor has not advanced a reimbursable expenses in connection with this offering. may reimburse up to $13,307,32 for offering expenses advanced we sell the maximum number of shares offered in this offerin If this offering is not successful, then our sponsor w be solely responsible for the offering expenses to the exten has not been reimbursed.

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	ESTIMATED MAXIMUM DOLLAR AMOUNT
Acquisition expenses paid to our business manager/advisor's affiliates, Inland Real Estate Acquisitions, Inc. and The Inland Real Estate Group, Inc.	We will pay an amount, estimated to be up to 0.5% of the total of (1) the gross offering proceeds from the sale of 250,000,000 shares, (2) the gross proceeds from the sale of up to 20,000,000 shares pursuant to the distribution reinvestment programs. The acquisition expenses for any particular property will not exceed 6% of the gross purchase price of the property. However, if we request additional services, the compensation will be provided on separate agreed-upon terms and the rate will be approved by a majority of disinterested directors, including a majority of the disinterested independent directors, as fair and reasonable for us.	We may pay no more than $13,450,000 for the reimbursem of acquisition expenses if the maximum number of shares are s and all of the 20,000,000 shar are sold pursuant to the distribution reinvestment prog However, the actual amounts ca be determined at the present t
Interest expenses paid to our business manager/advisor and Inland Mortgage Corporation in connection with loans.	We may borrow money from our business manager/advisor and its affiliates in order to acquire properties. In such instances, we will pay our business manager/advisor and its affiliates interest at prevailing market rates.	The actual amounts are depende on actual borrowings. Therefor these amounts cannot be determ at the present time.

OPERATIONAL STAGE

Property management fee paid to our property managers, Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Management LLC. We will pay the fee for services in connection with the rental, leasing, operation and management of the properties.	We will pay a monthly fee of 4.5% of the gross income from the properties. We will also pay a monthly fee for any extra services equal to no more than 90% of that which would be payable to an unrelated party providing the services. The property managers may subcontract their duties for a fee that may be less than the fee provided for in the management services agreements.	For the year ended December 31 2003, and the nine months ende September 30, 2004 we have incurred and paid property management fees of $16,627 and $2,847,427, of which 16,627 an $2,847,427 were retained by In US Management LLC, Inland Southwest Management LLC and Inland Pacific Management LLC. we acquire the businesses of o business manager/advisor and/o our property managers, the property management fees will cease. The actual amounts we w incur in the future are depend upon results of operations and therefore, cannot be determine the present time.

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	ESTIMATED MAXIMUM DOLLAR AMOUNT
Reimbursable expenses to our business manager/advisor. These may include costs of goods and services, administrative services and non-supervisory services performed directly for us by independent parties.	We will reimburse some expenses of the business manager/advisor. The compensation and reimbursements to our business manager/advisor will be approved by a majority of our directors and a majority of our independent directors as fair and reasonable for us.	The actual amounts are depende upon results of operations and therefore, cannot be determine the present time.
We will reimburse some expenses of the Inland Risk and Insurance Management Services for insurance coverage.	Inland Risk and Insurance Management Services charges us $50 per hour for assistance in obtaining insurance coverage. Any commissions they receive are credited against this hourly rate. We believe this hourly rate is approximately 90% of the rate charged by unaffiliated third parties. The compensation to this company will be approved by a majority of our directors and a majority of our independent directors as fair and reasonable for us.	The actual amounts are depende upon results of operations and therefore, cannot be determine the present time.
We will compensate the Inland Mortgage Servicing Corporation and Inland Mortgage Investment	Inland Mortgage Servicing Corporation charges us .03% per year on the first billion dollars of mortgages serviced and .01% thereafter. Inland Mortgage	For the year ended December 31 2003, and the nine months ende September 30, 2004 we have incurred and paid $328 and $63

Corporation for purchase, sale and servicing of mortgages	Investment Corporation charges us .02% of the principal amount of each loan placed. The compensation to these companies will be approved by a majority of our directors and a majority of our independent directors as fair and reasonable for us.	to Inland Mortgage Servicing Corporation. For the year ende December 31, 2003, and the nin months ended September 30, 200 have incurred and paid $59,523 $2,241,986 to Inland Mortgage Investment Corporation. The ac amounts we will incur in the future are dependent upon resu of operations and cannot be determined at the present time

LIQUIDATION STAGE

Property disposition fee payable to our business manager/advisor's affiliates, Inland Real Estate Sales, Inc. and Inland Partnership Property Sales Corp.	We may pay a property disposition fee to our business manager/advisor and its affiliates if we sell any of our real property in an amount equal to the lesser of: 1. 3% of the contract sales price of the property; or 2. 50% of the customary commission which would be paid to a third party broker for the sale of a comparable property. The amount paid, when added to the sums paid to unaffiliated parties, will not exceed either the customary commission or an amount equal to 6% of the contracted for sales price. Payment of such fees will be made only if the business manager/advisor provides a substantial service in connection with the sale of the property. See "Management -- Our Advisory Agreement."	The actual amounts to be recei depend upon the sale price of properties and, therefore, can be determined at the present t If we acquire the business manager/advisor, the property disposition fee will cease.

SUBORDINATED PAYMENTS

We may pay the following additional fees to our business manager/advisor after returns on net investment have been paid to the stockholders:

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	ESTIMATED MAXIMUM DOLLAR AMOUNT
	OPERATIONAL STAGE	
Advisor asset management	We pay an annual advisor asset	The actual amounts to be recei

fee payable to our business manager/advisor.	management fee of not more than 1% of our average assets. Our average assets means the average of the total book value including acquired intangibles of our real estate assets plus the total value of our loans receivables secured by real estate, before reserves for depreciation or bad debts or other similar non-cash reserves. We will compute our average assets by taking the average of these values at the end of each month during the quarter for which we are calculating the fee. The fee is payable quarterly in an amount equal to1/4of 1% of average assets as of the last day of the immediately preceding quarter. For any year in which we qualify as a REIT, our business manager/advisor must reimburse us for the following amounts if any:	depend upon the sale price of properties and, therefore, can be determined at the present t If we acquire the business manager/advisor, the advisor a management fee will cease.

(1) the amounts by which our total operating expenses, the sum of the advisor asset management fee plus other operating expenses, paid during the previous fiscal year exceed the greater of:

- 2% of our average assets for that fiscal year, or

- 25% of our net income for that fiscal year.

(2) plus an amount, which will not exceed the advisor asset management fee for that year, equal to any difference between the total amount of distributions to stockholders for that year and the 6% annual return on the net investment of stockholders.

Items such as organization and offering expenses, property expenses, interest payments, taxes, non-cash expenditures, the incentive advisory fee and acquisition expenses are excluded from the definition of total operating expenses.

See "Management -- Our Advisory Agreement" for an explanation of circumstances where the excess amount specified in clause (1) may not need to

	be reimbursed.	
Incentive advisory fee payable to our business manager/advisor.	We will pay to the business manager/advisor an amount equal to 15% of the net proceeds from the sale of a property after the stockholders have first received: (1) a cumulative non-compounded return equal to 10% a year on their net investment; and (2) their net investment.	The actual amounts to be recei depend upon the sale price of properties and, therefore, can be determined at the present t If we acquire or consolidate w the business conducted by our business manager/advisor, the incentive advisory fee will terminate.

COMPENSATION TO OFFICERS AND DIRECTORS

We expect to pay the following to our directors (as our officers are not paid directly by us):

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	ESTIMATED MAXIMUM DOLLAR AMOUNT
Director fees	Independent directors receive an annual fee of $5,000 (increased to $10,000 effective October 1, 2004) and a fee of $500 for attending each meeting of the board or one of its committees in person and $350 for attending a meeting via the telephone. Our officers who are also our directors do not receive director fees.	We will pay the five independe directors $25,000 in the aggre (increased to $50,000 effectiv October 1, 2004), plus fees fo attending meetings. As of September 30, 2004 our five independent directors were pai fees in the aggregate of $105, The actual amounts to be recei for future meetings depends up the number of meetings and the attendance and, therefore, can be determined at the present t
Stock options to independent directors	Each independent director receives - an initial option to purchase 3,000 shares of common stock at a price of $8.95 per share, when they become an independent director, subject to some conditions; and - each year on the date of the stockholders' annual meeting, an additional option to purchase 500 shares of common stock at an exercise price equal to the then fair market value per share. For additional information on this option plan, see "Management-- Independent Director Stock Option Plan."	This form of compensation is n paid in cash.

ESTIMATED USE OF PROCEEDS

The amounts listed in the table below represent our current estimates concerning the use of the offering proceeds. Since these are estimates, they may not accurately reflect the actual receipt or application of the offering proceeds. The amounts assume:

- we sell the maximum of 250,000,000 shares in this offering at $10 per share; and
- we sell the maximum of 20,000,000 shares in our distribution reinvestment program at $9.50 per share.

Under this scenario we have not given effect to any special sales or volume discounts which could reduce selling commissions.

	MAXIMUM OFFERING (INCLUDING SHARES SOLD UNDER THE DISTRIBUTION REINVESTMENT PROGRAM)	
	AMOUNT	PERCENT
Gross proceeds	$ 2,690,000,000	100.00%
Less expenses:		
Selling commissions	187,500,000	6.97%
Marketing allowance	62,500,000	2.32%
Due diligence expense allowance	12,500,000	0.46%
Organization and offering	13,307,000	0.50%
Total expenses	275,807,000	10.26%
Gross amount available	2,414,193,000	89.74%
Less:		
Acquisition expenses	13,450,000	0.50%
Working capital reserve	26,900,000	1.00%
Net cash available	$ 2,373,843,000	88.24%

We will pay the managing dealer cash selling commissions of up to 7.5% on all of the 250,000,000 shares of common stock sold on a best efforts basis. No selling commission is paid on shares sold through our distribution reinvestment program.

PRIOR PERFORMANCE OF OUR AFFILIATES

PRIOR INVESTMENT PROGRAMS

During the 10-year period ending September 30, 2004, The Inland Group and its affiliates have sponsored two other REITs and 30 real estate exchange private placements, which altogether have raised more than $3,132,378,000 from over 73,000 investors. During that period, Inland Real Estate Corporation and Inland Retail Real Estate Trust, Inc., the other REITs, have raised over $2,980,790,000 from over 73,000 investors. Inland Real Estate Corporation and Inland Retail Real Estate Trust, Inc. have investment objectives and policies similar to ours and have invested principally in shopping centers that provide sales of convenience goods and personal services to neighboring communities in the Midwest and Southeast areas. However, Inland Real Estate Corporation is now a self-administered REIT and is no longer affiliated with The Inland Group. Our investment objectives and policies are similar to those of several of the other prior investment programs sponsored by our affiliates which have owned and operated retail properties. However, the vast majority of the other investment programs sponsored by our affiliates were dissimilar from our operation in that the prior programs owned apartment properties, pre-development land and whole or partial interests in mortgage loans.

The information in this section and in the Prior Performance Tables included in this prospectus as APPENDIX A shows relevant summary information concerning real estate programs sponsored by our affiliates. The purpose is to provide information on the prior performance of these programs so that you may evaluate the experience of the affiliated companies in sponsoring similar programs. The following discussion is intended to briefly summarize the objectives and performance of the prior programs and to disclose any material adverse business developments sustained by them. Past performance is not necessarily indicative of future performance.

SUMMARY INFORMATION

The table below provides summarized information concerning prior programs sponsored by our affiliates for the 10-year period ending September 30, 2004, and is qualified in its entirety by reference to the introductory discussion above and the detailed information appearing in the Prior Performance Tables in APPENDIX A of this prospectus. YOU SHOULD NOT CONSTRUE INCLUSION OF THE SUCCEEDING TABLES AS IMPLYING IN ANY MANNER THAT WE WILL HAVE RESULTS COMPARABLE TO THOSE REFLECTED IN THE TABLES BECAUSE THE YIELD AND CASH AVAILABLE AND OTHER FACTORS COULD BE SUBSTANTIALLY DIFFERENT FOR OUR PROPERTIES. YOU SHOULD NOTE THAT BY ACQUIRING OUR SHARES, YOU WILL NOT BE ACQUIRING ANY INTERESTS IN ANY PRIOR PROGRAMS.

	INLAND RETAIL REAL ESTATE TRUST, INC. REIT PROGRAM AS OF SEPTEMBER 30, 2004	INLAND REAL ESTATE CORPORATION REIT PROGRAM AS OF SEPTEMBER 30, 2004
Number of programs sponsored	1	1
Aggregate amount raised from investors	$ 2,279,622,000	701,168,000
Approximate aggregate number of investors	59,000	14,000
Number of properties purchased	274	148
Aggregate cost of properties	$ 4,053,516,000	1,276,000,000

Number of mortgages/notes		0	0
Principal amount of mortgages/notes	$	0	0
Principal of properties (based on cost) that were:			
Commercial--			
Retail		90.00%	86.00%
Single-user net-lease		10.00%	14.00%
Nursing homes		0.00%	0.00%
Offices		0.00%	0.00%
Industrial		0.00%	0.00%
Health clubs		0.00%	0.00%
Mini-storage		0.00%	0.00%
Total commercial		100.00%	100.00%
Multi-family residential		0.00%	0.00%
Land		0.00%	0.00%
Percentage of properties (based on cost) that were:			
Newly constructed (within a year of acquisition)		37.00%	40.00%
Existing construction		63.00%	60.00%
Number of properties sold in whole or in part		0	11
Number of properties exchanged		0	0

Of the programs included in the above table, Inland Real Estate Corporation and Inland Retail Real Estate Trust, Inc. have investment objectives similar to ours. Inland Real Estate Corporation and Inland Retail Real Estate Trust, Inc. represent approximately 97% of the aggregate amount raised from investors, approximately 99% of the aggregate number of investors, approximately 95% of the properties purchased, and approximately 95% of the aggregate cost of the properties.

During the three years prior to September 30, 2004, Inland Real Estate Corporation purchased 26 commercial properties and Inland Retail Real Estate Trust, Inc. purchased 249 commercial properties. Upon written request, you may obtain, without charge, a copy of Table VI filed with the Securities and Exchange Commission in Part II of our prospectus. The table provides more information about these acquisitions.

PUBLICLY REGISTERED REITS

INLAND REAL ESTATE CORPORATION. Through a total of four public offerings, the last of which was completed in 1999, Inland Real Estate Corporation sold a total of 51,642,397 shares of common stock. In addition, as of September 30, 2004, Inland Real Estate Corporation issued 14,293,208 shares of common stock through its distribution reinvestment program. As of September 30, 2004, Inland Real Estate Corporation repurchased 5,256,435 shares of common stock through its share repurchase program for an aggregate amount of $49,159,202. As a result, Inland Real Estate Corporation has realized total gross offering proceeds of approximately $701,168,000 as of September 30, 2004. On June 9, 2004, Inland Real Estate Corporation listed its shares on the New York Stock Exchange and began trading under the ticker "IRC".

Inland Real Estate Corporation's objective is to purchase shopping centers that provide convenience goods, personal services, wearing apparel and

hardware and appliances located within an approximate 400-mile radius of its headquarters in Oak Brook, Illinois, and to provide, at a minimum, cash distributions on a quarterly basis and a hedge against inflation through capital appreciation. It may also acquire single-user retail properties throughout the United States. As of September 30, 2004, the properties owned by Inland Real Estate Corporation were generating sufficient cash flow to cover operating expenses plus pay an annual cash distribution of $0.94 per share paid monthly.

As of September 30, 2004, Inland Real Estate Corporation owned interests in 139 properties for a total investment of approximately $1,325,000,000. These properties were purchased with proceeds received from the above described offerings of shares of its common stock and financings. As of September 30, 2004, Inland Real Estate Corporation financed approximately $641,370,000 on its properties and had $110,000,000 outstanding through an unsecured line of credit.

On July 1, 2000, Inland Real Estate Corporation became a self-administered REIT by completing its acquisition of Inland Real Estate Advisory Service, Inc., its advisor, and Inland Commercial Property Management, Inc., its property manager. The acquisition was accomplished by merging its advisor and its property manager into two wholly owned subsidiaries of Inland Real Estate Corporation. As a result of the merger, Inland Real Estate Corporation issued to our sponsor, the sole shareholder of the advisor, and The Inland Property Management Group, Inc., the sole shareholder of its property manager, an aggregate of 6,181,818 shares of Inland Real Estate Corporation's common stock at $11 per share, or approximately 9.008% of its common stock.

INLAND RETAIL REAL ESTATE TRUST, INC. Through a total of three public offerings, the last of which was completed in 2003, Inland Retail Real Estate Trust, Inc. sold a total of 213,699,534 shares of its common stock. In addition, as of September 30, 2004, Inland Retail Real Estate Trust, Inc. issued 18,653,894 shares through its distribution reinvestment program, and has repurchased a total of 3,087,940 shares through the share reinvestment program. As a result, Inland Retail Real Estate Trust Inc. has realized total gross offering proceeds of approximately $2,279,622,000 as of September 30, 2004.

Inland Retail Real Estate Trust, Inc.'s objective is to purchase shopping centers east of the Mississippi River in addition to single-user retail properties in locations throughout the United States, and to provide regular cash distributions and a hedge against inflation through capital appreciation. As of September 30, 2004, the properties owned by Inland Retail Real Estate Trust, Inc. were generating sufficient cash flow to cover operating expenses plus pay an annual cash distribution of $.83 per share per annum paid monthly.

As of September 30, 2004, Inland Retail Real Estate Trust, Inc. owned 274 properties for a total investment of approximately $4,053,516,000. These properties were purchased with proceeds received from the above described offerings of shares of its common stock and financings. As of September 30, 2004, Inland Retail Real Estate Trust, Inc. financed approximately $2,208,835,000 on its properties.

The following table summarizes distributions for each of the publicly registered REITS through September 30,2004:

REIT PERFORMANCE
Distributions through September 30, 2004

INLAND REAL ESTATE CORPORATION
OFFERING COMPLETED 1999

	Total Distribution ($)	Ordinary Income ($) *	Non-taxable Distribution ($) **	Capital Gain Distribution ($) ***	Average Annualized Distribution for Purchases at $10 per Share ($)	Average Annualized Distribution for Purchases at $11 per Share ($)
1995	736,627	694,213	42,414	-	7.6	N/A
1996	3,704,943	3,093,525	611,418	-	8.1	N/A
1997	13,127,597	9,739,233	3,388,364	-	8.6	N/A
1998	35,443,213	27,015,143	8,428,070	-	8.8	7.9
1999	48,379,621	35,640,732	12,738,889	-	8.9	8.0
2000	52,964,010	40,445,730	12,518,280	-	9.0	8.1
2001	58,791,604	45,754,604	12,662,414	374,586	9.3	8.4
2002	60,090,685	41,579,944	18,315,640	195,101	9.4	8.5
2003	61,165,608	47,254,096	13,577,679	333,833	9.4	8.6
2004	40,734,316	40,734,316	*	-	9.4	8.6
	381,138,224	297,951,536	82,283,168	903,520		

INLAND RETAIL REAL ESTATE TRUST, INC.
OFFERING COMPLETED 2003

	Total Distribution ($)	Ordinary Income ($) *	Non-taxable Distribution ($) **	Average Annualized Distribution (%)
1999	1,396,861	318,484	1,078,377	7.2
2000	6,615,454	3,612,577	3,002,877	7.7
2001	17,491,342	10,538,534	6,952,808	8.0
2002	58,061,491	36,387,136	21,674,355	8.2
2003	160,350,811	97,571,099	62,779,712	8.3
2004	141,029,478	141,029,478	*	8.3
	384,945,437	289,457,308	95,488,129	

ON JUNE 9, 2004 INLAND REAL ESTATE CORPORATION LISTED ITS SHARES ON THE NEW YORK STOCK EXCHANGE AND BEGAN TRADING UNDER THE SYMBOL "IRC."

* The breakout between ordinary income and return of capital is finalized on an annual basis after the calendar year end.
** Represents a return of capital for federal income tax purposes.
*** Represents a capital gain distribution for federal income tax purposes.

PRIVATE PARTNERSHIPS

Since our inception and through September 30, 2004, our affiliates have sponsored 514 private placement limited partnerships which have raised more than $524,201,000 from approximately 17,000 investors and invested in properties for an aggregate price of more than $1 billion in cash and notes. Of the 522 properties purchased, 93% have been in Illinois. Approximately 90% of the funds were invested in apartment buildings, 6% in shopping centers, 2% in office buildings and 2% in other properties. Including sales to affiliates, 475 partnerships have sold their original property investments. Officers and employees of our sponsor and its affiliates invested more than $17,000,000 in these private placement limited partnerships.

From October 1, 1995 through September 30, 2004, investors in The Inland Group private partnerships have received total distributions in excess of $269,026,000, consisting of cash flow from partnership operations, interest earnings, sales and refinancing proceeds and cash received during the course of property exchanges.

Following a proposal by the former corporate general partner, which was an affiliate of The Inland Group, investors in 301 private partnerships voted in 1990 to make our sponsor the corporate general partner for those partnerships.

Beginning in December 1993 and continuing into the first quarter of 1994, investors in 101 private limited partnerships for which our sponsor is the general partner received letters from it informing them of the possible opportunity to sell the 66 apartment properties owned by those partnerships to a to-be-formed REIT in which affiliates of our sponsor would receive stock and cash and the limited partners would receive cash. The underwriters of this apartment REIT subsequently advised our sponsor to sell to a third party its management and general partner's interests in those remaining limited partnerships not selling their apartment properties to the apartment REIT. Those not selling their apartment properties constituted approximately 30% of the Inland-sponsored limited partnerships owning apartment buildings. The prospective third-party buyers of our sponsor's interests in the remaining partnerships, however, would make no assurance to support those partnerships financially. As a result, in a March 1994 letter, our sponsor informed investors of its decision not to go forward with the formation of the apartment REIT.

Following this decision, two investors filed a complaint in April 1994 in the Circuit Court of Cook County, Illinois, Chancery Division, purportedly on behalf of a class of other unnamed investors, alleging that our sponsor had breached its fiduciary responsibility to those investors whose partnerships would have sold apartment properties to the apartment REIT. The complaint sought an accounting of information regarding the apartment REIT matter, an unspecified amount of damages and the removal of our sponsor as general partner of the partnerships that would have participated in the sale of properties. In August 1994, the court granted our sponsor's motion to dismiss, finding that the plaintiffs lacked standing to bring the case individually. The plaintiffs were granted leave to file an amended complaint. Thereafter, in August 1994, six investors filed an amended complaint, purportedly on behalf of a class of other investors, and derivatively on behalf of six limited partnerships of which our sponsor is the general partner. The derivative counts sought damages from our sponsor for alleged breach of fiduciary duty and breach of contract, and asserted a right to an accounting. Our sponsor filed a motion to dismiss in response to the amended complaint. The suit was dismissed in March 1995 with prejudice. The plaintiffs filed an appeal in April 1996. After the parties briefed the issue, arguments were heard by the Appellate Court in February 1997. In September 1997, the Appellate Court affirmed the trial court decision in favor of our sponsor.

Inland Real Estate Investment Corporation is the general partner of twenty-seven private limited partnerships and one public limited partnership that own corporate interests in fifteen buildings that are net leased to Kmart. The fourteen Kmarts owned by the private limited partnerships are all cross collateralized. Relating to the Kmart bankruptcy, the status of the fifteen is as follows:

- CATEGORY 1 - The leases of nine of the Kmarts are current and have been accepted by Kmart under their Chapter 11 reorganization plan.

- CATEGORY 2 - Kmart assigned its designation rights in one lease to Kohl's. The lease was amended and extended for Kohl's by IREIC, the general partner on behalf of the owners and lender; and Kohl's began paying rent February 12, 2003.

- CATEGORY 3 - Under Kmart's Chapter 11 reorganization plan and upon emergence from bankruptcy on April 22, 2003, Kmart has rejected the remaining four property leases, one of which is subject to a ground lease to Kimco. Kmart ceased paying rent as of May 1, 2003.

IREIC, the corporate general partner has agreed with the note holders who own the loan to conduct a liquidation of the 14 properties which comprise Categories 1, 2 and 3. The Category 2 property, which is leased by Kohl's, was sold on February 19, 2004. As of September 30, 2004, seven of the Category 1 K-Mart properties have been sold and the remaining two are under contract. Two of the Category 3 properties have been sold, one is under contract and one has an offer pending as of September 30, 2004.

- CATEGORY 4 - Under Kmart's Chapter 11 reorganization, Kmart rejected the lease for the property owned by the public limited partnership and ceased paying rent as of June 29, 2002. The corporate general partner plans to either re-tenant or sell this facility.

1031 EXCHANGE PRIVATE PLACEMENT OFFERING PROGRAM

In March of 2001, Inland Real Estate Exchange Corporation (IREX) was established as a subsidiary of Inland Real Estate Investment Corporation. The main objective of IREX is to provide replacement properties for people wishing to complete an IRS Section 1031 real estate exchange. Through September 30, 2004, IREX offered the sale of thirty properties with a total property value of $363,006,000.

LANDINGS OF SARASOTA DBT. Inland Southern Acquisitions, Inc., a Delaware corporation and an affiliate of IREX acquired The Landings, a multi-tenant shopping center located in Sarasota, Florida in December 1997 for $9,800,000. In August 2001, Inland Southern Acquisitions, Inc. contributed 100% of its interest in the property into Landings of Sarasota DBT, a Delaware business trust, refinanced the property with a loan of $8,000,000 from Parkway Bank & Trust Co., an Illinois banking corporation, and began offering all of its beneficial interests in the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $12,000,000, which consisted of $8,000,000 in debt assumption and $4,000,000 in equity investment. $200,000 of the offering proceeds were allocated to a property reserve account. The offering was completed in May 2002 when the maximum offering amount was raised.

SENTRY OFFICE BUILDING, DBT, a Delaware business trust, purchased a newly constructed, single-tenant office building in Davenport, Iowa in December

2001 from Ryan Companies US Inc., a Minnesota corporation. The trust financed its acquisition of the property with a $7,500,000 first mortgage loan from Parkway Bank & Trust Co., an Illinois banking corporation. In January 2002, Sentry Office Building Corporation, a Delaware corporation and the initial beneficiary of the trust, began offering all of its beneficial interests in the trust to certain qualified persons in need of replacement properties to complete a

1031 tax-deferred exchange. The total price was $11,000,000, which consisted of $7,500,000 in debt assumption and $3,500,000 in equity investment. $100,000 of the offering proceeds obtained from the new owners was allocated to a property reserve account. The offering was completed in April 2002 when the maximum offering amount was raised.

PETS BOWIE DELAWARE BUSINESS TRUST purchased a single-tenant retail building leased to PETsMART in Bowie, Maryland in October 2001 from PETsMART, Inc. and Wells Fargo Bank Northwest, N.A. The trust initially financed its acquisition of the property with a temporary loan of $2,625,305 from Parkway Bank & Trust Co., an Illinois banking corporation, and then replaced this loan with a permanent loan of $1,300,000 with the same lender. In May 2002, Pets Bowie Delaware Business Trust began offering all of its beneficial interests to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $3,900,000, which consisted of $1,300,000 in debt assumption and $2,600,000 in equity investment. $90,000 of the offering proceeds obtained from the new owners was allocated to a property reserve account. The offering was completed in July 2002 when the maximum offering amount was raised.

1031 CHATTANOOGA DBT, a Delaware business trust, acquired a retail property currently leased to Eckerd in Chattanooga, Tennessee in May 2002. The trust financed the property with a loan of $1,500,000 from Parkway Bank & Trust Co., an Illinois banking corporation. In July 2002, 1031 Chattanooga, L.L.C., the initial beneficiary of 1031 Chattanooga DBT, began offering all of the beneficial interests of the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $3,400,000, which consisted of $1,500,000 in debt assumption and $1,900,000 in equity investment. The offering was completed in May 2003 when the maximum offering amount was raised.

LANSING SHOPPING CENTER, DBT a Delaware business trust, purchased a newly constructed, multi-tenant retail shopping center in Lansing, Illinois in June 2002 from LaSalle Bank National Association, as trustee under trust agreement dated May 22, 2001 and known as Trust No. 127294. The trust financed its acquisition of the property with a $5,900,000 first mortgage loan from Parkway Bank & Trust Co., an Illinois banking corporation. In August 2002, Lansing Shopping Center, L.L.C., a Delaware limited liability company and the initial beneficiary of Lansing Shopping Center, DBT, began offering all of the beneficial interests of the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $10,900,000, which consisted of $5,900,000 in debt assumption and $5,000,000 in equity investment. $80,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in September 2001 when the maximum offering amount was raised.

INLAND 220 CELEBRATION PLACE DELAWARE BUSINESS TRUST purchased a single-tenant office building currently leased to Walt Disney World Co., a Florida corporation, in Celebration, Osceola County, Florida, in June 2002 from Walt Disney World Co. in a sale/leaseback transaction. The trust financed its acquisition of the property with an $18,000,000 first mortgage loan from Bank of

America, N.A., a national banking association. In September 2002, Inland 220 Celebration Place, L.L.C., a Delaware limited liability company and the initial beneficiary of Inland 220 Celebration Place Delaware Business Trust, began offering all of the beneficial interests of the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $33,800,000, which consisted of $18,000,000 in debt assumption and $15,800,000 in equity investment. $50,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in September 2003 when the maximum offering amount was raised.

TAUNTON CIRCUIT DELAWARE BUSINESS TRUST acquired a retail property currently leased to Circuit City in Taunton, Massachusetts in July 2002. The Trust financed the property with a first mortgage of

$2,800,000 from MB Financial Bank. In September 2002, Inland Taunton Circuit, L.L.C., the initial beneficiary of Taunton Circuit Delaware Business Trust, offered all of its interest in the trust to a qualified person in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was $6,550,000, which consisted of $2,800,000 in debt assumption and $3,750,000 in equity investment. The offering was completed in September 2002.

BROADWAY COMMONS DELAWARE BUSINESS TRUST acquired a multi-tenant retail center located in Rochester, Minnesota, in July 2002. The Trust financed the property with a first mortgage of $8,850,000 from Parkway Bank & Trust Co., an Illinois banking corporation. In October 2002, Broadway Commons, L.L.C., the initial beneficiary of Broadway Commons Delaware Business Trust, began offering all of its beneficial interests in the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $17,250,000, which consisted of $8,850,000 in debt assumption and $8,400,000 in equity investment. $100,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in December 2003 when the maximum offering amount was raised.

BELL PLAZA 1031, LLC. REHAB ASSOCIATES XIII, INC., an Illinois corporation and an affiliate of IREX acquired Bell Plaza, a multi-tenant shopping center in Oak Lawn, IL on August 28, 1998 for $1,675,000. In October 2002, Rehab Associates XIII contributed 100% of its interest in the property into Bell Plaza 1031, LLC, a Delaware single member limited liability company, and then offered all of its membership interests in Bell Plaza, LLC to North Forsyth Associates, a North Carolina general partnership, which was in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was $4,030,000, which consisted of $3,140,000 in debt assumption and $890,000 in equity investment. $25,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in November 2002.

INLAND 210 CELEBRATION PLACE DELAWARE BUSINESS TRUST purchased a single-tenant office building, currently leased to Walt Disney World Co., a Florida corporation, in Celebration, Osceola County, Florida, in June 2002 from Walt Disney World Co .in a sale/leaseback transaction. The trust financed its acquisition of the property with a $5,700,000 first mortgage loan from Bear Stearns Commercial Mortgage, Inc. In January 2003, Inland 210 Celebration Place Delaware Business Trust sold its fee simple interest in 210 Celebration Place to Old Bridge Park Celebration, LLC, a Delaware limited liability company, which was in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was $12,000,000, which consisted of $5,700,000 in debt assumption and $6,300,000 in equity investment.

COMPUSA RETAIL BUILDING. Lombard C-USA, L.L.C., a Delaware limited liability company, purchased a single-tenant retail building leased to CompUSA,

Inc. in Lombard, Illinois in January 2003 from an unrelated third party. The L.L.C. financed its acquisition of the property with a $4,000,000 loan from Bear Stearns Commercial Mortgage, Inc. In April 2003, Lombard C-USA, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 2840 S. Highland Avenue, Lombard, DuPage County, Illinois for $3,910,500 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $7,950,000, which consisted of $4,000,000 in debt assumption and $3,950,000 in equity investment. As required by the lender, Lombard C-USA, L.L.C. shall retain at least a 1% tenant in common interest, which is included in the $3,950,000 equity investment. $75,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in February 2004 when the maximum offering amount was raised.

DEERE DISTRIBUTION FACILITY IN JANESVILLE, WISCONSIN. Janesville 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant, light industrial distribution center leased to Deere &

Company, a Delaware corporation, in Janesville, Wisconsin in February 2003 from Ryan Janesville, L.L.C., a Minnesota corporation and an affiliate of Ryan Companies US, Inc. The L.L.C. financed its acquisition of the property with a $10,450,000 loan from Bear Stearns Commercial Mortgage, Inc. In May 2003, Janesville 1031, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 2900 Beloit Avenue, Janesville, Rock County, Wisconsin for $9,949,500 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $20,500,000, consisted of $10,450,000 in debt assumption and $10,050,000 in equity investment, 1% of which was required by the lender to be retained by Janesville 1031, L.L.C. $100,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in January 2004 when the maximum offering was raised.

FLEET OFFICE BUILDING. Westminster Office 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant office building leased entirely to Fleet National Bank, a national banking association, in Providence, Rhode Island in April 2003 from Fleet National Bank in a sale/leaseback transaction. The L.L.C. financed its acquisition of the property with a $12,900,000 loan from Bear Stearns Commercial Mortgage, Inc. In June 2003, Westminster Office 1031, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 111 Westminster Street, Providence, Providence County, Rhode Island for $9,900,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $22,900,000, consisted of $12,900,000 in debt assumption and $10,000,000 in equity investment, 1% of which was required by the lender to be retained by Westminster Office 1031, L.L.C. $150,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in January 2004 when the maximum offering was raised.

DEERE DISTRIBUTION FACILITY IN DAVENPORT, IOWA. Davenport 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant, light industrial distribution center leased to Quad Cities Consolidation and Distribution, Inc., an Illinois corporation, in Davenport, Iowa in April 2003 from Ryan Companies US, Inc., a Minnesota corporation. The lease is fully guaranteed by Deere & Company, a Delaware corporation. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc. In August 2003, Davenport 1031, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located

at 2900 Research Parkway, Davenport, Scott County, Iowa for $15,543,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $28,200,000, consisted of $12,500,000 in debt assumption and $15,700,000 in equity investment, 1% of which was required by the lender to be retained by Davenport 1031, L.L.C. $100,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in April 2004 when the maximum offering was raised.

GRAND CHUTE DST, a Delaware statutory trust, purchased a multi-tenant retail shopping center in Grand Chute, Wisconsin in October 2002 from Continental 56 Fund Limited Partnership. The trust funded the acquisition of the property with cash from the sale of 100% of the beneficial interests in the trust to Grand Chute, L.L.C., a Delaware limited liability company. Subsequent to the acquisition of the property, the trust obtained a $5,678,350 loan from Bank of America, N.A. and the proceeds of the loan were distributed to Grand Chute, L.L.C. as a partial return of its capital contribution. In January 2003, Grand Chute, L.L.C. began offering all of its beneficial interests in the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $12,048,350 which consisted of $5,678,350 in debt assumption and $6,370,000 in equity investment. $478,350 of the offering proceeds was allocated to four separate property reserve accounts, three of which were required by the lender. In September 2003, certain information in the offering was amended and

supplemented through the release of the First Supplement to Private Placement Memorandum. The offering was completed in March 2004 when the maximum offering amount was raised.

MACON OFFICE DST, a Delaware statutory trust, purchased a single-tenant office complex in Macon, Georgia in October 2002 from UTF Macon, L.L.C. The trust funded the acquisition of the property with cash from the sale of 100% of the beneficial interests in the trust to Macon Office, L.L.C., a Delaware limited liability company. Subsequent to the acquisition of the property, the trust obtained a $5,560,000 loan from Bank of America, N.A. and the proceeds of the loan were distributed to Macon Office, L.L.C. as a partial return of its capital contribution. In October 2003, Macon Office, L.L.C. began offering all of its beneficial interests in the trust to certain qualified persons seeking a cash investment, in addition to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was $12,160,000 which consisted of $5,560,000 in debt assumption and $6,600,000 in equity investment. $100,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in March 2004 when the maximum offering amount was raised.

WHITE SETTLEMENT ROAD INVESTMENT, LLC, a Delaware limited liability company, acquired a retail property currently leased to Eckerd Corporation in Fort Worth, Texas in July 2003. The LLC funded the acquisition of the property with cash from an affiliate and with a short-term loan from Parkway Bank and Trust Co., an Illinois banking corporation, in the amount of $2,041,000. In November 2003, Fort Worth Exchange, LLC, a Delaware limited liability company and initial beneficiary of White Settlement Road Investment, LLC, offered its entire membership interest in the LLC to a qualified person in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was $2,840,000, which consisted of $1,420,000 in debt assumption and $1,420,000 in equity investment. The offering was completed in December 2003. Simultaneous with the completion of the offering, the short-term loan with Parkway was converted to a permanent loan and the terms of the loan documents were modified in accordance with a loan commitment from Parkway.

PLAINFIELD MARKETPLACE. Plainfield 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant shopping center located in Plainfield, IL on December 16, 2003 from Ryan Companies US, Inc., a Minnesota corporation. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc, a New York corporation. In January 2004, Plainfield 1031, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 11840 South Route 59, Plainfield, Will County, Illinois for $12,350,250 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $24,400,000, consisted of $11,925,000 in debt assumption and $12,475,000 in equity investment, 1% of which was required by the lender to be retained by Plainfield 1031, L.L.C. The difference between the real estate acquisition price of $21,700,000 and the total price of $24,400,000 consists of $950,000 acquisition fee, $150,000 for a property reserve account, and $1,600,000 of estimated costs and expenses. The offering was completed in June 2004 when the maximum offering amount was raised.

PIER 1 RETAIL CENTER. Butterfield-Highland 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on December 30, 2003 from the beneficiary of Trust No. 2314, an unrelated third party, which trust was held by North Side Community Bank as Trustee under the Trust Agreement dated December 12, 2003. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc, a New York corporation. In March 2004, Butterfield-Highland 1031, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 2830 S. Highland Avenue, Lombard, Illinois for $4,257,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $8,150,000, consisted of $3,850,000 in debt assumption and $4,300,000 in equity investment, a minimum of 1% of which is required by the

lender to be retained by Butterfield-Highland 1031, L.L.C. The difference between the real estate acquisition price of $7,025,000 and the total price of $8,150,000 consists of $350,000 acquisition fee, $100,000 for a property reserve account, and $675,000 of estimated costs and expenses. The offering was completed in June 2004 when the maximum offering amount was raised.

LONG RUN 1031, L.L.C. LR 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on January 27, 2003 from Ryan Lemont, L.L.C., the third party seller and developer of the property. The L.L.C. financed its acquisition of the property with cash and, on April 24, 2003, placed a loan on the Property in the amount of $4,700,000 from Principal Commercial Funding, LLC. In June 2004, LR 1031, L.L.C. a Delaware limited liability company and initial beneficiary of Long Run 1031, L.L.C offered its entire membership interest in the LLC to a qualified person in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was $4,960,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $9,660,000 consisted of $4,700,000 in debt assumption and $4,960,000 in equity investment. The difference between the real estate acquisition price of $8,500,000 and the total price of $9,660,000 consists of $451,347 acquisition fee, $50,000 for a property reserve account, and $658,653 of estimated costs and expenses. The offering was completed in June 2004 when the maximum offering amount was raised.

FORESTVILLE 1031, L.L.C. Forestville Exchange, L.L.C., a Delaware

limited liability company, purchased a single-tenant retail shopping center on November 13, 2003 from Silver Hill, L.L.C., a North Carolina limited liability company, the property's developer. The L.L.C. financed its acquisition of the property with cash. In May 2004, Forestville Exchange, L.L.C. a Delaware limited liability company and initial beneficiary of Forestville 1031, L.L.C offered its entire membership interest in the LLC to a qualified person in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was $3,900,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $3,900,000000 consisted of $1,793,630 in debt assumption and $2,106,370 in equity investment. The difference between the real estate acquisition price of $3,450,000 and the total price of $3,900,000 consists of $172,500 acquisition fee and $277,500 of estimated costs and expenses. The offering was completed in May 2004 when the maximum offering amount was raised.

BED BATH & BEYOND RETAIL CENTER. BBY Schaumburg 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on April 20, 2004 from the American Real Estate Holdings, L.P. a Delaware limited partnership, an unrelated third party. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc, a New York corporation. In June 2004, BBY Schaumburg 1031, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 905-915 East Golf Road, Schaumburg, Illinois for $6,633,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. Total price, $12,605,000, consisted of $6,905,000 in debt assumption and $5,700,000 in equity investment, 1% of which was required by the lender to be retained by BBY Schaumburg 1031, L.L.C. The difference between the real estate acquisition price of $11,655,110 and the total price of $13,605,000 consists of $600,000 acquisition fee, $400,000 for property reserve accounts, and $949,890 of estimated costs and expenses. The offering was completed in October 2004 when the maximum offering amount was raised.

CROSS CREEK COMMONS SHOPPING CENTER. Cross Creek 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on February 17, 2004 from Buckley Shuler Real Estate, L.L.C., a Georgia limited liability company, an unrelated third party. The L.L.C. financed its acquisition of the property with cash and subsequently placed a loan from bear Stearns Commercial Mortgage on the property. In March 2004, Cross Creek 1031, L.L.C. began offering 99% of

the undivided tenant in common interests in the real estate and improvements thereon located at 10920-10948 Cross Creek Boulevard, Tampa, Florida for $6,930,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. As of June 30, 2004 the L.L.C. had raised $2,788,000. Total price, $12,078,762, consisted of $5,078,762 in debt assumption and $7,000,000 in equity investment, 1% of which was required by the lender to be retained by Cross Creek 1031, L.L.C. The difference between the real estate acquisition price of $10,319,583 and the total price of $12,078,762 consists of $520,000 acquisition fee, $150,000 for a property reserve account, and $1,089,179 of estimated costs and expenses. The offering was completed in August 2004 when the maximum offering amount was raised.

BJ'S SHOPPING CENTER EAST SYRACUSE, NEW YORK. BJS Syracuse 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on April 30, 2004 from the American Real Estate Holdings, L.P. a Delaware limited partnership, an unrelated third party. The L.L.C. financed its

acquisition of the property with a loan and cash. In June 2004, BJS Syracuse 1031, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 2-4 Chevy Drive, East Syracuse, New York for $8,365,500 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price of the purchase was $15,850,000. Total price, $15,850,000, consisted of $7,400,000 in debt assumption and $8,450,000 in equity investment, 1% of which was required by the lender to be retained by BJS Syracuse 1031, L.L.C. The difference between the real estate acquisition price of $13,500,000 and the total price of $15,850,000 consists of $675,000 acquisition fee, $150,000 for a property reserve account, and $1,525,000 of estimated costs and expenses. The offering was completed in October 2004 when the maximum offering amount was raised.

BARNES & NOBLE RETAIL CENTER CLAY, NEW YORK. Clay 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on April 15, 2004 from Clay First Associates, L.L.C., an unrelated third party. The L.L.C. financed its acquisition of the property with an assumed mortgage and note for $3,175,000 and cash. In June 2004, Clay 1031, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 3954-3956 Route 31, Clay, New York for $3,930,300 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. Total price, $7,145,000, consisted of $3,175,000 in debt assumption and $3,970,000 in equity investment, 1% of which was required by the lender to be retained by BJS Syracuse 1031, L.L.C. The difference between the real estate acquisition price of $6,100,000 and the total price of $7,145,000 consists of $305,000 acquisition fee, $100,000 for a property reserve account, and $640,000 of estimated costs and expenses.

PORT RICHEY 1031, L.L.C. Port Richey 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retain shopping center on January 30, 2004 from Land Capital Group, Inc., an unrelated third party. The L.L.C. financed its acquisition of the property with cash and, on February 25, 2004, placed a loan on the property in the amount of $2,900,000 from Bear Stearns Commercial Mortgage, Inc. In July 2004, Port Richey Exchange, L.L.C., a Delaware limited liability company and initial beneficiary of Port Richey 1031, L.L.C., offered its entire membership interest in the LLC to certain qualified persons in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was $3,075,000 in cash plus the assumption of the existing indebtedness. The total price, $5,975,000, consisted of $2,900,000 in debt assumption and $3,075 in equity investment. The difference between the real estate acquisition price of $5,250,000 and the total price of $5,975,000 consists of $262,500 acquisition fee, $437,500 of estimated costs and expenses and $25,000 for a property reserve account. The offering was completed in July 2004 when the maximum offering amount was raised.

WALGREENS STORE HOBART, INDIANA. Hobart 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant retail shopping center on June 10, 2004 from C. Hobart, L.L.C., an unrelated third party. The L.L.C. financed its acquisition of the property with cash. In July 2004, Hobart 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 732 West Old Ridge Road, Hobart, Indiana for $6,534,000 in cash to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $6,534,000, consists of an equity investment, 1% of which will be retained by Hobart 1031, L.L.C. The difference between the real estate acquisition price of $5,575,000 and the total price of $6,534,000 consists of $235,000 acquisition fee, $50,000 for a property reserve account and $740,000 of

estimated costs and expenses. As of September 30, 2004 there were no investors.

KRAFT COLD STORAGE FACILITY, MASON CITY, IOWA. Mason City 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant light industrial building on June 2, 2004 from MDG Iowa, L.P., an unrelated third party. The L.L.C. financed its acquisition of the property with a mortgage and note for $5,333,000 and cash. In July 2004, Mason City 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 904-12th Street, Mason City, Iowa for $5,610,330 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $11,000,000, consisted of $5,330,000 in debt assumption and $5,667,000 in equity investment, 1% of which was required by the lender to be retained by Mason City 1031, L.L.C. The difference between the real estate acquisition price of $9,550,000 and the total price of $11,000,000 consists of $480,000 acquisition fee, $100,000 for a property reserve account, environmental insurance credit of $50,000 and $820,000 of estimated costs and expenses.

HUNTINGTON SQUARE PLAZA, NEW YORK. Huntington Square 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on July 16, 2004 from Starwood Ceruzzi Commack, L.L.C., an unrelated third party. The L.L.C. financed its acquisition of the property with an assumed first mortgage and note for $19,150,000, a junior loan in the amount of $6,180,000 and cash. On August 30, 2004, Huntington Square 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 3124 East Jericho Turnpike, New York for $20,050,000 in cash plus the assumption of the existing first mortgage indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $39,200,000, consisted of $19,150,000 in debt assumption and $20,050,000 in equity investment, 1% of which was required by the lender to be retained by Huntington Square 1031, L.L.C. The difference between the real estate acquisition price of $24,821,392 and the total price of $39,200,000 consists of $1,500,000 acquisition fee, $150,000 for a property reserve account and $2,728,608 of estimated costs and expenses.

BEST BUY STORE, REYNOLDSBURG, OHIO. Reynoldsburg 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant retail shopping center on August 5, 2004 from NOCA Retail Development Limited, an unrelated third party. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc. for $4,950,000 and cash. In June 2004, Reynoldsburg 1031, L.L.C. began offering 99% of the undivided tenant-in-common interests in the real estate and improvements thereon located at 2872 Taylor Road, Reynoldsburg, Ohio for $5,395,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, $10,345,000, consisted of $4,950,000 in debt assumption and $5,395,000 in equity investment, 1% of which was required by the lender to be retained by Reynoldsburg 1031, L.L.C. The difference between the real estate acquisition price of $9,000,000 and the total price of $10,345,000 consists of $450,000 acquisition fee, $100,000 for a property reserve account and $795,000 of estimated costs and expenses.

The following summary table describes the fees and expenses incurred by each of our entities in our 1031 Exchange Private Placement Offering Project.

Sentry Lans

	Landings of Sarasota DBT	Office Building DBT	Pets Bowie DBT	1031 Chattanooga DBT	Shop Cen DB
Commissions & Fees(1)	Up to 8.5%	Up to 8.5%	Up to 8.5%	Up to 8.5%	Up t
Selling Commission To 3rd Party Reps	6.00%	6.00%	6.00%	6.00%	
Due Diligence Fee	0.50%	0.50%	0.50%	0.50%	
Marketing Expenses	1.00%	1.50%	1.50%	1.50%	
Offering & Organization	1.00%	0.50%	0.50%	0.50%	
Mortgage Broker Fee (IMC)(2)	0.50%	0.50%	0.50%	0.50%	
Acquisition Fee & Carrying Costs(3)					
Acquisition Fee	N/A	0.71%	0.77%	0.90%	
Bridge Financing Fees	N/A	N/A	1.49%	0.50%	
Total Load(4)	11.25%-12.75%	14.23%	13.68%	14.39%	
Asset Management Fees(5)	N/A	0.75%	1.00%	0.56%	
Property Management Fees(6)	4.5%	5.0%	Paid by Asset Mgr.	5.0%	
Backend Sales Commission	3.5%	3.5%	3.5%	3.5%	

	Taunton Circuit DBT	Broadway Commons DBT	Bell Plaza 1031 LLC	Inland 210 Celebration Place DBT	Comp Ret Buil L
Commissions & Fees(1)	Up to 8.0%	Up to 8.77%	Up to 9.19%	Up to 5.27%	Up to
Selling Commission To 3rd Party Reps	6.00%	6.00%	6.00%	3.81%	
Due Diligence Fee	0.50%	0.50%	0.50%	0.00%	
Marketing Expenses	1.00%	1.00%	1.00%	0.50%	
Offering & Organization	0.50%	1.27%	1.69%	0.96%	
Mortgage Broker Fee (IMC)(2)	0.61%	0.50%	0.50%	0.50%	
Acquisition Fee & Carrying Costs(3)					
Acquisition Fee	0.69%	0.75%	N/A	0.89%	
Bridge Financing Fees	0.07%	0.23%	N/A	0.23%	
Total Load(4)	11.89%	12.98%	23.02%	10.52%	
Asset Management Fees(5)	0.57%	N/A	0.53%	0.53%	
Property Management Fees(6)	4.0%	5.0%	5.0%	4.5%	
Backend Sales Commission	N/A	N/A	3.5%	N/A	

	Fleet Office Building 1031 LLC	Davenport Deere Distribution Facility 1031 LLC	Grand Chute DST	Macon Office DST	Whit Settle Roa Invest LLC
Commissions & Fees(1)	Up to 8.52%	Up to 8.42%	Up to 8.82%	Up to 8.52%	Up to
Selling Commission To 3rd Party Reps	6.00%	6.00%	6.00%	6.00%	

Due Diligence Fee	0.50%	0.50%	0.50%	0.50%
Marketing Expenses	1.00%	1.00%	1.00%	1.00%
Offering & Organization	1.02%	0.92%	1.32%	1.02%
Mortgage Broker Fee (IMC)(2)	0.50%	0.71%	0.50%	0.50%
Acquisition Fee & Carrying Costs(3)				
Acquisition Fee	0.85%	0.77%	0.84%	0.72%
Bridge Financing Fees	0.35%	0.72%	0.13%	0.81%
Total Load(4)	14.57%	13.18%	12.96%	14.24%
Asset Management Fees(5)	0.49%	0.50%	0.66%	0.66%
Property Management Fees(6)	4.5%	4.5%	5.0%	4.5%
Backend Sales Commission	N/A	N/A	N/A	N/A

	Pier 1 Retail Center 1031 LLC	Long Run 1031 LLC	Forestville 1031 LLC	Bed, Bath & Beyond 1031 LLC	C C Co 103
Commissions & Fees(1)	Up to 8.73%	Up to 8.37%	Up to 8.40%	Up to 8.70%	Up to
Selling Commission To 3rd Party Reps	6.00%	5.84%	5.54%	6.00%	
Due Diligence Fee	0.50%	0.49%	0.46%	0.50%	
Marketing Expenses	1.00%	0.97%	0.93%	1.00%	
Offering & Organization	1.23%	1.07%	1.46%	1.20%	
Mortgage Broker Fee (IMC)(2)	0.50%	0.47%	0.43%	0.55%	
Acquisition Fee & Carrying Costs(3)					
Acquisition Fee	4.29%	5.31%	5.00%	5.15%	
Bridge Financing Fees	0.94%				
Total Load(4)	8.28%	22.38%	21.34%	23.13%	
Asset Management Fees(5)	0.06%	0.20%	0.00%	0.15%	
Property Management Fees(6)	5.0%	5.0%	5.0%	5.0%	
Backend Sales Commission	N/A	N/A	N/A	N/A	

	Barnes & Noble Retail Center 1031 LLC	Port Richey 1031 LLC	Walgreens Store Hobart 1031 LLC	Kraft Cold Storage Facility 1031 LLC	Huntin Squa Plaz 1031
Commissions & Fees(1)	Up to 8.69%	Up to 8.4%	Up to 9.02%	Up to 8.75%	Up to
Selling Commission To 3rd Party Reps	6.00%	5.55%	6.00%	6.00%	
Due Diligence Fee	0.50%	0.46%	0.50%	0.50%	
Marketing Expenses	1.00%	0.93%	1.00%	1.00%	
Offering & Organization	1.19%	1.46%	1.02%	1.25%	
Mortgage Broker Fee (IMC)(2)	0.50%	0.43%	N/A	0.50%	
Acquisition Fee & Carrying Costs(3)					
Acquisition Fee	5.00%	5.00%	4.22%	5.03%	
Bridge Financing Fees	0.49%	0.56%	1.25%	0.56%	
Total Load(4)	23.80%	22.80%	14.77%	22.94%	
Asset Management Fees(5)	0.13%	0.00%	0.08%	0.05%	

Property Management Fees(6)	5.0%	5.0%	4.5%	4.5%
Backend Sales Commission	N/A	N/A	N/A	N/A

(1) Commissions and fees are calculated as a percentage of the equity portion of each deal.

(2) The Mortgage Broker Fee is calculated as a percentage of the debt portion of each deal.

(3) Acquisition & Carrying Costs are calculated as a percentage of the real estate acquisition price.

(4) The Total Load is calculated as a percentage of the equity portion of each deal. The Total Load includes the Commissions & Fees, Mortgage Broker Fee, Acquisition Fee & Carrying Costs, as well as any other non-affiliated third party expenses.

(5) Asset Management Fees are calculated as a percentage of the value of the assets under management. However, for The Landings and Broadway Commons, which are both Master Lease deals, the Master Tenant Income is the residual cash flow from the Property after payment of the Master Lease Rent. As a result, it is not possible to accurately represent the Master Tenant Income as a percentage of the value of the assets under management.

(6) Property Management Fees are calculated as a percentage of Gross Income from the property.

The following additional fees are the same for each deal:

Loan Servicing Fee - IMSC will be compensated with a monthly fee equal to the outstanding principal balance of the loan at the beginning of every month multiplied by 1/8% then divided by 12. This figure, however, shall never exceed $10,000, nor be less than $1,200 monthly.

Termination Fees - (i) MASTER LEASE: 8.333% of the last 12 Months of NOI less Rent payments for the same 12 months multiplied by the number of months remaining on the then-current term of the Master Lease and (ii) ASSET & PROPERTY MANAGEMENT AGREEMENTS: The sum of the current monthly AM & PM fees times the number of months remaining on the term.

The following table summarizes cash distributions to investors for each of the 1031 Exchange Private Placement Offering Projects through September 30, 2004:

1031 EXCHANGE PERFORMANCE
DISTRIBUTIONS THROUGH SEPTEMBER 30, 2004

Name of Entity	Number of Investors	Offering Equity ($)	Offering Completed ($)	Distributions To Date ($)	2001 Annual Distribution (%)	200 Dist
Landings of Sarasota DBT	9	4,000,000	05/2002	887,036	8.00	
Sentry Office Building DBT	7	3,500,000	04/2002	757,374		
Pets Bowie DBT	7	2,600,000	07/2002	523,311		
1031 Chattanooga DBT	9	1,900,000	05/2002	356,946		

Lansing Shopping Center DBT	5	5,000,000	09/2001	854,591	
Inland 220 Celebration Place DBT	35	15,800,000	09/2003	2,141,924	
Taunton Circuit DBT	1	3,750,000	09/2002	600,700	
Broadway Commons DBT	32	8,400,000	12/2003	813,185	
Bell Plaza 1031, LLC	1	890,000	11/2003	218,782	1
Inland 210 Celebration Place DBT	1	6,300,000	01/2003	891,228	
CompUSA Retail Building, LLC	11	3,950,000	02/2004	307,569	
Janesville Deere Distribution Facility 1031, LLC	35	10,050,000	01/2004	675,167	
Fleet Office Building 1031, LLC	30	10,000,000	01/2004	620,754	
Davenport Deere Distribution Facility 1031, LLC	35	15,700,000	04/2004	781,099	
Grand Chute DST	29	5,370,000	03/2004	265,163	
Macon Office DST	29	6,600,000	03/2004	380,623	
White Settlement Road Investment, LLC	1	1,420,000	12/2003	85,467	
Plainfield Marketplace 1031, LLC	31	12,475,000	06/2004	184,437	
Pier 1 Retail Center 1031, LLC	22	4,300,000	06/2004	105,430	
Long Run 1031, LLC	1	4,935,000	05/2004	120,000	
Forestville 1031, LLC	1	3,900,000	05/2004	80,525	
Bed, Bath & Beyond 1031, LLC	19	6,633,000	*	49,536	
Cross Creek Commons 1031, LLC	26	6,930,000	08/2004	119,446	
BJ's Shopping Center 1031, LLC	7	8,365,000	*	8,606	
Barnes & Noble Retail Center 1031, LLC	1	3,930,000	*	1,507	

Name of Entity	Number of Investors	Offering Equity ($)	Offering Completed ($)	Distributions To Date ($)	2001 Annual Distribution (%)	2002 A Distrib (%
Port Richey 1031 LLC	1	3,075,000	07/2004	-		
Walgreen Store Hobart 1031, LLC	0	6,534,000	*	-		
Kraft Cold Storage Facility 1031, LLC	0	11,000,000	*	-		
Huntington Square Plaza 1031, LLC	0	39,200,000	*	-		
Best Buy Store Reynoldsburg 1031, LLC	0	10,345,000	*	-		
		226,852,000		11,830,406		

* Offering was not complete as of September 30, 2004

MANAGEMENT

INLAND AFFILIATED COMPANIES

The Inland Group, Inc. was started by a group of Chicago schoolteachers

in 1967, and incorporated the following year. The founders of The Inland Group and its affiliates are still centered in the Chicago metropolitan area. Over the past 35 years, The Inland Group and its affiliates have experienced significant growth and now make up a fully-integrated group of legally and financially separate companies that have been engaged in diverse facets of real estate providing property management, leasing, marketing, acquisition, disposition, development, redevelopment, renovation, construction, finance, investment products, and other related services. The Inland Real Estate Group of Companies (sometimes referred to as "Inland") represents the marketing name for these separate legal entities that are either subsidiaries of the same entity, affiliates of each other, share some common ownership or were previously sponsored by Inland Real Estate Investment Corporation. Inland in the aggregate was ranked by Crain's Chicago Business in April 2004 as the 28th largest privately held company headquartered in the Chicago area. Among the affiliates of Inland is one of the largest property management firms in Illinois and one of the largest commercial real estate and mortgage banking firms in the Midwest.

As of September 30, 2004 Inland and its affiliates have more than 1,000 employees, own properties in 42 states, and have managed assets in excess of $10 billion. The senior management includes executives of The Inland Group and its affiliates. Our management personnel have substantial experience in a full range of real estate services. Our top seven senior executives have an average of over 25 years experience in the real estate industry.

Our business manager/advisor and managing dealer are affiliates of Inland. The relevant skills and experience of each of the Inland affiliated companies, developed over the course of more than 35 years in business, primarily in the Chicago metropolitan area, are available to us in the conduct of our business.

As of September 30, 2004, our sponsor, Inland Real Estate Investment Corporation, is the general partner of limited partnerships which own in excess of 3,455 acres of pre-development land in the Chicago area, as well as approximately 16.9 million square feet of real property in Chicago and nationwide.

Inland developed expertise in real estate financing as it bought and sold properties over the years. Inland Mortgage Corporation was incorporated in 1977. As of September 30, 2004 Inland Mortgage Corporation has originated more than $7 billion in financing including loans to third parties and affiliated entities.

Inland Mortgage Investment Corporation and Inland Mortgage Servicing Corporation were incorporated in 1990, delineating the functions and duties associated with financing. As of September 30, 2004, Inland Mortgage Investment Corporation owned an approximately $76 million loan portfolio, and Inland Mortgage Servicing Corporation serviced a loan portfolio of 558 loans exceeding $3.7 billion.

The Inland Property Management companies are responsible for collecting rent, and leasing and maintaining the rental properties they manage.

The Inland Property Management companies managed over 54 million square feet of commercial properties in 42 states as of September 30, 2004. A substantial portion of the portfolio, approximately 14.8 million square feet, consists of properties leased on a triple-net lease basis. A triple-net lease means that the tenant operates and maintains the property and pays rent that is net of taxes, insurance, and

operating expenses. This group also manages more than 11,500 multi-family units that are principally located in the Chicago area.

Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Management LLC, our management companies, were formed to segregate responsibility for management of our properties from Inland Property Management companies' growing management portfolio of retail properties. Our property management companies are responsible for collecting rent, leasing, and maintaining the retail properties they manage. These properties are primarily intended to be our properties in our primary geographical area of investment. Our property management companies are owned primarily by individuals who are affiliates of Inland.

Inland Real Estate Acquisitions, Inc., another company affiliated with Inland, has extensive experience in acquiring real estate for investment. Over the years, it and its affiliates have acquired over 1,700 properties for over $10 billion.

Inland Real Estate Development Corporation has handled the design, approval and entitlement of land parcels which have included in excess of 10,900 residential units, 11.8 million square feet of retail land and 7.6 million square feet of industrial land. They have been responsible for the land development of land for over 3,300 of those residential units, 6.7 million square feet of the retail land and all 7.6 million square feet of the industrial land. They currently handle an inventory of over 3,000 acres of prime land for development.

Inland Real Estate Sales, Inc., another affiliate of Inland, is one of the largest "mid-market" commercial brokerage specialists in the Midwest. In the last three years it has completed more than $380 million in commercial real estate sales. Inland Real Estate Sales, Inc. has been involved in the sale of more than 2,500 multi-family units and over 3.5 million square feet of commercial property.

See also "Prior Performance of our Affiliates" and APPENDIX A - "Prior Performance Tables" for information concerning over $2.9 billion raised from over 75,000 investors in connection with two other REITs, one other public real estate equity program, one private real estate equity program and five private placement mortgage and note programs and nine real estate exchange private placement offerings sponsored by The Inland Group affiliated companies during the 10-year period ending September 30, 2004, and the prior performance of those programs. During the last 35 years, more than 100,000 investors were in the Inland Group's 238 completed programs as of December 8, 2004, with no investor losses of initial invested capital in any completed equity program.

The following sets forth information with respect to the directors and principal executive officers of The Inland Group:

NAME	AGE*	POSITION AND OFFICE WITH THE INLAND GROUP
Daniel L. Goodwin	60	Chairman, president and director
Robert H. Baum	60	Vice chairman, executive vice president - general counsel and director
G. Joseph Cosenza	60	Vice chairman and director

Robert D. Parks	60	Director

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*As of January 1, 2004

Messrs. Goodwin, Baum, Cosenza and Parks were the founders of Inland.

DANIEL L. GOODWIN, is a founding and controlling stockholder of and the Chairman of the Board and Chief Executive Officer of The Inland Group, Inc. Mr. Goodwin also serves as a director or officer of entities wholly owned or controlled by The Inland Group. In addition, Mr. Goodwin is the Chairman of the Board and Chief Executive Officer of Inland Mortgage Investment Corporation and Chairman and Chief Executive Officer of Inland Bancorp, a bank holding company. He is a director of Inland Real Estate Corporation and he also oversees numerous stock market investment portfolios and is the advisor for Inland Mutual Fund Trust, a publicly traded mutual fund.

HOUSING. Mr. Goodwin is a member of the National Association of Realtors, the Illinois Association of Realtors and the Northern Illinois Commercial Association of Realtors. He is also the author of a nationally recognized real estate reference book for the management of residential properties. Mr. Goodwin serves on the Board of the Illinois State Affordable Housing Trust Fund. He served as an advisor for the Office of Housing Coordination Services of the State of Illinois, and as a member of the Seniors Housing Committee of the National Multi-Housing Council. He has served as Chairman of the DuPage County Affordable Housing Task Force. Mr. Goodwin also serves as Chairman of New Directions Affordable Housing Corporation.

EDUCATION. Mr. Goodwin obtained his Bachelor's and Master's Degrees from Illinois State universities. Following graduation, he taught for five years in the Chicago Public Schools. More recently, Mr. Goodwin has served as a member of the Board of Governors of Illinois State Colleges and Universities. He is Vice Chairman of the Board of Trustees of Benedictine University, Vice Chairman of the Board of Trustees of Springfield College and Chairman of the Board of Trustees of Northeastern Illinois University.

ROBERT H. BAUM has been with The Inland Group and has affiliates since 1968 and is one of the four original principals. Mr. Baum is vice chairman and executive vice president-general counsel of The Inland Group. In his capacity as general counsel, Mr. Baum is responsible for the supervision of the legal activities of The Inland Group and its affiliates. This responsibility includes the supervision of The Inland Group Law Department and serving as liaison with outside counsel. Mr. Baum has served as a member of the North American Securities Administrators Association Real Estate Advisory Committee and as a member of the Securities Advisory Committee to the Secretary of State of Illinois. He is a member of the American Corporation Counsel Association and has also been a guest lecturer for the Illinois State Bar Association. Mr. Baum has been admitted to practice before the Supreme Court of the

United States, as well as the bars of several federal courts of appeals and federal district courts and the State of Illinois. He is also an Illinois licensed real estate broker. He has served as a director of American National Bank of DuPage and currently serves as a director of Inland Bancorp Holding Company and of Westbank. Mr. Baum also is a member of the Governing Council of Wellness House, a charitable organization that provides emotional support for cancer patients and their families.

G. JOSEPH COSENZA has been with The Inland Group and its affiliates since 1968 and is one of the four original principals and founders. Mr. Cosenza is a director and vice chairman of The Inland Group and oversees, coordinates and directs Inland's many enterprises. In addition, Mr. Cosenza immediately supervises a staff of 19 persons who engage in property acquisition and due diligence. Mr. Cosenza has been a consultant to other real estate entities and lending institutions on property appraisal methods. He has directly overseen the purchase of close to $10.5 billion of income-producing real estate from 1968 to present.

Mr. Cosenza received his B.A. Degree from Northeastern Illinois University and his Master's Degree from Northern Illinois University. From 1967 to 1972, he taught in the LaGrange and Wheeling, Illinois School Districts and he served as assistant principal and taught in the Wheeling, Illinois School District while the four schoolteacher partners operated Inland on a part time basis. Mr. Cosenza has been a licensed real estate broker since 1968 and an active member of various national and local real estate associations, including the National Association of Realtors and the Urban Land Institute.

Mr. Cosenza also has been chairman of the board of American Bank of DuPage and has served on the board of directors of Continental Bank of Oakbrook Terrace. He was the chairman and is presently a director on the board of Inland Bankcorp, which owns Westbank in Westchester, Hillside and Lombard, Illinois. Mr. Cosenza has been a director since 1994 to Inland Real Estate Corporation, a $1.7 billion asset publicly traded REIT and is also a member of the management committee.

ROBERT D. PARKS is a director of The Inland Group, Inc. and one of its four original principals; chairman of Inland Real Estate Investment Corporation, a director of Inland Securities Corporation, and a director of Inland Investment Advisors, Inc. Mr. Parks is president, chief executive officer and a director of Inland Real Estate Corporation. He is chairman, chief executive officer and an affiliated director of Inland Retail Real Estate Trust, Inc., and is our chairman, chief executive officer, and an affiliated director.

Mr. Parks is responsible for the ongoing administration of existing investment programs, corporate budgeting and administration for Inland Real Estate Investment Corporation. He oversees and coordinates the marketing of all investments and investor relations.

Prior to joining Inland, Mr. Parks taught in Chicago's public schools. He received his B.A. Degree from Northeastern Illinois University and his M.A. Degree from the University of Chicago. He is a registered Direct Participation Program Limited Principal with the National Association of Securities Dealers. He is a member of the Real Estate Investment Association, the Financial Planning Association, the Foundation for Financial Planning as well as a member of the National Association of Real Estate Investment Trusts (NAREIT).

OUR GENERAL MANAGEMENT

We operate under the direction of our board of directors. Our board is responsible for our business and management. Our board sets our policies and strategies. Our business manager/advisor is responsible for the day-to-day management of our affairs and the implementation of the policies of our board. Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Management LLC are responsible for managing, maintaining and leasing the individual properties.

Inland Real Estate Acquisitions, Inc. is responsible for acquiring properties.

Inland Risk and Insurance Management Services, Inc., an affiliate of The Inland Group, Inc., is responsible for providing insurance coverage on the properties. Inland Mortgage Corporation, Inland Mortgage Servicing Corporation and Inland Mortgage Investment Corporation are responsible for the purchase, sales and servicing of mortgages. See "Compensation Table" for a description of the fees paid to our affiliates.

OUR DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information with respect to our directors and executive officers:

NAME	AGE	POSITION AND OFFICE WITH US
Robert D. Parks.....	60	Chairman, chief executive officer and a director
Roberta S. Matlin.....	59	Vice president -- administration
Scott W. Wilton.....	43	Secretary
Steven P. Grimes.....	37	Treasurer and principal financial offic
Lori J. Foust.....	39	Principal accounting officer
Brenda G. Gujral.....	61	Affiliated director
Frank A. Catalano, Jr.....	42	Independent director
Kenneth H. Beard.....	64	Independent director
Paul R. Gauvreau.....	64	Independent director
Gerald M. Gorski.....	61	Independent director
Barbara A. Murphy.....	66	Independent director

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*As of January 1, 2004

ROBERTA S. MATLIN has been our vice president of administration since our formation. Ms. Matlin joined Inland Real Estate Investment Corporation in 1984 as director of investor administration and currently serves as senior vice president of our sponsor, directing its day-to-day internal operations. Ms. Matlin is a director of our sponsor, a director and president of Inland Investment Advisors, Inc., and Intervest Southern Real Estate Corporation, and a director and vice president of Inland Securities Corporation. Since 1998, she has been vice president of administration of Inland Retail Real Estate Trust. She is president and a director of Inland Investment Advisors, Inc. and Intervest Southern Real Estate Corporation. She was vice president of administration of Inland Real Estate Corporation from 1995 until 2000. From June 2001 until April 2004 she was a trustee and executive vice president of Inland Mutual Fund Trust. Prior to joining Inland, she worked for the Chicago Region of the Social Security Administration of the United States Department of Health and Human Services. Ms. Matlin is a graduate of the University of Illinois. She holds Series 7, 22, 24, 39, 63 and 65 licenses from the National Association of Securities Dealers, Inc.

SCOTT W. WILTON has been our secretary since our formation. Mr. Wilton joined The Inland Group in January 1995. He is assistant vice president of The Inland Real Estate Group, Inc. and assistant counsel with The Inland Real Estate Group law department. In 1998, Mr. Wilton became secretary of Inland Retail Real Estate Trust, Inc. and Inland Retail Real Estate Advisory Services, Inc. In 2001, he became the Secretary of Inland Real Estate Exchange Corporation. Mr. Wilton is involved in all aspects of The Inland Group's business, including real estate acquisitions and financing, securities law and corporate governance matters, leasing and tenant matters, and litigation management. He received B.S. degrees in economics and history from the University of Illinois at Champaign

1982 and his law degree from Loyola University of Chicago, Illinois 1985. Prior to joining The Inland Group, Mr. Wilton worked for the Chicago law firm of Williams, Rutstein, Goldfarb, Sibrava and Midura, Ltd., specializing in real estate and corporate transactions and litigation.

STEVEN P. GRIMES joined our business manager/advisor as its Chief Financial Officer and became our treasurer and principal financial officer in 2004. He is responsible for our finances and borrowings. Prior to joining our business manager/advisor, Mr. Grimes was a director with Cohen Financial and was a senior manager with Deloitte and Touche. Mr. Grimes received his B.S. Degree in Accounting from Indiana University and is a Certified Public Accountant. Mr. Grimes is a member of the American Institute of Certified Public Accountants, or AICPA, and the Illinois CPA Society.

LORI J. FOUST joined the Inland organization as Vice President of Inland Western Retail Real Estate Advisory Services, Inc. in 2003. Ms. Foust is also our principal accounting officer. She is responsible for our financial and SEC reporting. Prior to joining the Inland organization, Ms. Foust worked in the field of public accounting and was a senior manager in the real estate division for Ernst and Young, LLP. She received her B.S. Degree in Accounting and her M.B.A. Degree from the University of Central Florida. Ms. Foust is a certified public accountant and a member of the AICPA.

BRENDA G. GUJRAL, an affiliated director, is president, chief operating officer and a director of Inland Real Estate Investment Corporation, the parent company of our business manager/advisor. She is also president, chief operating officer and a director of our managing dealer. Mrs. Gujral is also a director of Inland Investment Advisors, Inc., an investment advisor.

Mrs. Gujral has overall responsibility for the operations of Inland Real Estate Investment Corporation, including the distribution of checks to over 50,000 investors, the review of periodic communications to those investors, the filing of quarterly and annual reports for Inland Real Estate Investment Corporation-sponsored publicly registered investment programs with the Securities and Exchange Commission, compliance with other Securities and Exchange Commission and National Association of Securities Dealers securities regulations both for Inland Real Estate Investment Corporation and Inland Securities Corporation, review of asset management activities and marketing and communications with the independent broker-dealer firms selling current and prior Inland Real Estate Investment Corporation sponsored investment programs. She works with internal and outside legal counsel in structuring Inland Real Estate Investment Corporation's investment programs and in connection with the preparation of its offering documents and registering the related securities with the Securities and Exchange Commission and state securities commissions.

Mrs. Gujral has been with the Inland organization for 22 years, becoming an officer in 1982. Prior to joining the Inland organization, she worked for the Land Use Planning Commission establishing an office in Portland, Oregon to implement land use legislation for that state.

She is a graduate of California State University. She holds Series 7, 22, 39 and 63 licenses from the National Association of Securities Dealers and is a member of The National Association of Real Estate Investment Trusts. Ms. Gujral is also a member of the Financial Planning Association, the Foundation for Financial Planning and the National Association for Female Executives.

FRANK A. CATALANO, JR. has served as president of Catalano & Associates since 1999. Catalano & Associates is a real estate company that includes brokerage, property management and rehabilitation and leasing of office

buildings. Mr. Catalano's experience also includes mortgage banking. Since 2002, he has been a vice president of First Home Mortgage Company. Prior to that, Mr. Catalano was a regional manager at Flagstar Bank. He also was president and chief executive officer of CCS Mortgage, Inc. from 1995 through 2000, when Flagstar Bank acquired it.

Mr. Catalano is a member of the Elmhurst, IL Chamber of Commerce and as past chairman of the board, he is also a member of the Elmhurst Jaycees, Elmhurst Hospital Board of Governors, Elmhurst Kiwanis and is currently the President of Elmhurst Historical Museum Commission. Mr. Catalano holds a mortgage broker's license.

KENNETH H. BEARD was president and chief executive officer of Exelon Services, an energy services company from 1999-2002, where he had responsibility for financial performance including being accountable for creating business strategy, growing the business through acquisition, integrating acquired companies and developing infrastructure for the combined acquired businesses. Exelon Services is a subsidiary of Exelon Corporation, a New York Stock Exchange listed company. Prior to that position, from 1974 to 1999, Mr. Beard was the founder, president and chief executive officer of Midwest Mechanical, Inc., a heating, ventilation and air conditioning company providing innovative and cost effective construction services and solutions for commercial, industrial, and institutional facilities. From 1964 to 1974 Mr. Beard was employed at The Trane Company, a manufacturer of heating, ventilating and air conditioning equipment having positions in sales, sales management and general management.

Mr. Beard holds a MBA and BSCE from the University of Kentucky and is a licensed mechanical engineer. He is on the board of directors of the Wellness House in Hinsdale, Illinois, a cancer support organization, and Harris Bank - Hinsdale, serves on the Dean's Advisory Council of the University of Kentucky, School of Engineering, and is a past member of the Oak Brook, Illinois Plan Commission (1981-1991).

PAUL R. GAUVREAU is the retired chief financial officer, financial vice president and treasurer of Pittway Corporation, New York Stock exchange listed manufacturer and distributor of professional burglar and fire alarm systems and equipment from 1966 until its sale to Honeywell, Inc. in 2001. He was president of Pittway's non-operating real estate and leasing subsidiaries through 2001. He was a financial consultant to Honeywell, Inc.; Genesis Cable, L.L.C.; ADUSA, Inc. He was a director and audit committee member of Cylink Corporation, a Nasdaq Stock Market listed manufacturer of voice and data security products from 1998 until its merger with Safenet, Inc. in February 2003. Prior to 1995, he was a director and acting chief financial officer instrumental in 1996 Cylink initial public offering.

Mr. Gauvreau holds a MBA from the University of Chicago and a BSC from Loyola University of Chicago. He is on the Board of Trustees and Vice Chairman of the Finance Committee of Benedictine University, Lisle, Illinois; a member of the Board of Trustees of the Chaddick Institute of DePaul University, Chicago, Illinois; and a member of the board of directors and treasurer of the Children's Brittle Bone Foundation, Pleasant Prairie, Wisconsin.

GERALD M. GORSKI is a partner in the law firm of Gorski and Good, Wheaton Illinois. Mr. Gorski's practice is limited to governmental law. His firm represents numerous units of local government in Illinois and Mr. Gorski has served as a Special Assistant State's Attorney and Special Assistant Attorney General in Illinois. He received a Bachelor of Arts degree from North Central College with majors in Political Science and Economics and a Juris Doctor degree from DePaul University Law School where he was placed on the Deans Honor List.

Mr. Gorski serves as the Vice-Chairman of the Board of Commissioners for the DuPage Airport Authority. He has written numerous articles on various legal issues facing Illinois municipalities; has been a speaker at a number of municipal law conferences and is a member of the Illinois Bar Association, the Institute for Local Government Law and the International Municipal Lawyers Association.

BARBARA A. MURPHY is the Chairwoman of the DuPage Republican Party. Ms. Murphy is also a member of Illinois Motor Vehicle Review Board and a member of Matrimonial Fee Arbitration Board. Ms. Murphy is a Milton Township Trustee and a committeeman for Milton Township Republican Central Committee. Ms. Murphy previously served as State Central Committeewoman for the Sixth Congressional District and has also served on the DuPage Civic Center Authority Board, the DuPage County Domestic Violence Task Force, and the Illinois Toll Highway Advisory Committee. Ms. Murphy is a founding member of the Family Shelter Service Board. As an active volunteer for Central DuPage Hospital, she acted as the "surgery hostess" (cared for families while a family member was undergoing

surgery). Ms. Murphy was a department manager and buyer for J.W. Robinson's and Bloomingdale's and the co-owner of Daffy Down Dilly Gift Shop.

COMMITTEES OF OUR BOARD OF DIRECTORS

Our bylaws provide that our board may establish such committees as the board believes appropriate. The board will appoint the members of the committee in the board's discretion. Our bylaws require that a majority of the members of each committee of our board is to be comprised of independent directors.

Our Board has established an audit committee comprised of Messrs. Catalano, Beard and Gauvreau. Mr. Gauvreau serves as the chair of the Audit Committee and qualifies as our "financial expert" under the rules of the Securities and Exchange Commission. These three directors are independent in accordance with the National Association of Securities Dealers' listing standards and under the Sarbanes-Oxley Act. The board has adopted a written charter for the audit committee.

The audit committee is responsible for the engagement of our independent auditors, reviewing the plans and results of the audit engagement with our auditors, approving services performed by and the independence of our independent auditors, considering the range of audit and non-audit fees, and consulting with our independent auditors regarding the adequacy of our internal accounting controls.

Although we do not have a standing nominating committee or compensation committee of the board, the board itself serves in those capacities.

There is no compensation committee. The board has been responsible for all compensation decisions. As we have no employees, there are no compensation decisions to be made by the board.

Our board does not currently have a nominating committee. Rather, each member of our board participates in the process of identifying and considering individuals for board membership. Our board believes its current process is effective since the current members of the board are seasoned executives from a variety of backgrounds. Each member of our board satisfies the independence requirements under the National Association of Securities Dealers' listing standards and the Sarbanes-Oxley Act, other than Mr. Parks and Mrs. Gujral. The board will consider for recommendation to the board nominations made by stockholders that comply with the procedures described in our proxy statement

under the caption "Advance Notice Procedures for Making Director Nominations and Stockholder Proposals."

Once our board has identified a possible nominee (whether through a recommendation from a shareholder or otherwise), the independent members of the board make an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination is based on the information provided to the board when the candidate is recommended, the board's own knowledge of the prospective candidate and information, if any, obtained by the board's inquiries. The preliminary determination is based primarily on the need for additional board members to fill vacancies, expand the size of the board or obtain representation in market areas without board representation and the likelihood that the candidate can satisfy the evaluation factors described below. If the independent members of the board determine that additional consideration is warranted, it may gather additional information about the candidate's background and experience. The independent members of the board then evaluate the prospective nominee against the following standards and qualifications:

- achievement, experience and independence;

- wisdom, integrity and judgment;

- understanding of the business environment; and

- willingness to devote adequate time to Board duties.

The independent members of the board also consider such other relevant factors as they deem appropriate, including the current composition of the board, the need for audit committee or other expertise and the evaluations of other candidates. In connection with this evaluation, the independent members of the board determine whether to interview the candidate. If the independent members of the board decide that an interview is warranted, one or more of those members, and others as appropriate, interviews the candidate in person or by telephone. After completing this evaluation and interview, the independent members of the board make a recommendation to the full board as to the persons who should be nominated by the board, and the board determines the nominees after considering the recommendation and report of the independent members of the board.

EXECUTIVE COMMITTEE. Our board may establish an executive committee consisting of three directors, including two independent directors. The executive committee would likely exercise all powers of the board in the management of the business and affairs of our company, except for those which require actions by all of the directors or by the independent directors under our articles of incorporation or bylaws or under applicable law.

MANAGEMENT AND DISCLOSURE COMMITTEE. Our board may establish a management disclosure committee to assist in reviewing our disclosures, controls and procedures. The committee may include our directors and directors and officers of our business manager/advisor.

EXECUTIVE COMPENSATION COMMITTEE. Our board may establish an executive compensation committee consisting of three directors, including two independent directors, to establish compensation policies and programs for our executive officers. The executive compensation committee will exercise all powers of our board in connection with establishing and implementing compensation matters, including incentive compensation and benefit plans.

COMPENSATION OF DIRECTORS AND OFFICERS

We pay our independent directors an annual fee of $5,000 (increased to $10,000 effective October 1, 2004) plus $500 for each in person meeting and $350 for each meeting of the board or a committee of the board attended by telephone, and reimbursement of their out-of-pocket expenses incurred. Our two other directors, Robert D. Parks and Brenda G. Gujral, do not receive any fees or other remuneration for serving as directors.

EXECUTIVE COMPENSATION

We have no employees and our executive officers will not receive any compensation from us for their services as such officers. Our executive officers are officers of one or more of our affiliates, and are compensated by those entities, in part, for their services rendered to us.

COMPLIANCE AND GOVERNANCE

On October 12, 2004, our board of directors unanimously adopted a Code of Business Conduct and Ethics, Nonretaliation Policy, and Complaint Procedures for Accounting and Auditing Matters.

INDEPENDENT DIRECTOR STOCK OPTION PLAN

We have an independent director stock option plan under which non-employee directors, as defined under Rule 16b-3 of the Securities Exchange Act of 1934, are eligible to participate.

We have authorized and reserved a total of 75,000 shares of our common stock for issuance under our independent director stock option plan. The number and type of shares which could be issued under the plan may be adjusted if we are the surviving entity after a reorganization or merger or if our stock splits, is consolidated or we are recapitalized. If this occurs, the exercise price of the options will be correspondingly adjusted.

The independent director stock option plan provides for the grant of non-qualified stock options to purchase 3,000 shares to each independent director upon his or her appointment if they meet the conditions in the plan. The plan also provides for subsequent grants of options to purchase 500 shares on the date of each annual stockholder's meeting to each independent director then in office. However, options may not be granted at any time when the grant, along with the grants to be made at the same time to other independent directors, would exceed 10% of our issued and outstanding shares. We have granted options to purchase 3,000 shares at $8.95 per share to each of our five independent directors. The option price for subsequent options will be equal to the fair market value of a share on the last business day preceding the annual meeting of stockholders. The option price will be fixed at $8.95 per share until the earlier of the termination of this offering or two years after the commencement of this offering.

One-third of the options granted following an individual initially becoming an independent director are exercisable beginning on the date of their grant, one-third will first become exercisable on the first anniversary of the date of their grant, and the remaining one-third will first become exercisable on the second anniversary of the date of their grant. All other options granted under the independent director stock option plan will become fully exercisable on the second anniversary of their date of grant.

Options granted under the independent director stock option plan are

exercisable until the first to occur of

- the tenth anniversary of the date of grant,
- the removal for cause of the independent director as an independent director, or
- three months following the date the independent director ceases to be an independent director for any other reason except death or disability.

The options may be exercised by payment of cash or through the delivery of common stock. They are generally exercisable in the case of death or disability for a period of one year after death or the disabling event, provided that the death or disabling event occurs while the person is an independent director. However, if the option is exercised within the first six months after it becomes exercisable, any shares issued pursuant to such exercise may not be sold until the six month anniversary of the date of the grant of the option. Notwithstanding any other provisions of the independent director stock option plan to the contrary, no option issued pursuant thereto may be exercised if such exercise would jeopardize our status as a REIT under the Internal Revenue Code.

No option may be sold, pledged, assigned or transferred by an independent director in any manner otherwise than by will or by the laws of descent or distribution.

Upon our dissolution, liquidation, reorganization, merger or consolidation as a result of which we are not the surviving corporation, or upon sale of all or substantially all of our property, the independent

director stock option plan will terminate, and any outstanding unexercised options will terminate and be forfeited. However, holders of options may exercise any options that are otherwise exercisable immediately prior to the dissolution, liquidation, consolidation or merger. Additionally, our board may provide for any or all of the following alternatives:

- for the assumption by the successor corporation of the options previously granted or the substitution by the corporation for the options covering the stock of the successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and exercise prices;
- for the continuance of the independent director stock option plan by such successor corporation in which event the independent director stock option plan and the options will continue in the manner and under the terms so provided; or
- for the payment in cash or common stock in lieu of and in complete satisfaction of the options.

OUR BUSINESS MANAGER/ADVISOR

Our business manager/advisor, Inland Western Retail Real Estate Advisory Services, Inc., is an Illinois corporation and a wholly owned subsidiary of our sponsor. Our business manager/advisor reviews and updates our mission statement, determines our businesses' direction, selects the criteria for acquisitions and financing, adjusts the demographic and geographic parameters, analyzes strategic alternatives, adjusts our rate of growth to maximize shareholder value, and updates our business plan that is performed by

Inland employees on our behalf involving the combined efforts of highly skilled technical people with many years of experience.

The following table sets forth information regarding the executive officers and directors of our business manager/advisor, all of whom have held their positions and offices since its formation in 1998. The biographies of Messrs. Parks, Cosenza, and Goodwin are set forth above under "-- Inland Affiliated Companies" and the biographies of Mr. Grimes, Ms. Foust and Mr. Wilton are set forth under "-- Our Directors and Executive Officers."

NAME	AGE	POSITION AND OFFICE WITH OUR B MANAGER/ADVISOR
Daniel L. Goodwin	60	Director
Robert D. Parks	60	Director and president
G. Joseph Cosenza	60	Director
Steven P. Grimes	37	Chief financial officer
Brenda G. Gujral	61	Vice president
Lori J. Foust	39	Vice president and controller
Scott W. Wilton	43	Secretary
Debra J. Randall	48	Assistant vice president and a controller

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*As of January 1, 2004

DEBRA J. RANDALL joined our business manager/advisor as assistant vice president on January 30, 2004. Ms. Randall is responsible for our financial and SEC reporting. Prior to joining the business manager/advisor, Ms. Randall was a corporate controller for a privately held real estate company and has over 10 years of real estate experience at several public accounting firms. She received her B.A. Degree

in Liberal Arts and is in the process of completing her M.A. Degree from DePaul University. She is a certified public accountant, a member of the Illinois CPA Society and a licensed real estate salesperson.

OUR ADVISORY AGREEMENT

DUTIES OF OUR BUSINESS MANAGER/ADVISOR. Under the terms of our advisory agreement, our business manager/advisor generally has responsibility for our day-to-day operations. This includes the following:

- administering our bookkeeping and accounting functions,
- serving as our consultant in connection with policy decisions to be made by our board, managing our properties or causing them to be managed by another party, and
- rendering other services as our board deems appropriate.

Our business manager/advisor is subject to the supervision of its board and has only such functions as are delegated to it by its board.

TERM OF THE ADVISORY AGREEMENT. The advisory agreement has an initial

term of three years and is renewable for successive one-year terms upon the mutual consent of the parties. It may be terminated by either party, by mutual consent of the parties or by a majority of the independent directors or the business manager/advisor, as the case may be, upon 60 days' written notice. If the advisory agreement is terminated, the business manager/advisor must cooperate with us and take all reasonable steps requested by our board to assist it in making an orderly transition of the business management/advisory function. Our board shall determine that any successor business manager/advisor possesses sufficient qualifications to perform the business management/advisory function for us and justify the compensation provided for in its contract with us.

COMPENSATION TO BUSINESS MANAGER/ADVISOR. The advisory agreement provides for the business manager/advisor to be paid:

- an advisor asset management fee after the stockholders have first received a 6% annual return; and
- a property disposition fee; and
- an incentive advisory fee from the net proceeds of a sale of a property after the stockholders have first received a 10% cumulative return and a return of their net investment.

If the business manager/advisor or its affiliates perform services that are outside of the scope of the advisory agreement, we will compensate them at rates and in amounts agreed upon by the business manager/advisor and the independent directors.

The business manager/advisor bears the expenses it incurs in connection with performing its duties under the advisory agreement. These include:

- employee expenses;
- travel and other expenses of its directors, officers and employees;
- rent;

- telephone;
- equipment expenses to the extent they relate to the office maintained by both us and the business manager/advisor; and
- miscellaneous administrative expenses incurred in supervising, monitoring and inspecting real property or our other investments or relating to its performance under the advisory agreement. The business manager/advisor is reimbursed for the cost to it and its affiliates of goods and services used for and by us and obtained from unaffiliated parties. It is also reimbursed for related administrative services. We bear our own expenses for functions the business manager/advisor is not required to perform under the advisory agreement. These generally include capital raising and financing activities, corporate governance matters and other activities not directly related to our properties.

REIMBURSEMENT BY BUSINESS MANAGER/ADVISOR. For any year in which we qualify as a REIT, our business manager/advisor must reimburse us for the amounts, if any:

- by which our total operating expenses paid during the previous fiscal year exceed the greater of
    - 2% of our average assets for that fiscal year or
    - 25% of our net income, before any additions to or allowance for reserves for depreciation, amortization or bad debts or other similar low-cash reserves before any gain from the sale of our assets, for that fiscal year;
- PLUS an amount, so long as it does not exceed the amount of the advisor asset management fee for that year, equal to any deficit between the total amount of distributions to stockholders for such fiscal year and the current return. Current return refers to a cumulative, non-compounded return, equal to 6% per annum on net investment.

The business manager/advisor is also obligated to pay organization and offering expenses in excess of specified levels. See "Compensation Table" for a description of the fees and reimbursements to which the business manager/advisor is entitled. Provided however, only so much of the excess specified in the first bullet point above will be required to be reimbursed as the board, including a majority of the independent directors, determines should justifiably be reimbursed in light of such unanticipated, unusual or non-recurring factors which may have occurred within 60 days after the end of the quarter for which the excess occurred. In this event, the stockholders will be sent a written disclosure and explanation of the factors the independent directors considered in arriving at the conclusion that the higher total operating expenses were justified.

BUSINESS COMBINATION BETWEEN US AND THE BUSINESS MANAGER/ADVISOR. Many REITs that are listed on a national stock exchange or included for quotation on a national market system are considered self-administered, because their employees perform all significant management functions. In contrast, those that are not self-administered, like us, typically engage a third-party, such as our business manager/advisor, to perform management functions on its behalf. If for any reason the independent directors determine that we should become self-administered, the advisory agreement permits the business conducted by the business manager/advisor, including all of its assets, to be acquired by or consolidated into us. A similar provision is included in each management agreement permitting acquisition of the business conducted by the respective property manager, including all of its assets. Until September 15, 2008, such a business combination could only take place with our consent and that of the

business manager/advisor and property managers. After September 15, 2008, we could acquire these companies in a business combination without their consent.

If the businesses conducted by the business manager/advisor and/or a property manager are acquired by or consolidated into us, the business manager/advisor and/or the property manager and/or their respective stockholders or members will receive a number of shares in exchange for terminating their respective management agreements and the release and waiver of all fees payable under them. We will be obligated to pay any fees accrued under such contractual arrangements for services rendered through the closing of the acquisitions.

The number of shares we will issue to the business manager/advisor and/or the property managers, as the case may be, will be determined as follows:

- We will first send an election notice to the business

manager/advisor and/or the property manager, as the case may be, of our election to proceed with such a transaction.

- Next, the net income of the business manager/advisor and/or the property manager, as the case may be, for the calendar monthly period immediately preceding the calendar month in which the business combination agreement is signed, as determined by an independent audit conducted in accordance with generally accepted auditing standards, will be annualized. The business manager/advisor or the property manager will bear the cost of the audit.

- The annualized net income will then be multiplied by 90% and divided by our funds from operations per weighted average share. Funds from operations per weighted average share will be equal to our annualized funds from operations per weighted average share for the fiscal quarter immediately preceding the fiscal quarter in which the business combination agreement is signed, all based upon our quarterly report delivered to stockholders.

Funds from operations means net income in accordance with generally accepted accounting principles, excluding gains or losses from sales of properties, plus depreciation on real property and amortization, and after adjustments for unconsolidated partnerships and joint ventures in which we hold an interest.

The resulting quotient will constitute the number of shares to be issued by us to the business manager/advisor or the property manager, or their respective shareholders or members, as the case may be. Delivery of the shares and the closing of the transaction must occur within 90 days of delivery after the election notice.

Under some circumstances, this kind of transaction can be entered into and consummated without seeking specific stockholder approval. See "Conflicts of Interest." Any transaction like this will occur, if at all, only if our board obtains a fairness opinion from a recognized financial advisor or institution providing valuation services to the effect that the consideration to be paid is fair to the stockholders from a financial point of view. If the advisory agreement is terminated for any reason other than our acquisition of the business conducted by the business manager/advisor, then all obligations of the business manager/advisor and its affiliates to offer properties to us will also terminate.

LIABILITY AND INDEMNIFICATION OF BUSINESS MANAGER/ADVISOR. Under the advisory agreement, we are required to indemnify the business manager/advisor and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding with respect to the business manager/advisor's acts or omissions. However, this is only a requirement so long as:

- the business manager/advisor determined in good faith that the course of conduct which caused a loss or liability was in our best interest;

- the business manager/advisor was acting on behalf of or performing services for us;

- the liability or loss was not the result of misconduct on the part of the business manager/advisor; and

- the indemnification or agreement to hold harmless is recoverable only out of our net assets and not from the assets of the stockholders.

We will advance amounts to those entitled to indemnification for legal and other expenses only if:

- the legal action relates to acts or omissions concerning the performance of duties or services by the person seeking indemnification for or on our behalf;

- the legal action is initiated by a third party and a court of competent jurisdiction specifically approves its advancement; and

- the person seeking indemnification who is receiving the advances undertakes to repay the advanced funds to us, together with the applicable legal rate of interest thereon, if such party is found not to be entitled to indemnification.

Although Inland Retail Real Estate Trust, Inc. is no longer offering its securities, it has not fully invested all of its anticipated funds available for investment. Accordingly, material conflicting investment opportunities between them and us could be expected. However, we have primarily focused our purchase of retail centers to those west of the Mississippi River, which is outside Inland Retail Real Estate Trust, Inc.'s primary geographic area of investment. However, if any conflicts do arise, they will be resolved as provided in the property acquisition service agreement.

THE PROPERTY MANAGERS AND THE MANAGEMENT AGREEMENTS

Our present property managers provide property management services to us under the terms of the management agreements. The property managers provide services in connection with the rental, leasing, operation and management of the properties. Our property managers are each Delaware limited liability companies owned by a Delaware limited liability holding company, which in turn is owned by a Delaware corporation owned principally by individuals who are affiliates of The Inland Group. We have agreed to pay the property managers a monthly management fee in an amount no greater than 90% of the fee which would be payable to an unrelated party providing such services, which fee will initially be 4.5% of gross income, as defined in the relevant management agreement, from the properties managed for the month for which the payment is made. In addition, we have agreed to compensate each property manager if it provides us with services other than those specified in the management agreement. There is a separate management agreement for each property for an initial term ending as of December 31 in the year in which the property is acquired, and each management agreement is subject to three successive three-year renewals, unless either party notifies the other in writing of its intent to terminate between 60 and 90 days prior to the expiration of the initial or renewal term. We may terminate with 30 days prior written notice in the event of gross negligence or malfeasance by the property manager. The property managers may subcontract the required property management services for less than the management fee provided in the management agreement. See "Compensation Table -- Nonsubordinated Payments -- Operational Stage." Our property managers may form additional property management companies as necessary to manage the properties we acquire, and may approve of the change of management of a property from one manager to another.

Our property managers, Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Management LLC, conduct their activities within states where they manager our properties. The principal executive office

of the holding company, Inland HOLDCO Management LLC, is located at 2907 Butterfield Road in Oak Brook, Illinois.

See "--The Advisory Agreement" above in this section and "Conflicts of Interest" for a discussion of our option to acquire or consolidate with the business conducted by the property managers.

The following sets forth information with respect to the executive officers and managers of Inland HOLDCO Management LLC.

NAME	AGE*	POSITION AND OFFICE WITH INLAND HOLDCO MANAGEMENT LLC
Thomas P. McGuinness	47	President and manager
Robert M. Barg	50	Senior vice president/treasurer, secretary and manager
James H. Neubauer	62	Senior vice president
Linda Centanni	49	Vice president
Elizabeth D. McNeely	49	Vice president
Frank Natanek	36	Vice president
Ulana B. Horawelskyj	57	Manager
Alan F. Kremin	57	Manager
Frances C. Panico	54	Manager

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*As of January 1, 2004

THOMAS P. MCGUINNESS joined Inland Property Management in 1982 and became president of Mid-America Management Corporation in July 1990 and chairman in 2001. He is also president of Inland Property Management, Inc. as well as a director of Inland Commercial Property Management. He is chairman and a director of Inland Mid-Atlantic Management Corp. Mr. McGuinness is a licensed real estate broker; and is past president of the Chicagoland Apartment Association, and past regional vice president of the National Apartment Association. He is currently on the board of directors of the Apartment Building Owners and Managers Association, and is a trustee with the Service Employees' Local No. 1 Health and Welfare Fund, as well as the Pension Fund and holds CLS and CSM accreditations from the International Council of Shopping Centers.

ROBERT M. BARG joined the Inland organization in 1986 and is currently the treasurer of Inland Property Management Group, Inc. Since 2003 he has been a senior vice president, secretary and treasurer of Inland Western Management Corp. In July 2004 he became a director of Inland Western Management Corp. as well as a senior vice president, secretary, treasurer, and a director of Inland Northwest Management Corp., Inland Pacific Management Corp., and Inland Southwest Management Corp. He is also a director, senior vice president, and treasurer of Mid-America Management Corp., and secretary and treasurer of Inland Southern Management Corp. He was secretary and treasurer of Inland Southeast Property Management Corp. from 1998 to 2001. Prior to joining the Inland organization, Mr. Barg was an accounting manager of the Charles H. Shaw Co. He received his B.S. Degree in Business Administration from the University of Illinois at Chicago and a Masters Degree from Western Illinois University. Mr. Barg is a certified public accountant and is a member of the Illinois CPA Society.

JAMES H. NEUBAUER joined Inland Property Management in 1978 as an on-site manager. In 1981, he was promoted to the position of director of purchasing. Subsequently, in 1983, he became an on-site property manager and, in 1984, he became the president of Inland Western Property Management. From 1985 to 1996, Mr. Neubauer was president and senior vice president of Mid-America Management where he was responsible for all rental property operations outside the Chicagoland metropolitan area, which included New Hampshire, Arizona, Indiana, Wisconsin and Peoria, Moline and Danville, Illinois. He left Inland in 1996 to pursue other opportunities and rejoined Inland Southeast Property Management Corp. in 1999 as senior vice president and in May 2002 was promoted to president. In June 2004, he became a senior vice president of Inland Northwest Management Corp., Inland Pacific Management Corp., Inland Southwest Management Corp. and Inland Western Management Corp. He is a licensed real estate broker in Florida and holds a B.A. degree from the University of Maryland, a M.A. degree from Ball State University and a M.B.A. degree from Benedictine College.

LINDA CENTANNI joined Mid-America Management Corp. in 1978 in the business office and in 1979 she began working in the accounting department specializing in the area of property management accounts receivable. In 1997 she was promoted to assistant vice president. Her current responsibilities include supervision of 12 people as department head of both accounts receivable and records. In July 2004 she was promoted to a vice president of Inland Northwest Management Corp., Inland Pacific Management Corp., Inland Southwest Management Corp., and Inland Western Management Corp. Ms. Centanni holds an Illinois real estate salesperson license.

ELIZABETH D. MCNEELEY joined Inland Southeast Property Management as a property accountant in January of 2002. In January of 2003 she was promoted to senior property accountant for Inland Western Management Corp., and in July of 2003 was promoted to a vice president of Inland Northwest Management Corp., Inland Pacific Management Corp., Inland Southwest Management Corp., and Inland Western Management Corp. Prior to joining Inland, Ms. McNeeley was an accountant for the Burlington Northern Railroad, Pinnacle Relocation and Trase Miller Teleservices. She also taught mathematics at both the Middle School and Jr. College level. Ms. McNeeley holds a BA from North Central College and an MA from DePaul University. She is a licensed Real Estate Sales Agent.

FRANK NATANEK joined The Inland Group in July 2004 as a vice president of Inland Northwest Property Management Corp., Inland Pacific Management Corp., Inland Southwest Management Corp., and Inland Western Management Corp. Prior to joining Inland, Mr. Natanek worked for the Hallmark Greeting Card Company from October 2002 to March 2004. Mr. Natanek has a degree from St. Xavier, and a law degree from Loyola University. In addition Mr. Natanek holds an MBA from the University of Chicago.

ULANA B. HORALEWSKYJ joined The Inland Group in 1990 and is currently treasurer of Inland Real Estate Exchange Corporation, vice president of Inland Real Estate Investment Corporation and president of Partnership Ownership Corporation. In her capacity as vice president of Inland Real Estate Investment Corporation, Ms. Horalewskyj oversees the cash management and accounting for over 250 Inland private limited partnerships. Prior to joining Inland, she spent four years working for an accounting firm and 10 years in the banking industry. Ms. Horalewskyj received her B.A. from Roosevelt University in Chicago.

ALAN F. KREMIN joined The Inland Group in 1982. Mr. Kremin was promoted to treasurer of The Inland Group, Inland Commercial Property Management, Inc., and various other Inland Group subsidiaries in March 1991. In his current capacity as the chief financial officer of The Inland Group, a position he has held since 1991, his responsibilities include financial management, cash budgeting and corporate taxes for the consolidated group and serving as a

director for various Inland Group subsidiaries and outside affiliated entities, for which he also serves as treasurer. He is a director of Inland Southeast Property Management Corp., and in March 2002 he became a director, secretary and treasurer of Inland

Southern Management LLC. In November 2002, he became a director of Mid-Atlantic Management, LLC. Prior to his current position, Mr. Kremin was treasurer of Inland Real Estate Investment Corporation from 1986 to 1990, where he supervised the daily operations of its accounting department. That department encompasses corporate accounting for the general partner of the Inland Real Estate Investment Corporation-sponsored limited partnership investment programs. Prior to joining The Inland Group, Mr. Kremin served for one year as a controller of CMC Realty and three years as assistant controller of JMB Realty Corporation. Prior to his real estate experience, Mr. Kremin worked eight years in public accounting, including four years at Arthur Young & Company. He received his B.S. degree in accounting from Loyola University. Mr. Kremin is a certified public accountant, holds securities and insurance licenses and is a licensed real estate broker.

FRANCES C. PANICO joined The Inland Group in 1972 and is president of Inland Mortgage Servicing Corporation and senior vice president of Inland Mortgage Corporation and Inland Mortgage Investment Corporation. Ms. Panico oversees the operation of loan services, which has a loan portfolio in excess of $4,200,000,000. She previously supervised the origination, processing and underwriting of single-family mortgages, and she packaged and sold mortgages to secondary markets. Ms. Panico's other primary duties for The Inland Group have included coordinating collection procedures and overseeing the default and resolution process. Ms. Panico received her BA Degree in Business Communication from Northern Illinois University.

The following sets forth information with respect to the executive officers and managers of Inland US Management LLC.

NAME	AGE*	POSITION AND OFFICE WITH INLAND US MANAGEMENT LLC
Thomas P. McGuinness	47	President and manager
Robert M. Barg	50	Senior vice president/treasurer, secretary and manager
Linda Centanni	49	Vice President
Elizabeth D. McNeely	49	Vice President
Frank Natanek	30	Vice President
Lawrence R. Sajdak, Jr.	24	Assistant vice president
Steven Yee	37	Assistant vice president
Anthony A. Casaccio	48	Manager
Alan F. Kremin	57	Manager
Pamela C. Stewart	47	Manager

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*As of January 1, 2004

The biographies of Mr. McGuinness, Mr. Barg, Ms. Centanni, Ms. McNeely, Mr. Natanek and Mr. Kremin are set forth above.

LAWRENCE R. SAJDAK joined The Inland Group in September 1998 as a college intern, working every summer and holiday season. He started in the marketing department and soon became proficient in other departments in management. He has degrees in chemistry and business from North Central College. Prior to joining Inland he was employed by Cintas Corporation. Mr. Sajdak returned to Inland in December 2002 as a department head in the business management department, and subsequently became a property manager. In July 2004 Mr. Sajdak was promoted to an assistant vice president of Inland

Northwest Property Management Corp. He is a member of the International Council of Shopping Centers.

STEVEN YEE joined The Inland Group in February of 2004 as a senior property manager, and in July 2004, Mr. Yee was promoted to assistant vice president of Inland Northwest Property Management Corp. Prior to joining Inland he worked for Manulife Financial. His was also the director of operations for MB real estate and a retail property manager for Trammel Crow. His real estate experience includes managing and leasing retail shopping centers in the greater Chicagoland area. Mr. Yee attended DePaul University, receiving a degree in real estate finance. He is a licensed real estate broker, and a member of the International Council of Shopping Centers, and holds CPM and CCIM designations.

ANTHONY A. CASACCIO joined The Inland Group in 1984 working for Inland Condo Association Management. From 1987 to 1991 he was president of Partnership Asset Sales Corporation, and in 1991 when Inland Real Estate Development Corporation was formed, Mr. Casaccio became the president and a director. Mr. Casaccio holds a B.S. degree in accounting from DePaul University. He is a member of the DuPage Association of Realtors, the National Association of Realtors, Northern Illinois Commercial Association of Realtors, the National Home Builders Association, the Realtor Association of the Western Suburbs, The Urban Land Institute and the Oswego Economic Development Corporation. Mr. Casaccio is a licensed real estate broker in the state of Illinois.

PAMELA C. STEWART joined Midwest Real Estate Equities, Inc., an affiliate of The Inland Group in 1995 as an acquisition specialist. Prior to joining Midwest Equities, Ms. Stewart worked for another affiliate company, New Directions Housing Corporation (NDHC), a not-for-profit organization that develops affordable housing. In 2002, Ms. Stewart became an assistant vice president and in 2004, she was promoted to vice president of Midwest Real Estate Equities, Inc. Ms. Stewart is responsible for acquiring commercial real estate properties for the company's portfolio and investing corporate funds into redevelopment projects, including rental properties, shopping centers, office buildings and industrial buildings. Ms. Stewart is also the corporate asset management director for The Inland Real Estate Group of Companies. Ms. Stewart has a B.A. degree in Marketing from Roosevelt University. She is a member of the National Association of Realtors, the Northern Illinois Commercial Association of Realtors and she is a Certified Commercial Investment Member (CCIM) and Candidate. She holds a real estate broker's license in the state of Illinois.

The following sets forth information with respect to the executive officers and managers of Inland Pacific Management LLC.

NAME	AGE*	POSITION AND OFFICE WITH INLAND PACIFIC MANAGEMENT LLC

Thomas P. McGuinness	47	President and manager
Robert M. Barg	50	Senior vice president/treasurer, secretary and manager
James H. Neubauer	62	Senior vice president and manager
Linda Centanni	49	Vice President
Elizabeth D. McNeely	49	Vice President
Frank Natanek	30	Vice President
David M. Benjamin	49	Manager
Alan F. Kremin	57	Manager

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*As of January 1, 2004

The biographies of Mr. McGuinness, Mr. Barg, Mr. Neubauer, Ms. Centanni, Ms. McNeely, Mr. Natanek and Mr. Kremin are set forth above.

DAVID M. BENJAMIN joined The Inland Group in 1983 in the accounting department and is controller of The Inland Real Estate Group. Mr. Benjamin has spent his entire accounting career in the real estate industry, working for American Invesco and Draper and Kramer before coming to Inland. Mr. Benjamin is responsible for the accounting and corporate income tax preparation of various Inland entities and he assists in the day to day oversight of The Inland Real Estate Group accounting department. Mr. Benjamin is a CPA.

The following sets forth information with respect to the executive officers and Managers of Inland Southwest Management LLC.

NAME	AGE*	POSITION AND OFFICE WITH INLAND SOUTHWEST MANAGEMENT LLC
Thomas P. McGuinness	47	President and manager
Robert M. Barg	50	Senior vice president/treasurer, secretary and manager
James H. Neubauer	62	Senior vice president
Linda Centanni	49	Vice President
Elizabeth D. McNeely	49	Vice President
Frank Natanek	30	Vice President
Alan F. Kremin	57	Manager
Ulana B. Horalewskyj	57	Manager
Frances C. Panico	54	Manager

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*As of January 1, 2004

The biographies of Mr. McGuinness, Mr. Barg, Mr. Neubauer, Ms. Centanni, Ms. McNeely, Mr. Natanek, Ms. Horalewskyj, Mr. Kremin and Ms. Panico are set forth above.

INLAND SECURITIES CORPORATION

Inland Securities Corporation, our managing dealer, was formed in 1984. It is registered under the applicable federal and state securities laws and is qualified to do business as a securities broker-dealer throughout the United

States. Since its formation, the managing dealer has provided the marketing function for distribution of the investment products sponsored by our sponsor. It does not render these services to anyone other than affiliates of The Inland Group, and it does not focus its efforts on the retail sale side of the securities business. It is a member firm of the National Association of Securities Dealers, Inc.

The following table sets forth information with respect to the directors, officers and principal employees of Inland Securities Corporation involved in national sales and marketing activities of Inland Securities Corporation. The biography of Mr. Parks is set forth above under "-Inland Affiliated Companies" in this section and the biographies of Mrs. Gujral and Ms. Matlin are set forth above under "-Our Directors and Executive Officers" in this section.

NAME	AGE*	POSITION AND OFFICE WITH OUR MANAGING DEALER
Brenda G. Gujral	61	President, chief operating officer and director
Roberta S. Matlin	59	Vice president and director
Catherine L. Lynch	45	Treasurer, secretary and director
Robert D. Parks	60	Director
Brian Conlon	45	Executive vice president
R. Martel Day	54	Executive vice president - national sales and marketing
Fred C. Fisher	59	Senior vice president
David Bassitt	61	Senior vice president
John Cunningham	45	Senior vice president
Tomas Giardino	29	Vice president
Curtis Shoch	31	Vice president
Shawn Vaughan	32	Vice president
Mark Lavery	28	Vice president
Ralph Rudolph	40	Vice president
Robert J. Babcock	28	Vice president
Frank V. Pinelli	57	Vice president
Matthew Podolsky	32	Vice president
Darrell Rau	48	Vice president
Jeffrey S. Hertz	30	Vice president
Carl Pikus	37	Vice president
Nathan Rachels	29	Vice president
Michele Sorce	39	Assistant vice president and controller

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*As of January 1, 2004

CATHERINE L. LYNCH joined the Inland organization in 1989 and is the treasurer/secretary of our sponsor. Ms. Lynch is responsible for managing the corporate accounting department of our sponsor. Ms. Lynch is also the treasurer/secretary and a director of Inland Securities Corporation and treasurer of Inland Retail Real Estate Advisory Services and Inland Investment Advisors, Inc. Prior to joining the Inland organization, Ms. Lynch worked in the field of public accounting for KPMG Peat Marwick LLP since 1980. She received her B.S. Degree in Accounting from Illinois State University. Ms. Lynch is a certified public accountant and a member of the American Institute of Certified Public Accountants and the Illinois CPA Society. She is registered with the

National Association of Securities Dealers, Inc. as a financial operations principal.

BRIAN M. CONLON joined Inland Securities Corporation as executive vice president in September 1999. Prior to joining Inland, Mr. Conlon was executive vice president and chief operating officer of Wells Real Estate Funds, where he was responsible for overseeing day to day operations of the firm's real estate investment and capital raising initiatives. Mr. Conlon is a General Securities Principal, is licensed as a real estate broker in Georgia, and has earned the Certified Financial Planner and Certified Commercial Investment Member designations. Mr. Conlon currently serves on the national board of directors for the Financial Planning Association. Mr. Conlon holds Series 7, 24 and 63 licenses with the National Association of Securities Dealers, Inc.

R. MARTEL DAY is executive vice president and national sales director for Inland Securities Corporation, and he is responsible for the sale of Inland's investment products nationwide. Mr. Day joined

Inland in 1984 as a regional representative in the southeast. Since then, he has served as regional vice president, senior vice president and national marketing director.

Mr. Day graduated with an Engineering degree from the Georgia Institute of Technology. He is a member of the board of directors of the Investment Program Association (IPA), a member of the Financial Planning Association (FPA), and the National Association of Real Estate Investment Trusts (NAREIT). He holds General Securities and Registered Investment Advisor licenses with the National Association of Securities Dealers, Inc.

FRED C. FISHER is a senior vice president of Inland Securities Corporation, which he joined in 1984. Mr. Fisher began his career with Inland Securities Corporation as regional vice president for the Midwest region. In 1994, he was promoted to senior vice president. Mr. Fisher received his bachelor's degree from John Carroll University. Before joining Inland Securities Corporation, he spent nine years as a regional sales manager for the S.S. Pierce Company. Mr. Fisher holds Series 7, 22 and 63 licenses with the National Association of Securities Dealers, Inc.

DAVID BASSITT joined Inland Securities Corporation as a senior vice president in March 2001. Prior to joining Inland, Mr. Bassitt was director of financial services with AEI Fund Management, Inc. and was responsible for wholesaling public and private net lease real estate investments and 1031 property exchanges to financial planners. Mr. Bassitt received his bachelor's degree from Ferris State University, and a master's degree from St. Cloud University. Mr. Bassitt holds Series 6, 7, 22 and 63 licenses with the National Association of Securities Dealers, Inc.

JOHN CUNNINGHAM is a senior vice president of Inland Securities Corporation. He joined an affiliate of The Inland Group in January 1995 as a commercial real estate broker. In March 1997, Mr. Cunningham was hired by Inland Securities Corporation as a regional representative for the western region, and he was promoted to a vice president in 1999. In 2002, he became senior vice president of the western region. Mr. Cunningham graduated from Governors State University with a B.S. degree in business administration, concentrating in marketing. Before joining the Inland organization, Mr. Cunningham owned and operated his own business and developed real estate. He holds Series 7 and Series 63 licenses with the National Association of Securities Dealers, Inc.

TOMAS GIARDINO joined Inland Securities Corporation as vice president

in September 2000. Prior to joining Inland, Mr. Giardino was the director of mutual fund sales at SunAmerica Securities, where he was responsible for increasing the market share of nine focus firms at the broker dealer. Mr. Giardino entered the securities industry in January 1999. Prior to entering the securities industry, Mr. Giardino was in the advertising field for four years. Mr. Giardino received his B.A. in political science from Arizona State University in May 1998. He holds Series 7, 63 and 65 licenses with the National Association of Securities Dealers, Inc.

CURTIS SHOCH joined Inland Securities Corporation as vice president in January 2000. Prior to joining Inland, Mr. Shoch was assistant vice president at Wells Real Estate Funds, where he was responsible for launching new real estate investment alternatives in the southeastern United States. Mr. Shoch began his career in 1994 with Keogler Investment Advisory Services. Mr. Shoch graduated from Lynchburg College in Lynchburg, Virginia in 1994 with a major in marketing and an emphasis in finance. He is a Registered Representative as well as a Registered Investment Advisor. Mr. Shoch holds Series 7, 63 and 65 licenses with the National Association of Securities Dealers, Inc.

SHAWN VAUGHAN joined Inland Securities Corporation as vice president in August 2000. Prior to joining Inland, Mr. Vaughan was assistant vice president at Wells Real Estate Funds, where he was responsible for marketing real estate investments in the mid-Atlantic region. Mr. Vaughan started his career in financial services in 1994 on the retail side of the business with a successful financial planning

firm. During this time, he was responsible for handling every aspect of the financial planning process. Mr. Vaughan holds Series 7 and 63 licenses with the National Association of Securities Dealers, Inc.

MARK LAVERY joined Inland Securities Corporation as a vice president in April 2001. Prior to joining Inland, Mr. Lavery was with Charles Schwab, where he was on an active trade team. Mr. Lavery began his career with Investment Planners. Mr. Lavery graduated from Milliken University in 1997 with a B.S. in finance. Mr. Lavery holds Series 7 and 66 licenses with the National Association of Securities Dealers, Inc.

RALPH RUDOLPH joined Inland Securities Corporation in 1995 as a regional representative for Midwest team and was promoted to a vice president in 2000. Prior to joining Inland, Mr. Rudolph served in the United States Marine Corp. and worked for another broker-dealer. He is a graduate of Elmhurst College with a degree in business administration. Mr. Rudolph holds Series 7 and 63 licenses with the National Association of Securities Dealers, Inc.

ROBERT J. BABCOCK joined Inland Securities Corporation as a vice president in March 2004. Prior to joining Inland, Mr. Babcock was an external wholesaler with AEI Fund Management, Inc. and was responsible for wholesaling public and private net lease real estate investments and 1031 property exchanges to financial planners. Mr. Babcock began his career as a financial advisor with American Express Financial Advisors in 1999. He received his bachelor's degree from Gustavus Adolphus College. Mr. Babcock holds Series 7 and 63 licenses with the National Association of Securities Dealers, Inc.

FRANK V. PINELLI joined Inland Securities Corporation in 2004 as a vice president. He was previously employed with The Inland Group from 1973-1983 where he worked in property management, real estate sales, and real estate acquisitions. Prior to rejoining the Inland staff, from 1984-2003 Mr. Pinelli was a principal in his own real estate firm and developed an international marketing organization. Mr. Pinelli is a graduate of Southern Illinois

University. He holds Series 7 and 63 licenses with the National Association of Securities Dealers, Inc and also is licensed as a real estate broker in Illinois and Oregon.

MATTHEW PODOLSKY joined Inland Securities Corporation as a vice president in April 2003. Mr. Podolsky started his career in real estate in 1994 on the commercial sales and leasing side with Cushman and Wakefield of California, Inc. Prior to joining Inland Securities Corporation he was a vice president at CB Richard Ellis, Inc. Mr. Podolsky graduated from the University of Arizona with a B.S. in Regional Development/Urban Planning. He holds Series 7 and 63 licenses with the National Association of Securities Dealers, Inc. and a real estate license in the state of California.

DARRELL RAU joined Inland Securities Corporation in 2004 as a vice president of the midwest region where he develops sales and new broker/dealer relationships. Prior to joining Inland in 2004, Mr. Rau was vice president of developing markets at CTE Pension Advisors. Mr. Rau graduated magna cum laude from Northwood University in Midland, Michigan with a degree in Business Administration. He holds Series 6,7,62 and 63 licenses with the National Association of Securities Dealers, Inc.

JEFFREY S. HERTZ joined Inland Securities Corporation as a vice president in September 2004. Mr. Hertz started his career in the securities industry in 2000 with Nuveen Investments as a trader, working with unit investment trusts and exchange traded funds. Prior to joining Inland Securities Corporation, he was an advisor services representative for Nuveen. Mr. Hertz graduated from the University of Oregon with a B.A. in psychology. He holds Series 7, 63 and 65 licenses with the National Association of Securities Dealers, Inc.

CARL PIKUS joined Inland Securities Corporation as a vice president in September 2004. His responsibilities include development of new broker/dealer relationships for Inland in the Midwest. Prior

to joining Inland, Mr. Pikus was a Midwest sales manager for Ultimus, a software company, managing existing clients and establishing new accounts. He has worked in the same capacity for other IT companies. Mr. Pikus is a University of Wisconsin graduate.

NATHAN RACHELS joined Inland Securities Corporation as vice president in September 2004. Prior to joining Inland Mr. Rachels was assistant vice president at Wells Real Estate Funds, where he was responsible for marketing real estate investments in the southeast region of the United States. Mr. Rachels began his career in financial services in 1997 on the retail side of the business, with a successful planning firm and then was an account manager at Deutsche Bank.

He graduated from the University of Alabama with double majors in Public Relations and Business. Mr. Rachels holds Series 7 and 63 licenses with National Association of Securities Dealers.

MICHELE SORCE joined Inland Securities as assistant vice president and controller in November 2003. Michele started her career with Inland almost 19 years ago. She served as controller for Inland Commercial, Residential and Real Estate Auction companies. She received a B.S. Degree in Accounting from Elmhurst College. She is registered with the National Association of Securities Dealers, Inc. as a financial operations principal and also holds an Illinois Real Estate Broker's license.

LIMITATION OF LIABILITY AND INDEMNIFICATION OF DIRECTORS, OFFICERS AND OUR BUSINESS MANAGER/ADVISOR

The laws that we are subject to and our articles of incorporation provide that our business manager/advisor and directors are deemed to be in a fiduciary relationship to us and our stockholders and that our directors have a fiduciary duty to the stockholders to supervise our relationship with the business manager/advisor.

Maryland law provides that a director has no liability in the capacity as a director if he performs his duties in good faith, in a manner he reasonably believes to be in our best interests, and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Maryland law also provides that an act by a director of a Maryland corporation is presumed to satisfy the standards of the preceding sentence. Our articles of incorporation and bylaws provide that the liability of our directors and officers is limited to the fullest extent permitted by Maryland law and that none of our directors and officers will be liable to us or to any of our stockholders for money damages, including for breach of their fiduciary duty to us. As a result, our directors and officers will not be liable for monetary damages unless:

- the person actually received an improper benefit or profit in money, property or services; and

- the person is adjudged to be liable based on a finding that the person's action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding.

Maryland law provides that a corporation may indemnify any director, officer, employee or agent, unless it is established that:

- the act or omission of the person was material to the matter giving rise to the proceeding, and

    - was committed in bad faith, or

    - was the result of active and deliberate dishonesty;

- the person actually received an improper personal benefit in money, property or services; or

- in the case of any criminal proceeding, the person had reasonable cause to believe the act or omission was unlawful.

Except as described below, our articles of incorporation authorize and direct us to indemnify and pay or reimburse reasonable expenses to any director, officer, employee or agent we employ, and the business manager/advisor and its affiliates, to the fullest extent permitted by Maryland law. As long as we qualify as a REIT we will not indemnify or reimburse the expenses of any director, officer, employee, agent or the business manager/advisor or its affiliates unless:

- the directors have determined, in good faith, that the course of conduct which caused the loss or liability was in our best interests;

- the person seeking indemnification was acting on our behalf or

performing services for us;

- the liability or loss was not the result of negligence or misconduct on the part of the person seeking indemnification, except that if the person seeking indemnification is or was an

independent director, the liability or loss will not have been the result of gross negligence or willful misconduct; and

- such indemnification or agreement to be held harmless is recoverable only out of our net assets and not from the assets of the stockholders.

As long as we qualify as a REIT, we will not indemnify any director, officer, employee, agent or the business manager/advisor or its affiliates for losses, liabilities or expenses arising from or out of an alleged violation of federal or state securities laws unless one or more of the following conditions are met:

- there has been a successful adjudication on the merits of each count involving alleged securities law violations;

- the claims have been dismissed with prejudice on the merits by a court of competent jurisdiction; or

- a court of competent jurisdiction approves a settlement of the claims and finds that indemnification of the settlement and related costs should be made, and the court considering the request has been advised of the position of the Securities and Exchange Commission and the published position of any state securities regulatory authority in which our securities were offered and sold as to indemnification for securities law violations.

We will advance amounts to a person entitled to indemnification for legal and other expenses and costs incurred as a result of any legal action for which indemnification is being sought only in accordance with Maryland law and, as long as we qualify as a REIT, only if all of the following conditions are satisfied:

- the legal action relates to acts or omissions relating to the performance of duties or services by the person seeking indemnification for us or on our behalf;

- the legal action is initiated by a third party who is not a stockholder or the legal action is initiated by a stockholder acting in his or her capacity as such and a court of competent jurisdiction specifically approves advancement; and

- the person seeking indemnification undertakes in writing to repay us the advanced funds, together with interest at the applicable legal rate of interest, if the person seeking indemnification is found not to be entitled to indemnification.

We may purchase and maintain insurance or provide similar protection on behalf of any director, officer, employee, agent or the business manager/advisor or its affiliates against any liability asserted which was incurred in any such capacity with us or arising out of such status; provided, however, that we will not incur the costs of any liability insurance which insures any person against

liability for which he, she or it could not be indemnified under our articles of incorporation or bylaws. We may enter into any contract for indemnity and advancement of expenses with any director, officer, employee or agent as may be determined by the board and as permitted by law. We have not purchased insurance on behalf of any person but we intend to do so in the future.

We have entered into separate indemnification agreements with each of our directors and some of our executive officers. The indemnification agreements will require that we indemnify our directors and officers to the fullest extent permitted by law, and advance to the directors and officers all related expenses, subject to reimbursement if it is subsequently determined that indemnification is not permitted. The agreements provide that we also must indemnify and advance all expenses incurred by directors and

officers seeking to enforce their rights under the indemnification agreements and cover directors and officers under our directors' and officers' liability insurance, if any. Although the indemnification agreements offer substantially the same scope of coverage afforded by provisions in our articles of incorporation and the bylaws, they provide greater assurance to directors and officers that indemnification will be available, because as a contract, it cannot be unilaterally modified by the board or by the stockholders to eliminate the rights it provides.

We have been advised that, in the opinion of the Securities and Exchange Commission, any indemnification that applies to liabilities arising under the Securities Act is contrary to public policy and, therefore, unenforceable.

PRINCIPAL STOCKHOLDERS

The following table provides information as of December 7, 2004 regarding the number and percentage of shares beneficially owned by each director, each executive officer, all directors and executive officers as a group and any person known to us to be the beneficial owner of more than 5% of our outstanding shares. As of December 7, 2004, no stockholder beneficially owned more than 5% of our outstanding shares. As of December 7, 2004, we had approximately 56,000 stockholders of record and approximately 199,433,713 shares of common stock outstanding. Beneficial ownership includes outstanding shares and shares which are not outstanding that any person has the right to acquire within 60 days after the date of this table. However, any such shares which are not outstanding are not deemed to be outstanding for the purpose of computing the percentage of outstanding shares beneficially owned by any other person. Except as indicated, the persons named in the table have sole voting and investing power with respect to all shares beneficially owned by them.

BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENT OF CLASS
Robert D. Parks	98,100.9094(1)	*
Roberta S. Matlin	176.8117	*
Scott W. Wilton	0	0
Steven P. Grimes	0	0
Lori A. Foust	0	0

Brenda G. Gujral	0	0
Frank A. Catalano, Jr.	2,000(2)	*
Kenneth H. Beard	2,000(2)	*
Paul R. Gauvreau	113,731.8436(2)	*
Gerald M. Gorski	4,002.0800(2)	*
Barbara A. Murphy	2,000(2)	*
All directors and executive officers as a group (12 persons)	222,011.6447(1)	*

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*Less than 1%

(1) Includes 20,000 shares owned by our business manager/advisor. Our business manager/advisor is a wholly-owned subsidiary of our sponsor, which is an affiliate of The Inland Group. Mr. Parks is a control person of The Inland Group and disclaims beneficial ownership of these shares owned by our business manager/advisor.

(2) Includes 2,000 shares issuable upon exercise of options granted to each independent director under our independent director stock option plan, to the extent that such options are currently exercisable or will become exercisable within 60 days after the date of this table.

OUR STRUCTURE AND FORMATION

We were formed in March 2003 as a Maryland corporation. Our articles of incorporation and bylaws became operative on March 5, 2003. Our existence is perpetual.

STRUCTURE

We intend to own all of our assets, either directly or indirectly. Our business manager/advisor contributed $200,000 to us for 20,000 shares of our common stock to form us. Our business manager/advisor has agreed to not sell their initial investment while the business manager/advisor remains our sponsor, but may transfer these shares to its own affiliates. A REIT may conduct some of its business and hold some of its interests in properties in "qualified REIT subsidiaries," which must be owned 100% by the REIT or through "taxable REIT subsidiaries" which may be wholly or partially owned. Although we currently do not intend to have any qualified REIT subsidiaries, we may in the future decide to conduct some business or hold some of our interests in properties in qualified REIT subsidiaries.

See "How We Operate - Organizational Chart" for a diagram depicting the services rendered by our affiliates to us, as well as our organizational structure.

Prior to this offering, if all of the 250,000,000 shares from our first offering are sold, the business manager/advisor's 20,000 shares represent .008% of the outstanding shares. If all of the 250,000,000 shares from our first offering are sold for gross offering proceeds of $2,500,000,000 and if all of the 250,000,000 of the shares offered by this prospectus are sold for gross offering proceeds of $2,500,000,000 as set forth on the cover page of this prospectus, assuming no other shares are issued or sold, the business manager/advisor's 20,000 shares will then represent only .004% of the outstanding shares.

We have formed entities to acquire each of the properties currently owned by us. We may form entities to acquire additional properties. They will be owned or controlled directly or indirectly by us. In the case of the properties currently owned by us, the entities that own our properties are all directly or indirectly owned by us.

Robert D. Parks, Brenda G. Gujral, Roberta S. Matlin, Daniel L. Goodwin, Steven P. Grimes and Lori J. Foust are considered our promoters. Mr. Parks is our chairman and a director. Ms. Gujral is a director. Ms. Matlin is our vice president. Mr. Grimes is our Principal Financial Officer and Ms. Foust is our Principal Accounting Officer. None of our promoters are employed by us. Other than Mr. Parks and Ms. Gujral, Ms. Matlin, Mr. Grimes and Ms. Foust, none of our promoters are officers or directors of us.

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SELECTED FINANCIAL DATA

The following table sets forth selected financial information about us, and should be read in conjunction with the "Management's Discussion and Analysis of Our Consolidated Financial Condition and Results of Operation" and the Financial Statements and related notes included elsewhere in this prospectus.

The following net income (loss) and distributions per share basic and diluted are based upon the weighted average number of common shares outstanding for the period. For the period from March 5, 2003 (inception) to December 31, 2003 the distributions per common share are based upon the weighted average number of common shares outstanding for the period from October 2, 2003 (first day shares were sold to the public) to December 31, 2003. For the period from March 5, 2003 (inception) to December 31, 2003, $357,790 (or 100% of the distributions paid for 2003) represented a return of capital due to the tax loss in 2003.

	FOR THE NINE MONTHS ENDED 30-SEPT-04	PERIOD FROM MARCH 5, 2003 (INCEPTION) THROUGH 30-SEPT-03	PERIOD FROM MARCH 5, 2003 (INCEPTION) THROUGH 31-DEC-03
Total assets	$ 2,672,152,034	1,584,105	212,102,163
Mortgages payable	$ 1,141,248,461	0	29,627,000
Total income	$ 69,766,533	0	782,281
Net income (loss)	$ 4,413,798	(42,544)	(173,279
Net income (loss) per common share, basic and diluted	$ 0.06	(2.13)	(0.07
Distributions declared	$ 35,132,000	0	1,285,329
Distributions per weighted average common share	$ 0.50	0	.15
Funds from operations	$ 29,217,346	0	18,991
Cash flows provided by operating activities	$ 39,961,000	(74,021)	723,501

Cash flows used in investing activities	$ (2,015,984,000)	0	(133,424,163
Cash flows provided by financing activities	$ 2,192,056,000	274,021	197,081,796
Weighted average number of common shares outstanding, basic and diluted	70,052,000	20,000	2,520,986

The distributions per common share are based upon the weighted average number of common shares outstanding for the period from October 2, 2003 (first day shares were sold to the public) to December 31, 2003.

One of our objectives is to provide cash distributions to our stockholders from cash generated by our operations. Cash generated from operations is not equivalent to our net income from continuing

operations as determined under Generally Accepted Accounting Principles in the United States of America or GAAP. Due to certain unique operating characteristics of real estate companies, the National Association of Real Estate Investment Trusts or NAREIT, an industry trade group, has promulgated a standard known as "Funds from Operations" or "FFO" for short, which it believes more accurately reflects the operating performance of a REIT such as us. As defined by NAREIT, FFO means net income computed in accordance with GAAP, excluding gains (or losses) from sales of property, plus depreciation on real property and amortization, and after adjustments for unconsolidated partnerships and joint ventures in which the REIT holds an interest. We have adopted the NAREIT definition for computing FFO because management believes that, subject to the following limitations, FFO provides a basis for comparing our performance and operations to those of other REITs. The calculation of FFO may vary from entity to entity since capitalization and expense policies tend to vary from entity to entity. Items which are capitalized do not impact FFO, whereas items that are expensed reduce FFO. Consequently, our presentation of FFO may not be comparable to other similarly-titled measures presented by other REITs. FFO is not intended to be an alternative to "Net Income" as an indicator of our performance nor to "Cash Flows from Operating Activities" as determined by GAAP as a measure of our capacity to pay distributions. We believe that FFO is a better measure of our operating performance because FFO excludes non-cash items from GAAP net income. This allows us to compare our relative property performance to determine our return on capital. Management uses the calculation of FFO for several reasons. We use FFO to compare our performance to that of other REITs in our peer group. Additionally, we use FFO in conjunction with our acquisition policy to determine investment capitalization strategy. FFO is calculated as follows:

	FOR THE NINE MONTHS ENDED 30-SEPTEMBER-04	PERIOD FROM MARCH 5, 2003 (INCEPTION) THROUGH 31-DEC-03
Net income (loss)	$ 4,413,798	$ (173,279)
Depreciation and amortization related to investment properties	24,803,548	192,270
Funds from operations (1)	$ 29,217,346	$ 18,991

(1) FFO does not represent cash generated from operating activities calculated in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs. FFO should not be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flow as a measure of liquidity.

INVESTMENT OBJECTIVES AND POLICIES

GENERAL

Our investment objectives are to:

- make regular distributions to the stockholders, which may be in amounts which may exceed our taxable income due to the non-cash nature of depreciation expense and, to such extent, will constitute a tax-deferred return of capital, but in no event less than 90% of our taxable income;

- provide a hedge against inflation by entering into leases which contain clauses for scheduled rent escalations or participation in the growth of tenant sales, permitting us to increase distributions and realize capital appreciation; and

- preserve stockholders' capital.

It is our policy to acquire properties primarily for income as distinguished from primarily for possible capital gain.

DISTRIBUTIONS

Federal income tax law requires that a REIT distribute annually at least 90% of its REIT Taxable Income. See "Federal Income Tax Considerations -- Federal Income Taxation as a REIT." In order to qualify for REIT status we may be required to make distributions in excess of cash available. For a discussion of the tax treatment of distributions to you, see "Federal Income Tax Considerations."

We anticipate that distributions will be paid to our domestic stockholders on a monthly basis and to our foreign stockholders on a quarterly basis. Distributions will be at the discretion of the board. Our ability to pay distributions and the size of these distributions will depend upon a variety of factors. We cannot assure that distributions will continue to be made or that any particular level of distributions established in the future, if any, will be maintained by us.

At the March 19, 2004 regularly scheduled board meeting, the board unanimously approved a resolution to delegate to our management committee, which includes our chief executive officer, principal financial officer, principal accounting officer and secretary, the authority to make monthly distributions to stockholders on our common stock in an amount between 6.0% and 7.25% on an annualized basis, for the remainder of the 2004 calendar year.

Our board approved the following distributions payable to holders of our common stock:

- $.30 per share per annum for the stockholders of record on October 31, 2003, payable on November 10, 2003;

- $.50 per share per annum for the stockholders of record on

November 30, 2003, payable on December 10, 2003;

- $.70 per share per annum for the stockholders of record on December 31, 2003, payable on January 10, 2004;

- $.70 per share per annum for the stockholders of record on January 31, 2004, payable on February 10, 2004;

- $.70 per share per annum for the stockholders of record on February 29, 2004, payable on March 10, 2004;

- $.70 per share per annum for the stockholders of record on March 31, 2004, payable on April 10, 2004;

- $.67 per share per annum for the stockholders of record on April 30, 2004, payable on May 10, 2004;

- $.675 per share per annum for the stockholders of record on May 31, 2004, payable on June 10, 2004;

- $.65 per share per annum for the stockholders of record on June 30, 2004, payable on July 10, 2004;

- $.65 per share per annum for the stockholders of record on July 31, 2004, payable on August 10, 2004;

- $.65 per share per annum for the stockholders of record on August 31, 2004, payable on September 10, 2004;

- $.65 per share per annum for the stockholders of record on September 30, 2004, payable on October 10, 2004;

- $.65 per share per annum for the stockholders of record on October 31, 2004, payable on November 10, 2004; and

- $.65 per share per annum for the stockholders of record on November 30, 2004, payable on December 10, 2004.

TYPES OF INVESTMENTS

We were formed to acquire and manage a portfolio of real estate which is diversified by geographical location and by type and size of retail centers. Our properties will consist of real estate primarily improved for use as retail establishments, principally multi-tenant shopping centers. We believe that our real estate will be located primarily in the states west of the Mississippi River in the United States. We will endeavor to acquire multiple properties within the same major metropolitan markets where acquisitions result in efficient property operations with the potential to achieve market leverage. See "Real Property Investments -- General."

Most of these properties will be subject to "net" leases. "Net" leases typically require tenants to pay a share, either pro rata or fixed, of all or a majority of the operating expenses. Operating expenses include real estate taxes, special assessments, utilities, insurance, common area maintenance and building repairs related to the property, as well as base rent payments.

We may also acquire real estate improved with other commercial facilities which provide goods and services as well as those leased on a double or triple-net-lease basis which are either commercial or retail.

Triple-net-leases also require the tenant to pay a base minimum annual rent with periodic increases. We may enter into sale and leaseback transactions in which we will purchase a property and lease the property to the seller of the property.

To provide us with a competitive advantage over potential purchasers of properties who must secure financing, we intend to acquire properties free and clear of permanent mortgage debt. We will do this by paying the entire purchase price of property in cash, shares, interest in entities that own our properties or a combination of any of these. We may incur debt of a property to acquire properties where our board determines that incurring such debt is in our best interest. In addition, from time to time, we intend to acquire some properties without financing and later incur mortgage debt secured by selected or all such properties if favorable financing terms are available. We will use the proceeds from such loans to acquire additional properties. See "Borrowing" under this section for a more detailed explanation of our borrowing intentions and limitations.

We may purchase properties subject to completion of construction in accordance with terms and conditions we specify. In these cases, we will be obligated to purchase the property at the completion of construction, if construction conforms to definitive plans, specifications and costs approved by us and embodied in the construction contract, as well as, in most instances, satisfaction that agreed upon percentages of the property are leased. We will receive a certificate of an architect, engineer or other appropriate party, stating that the property complies with all plans and specifications. We may construct or develop properties, and render services in connection with the development or construction, subject to compliance with applicable requirements under federal income tax laws. Construction and development activities will expose us to risks such as cost overruns, carrying costs of projects under construction and development, availability and costs of materials and labor, our inability to obtain tenants, weather conditions, and government regulation.

See "- Investment Limitations" under this section and "Summary of Our Organizational Documents -- Restrictions on Investments" for investment limitations.

PROPERTY ACQUISITION STANDARDS

We have signed a property acquisition service agreement with Inland Real Estate Acquisitions, Inc. Under that agreement, Inland Real Estate Acquisitions has agreed to seek properties for us and to perform due diligence on the properties and negotiate the terms of the purchase. Through its experience with the acquisition of over 1,000 real properties by our affiliates, the business manager/advisor believes Inland Real Estate Acquisitions has the ability to identify quality real properties capable of meeting our investment objectives. When evaluating property, Inland Real Estate Acquisitions will consider a number of factors, including a real property's:

- geographic location and type;
- construction quality and condition;
- current and projected cash flow;
- potential for capital appreciation;
- lease rent roll, including the potential for rent increases;

- potential for economic growth in the tax and regulatory environment of the community in which the property is located;

- potential for expanding the physical layout of the property and/or the number of sites;

- occupancy and demand by tenants for properties of a similar type in the same geographic vicinity;

- prospects for liquidity through sale, financing or refinancing of the property;

- competition from existing properties and the potential for the construction of new properties in the area; and

- treatment under applicable federal, state and local tax and other laws and regulations.

Inland Real Estate Acquisitions also requires the seller of a property to provide a current Phase I environmental report and, if necessary, a Phase II environmental report.

Before purchasing a property, Inland Real Estate Acquisitions examines and evaluates the potential value of the site, the financial condition and business history of the property, the demographics of the area in which the property is located or to be located, the proposed purchase price, geographic and market diversification and potential sales. In a sale-leaseback situation, since the seller of the property generally is assuming the operating risk, the price paid for the property by us may be greater than if it was not leased back to the seller. All acquisitions from our affiliates must be approved by a majority of our directors, including a majority of the independent directors.

DESCRIPTION OF LEASES

When spaces become vacant or existing leases expire, we anticipate entering into "net" leases. Net leases require tenants to pay a share, either pro rata or fixed, of all or a majority of the operating expenses, including real estate taxes, special assessments, insurance, utilities, common area maintenance and building repairs related to the properties, as well as base rent payments. We intend to include provisions which increase the amount of base rent payable at various points during the lease term and/or provide for the payment of additional rent calculated as a percentage of a tenant's gross sales above predetermined thresholds in most leases. The leases with most anchor tenants generally have initial terms of 10 to 25 years, with one or more renewal options available to the tenant. By contrast, smaller tenant leases typically have three- to five-year terms.

Triple net leases generally have a term of 15 to 25 years and are typically not less than 10 years. In addition, the tenant of a triple-net-lease is responsible for the base rent in addition to the costs and expenses related to property taxes, insurance, repairs and maintenance applicable to the leased space.

Each net lease tenant is required to pay its share of the cost of the liability insurance covering the property in which it is a tenant. The third-party liability coverage insures, among others, us, our business manager/advisor and our property manager. Typically, each tenant is required to obtain, at its own expense, property insurance naming us as the insured party for fire and other casualty losses in an amount equal to the full value of its

premises and the contents of the premises. All property insurance must be approved by the property manager. In general, the net lease may be assigned or subleased with our prior written consent, but the original tenant must remain liable under the lease unless the assignee meets income and net worth tests.

In connection with sale and leaseback transactions, the tenant is responsible for paying a predetermined minimum annual rent generally based upon our cost of purchasing the land and building. In addition to the base rent, these tenants are generally responsible for the costs and expenses related to property taxes, insurance, repairs and maintenance applicable to the leased space.

PROPERTY ACQUISITION

We anticipate acquiring fee interests or leasehold interests in properties, although other methods of acquiring a property may be used if we deem it to be advantageous. For example, we may acquire

properties through a joint venture or the acquisition of substantially all of the interests of an entity which in turn owns the real property. We may also use separate entities to acquire a property. Such entities will be formed solely for the purpose of acquiring a property or properties. See " -- Joint Ventures" in this section and "Federal Income Tax Considerations -- Federal Income Taxation as a REIT."

Our business manager/advisor and its affiliates may purchase properties in their own name, assume loans in connection with the purchase or loan and temporarily hold title to the properties for the purpose of facilitating acquisition or financing by us, the completion of construction of the property or any other purpose related to our business.

Under our articles of incorporation, we are prohibited from purchasing a property from an affiliate unless a majority of the directors not interested in the transaction and a majority of our independent directors approve the purchase as fair and reasonable to us and at a cost to us no greater than the cost of the asset to our affiliate. However, the cost to us may be greater than the cost to our affiliate if a substantial justification for the excess exists and such excess is reasonable. Our policy currently provides that in no event may our cost of the asset exceed its appraised value at the time we acquire the property.

If remodeling is required prior to the purchase of a property, we will pay a negotiated maximum amount either upon completion or in installments commencing prior to completion. The price will be based on the estimated cost of remodeling. In such instances, we will also have the right to review the tenant's books during and following completion of the remodeling to verify actual costs. If substantial disparity exists between estimated and actual costs, an adjustment in the purchase price may be negotiated. If remodeling is required after the purchase of a property, an affiliate of our business manager/advisor may serve as construction manager for a fee no greater than 90% of the fee a third party would charge for such services.

BORROWING

We intend to acquire properties free and clear of permanent mortgage indebtedness by paying the entire purchase price in cash or for shares, interest in our subsidiaries that own our properties, or a combination of any of these. However, we may incur indebtedness to acquire properties where our board determines that it is in our best interest. On properties purchased without

financing, we may later incur mortgage debt by obtaining loans secured by selected properties, if favorable financing terms are available. We will use the proceeds from such loans to acquire additional properties. We may also incur debt to finance improvements to our properties. Aggregate borrowings secured by all of our properties will not exceed 55% of their combined fair market value. Our articles of incorporation provide that the aggregate amount of borrowing in relation to the net assets, in the absence of a satisfactory showing that a higher level is appropriate, not exceed 300% of net assets. Net assets means our total assets, other than intangibles at cost before deducting depreciation or other non-cash reserves less our total liabilities, calculated at least quarterly on a basis consistently applied. Any excess in borrowing over such 300% of net assets level must be approved by a majority of our independent directors, disclosed to our stockholders in our next quarterly report to stockholders, along with justification for such excess.

We may incur debt secured by our properties, but most likely on a non-recourse basis, some of which may be subject to certain carve outs. This means that a lender's rights on default will generally be limited to foreclosing on the property. We may secure recourse financing or provide a guarantee to lenders if we believe this may result in more favorable terms. When we give a guaranty for a property, we will be responsible to the lender for the satisfaction of the indebtedness if it is not paid by the property. We do not borrow funds from a program sponsored by our business manager/advisor or its affiliates which makes or invests in mortgage loans. We seek to obtain financing which will result in the

most favorable overall economic benefit while balancing various risk factors associated with the debt. At certain times the majority of debt may require level payments and at others the majority may be based on variable rates. We have determined that it may be in our best interest to make use of mortgages the majority of which provide for a balloon payment. There are no prescribed limits on the number or amount of mortgages which may be placed on any one property. Any mortgages secured by a property will comply with the restrictions set forth by the Commissioner of Corporations of the State of California.

Our board adopted a policy to delegate to management the ability to obtain an unsecured line of credit facility with Key Bank for up to $100,000,000. The commitment letter was signed on November 17, 2004, and will have optional unsecured borrowing capacity of $150,000,000, for a total unsecured borrowing capacity of $250,000,000. The facility will have an initial term of one year with two one year extension options, and will replace the current line of credit on or about December 1, 2004, subject to final documentation. The line of credit has not yet been executed.

Our board unanimously approved that consistent with our borrowing policies, we may commit up to the aggregate of $25 million for letters of credit in order to obtain financing for properties.

Our board adopted a policy to delegate to management the ability to obtain unsecured general financing facilities up to $150,000,000 requiring a deposit not to exceed 3% of the facility amount without prior approval by the board of directors. These facilities would then be matched with specific properties, which would secure the amounts due under the general facilities.

SALE OR DISPOSITION OF PROPERTIES

Our board will determine whether a particular property should be sold or otherwise disposed of after considering the relevant factors, including performance or projected performance of the property and market conditions, with

a view toward achieving our principal investment objectives.

We intend to hold our properties for a minimum of four years prior to selling them. See "Federal Income Tax Considerations -- Federal Income Taxation as a REIT." We also intend to reinvest the proceeds from the sale, financing, refinancing or other disposition of our properties into additional properties. Alternatively, we may use these proceeds to fund maintenance or repair of existing properties or to increase reserves for such purposes. The objective of reinvesting the sale, financing and refinancing proceeds in new properties is to increase our real estate assets, and our net income, which our board believes will enhance our chances of having our shares traded in a public trading market. Notwithstanding this policy, the board, in its discretion, may distribute all or part of the proceeds from the sale, financing, refinancing or other disposition of all or any of our properties to our stockholders. In determining whether to distribute these proceeds to stockholders, the board will consider, among other factors, the desirability of properties available for purchase, real estate market conditions, the likelihood of the listing of our shares on a national stock exchange or including the shares for quotation on a national market system and compliance with the applicable requirements under federal income tax law under federal income tax laws. Because we may reinvest the proceeds from the sale, financing or refinancing of our properties, we could hold stockholders' capital indefinitely. However, upon the affirmative vote of a majority of the shares of common stock, we will be forced to liquidate our assets and dissolve.

When we sell a property, we intend to obtain an all-cash sale price. However, we may take a purchase money obligation secured by a mortgage on the property as partial payment, and there are no limitations or restrictions on our ability to take such purchase money obligations. The terms of payment to us will be affected by custom in the area in which the property being sold is located and the then prevailing economic conditions. If we receive notes and other property instead of cash from sales, these proceeds, other than any interest payable on these proceeds, will not be available for distributions until and to the extent the notes or other property are actually paid, sold, refinanced or otherwise disposed.

Therefore, the distribution of the proceeds of a sale to the stockholders may be delayed until that time. In these cases, we will receive payments in cash and other property in the year of sale in an amount less than the selling price and subsequent payments will be spread over a number of years. See "Federal Income Tax Considerations."

CHANGE IN INVESTMENT OBJECTIVES AND POLICIES

Our stockholders have no voting rights to implement our investment objectives and policies. Our board has the responsibility for our investment objectives and policies. Our board may not, however, make any material changes regarding the restrictions on investment policies set forth in our articles of incorporation without amending the articles of incorporation. Any amendment to our articles of incorporation requires the affirmative vote of a majority of our then outstanding voting shares of common stock. See "Summary of Our Organizational Documents -- Restrictions on Investments."

INVESTMENT LIMITATIONS

We will not:

- invest more than 10% of our total assets in unimproved real property (and will only invest in unimproved real property intended to be developed) or in mortgage loans on unimproved real

property;

- invest in commodities or commodity future contracts;

- issue redeemable shares of common stock;

- issue shares on a deferred payment basis or other similar arrangement; and

- operate in such a manner as to be classified as an "investment company" for purposes of the Investment Company Act. See "Summary of Our Organizational Documents -- Restrictions on Investments" for additional investment limitations.

We do not intend to engage in hedging or similar activities for speculative purposes.

We have no current plans to invest any proceeds from this offering, or other funds, in the securities of other issuers for the purpose of exercising control over such other issuers.

OTHER INVESTMENTS

Consistent with our investment limitations, we may from time to time invest amounts of money in the securities of other companies that may or may not be REITs or companies related to real estate to seek superior returns on these investments. In addition, we may make loans to third parties from time to time in connection with retail centers we intend to purchase or on a short-term basis to real estate ventures.

Our business manager/advisor has informed our board that it is increasingly concerned about the potential that mortgage interest rates at which we can borrow will increase during 2004. Management also believes that mortgage interest rates we can borrow at will increase during 2005. Our board, including all of our independent directors, unanimously approved a resolution for the following:

We may invest in interest rate futures, an interest rate hedging strategy designed to offset the risks of potential interest rate increases on our long-term borrowings. Should conditions warrant, this interest

rate hedging strategy will be implemented over a period of time. We intend to invest in up to $100 million in interest rate futures, both five and seven year treasuries, with maturities of 90 days. Our initial cash outlay in this interest rate hedging strategy is expected to be between 1 to 2% of the value of our investment in the interest rate futures. Risks associated with this interest rate hedging strategy are primarily associated with declines in interest rates. As rates decline, we risk having to increase our initial cash outlay, and may incur losses on our investments in interest rate futures.

An affiliate of our business manager/advisor, Inland Investment Advisors, Inc., the investment advisor, will be managing this interest rate hedging strategy. Fees paid to the investment advisor are expected to be similar to those incurred using a third party investment advisor.

We may also retain the investment advisor to invest up to $10 million of our cash in publicly traded investment securities. Fees paid to the investment advisor are expected to be similar to those incurred using a third party investment advisor.

We may enter into an initial $50 million (which could increase to $100 million) twelve month credit facility with an affiliate of our business manager/advisor, Inland Real Estate Exchange Corporation (IREX) for its 1031 exchange program. IREX will use the funds to purchase real estate investments that meet the criterion consistent with our real estate investment policies.

APPRAISALS

All real property acquisitions to be made by us will be supported by an appraisal prepared by a competent, independent appraiser who is a member-in-good standing of the Appraisal Institute prior to the purchase of the property. Our policy currently provides that the purchase price of each property will not exceed its appraised value at the time of our acquisition of the property. Appraisals are, however, estimates of value and should not be relied on as measures of true worth or realizable value. We will maintain the appraisal in our records for at least five years, and copies of each appraisal will be available for review by stockholders upon their request.

RETURN OF UNINVESTED PROCEEDS

Any of the proceeds of this offering allocable to investments in real property which have not been invested in real property or committed for investment within the later of 24 months from the original effective date of this prospectus or 12 months from the termination of the offering, will be distributed to the stockholders. All funds we receive out of the escrow account will be available for our general use from the time we receive them until expiration of the period discussed in the prior sentence. We may use these funds to:

- fund expenses incurred to operate the properties which have been acquired,

- reimburse the business manager/advisor for our expenses, to the extent allowable under the advisory agreement,

- pay the business manager/advisor its compensation under the advisory agreement; and

- pay the property manager its property management fee under the management agreement

See "Estimated Use of Proceeds" and "Plan of Distribution -- Escrow Conditions." We will not segregate funds separate from our other funds pending investment, and interest will be payable to the stockholders if uninvested funds are returned to them.

ADDITIONAL OFFERINGS AND EXCHANGE LISTING

We anticipate that by September 15, 2008, our board will determine when, and if, to apply to have our shares of common stock listed for trading on a national stock exchange or included for quotation on a national market system, if we meet the then applicable listing requirements; and/or whether to commence subsequent offerings after completion of this offering. We believe that an exchange listing or inclusion of our shares in a national market system may allow us to increase our size, portfolio diversity, stockholder liquidity, access to capital and stability, and decrease our operating costs through economies of scale. However, we cannot assure that such listing or inclusion will ever occur. If it is not feasible to list shares or include them in a

national market system by September 15, 2008, our board may decide to sell our assets individually, list our shares at a future date; or liquidate us within ten years of such date. The sale of all or substantially all of our assets as well as our liquidation would also require the affirmative vote of a majority of the then-outstanding voting shares of stock.

JOINT VENTURES

We may invest in joint venture arrangements with other public real estate programs formed by our business manager/advisor or any of its affiliates if a majority of our directors not otherwise interested in the transaction and a majority of our independent directors approve the transaction as being fair and reasonable. In addition, the investment by each joint venture partner must be substantially on the same terms and conditions as those received by other joint venturers.

We may also invest in general partnerships or joint venture arrangements with our affiliates as co-owners of a property. The general partnership or joint venture agreement for these investments will provide that we will be able to increase our equity participation in such entity as we receive additional proceeds of the offering. As a result, we will ultimately own a 100% equity ownership of the property and the affiliated general or joint venture partner will not be entitled to any profit or other benefit on the sale of its equity participation to us. Once we own, directly or indirectly, 100% of the ownership interests in the general partnership or joint venture entity, we will determine whether the continued existence of that entity is necessary. For example, we may determine to continue the existence of the entity to minimize expenses or to meet lender requirements.

In addition, we may enter into joint venture or partnership arrangements with unaffiliated third parties. Therefore, we may enter into acquisitions with sellers who are desirous of transactions in tax advantaged structures such as arrangements typically referred to as "Down REITs." A Down REIT is an organizational structure in which, in addition to owning indirect interests in real estate properties through the ownership of an interest in a lower-tier operating partnership (as in an UPREIT), a REIT also owns real estate properties directly at the REIT level. In a Down REIT structure, because the REIT owns real estate properties directly, the value of the REIT shares do not bear a direct relationship with the value of an interest in the lower-tier Down REIT operating partnership. You should consider the potential risk that our non-affiliated joint venture partner may be unable to agree with us on a matter material to the joint venture. See "Risk Factors -- Risks Related to the Offering."

We are unable to estimate the proportion of our assets that may be invested in joint venture interests.

CONSTRUCTION AND DEVELOPMENT ACTIVITIES

From time to time, we may attempt to enhance investment opportunities by undertaking construction and development activities and rendering services in connection with them. Our business manager/advisor has advised us that, in its view, we may be able to reduce overall purchase costs if we were to undertake construction and development rather than merely being limited to purchasing properties

subject to completion of construction by a third party. The construction and development activities would expose us to such risks as cost overruns, carrying costs of projects under construction or development, availability and costs of

materials and labor, weather conditions, government regulation and our inability to obtain tenants. We nevertheless have concluded that our investment prospects would be enhanced by permitting us to engage in construction and development activities so long as such activities did not cause us to lose our status as a REIT. To comply with the applicable requirements under federal income tax law under federal income tax law, and until the Internal Revenue Service changes its pronouncements with regard to these requirements, we intend to limit our construction and development activities to the performance of oversight and review functions, including reviewing the construction and tenant improvement design proposals, negotiating and contracting for feasibility studies and supervising compliance with local, state or federal laws and regulations, negotiating contracts, oversight of construction, accounts, and obtaining financing. In addition to using independent contractors to provide services in connection with the operation of our properties, we may also use "taxable REIT subsidiaries" to carry out these functions. See "Federal Future Tax Considerations - Federal Income Taxation as a REIT" for a discussion of a "taxable REIT subsidiary." We will retain independent contractors to perform the actual physical construction work on tenant improvements, the installation of heating, ventilation and air conditioning systems. See "Real Property Investments - General" for a detailed description of the types of properties we may invest in.

OTHER POLICIES

Before we purchase a particular property, we may obtain an option to purchase the property. The amount paid for the option, if any, usually would be surrendered if the property was not purchased and normally would be credited against the purchase price if the property was purchased. See "Real Property Investments - General" for a detailed description of the types of properties we may invest in.

We hold all funds, pending investment in properties, in assets which will allow us to continue to qualify as a REIT. These investments are highly liquid and provide for appropriate safety of principal and may include, but are not limited to, investments such as bonds issued by the Government National Mortgage Association, or GNMA, and real estate mortgage investment conduits also known as REMICs. See "Federal Income Tax Considerations - Federal Income Taxation as a REIT."

We will not make distributions-in-kind, except for:

- distributions of readily marketable securities;
- distributions of beneficial interests in a liquidating trust established for our dissolution and the liquidation of our assets in accordance with the terms of our articles of incorporation; or
- distributions of in-kind property which meet all of the following conditions:
    - our board of directors advises each stockholder of the risks associated with direct ownership of the in-kind property;
    - our board of directors offers each stockholder the election of receiving in-kind property distributions; and
    - the directors distribute in-kind property only to those stockholders who accept our offer.

Although our articles of incorporation and bylaws do not prohibit the

following, we have no current plans to:

- underwrite the securities of other issuers;
- invest in real estate mortgages; or
- invest the proceeds of the offering, other than on a temporary basis, in non-real estate related investments.

We may change our current plans, without stockholder approval, if our board of directors determines that it would be in the best interests of our stockholder to engage in any such transaction.

Although we are authorized to issue senior securities, we have no current plans to do so. See "Description of Securities - Preferred Stock," "- Issuance of Additional Securities and Debt Instruments" and "- Restrictions on Issuance of Securities."

REAL PROPERTY INVESTMENTS

INVESTING IN REITS

A real estate investment trust or REIT is a company that owns and, in most cases, operates income-producing properties. To qualify as a REIT, generally a company must annually distribute at least 90% of its taxable income to stockholders.

According to the National Association of Real Estate Investment Trusts (NAREIT), dividend growth for publicly traded REITs has consistently outpaced inflation. Stock price appreciation for publicly-traded REITs has historically tracked the rate of increase in the Consumer Price Index, according to NAREIT. This information is based on REITs that are listed and traded on a national exchange and would not be representative of an investment in a REIT that is not publicly traded such as us, and there is no assurance that an investment in a non-publicly traded REIT will produce comparable results.

An analysis of historical data on publicly-traded REITs by Ibbotson Associates, a leading financial research firm, concluded that REITs have a low correlation with other stocks and bonds and represent a potentially powerful diversification tool. Ibbotson noted, "The asset allocation decision is the most important determinant of portfolio performance, outweighing the benefits of market timing and security selection." In particular, Ibbotson found that REITs may boost return and reduce risk when added to a diversified portfolio. Ibbotson also found that REITs outperformed most other major market benchmarks over the 1972-2002 period with much less volatility. There can be no assurance that future performance will mirror past performance and that these results would be comparable to non-traded REITs, like us.

GENERAL

Our business manager/advisor is experienced in acquiring and managing real estate, particularly retail focused shopping centers. We intend to acquire and manage a diversified (by geographical location and by type and size of retail centers) portfolio of real estate primarily improved for use as retail establishments, principally multi-tenant shopping centers. Our portfolio will consist predominantly of grocery and discount store anchored retail, including

net lease retail. We may acquire certain mixed use properties that may include lodging, office and/or multi-family residential if they are part of a retail center. And, we may also acquire other types of retail shopping centers, such as enclosed malls, outlet malls and power centers. We also anticipate acquiring real estate improved with other commercial facilities which provide goods and services as well as double or triple net leased properties, which are either commercial or retail, including properties acquired in sale and leaseback transactions. A triple-net leased property is one which is leased to a tenant who is responsible for the base rent and all costs and expenses associated with their occupancy, including property taxes, insurance, repairs and maintenance.

The geographic focus of our portfolio continues to be western U.S. markets; yet, at the present time, we believe that properties available for sale east of the Mississippi River are offering more favorable investment returns. Our objective continues to be to acquire quality properties primarily for income as distinguished from primarily for capital gain. As a result, many of our recently acquired properties that we currently have under contract for purchase are located in eastern U.S. markets. However, over the long-term, we expect the portfolio to consist of properties located primarily west of the Mississippi River. Where feasible, we will endeavor to acquire multiple properties within the same major metropolitan markets where the acquisitions result in efficient property management operations with the potential to achieve market dominance. As a result, we may have clusters of properties east of the Mississippi River.

We do not intend to invest in real estate properties that are primarily:

- farms;
- health care facilities;
- industrial properties;
- leisure home sites;
- manufacturing facilities;
- mining properties;
- ranches;
- single-family residential properties;
- timberlands; or
- unimproved properties not intended to be developed (vacant land).

Subject to compliance with the applicable requirement under the federal income tax laws, we may also undertake construction and development activities and render services in connection with such activities.

See "Investment Objectives and Policies" generally pertaining to our policies relating to the maintenance, operation and disposition of our properties.

We intend to continue focusing on acquisition activity in major metropolitan areas in the western United States. The western United States, which consists of the southwest, rocky mountain and far west states, is projected to experience the most growth of any region of the country over the

next 25 years. Population is expected to increase by 33.5 million between 2000 and 2025. Most of the states in the region will experience population growth rates ahead of the national average. In addition, the western region is forecast to lead the nation in the rate of employment growth. The western states will generate 22.8 million new jobs between 1999 and 2025 and account for 38% of total United States job growth.

California is projected to show the largest gains in population and employment; however, the region's growth is expected to become more dispersed as other western states experience higher rates of growth. Texas is expected to retain its position as the second largest state, with a population likely to exceed 29.8 million by 2025. Nevada is likely to experience the fastest rate of growth (2.4% annually between 2000 and 2025), followed by Arizona, Utah, Idaho, Colorado, Texas, New Mexico, Oregon and Washington.

Employment growth is expected to follow a similar pattern. Nevada, Arizona and Utah are projected to lead the nation by generating the fastest rate of annual employment growth. Several western cities are expected to rank among the nation's ten fastest growing metropolitan markets. These areas include Laredo and Austin-San Marcos in Texas, Las Vegas in Nevada, Provo-Orem in Utah and Phoenix-Mesa in Arizona.

The Western region benefits from the diversity of its economy, which has enabled many western states to maintain employment and income growth even when some sectors experience reduced demand. Agriculture, natural resources, manufacturing, trade and services are all represented in the region's economy. In addition many of the goods and services produced in the west have international markets.

Much of the total United States output of agricultural products, oil and natural gas, lumber and wood products and electronic equipment is produced in the West.

INSURANCE COVERAGE ON PROPERTIES

We carry comprehensive general liability coverage and umbrella liability coverage on all of our properties with limits of liability which we deem adequate to insure against liability claims and provide for the costs of defense. Similarly, we are insured against the risk of direct physical damage in amounts we estimate to be adequate to reimburse us on a replacement cost basis for costs incurred to repair or rebuild each property, including loss of rental income during the reconstruction period. In addition, we intend to insure our properties against loss caused by earthquake and flood if deemed necessary and economically justified. The form of management agreement for each property specifically provides for us to procure and carry public liability, fire and extended coverage, burglary and theft, rental interruption, flood, if appropriate, and boiler, if appropriate, insurance. The cost of such insurance is passed through to tenants whenever possible. Insurance risks associated with potential terrorism acts could sharply increase the premiums we pay for coverage against property and casualty claims. Additional, mortgage lenders in some cases have begun to insist that specific coverage against terrorism be purchased by commercial property owners as a condition for providing mortgage loans. It is uncertain whether such insurance policies will be available, or available at reasonable cost, which could inhibit our ability to finance or refinance our properties. In such instances, we may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. We cannot assure you that we will have adequate coverage for such losses. Legislation has been enacted to provide federal insurance for property losses due to terrorism. We cannot be certain what impact this legislation will have on us or what additional costs to us, if any, could

result.

PROPERTIES

As of December 7, 2004, our real estate portfolio was comprised of 91 properties containing approximately 16,123,537 square feet of gross leasable area. The 91 properties consist of 42 retail shopping centers, 26 neighborhood and community shopping center properties, 18 single-user facilities and five joint venture retail shopping centers that we have operating control of, located in 25 states.

We intend to continue to primarily invest in retail properties ranging from 100,000 to 300,000 square feet in size. We may also purchase larger shopping centers, and properties in larger centers, in the future if such purchases are approved by our board of directors, including a majority of the independent directors.

We expect that our neighborhood and community shopping centers will be "anchored" or "shadow-anchored" by a national or regional discount department store, supermarket or drugstore. A "shadow-anchor" is an anchor tenant that has leased space in that portion of the center not owned or controlled by us.

In evaluating each of our properties as a potential acquisition and determining the appropriate amount of consideration to be paid for the property, we consider a variety of factors including overall valuation of net rental income, location, demographics, tenant mix, quality of tenants, length of leases, price per square foot, occupancy and that overall rental rates at each property are comparable to market rates. We anticipate that each property will be located within a vibrant economic area. We believe that each of the properties will be well-located, will have acceptable roadway access, will attract high quality tenants, will be well-maintained and will have been professionally managed. Nonetheless, each property will be subject to competition from similar shopping centers within its market area, and its economic

performance could be affected by changes in local economic conditions. We generally do not consider any other factors materially relevant to the decision to acquire each of the properties.

When we calculate depreciation expense for tax purposes, we use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years.

A substantial portion of our income will consist of rent received under long-term leases. In general, each tenant pays its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

A lease termination by an anchor tenant could result in lease terminations or reductions in rent by other tenants whose leases permit cancellation or rent reduction if another tenant's lease is terminated. We own or may own centers where the tenants may have rights to terminate their leases if certain other tenants are no longer open for business. These "co-tenancy" provisions may also exist in some leases where we own a portion of a shopping center and one or more of the anchor tenants leases space in that portion of the center not owned or controlled by us. If such tenants were to vacate their space, tenants with co-tenancy provisions would have the right to terminate

their leases with us, or seek a rent reduction from us.

Some of our leases may also contain provisions requiring the payment of additional rent calculated as a percentage of tenants' gross sales above predetermined thresholds.

We seek to reduce our operating and leasing risks through geographic and tenant diversity. No single tenant accounted for more than 5.6% of our total gross leasable area or more than 4.5% of our total annualized base rental revenues as of December 7, 2004. Our five largest tenants include Zurich American Insurance Company, Wal-Mart, GMAC Insurance, Best Buy and Ross Dress for Less, which represent approximately 4.5%, 2.2%, 2.6%, 3.6% and 2.5% of annualized base rental revenues at December 7, 2004.

We will receive an appraisal for each of our properties which states that it was prepared in conformity with the Code of Professional Ethics Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation by an independent appraiser who is a member of the Appraisal Institute. Appraisals are estimates of value and should not be relied on as a measure of true worth or realizable value.

In cases where we have purchased properties from our affiliates, our directors, including the independent directors, must approve the acquisitions of the properties from our affiliates as being fair and reasonable.

Our neighborhood and community shopping centers and our retail shopping centers are usually "anchored" or "shadow -anchored" by a national or regional discount department store, supermarket or drugstore. A "shadow-anchor" is an anchor tenant that has leased space in that portion of the center not owned or controlled by us. National and regional companies that are tenants in our shopping center properties include Wal-Mart, Best Buy, Ross Dress for Less, Kohl's and Home Depot.

RETAIL SHOPPING CENTERS

Retail shopping centers comprise the primary focus of our current portfolio. As of December 7, 2004, approximately 96% of our shopping center space was leased, and the average annualized base rent per leased square foot of the shopping center portfolio was $13.37.

Our shopping center properties, generally owned and operated through subsidiaries, had an average size of approximately 232,000 square feet as of December 7, 2004. Although we primarily invest in retail properties ranging from 100,000 to 500,000 square feet in size, as of December 7, 2004, we have also purchased larger shopping centers and properties in larger centers. We may also purchase these larger shopping centers, and properties in larger centers, in the future if such purchases are approved by our board of directors, including a majority of the independent directors.

NEIGHBORHOOD AND COMMUNITY SHOPPING CENTERS

We acquired neighborhood and community shopping centers as part of our current portfolio. As of December 7, 2004, approximately 95% of these shopping centers were leased, and the average annualized base rent per leased square foot of these shopping centers was $15.51.

Our neighborhood and community shopping center properties, generally owned and operated through subsidiaries, had an average size of approximately

68,000 square feet as of December 7, 2004.

SINGLE-USER PROPERTIES

In addition to neighborhood and community shopping centers, we acquired single-user properties that are triple-net-leased properties, including properties acquired in sale and leaseback transactions. Single-user properties represent approximately 15.7% of our total portfolio gross leasable area. As of December 7, 2004, the average annualized base rent per leased square foot of the single-user property portfolio was $9.02.

National and regional companies that are tenants in our single-user properties include CVS Pharmacy, Eckerds, Wal-Mart, Shaw's Supermarket, Harris Teeter, Academy Outdoor Sports, GMAC Insurance, Kohl's, Wrangler and Zurich American Insurance Company.

SUMMARY TABULAR PRESENTATION OF PROPERTIES OWNED

As of December 7, 2004, we, through separate limited partnerships or limited liability companies, have acquired fee ownership of, or a leasehold interest in, 91 shopping centers consisting of an aggregate of approximately 16,123,537 gross leasable square feet located in Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Kansas, Louisiana, Maryland, Michigan, Missouri, Nevada, New Mexico, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah and Washington. The following table summarizes these properties in alphabetical order.

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	BOOK VALUE AT DECEMBER 7, 2004 ($)	MORTGAGE PAYABLE AT DECEMBER 7, 2004 ($)	G LEA ARE F
Academy Sports Houma, Louisiana	SU	2004	Jul-04	5,272,721	2,920,000	
Academy Sports Midland, Texas	SU	2004	Oct-04	4,257,044	2,337,500	
Academy Sports Port Arthur, Texas	SU	2004	Oct-04	5,004,157	2,775,000	
Alison's Corner San Antonio, Texas	NC	2003	Apr-04	6,992,339	3,850,000	
Arvada Connection and Arvada Marketplace Arvada, Colorado	RC RC	1987 -1990	Apr-04	52,308,117	28,510,000	2
Azalea Square Summerville, South Carolina	RC	2004	Oct-04	29,904,320	16,535,000	1
Bed, Bath & Beyond Plaza Miami, Florida	NC	2004	Oct-04	20,305,879	11,192,500	

Best on the Boulevard Las Vegas, Nevada	RC	1996 - 1999	Apr-04	35,547,369	19,525,000	2

PROPERTY	NO. OF TENANTS	MAJOR TENANTS*
Academy Sports Houma, Louisiana	1	Academy Sports
Academy Sports Midland, Texas	1	Academy Sports
Academy Sports Port Arthur, Texas	1	Academy Sports
Alison's Corner San Antonio, Texas	4	Ross Dress for Less Shoe Carnival Mattress Firm
Arvada Connection and Arvada Marketplace Arvada, Colorado	12 26	Old Country Buffet Pier 1 Imports Sam's Club Gart Sports
Azalea Square Summerville, South Carolina	20	T.J. Maxx Linens 'N Things Ross Dress for Less Cost Plus World Market PETsMART
Bed, Bath & Beyond Plaza Miami, Florida	14	Bed, Bath & Beyond Office Depot Pier 1 Imports Party City
Best on the Boulevard Las Vegas, Nevada	8	Best Buy Barnes & Noble Copeland Enterprises

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	BOOK VALUE AT DECEMBER 7, 2004 ($)	MORTGAGE PAYABLE AT DECEMBER 7, 2004 ($)	G LEA ARE F
Bluebonnet Parc Baton Rouge, Louisiana	RC	2002	Apr-04	22,072,024	12,100,000	1
Boulevard at the Capital Centre Largo, MD	JV	2004	Sept-04	123,490,577	71,500,000	4

The Columns Jackson, Tennessee	RC	2004	Aug-04	20,816,598	14,865,400	1
CorWest Plaza New Britain, Connecticut	RC	1999 - 2003	Jan-04	33,338,803	18,150,000	1
Cranberry Square Cranberry Township, Pennsylvania	RC	1996 - 1997	Jul-04	20,346,674	10,900,000	1
CVS Pharmacy (Eckerd Drug Store) Edmund, Oklahoma	SU	2003	Dec-03	3,376,585	1,850,000	
CVS Pharmacy (Eckerd Drug Store) Norman, Oklahoma	SU	2003	Dec-03	5,301,730	2,900,000	
CVS Pharmacy Sylacauga, Alabama	SU	2004	Oct-04	3,066,716	-	
Darien Towne Center Darien, Illinois	RC	1994	Dec-03	29,920,706	16,500,000	2

PROPERTY	NO. OF TENANTS	MAJOR TENANTS*
Bluebonnet Parc Baton Rouge, Louisiana	7	Best Buy Linens 'N Things Cost Plus World Market
Boulevard at the Capital Centre Largo, MD	59	Lowe's Theaters Magic Johnson
The Columns Jackson, Tennessee	15	Best Buy Ross Dress for Less Marshalls Bed, Bath & Beyond
CorWest Plaza New Britain, Connecticut	10	Super Stop & Shop Liquor Depot CVS Pharmacy
Cranberry Square Cranberry Township, Pennsylvania	5	Barnes & Noble Dick's Sporting Goods Best Buy Office Max Toys "R" Us
CVS Pharmacy (Eckerd Drug Store) Edmund, Oklahoma	1	CVS Pharmacy
CVS Pharmacy (Eckerd Drug Store) Norman, Oklahoma	1	CVS Pharmacy

CVS Pharmacy Sylacauga, Alabama	1	CVS Pharmacy
Darien Towne Center Darien, Illinois	12	Home Depot Circuit City PETsMART

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	BOOK VALUE AT DECEMBER 7, 2004 ($)	MORTGAGE PAYABLE AT DECEMBER 7, 2004 ($)	G LEA ARE F
Davis Towne Crossing North Richland Hills, Texas	NC	2003 & 2004	Jun-04	8,215,165	5,365,200	
Denton Towne Crossing Denton, Texas	RC	2003 & 2004	Oct-04	51,336,957	35,200,000	2
Dorman Center - Phase I & II Spartanburg, South Carolina	RC	2003 - 2004	Mar-04 & Jul-04	50,288,688	27,610,000	3
Eastwood Towne Center Lansing, Michigan	RC	2002	May-04	85,157,861	46,750,000	3
Eckerd Drug Store Columbia, South Carolina	SU	2003 - 2004	Jun-04	3,276,504	1,750,000	
Eckerd Drug Store Crossville, Tennessee	SU	2003 - 2004	Jun-04	2,633,000	1,425,000	
Eckerd Drug Store Greer, South Carolina	SU	2003 - 2004	Jun-04	3,097,200	1,650,000	
Eckerd Drug Store Kill Devil Hills, North Carolina	SU	2003 - 2004	Jun-04	3,660,139	1,975,000	
Edgemont Town Center Homewood, Alabama	NC	2003	Nov-04	15,641,041	-	
Five Forks Simpsonville, South Carolina	NC	1999	Dec-04	8,087,600	-	
Forks Town Center Easton, Pennsylvania	NC	2002	Jul-04	18,440,369	10,395,000	
Fox Creek Village Longmont, Colorado	RC	2003 - 2004	Nov-04	20,997,333	-	1

PROPERTY	NO. OF TENANTS	MAJOR TENANTS*
Davis Towne Crossing North Richland Hills, Texas	12	Lady USA Fitness Cotton Patch Cafe
Denton Towne Crossing Denton, Texas	27	Oshman's Sporting Goods Best Buy T.J. Maxx
Dorman Center - Phase I & II Spartanburg, South Carolina	26	Wal-Mart Supercenter
Eastwood Towne Center Lansing, Michigan	61	Dick's Sporting Goods
Eckerd Drug Store Columbia, South Carolina	1	Eckerd Drug Store
Eckerd Drug Store Crossville, Tennessee	1	Eckerd Drug Store
Eckerd Drug Store Greer, South Carolina	1	Eckerd Drug Store
Eckerd Drug Store Kill Devil Hills, North Carolina	1	Eckerd Drug Store
Edgemont Town Center Homewood, Alabama	15	Publix
Five Forks Simpsonville, South Carolina	8	Bi-Lo
Forks Town Center Easton, Pennsylvania	16	Giant Food Stores
Fox Creek Village Longmont, Colorado	14	King Soopers King Soopers-Fuel Site

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	BOOK VALUE AT DECEMBER 7, 2004 ($)	MORTGAGE PAYABLE AT DECEMBER 7, 2004 ($)	G LEA ARE F
Fullerton Metrocenter Fullerton, California	RC	1988	Jun-04	51,389,458	28,050,000	2

Gateway Pavilion Avondale, Arizona	RC	2003 - 2004	Dec-04	65,141,045	-	3
Gateway Plaza Southlake, Texas	RC	2000	Jul-04	33,056,095	18,163,000	3
Gateway Station College Station, Texas	NC	2003 - 2004	Dec-04	5,093,435	-	
Gateway Village Annapolis, Maryland	JV	1996	Jul-04	49,616,650	31,458,000	2
GMAC Insurance Building Winston-Salem, North Carolina	SU	1980/1990	Sept-04	60,037,192	33,000,000	5
Governor's Marketplace Tallahassee, Florida	RC	2001	Aug-04	32,749,285	20,625,000	2
Gurnee Towne Center Gurnee, Illinois	RC	2000	Oct-04	44,303,902	-	1
Harris Teeter Wilmington, North Carolina	SU	1977/1995	Sept-04	7,212,401	3,960,000	
Harvest Towne Center Knoxville, Tennessee	NC	1996-1999	Sept-04	8,958,341	5,005,000	

PROPERTY	NO. OF TENANTS	MAJOR TENANTS*
Fullerton Metrocenter Fullerton, California	40	Sportmart Henry's Marketplace
Gateway Pavilion Avondale, Arizona	33	Circuit City The Sports Authority Mor Furniture
Gateway Plaza Southlake, Texas	26	Kohl's
Gateway Station College Station, Texas	6	Kirland's Talbots Joseph A. Banks Chicos
Gateway Village Annapolis, Maryland	14	Safeway Burlington Coat Factory Best Buy
GMAC Insurance Building Winston-Salem, North Carolina	1	GMAC Insurance
Governor's Marketplace Tallahassee, Florida	20	Bed, Bath & Beyond Sports Authority Marshalls

Gurnee Towne Center Gurnee, Illinois	26	Linens 'N Things Old Navy Borders Books & Music Cost Plus World Market
Harris Teeter Wilmington, North Carolina	1	Harris Teeter
Harvest Towne Center Knoxville, Tennessee	12	CVS Pharmacy Pet Supplies Plus Ruby Tuesday

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	BOOK VALUE AT DECEMBER 7, 2004 ($)	MORTGAGE PAYABLE AT DECEMBER 7, 2004 ($)	G LEA ARE F
Heritage Towne Crossing Euless, Texas	NC	2002	Mar-04	14,855,156	8,950,000	
Hickory Ridge Hickory, North Carolina	RC	1999	Jan-04	42,022,293	23,650,000	3
Huebner Oaks Center San Antonio, Texas	RC	1997 & 1998	Jun-04	79,578,905	48,000,000	2
John's Creek Village Duluth, Georgia	RC	2003 & 2004	Jun-04	29,192,357	23,300,000	1
Kohl's/Wilshire Plaza III Kansas City, Missouri	SU	2004	Nov-04	5,705,154	5,417,500	
La Plaza Del Norte San Antonio, Texas	RC	1996/1999	Jan-04	59,206,004	32,528,000	3
Lake Mary Pointe Lake Mary, Florida	NC	1999	Oct-04	6,603,760	3,657,500	
Lakewood Towne Center Lakewood, Washington	RC	1988 Rebuilt 2002-2003	Jun-04	80,932,733	51,260,000	5
Larkspur Landing Larkspur, California	RC	1978/2001	Jan-04	60,721,335	33,630,000	1
Lincoln Park Dallas, Texas	RC	1998	Sept-04	47,360,050	26,153,000	1
Low Country Village Bluffton, South Carolina	NC	2004	Jun-04	11,140,058	5,370,000	

MacArthur Crossing Los Colinas, Texas	RC	1995 - 1996	Feb-04	23,076,236	12,700,000	1

PROPERTY	NO. OF TENANTS	MAJOR TENANTS*
Heritage Towne Crossing Euless, Texas	29	N/A
Hickory Ridge Hickory, North Carolina	21	Best Buy Kohl's Dick's Sporting Goods
Huebner Oaks Center San Antonio, Texas	56	Bed, Bath & Beyond
John's Creek Village Duluth, Georgia	17	LA Fitness Ross Dress for Less T.J. Maxx
Kohl's/Wilshire Plaza III Kansas City, Missouri	1	Kohl's
La Plaza Del Norte San Antonio, Texas	16	Oshman's Sporting Goods Best Buy Bealls
Lake Mary Pointe Lake Mary, Florida	9	Publix
Lakewood Towne Center Lakewood, Washington	26	Gottschalk's Burlington Coat Factory
Larkspur Landing Larkspur, California	33	Bed, Bath & Beyond 24 Hour Fitness
Lincoln Park Dallas, Texas	14	Tom Thumb Barnes & Noble The Container Store
Low Country Village Bluffton, South Carolina	6	Ross Dress for Less Michaels PETsMART
MacArthur Crossing Los Colinas, Texas	28	Stein Mart

	YEAR BUILT/	DATE	BOOK VALUE AT DECEMBER	MORTGAGE PAYABLE AT DECEMBER 7,	G LEA ARE

PROPERTY	TYPE	RENOVATED	ACQUIRED	7, 2004 ($)	2004 ($)	F
Manchester Meadows Town and Country, Missouri	RC	1994 - 1995	Aug-04	56,543,403	31,064,550	4
Mansfield Towne Center Mansfield, Texas	NC	2004	Nov-04	16,055,333	10,982,300	
Mitchell Ranch Plaza New Port Richey, Florida	RC	2003	Aug-04	33,886,359	18,700,000	2
Newnan Crossing I & II Newnan, Georgia	RC	1999-2003	Dec-03 & Feb-04	39,246,282	21,543,091	2
North Ranch Pavilions Thousand Oaks, California	NC	1992	Jan-04	18,264,794	10,157,400	
North Rivers Town Center Charleston, South Carolina	RC	2003 - 2004	Apr-04	20,170,224	11,050,000	1
Northgate North Seattle, Washington	RC	1999 - 2003	Jun-04	48,488,931	26,650,000	3
Northpointe Plaza Spokane, Washington	RC	1991 - 1993	May-04	54,591,996	30,850,000	3
Northwoods Center Wesley Chapel, Florida	NC	2002 - 2004	Dec-04	13,963,847	-	
Oswego Commons Oswego, Illinois	RC	2002 - 2004	Nov-04	35,134,068	19,262,100	1
Paradise Valley Marketplace Phoenix, Arizona	NC	2002	Apr-04	28,571,619	15,680,500	
Pavilion at King's Grant Concord, North Carolina	NC	2002/2003	Dec-03	8,200,912	5,342,000	

PROPERTY	NO. OF TENANTS	MAJOR TENANTS*
Manchester Meadows Town and Country, Missouri	21	Wal-Mart Home Depot
Mansfield Towne Center Mansfield, Texas	18	Ross Dress for Less Staples
Mitchell Ranch Plaza New Port Richey, Florida	36	Publix Marshalls Ross Dress for Less
Newnan Crossing I & II Newnan, Georgia	22	BJ's Wholesale Club Office Depot T.J. Maxx
North Ranch Pavilions	24	Savvy Salon

Thousand Oaks, California		
North Rivers Town Center Charleston, South Carolina	16	Ross Dress for Less Bed, Bath & Beyond Office Depot Babies "R" Us
Northgate North Seattle, Washington	8	Target Best Buy
Northpointe Plaza Spokane, Washington	31	Safeway Gart Sports Best Buy
Northwoods Center Wesley Chapel, Florida	16	Marshalls PETCO
Oswego Commons Oswego, Illinois	21	Dominick's T.J. Maxx Office Max
Paradise Valley Marketplace Phoenix, Arizona	17	Whole Foods Eckerd Drug Store
Pavilion at King's Grant Concord, North Carolina	7	Toys "R" Us Olive Garden

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	BOOK VALUE AT DECEMBER 7, 2004 ($)	MORTGAGE PAYABLE AT DECEMBER 7, 2004 ($)	G LEA ARE F
Peoria Crossings Peoria, Arizona	RC	2002 - 2003	Mar-04	37,430,091	20,497,400	2
Pine Ridge Plaza Lawrence, Kansas	RC	1998 - 2004	Jun-04	29,961,150	14,700,000	2
Placentia Town Center Placentia, California	RC	1973/2000	Dec-04	24,865,000	-	1
Plaza at Marysville Marysville, Washington	RC	1995	Jul-04	21,335,075	11,800,000	1
Plaza at Riverlakes Bakersfield, California	RC	2001	Oct-04	17,022,680	-	1
Plaza Santa Fe II Santa Fe, New Mexico	RC	2000 - 2002	Jun-04	31,063,632	17,551,721	2
Promenade at Red Cliff St. George, Utah	NC	1997	Feb-04	19,502,610	10,590,000	

Publix Center Mount Pleasant, South Carolina	NC	2004	Nov-04	12,072,693	-
Reisterstown Road Plaza Baltimore, Maryland	JV	1986/2004	Aug-04	88,833,173	49,650,000
Saucon Valley Square Bethlehem, Pennsylvania	NC	1999	Sept-04	16,219,240	8,850,900
Shaw's Supermarket New Britain, Connecticut	SU	1995	Dec-03	13,630,416	6,450,000

PROPERTY	NO. OF TENANTS	MAJOR TENANTS*
Peoria Crossings Peoria, Arizona	21	Kohl's Department Store Ross Dress for Less Michaels
Pine Ridge Plaza Lawrence, Kansas	14	T.J. Maxx Bed, Bath & Beyond Kohl's
Placentia Town Center Placentia, California	21	Ross Dress for Less Office Max Bank of America
Plaza at Marysville Marysville, Washington	25	Safeway
Plaza at Riverlakes Bakersfield, California	22	Ralph's Grocery Store
Plaza Santa Fe II Santa Fe, New Mexico	20	Linens 'N Things Best Buy T.J. Maxx
Promenade at Red Cliff St. George, Utah	18	Staples Old Navy Big 5 Sporting Goods
Publix Center Mount Pleasant, South Carolina	11	Publix
Reisterstown Road Plaza Baltimore, Maryland	75	Home Depot Public Safety National Wholesale Liquidators
Saucon Valley Square Bethlehem, Pennsylvania	14	Super Fresh Foods
Shaw's Supermarket New Britain, Connecticut	1	Shaw's Supermarket

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	BOOK VALUE AT DECEMBER 7, 2004 ($)	MORTGAGE PAYABLE AT DECEMBER 7, 2004 ($)	G LEA ARE F
Shoppes at Quarterfield (Metro Square Center) Severn, Maryland	NC	1999	Jan-04	11,029,520	6,067,183	
Shoppes of Dallas Dallas, Georgia	NC	2004	Jul-04	13,095,345	7,178,700	
Shoppes of Prominence Point Canton, Georgia	NC	2004	Jun-04	15,198,965	9,954,300	
The Shops at Boardwalk Kansas City, Missouri	RC	2003 & 2004	Jul-04	36,702,208	20,150,000	1
Shops at Forest Commons Round Rock, Texas	NC	2002	Dec-04	7,505,000	-	
Shops at Park Place Plano, Texas	RC	2001	Oct-03	24,088,248	13,127,000	1
Stony Creek Marketplace Noblesville, Indiana	RC	2003	Dec-03	26,026,321	14,162,000	1
Tollgate Marketplace Bel Air, Maryland	JV	1979/1994	Jul-04	72,060,645	39,765,000	3
Towson Circle Towson, Maryland	JV	1998	Jul-04	28,580,147	19,197,500	1
University Town Center Tuscaloosa, Alabama	NC	2002	Nov-04	10,571,989	-	
Village Shoppes at Simonton Lawrenceville, Georgia	NC	2004	Aug-04	13,770,143	7,561,700	
Wal-Mart Supercenter Blytheville, Arkansas	SU	1999	Jul-04	13,269,942	7,100,000	1

PROPERTY	NO. OF TENANTS	MAJOR TENANTS*
Shoppes at Quarterfield (Metro Square Center) Severn, Maryland	2	Shoppers Food Warehouse
Shoppes of Dallas Dallas, Georgia	12	Publix

Shoppes of Prominence Point Canton, Georgia	15	Publix
The Shops at Boardwalk Kansas City, Missouri	24	Borders Books
Shops at Forest Commons Round Rock, Texas	16	Blockbuster Video
Shops at Park Place Plano, Texas	11	Bed, Bath & Beyond Michaels Office Max Walgreens
Stony Creek Marketplace Noblesville, Indiana	20	T.J. Maxx Linens 'N Things Barnes & Noble
Tollgate Marketplace Bel Air, Maryland	34	Giant Food Jo Ann Fabrics
Towson Circle Towson, Maryland	12	Barnes & Noble Trader Joe's East Bally's Total Fitness Pier 1 Imports
University Town Center Tuscaloosa, Alabama	15	Publix
Village Shoppes at Simonton Lawrenceville, Georgia	10	Publix
Wal-Mart Supercenter Blytheville, Arkansas	1	Wal-Mart Supercenter

PROPERTY	TYPE	YEAR BUILT/ RENOVATED	DATE ACQUIRED	BOOK VALUE AT DECEMBER 7, 2004 ($)	MORTGAGE PAYABLE AT DECEMBER 7, 2004 ($)	G LEA ARE F
Wal-Mart Supercenter Jonesboro, Arkansas	SU	1997	Aug-04	11,086,320	6,088,500	1
Watauga Pavilion Wautauga, Texas	RC	2003/2004	May-04	35,685,886	19,617,000	2
Winchester Commons Memphis, Tennessee	NC	1999	Nov-04	13,051,599	7,235,000	
Wrangler El Paso, Texas	SU	1993	Jul-04	18,518,590	11,300,000	3

Zurich Towers Schaumburg, Illinois	SU	1988 - 1990	Nov-04	138,094,923	81,420,000	8
PORTFOLIO TOTAL				2,680,495,380	1,394,703,445	16,1

PROPERTY	NO. OF TENANTS	MAJOR TENANTS*
Wal-Mart Supercenter Jonesboro, Arkansas	1	Wal-Mart Supercenter
Watauga Pavilion Wautauga, Texas	16	Oshman's Sporting Goods Ross Dress for Less Bed, Bath & Beyond
Winchester Commons Memphis, Tennessee	15	Kroger
Wrangler El Paso, Texas	1	Wrangler
Zurich Towers Schaumburg, Illinois	1	Zurich American Insurance Company
PORTFOLIO TOTAL	1,501	

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* Major tenants include tenants leasing more than 10% of the gross leasable area of the individual property.

NC Neighborhood and Community Retail Shopping Center
SU Single-User Property
RC Retail Shopping Center
D Development Project
JV Joint Venture

The table above represents book value to include land, building and improvements, site improvements and acquired intangibles.

DESCRIPTION OF PROPERTIES

The following discussion provides more detail on each of the properties we have acquired that are summarized in the table above and probable acquisitions.

SOUTHLAKE TOWN SQUARE, SOUTHLAKE, TEXAS

We anticipate purchasing a portion of an existing shopping center known as Southlake Town Square, containing 471,324 gross leasable square feet. The center is located at North Carroll Avenue and East Southlake Boulevard in Southlake, Texas.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $142,917,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $303 per square foot of leasable space.

We anticipate purchasing this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

There are no tenants that lease more than 10% of the total gross leasable area of the property.

For federal income tax purposes, the depreciable basis in this property will be approximately $107,188,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Southlake Town Square built between 1998 and 2004. As of December 1, 2004, this property was 96% occupied, with a total 450,595 square feet leased to 152 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Gymboree	2,077	01/09	57,117	27.50
Magic Moon	2,329	03/09	65,212	28.00
Animal Crackers	1,491	03/09	41,748	28.00
Corner Bakery	4,223	03/09	117,188	27.75
Bombay Company	4,131	03/09	107,406	26.00
Williams-Sonoma	4,500	01/09	122,625	27.25
Chico's	2,013	03/09	46,299	23.00
Talbots	4,398	01/11	114,348	26.00
Harold's	5,462	03/11	164,406	30.10
Eyes Nouveau	2,470	08/07	74,100	30.00
The Mother's Place	1,475	09/07	43,512	29.50
Any Occasion Gifts	1,338	11/07	38,802	29.00
The Paper Closet	858	01/08	24,882	29.00
X's & O's	4,100	05/09	123,000	30.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
FNB of Wichita Falls	3,456	07/12	103,680	30.00

The Container Store	23,796	02/12	431,568	18.00
Taylor G	1,654	10/06	52,928	32.00
Kobe Steakhouse	5,128	02/09	148,712	29.00
Joseph A. Bank	5,131	01/12	148,799	29.00
The Paper Closet	105	Month-to-Month	2,625	25.00
Of the Vine	2,429	11/07	72,870	30.00
Barse Retail	1,458	11/07	36,450	25.00
Jamba Juice	919	03/09	28,029	30.50
Sweet & Sassy	3,061	04/09	65,811	21.50
Francesca's	1,919	04/09	57,570	30.00
BA Framer	1,987	05/09	49,675	25.00
Rockfish	2,651	06/09	75,819	28.60
Mi Cocina	5,206	06/09	135,356	26.00
Lover's Eggroll	2,138	06/09	56,657	26.50
Board Room	2,082	08/09	62,460	30.00
Village Jewelers	2,277	03/12	75,141	33.00
Vignettes	3,306	03/09	92,568	28.00
Pottery Barn	7,989	01/10	194,835	24.39
Pottery Barn (2nd Floor Storage)	3,106			
Crate & Barrel (BS-1)	5,517	10/10	67,629	12.26
Crate & Barrel	10,215	01/11	137,698	13.48
Crate & Barrel (BS-2)	217	01/11	4,580	21.11
Origins	1,140	10/10	45,600	40.00
Talbots Petites and Kids	6,528	12/10	188,500	28.88
L'Occitane	773	01/11	34,785	45.00
Paws and Claws	143	12/06	4,290	30.00
Lane Bryant	5,069	10/13	145,000	28.61
D'Hierro	4,000	10/13	84,000	21.00
Cafe Express	5,643	11/13	153,772	27.25
Oshkosh B'Gosh Retail	5,162	03/14	154,860	30.00
Terrace Day Spa & Salon	1,179	10/09	30,250	25.66
The Market	7,086	06/06	155,892	22.00
Eddie Bauer	6,440	01/10	127,963	19.87
Ann Taylor	4,252	01/10	106,300	25.00
Thai Chili	2,359	04/10	63,693	27.00
American Eagle	5,250	11/12	136,500	26.00
Young Nim Cho	435	09/09	15,660	36.00
Banana Republic	7,000	03/07	133,280	19.04
Stylette dba Glass Slipper	750	06/08	22,500	30.00
Victoria's Secret	4,607	03/09	105,961	23.00
Gap	5,880	03/07	111,955	19.04
Gap Kids	3,819	03/07	72,714	19.04
Milwaukee Joe's	636	03/07	22,260	35.00
Bath & Body Works	3,213	03/09	73,899	23.00
Starbucks	1,867	05/09	52,276	28.00
Riding High	2,480	02/07	76,880	31.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
James Avery	2,491	04/07	74,730	30.00
Three Feet	2,134	10/08	53,350	25.00
Just Add Water	2,046	03/12	62,403	30.50
Village Jewelers	2,337	03/12	70,110	30.00

LC Footwear	1,914	06/12	57,420	30.00
Sprint	2,639	07/09	87,087	33.00
Sharper Image	5,829	01/15	156,000	26.76
The Langley Holding Company	570	Month-to-Month	9,396	16.48
Audra D. Boxma, PA	516	02/05	10,320	20.00
Countrywide Home Loans	2,599	05/05	44,183	17.00
Heinen & Associates	1,150	05/05	18,975	16.50
Century 21	2,825	07/05	50,844	18.00
Rattikin Title Group	3,992	04/07	62,080	15.55
Sylvan Learning Center	2,780	05/07	44,841	16.13
Williams-Sonoma Storage	500	01/09	5,450	10.90
Abemathy	817	10/09	10,552	12.92
Brownstones	814	Month-to-Month	9,768	12.00
Charles Schwab	1,764	03/05	29,106	16.50
Johnson & Johnson	881	11/06	16,739	19.00
Stifel, Nicolas & Co.	3,415	05/07	61,470	18.00
Harken Energy Corporation	4,062	04/08	66,763	16.44
Collins Industries	2,125	05/09	31,875	15.00
Harold's (Office)	669	03/11	9,366	14.00
Exar	563	08/05	9,370	16.64
Villaroy and Bach	623	11/14	9,968	16.00
Coldwell Bankers	2,522	Month-to-Month	34,420	13.65
Cooper & Stebbins	5,212	Month-to-Month	83,392	16.00
Bradley, Luce & Bradley	3,154	08/04	47,310	15.00
Jennifer Gray	1,075	11/06	15,650	14.56
Dallas Morning News	4,148	10/05	66,368	16.00
House of Representatives	589	01/05	9,768	16.58
Vicki Truitt	193	01/05	4,176	21.64
Benefit Architects	2,098	02/05	35,666	17.00
Main Street Financial	2,589	10/05	49,191	19.00
Town Square Mortgage	1,464	12/05	19,560	13.36
Swedish Match	1,371	07/07	21,251	15.50
Educational Tech	1,459	12/08	14,855	10.18
Standerfer Law Firm	791	Month-to-Month	13,570	17.16
Newell Rubbermaid	2,110	03/05	40,090	19.00
Insight Equity Holdings	4,568	01/06	70,298	15.39
Lifeguard	4,515	01/06	34,050	7.54
KTL Industries	1,857	01/06	19,430	10.46
GSCS	2,328	01/06	26,720	11.48
Salomon Smith Barney	9,393	08/11	150,288	16.00
Larsen & King	1,470	08/09	15,597	10.61
Texas Nations	2,427	02/09	38,832	16.00
Pearlstone Energy-M Young	1,067	03/09	14,943	14.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Southtrust Mortgage	3,033	03/09	48,528	16.00
Dr. Scott Kasden	2,875	07/09	46,000	16.00
Michael Bryan	2,326	02/05	38,379	16.50
Dr. Angela Bowers	2,868	06/05	46,376	16.17
Dr. Mary Wyant	936	07/05	14,976	16.00
Natural Healing Center	541	05/06	8,115	15.00
Dr. Steven J. Fugua	1,986	07/06	29,790	15.00

Feet Feet	1,454	07/06	24,718	17.00
Just For Kids	2,321	08/06	40,617	17.50
Dr. Todd White	1,720	02/07	29,240	17.00
Terrace Day Spa (Office)	3,403	02/07	49,888	14.66
Terrace Day Spa (Expansion)	1,568	02/07	25,088	16.00
Gregory Taylor	3,077	07/07	61,540	20.00
Ortho-Alliance	3,033	09/07	51,561	17.00
Viking Office Products (Office Depot)	16,530	05/09	252,909	15.30
Hometrust Mortgage	2,849	06/07	34,188	12.00
Lifeguard	619	09/04	10,616	17.15
Lyons, Butler & Pesserillo	1,286	Month-to-Month	23,148	18.00
Lifeguard	2,227	01/06	34,730	15.59
Johnson, Rooney, Welch	675	12/05	13,650	20.22
General Mills	1,725	08/05	29,325	17.00
Keller Williams Realty	2,576	05/07	37,627	14.61
Farmers Insurance	462	03/09	7,041	15.24
Edward Jones	697	05/09	11,152	16.00
Prizm Development	1,659	06/09	26,544	16.00
Larry North Total Fitness	10,896	08/11	159,900	14.68
Southlake Dance Academy	3,840	03/06	60,096	15.65
Sunshine Glaze	1,400	05/06	21,200	15.14
Mail & Copy Shoppe	1,600	12/07	25,600	16.00
REB Photo Lab	1,764	03/06	38,808	22.00
Segal Enterprises	1,200	09/06	24,000	20.00
Po Melvin's	6,740	01/08	101,100	15.00
Kidztime	1,791	08/08	26,865	15.00
Storehouse	8,800	12/05	176,000	20.00
Gingiss Formal Wear	1,000	12/05	22,000	22.00
Cingular Wireless	1,495	12/05	32,890	22.00
Stride Rite Children's Group	1,495	01/06	29,900	20.00
Sandella's Cafe	1,493	02/06	32,846	22.00
Olivia Bennett	1,985	04/06	30,000	15.11
Trees of the Field	2,472	09/11	54,384	22.00
Blue Mesa	3,000	09/13	87,000	29.00
Pei Wei	3,000	10/13	78,000	26.00
American Express	1,350	04/09	44,550	33.00
Fidelity	4,050	05/14	113,400	28.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

IRMO STATION, COLUMBIA, SOUTH CAROLINA

We anticipate purchasing an existing shopping center known as Irmo Station, containing 99,619 gross leasable square feet. The center is located at 7467 St. Andrews Road in Columbia, South Carolina.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $13,100,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $131 per square foot of leasable space.

We anticipate purchasing this property with our own funds. However, we

expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Kroger, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Kroger	56,942	57	9.71	10/99	10/19

For federal income tax purposes, the depreciable basis in this property will be approximately $9,825,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Irmo Station was built in phases in 1980 and 1985, with an expansion of one tenant's space in 1999. As of December 1, 2004, this property was 91% occupied, with a total 90,960 square feet leased to 17 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Dr. John Edwards, DDS	1,750	03/05	31,500	18.00
Hemingway's Saloon	5,550	04/05	30,803	5.55
Invitation Station	2,205	08/05	24,255	11.00
The Cutting Point	1,050	09/05	14,175	13.50
Dollar Tree Store	6,892	01/06	55,136	8.00
Pizza Hut	1,470	05/06	21,771	14.81
Julie Stephens Agency	1,050	06/06	13,497	12.85

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Wilson Wireless	1,000	10/06	18,000	18.00
Columbia Conservatory	1,761	05/07	19,899	11.30
Irmo Interiors	2,000	07/07	30,000	15.00
Kroger Liquor	1,250	01/08	15,625	12.50

Firehouse Subs	1,750	06/08	29,750	17.00
Han's Alterations	1,050	03/09	14,595	13.90
Tripp's Cleaners	1,250	05/09	18,125	14.50
ITA Taekwondo Academy	2,940	08/09	33,810	11.50
Lovely Nails	1,050	12/09	13,650	13.00
Kroger	56,942	10/19	552,800	9.71

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

EVANS TOWNE CENTRE, AUGUSTA, GEORGIA

We anticipate purchasing an existing shopping center known as Evans Towne Centre, containing 75,695 gross leasable square feet. The center is located at 4274 Washington Road in Augusta, Georgia.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $8,880,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $117 per square foot of leasable space.

We anticipate purchasing this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Publix, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Publix	47,955	63	8.25	06/95	06/15

For federal income tax purposes, the depreciable basis in this property will be approximately $6,660,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Evans Towne Center was built in 1995. As of December 1, 2004, this property was 97% occupied, with a total 73,295 square feet leased to 14 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Ren Square Per Annu
Evans Hibachi	2,800	01/06	32,200	11.5
Gorins Cafe & Grill	1,200	03/06	14,832	12.3
Great Expectations Precision Haircutters	2,100	04/06	28,119	13.3
Physical Therapy Associates	2,240	04/06	26,870	12.0
Classical Ballet Conservatory	1,600	06/06	21,424	13.3
Master Cleaners	1,200	09/06	15,600	13.0
Professional Network Support	1,600	12/06	18,960	11.8
Quizno's	1,600	01/07	20,800	13.0
The Augusta Chronicle	4,000	02/08	44,000	11.0
Mai Thai Restaurant	1,400	04/08	18,018	12.8
U.S. Nails	1,200	09/08	15,600	13.0
Sun Rayz Tanning	3,200	01/09	35,200	11.0
Top Shelf Cigar & Tobacco Shoppe	1,200	07/09	15,600	13.0
Publix	47,955	06/15	395,629	8.2

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

AMERICAN EXPRESS PORTFOLIO

We anticipate purchasing the following eight office buildings constructed between 1975 and 2000 and leasing them back to American Express Travel Related Services Company, Inc., IDS Property Casualty Insurance Corporation and AMEX Canada, Inc. The office buildings contain a total of 2,597,000 gross leasable square feet.

Location	Approximate Square Feet	Lease Term	Approximate Purchase Price ($)
20022 N. 31st Avenue Phoenix, AZ	337,439	10 years	54,000,000
20002 N. 19th Avenue Phoenix, AZ	117,556	10 years	14,000,000
1001 N. 3rd Avenue Minneapolis, MN	541,542	10 years	95,000,000
3500 Packerland Drive Depere, WI	132,336	10 years	18,000,000

	Approximate		Approximate

Location	Square Feet	Lease Term	Purchase Price ($)
101 McNabb Street Markham, Ontario, Canada	306,710	10 years	42,000,000
4315 South 2700 West Salt Lake City, UT	395,787	10 years	48,000,000
7701 Airport Center Greensboro, NC	389,377	10 years	56,000,000
777 American Expressway Ft. Lauderdale, FL	376,348	10 years	63,000,000
Total	2,597,095		390,000,000

We anticipate purchasing this American Express Portfolio from an unaffiliated third party. Our total acquisition cost, including expenses, is expected to be approximately $390,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $150 per square foot of leasable space.

We intend to purchase these properties with our own funds. However, we expect to place financing on the properties totaling $233,532,000. The loan will require interest only payments at annual rates ranging between 4.2675% to 4.2975% and mature in January 2010

In evaluating these properties as potential acquisitions and determining the appropriate amount of consideration to be paid for the properties, we considered a variety of factors including location, demographics, quality of tenant, length of lease, price per square foot, occupancy and the fact that overall rental rate at the property is comparable to market rates. We believe that each of these properties is well located, has acceptable roadway access and is well maintained. These properties will be subject to competition from similar properties within their market area, and economic performance could be affected by changes in local economic conditions. We did not consider any other factors materially relevant to the decision to acquire these properties.

American Express' related entities will lease 100% of the total gross square feet of each property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee/ Location	Approximate Gross Sq. Ft.	% of Total GSF of each Property	Estimated Annual Rent ($)**	Base Rent Gross Square Foot Per Annum ($)	Estim Lease Beginning
20022 N. 31st Avenue Phoenix, AZ	337,439	100	3,505,734	10.39	12/04
20002 N. 19th Avenue Phoenix, AZ	117,556	100	908,894	7.73	12/04

Lessee/ Location	Approximate Gross Sq. Ft.	% of Total GSF of each Property	Estimated Annual Rent ($)**	Base Rent Gross Square Foot Per Annum ($)	Estim Lease Beginning
1001 N. 3rd Avenue Minneapolis, MN	541,542	100	6,167,495	11.39	12/04
3500 Packerland Drive Depere, WI	132,336	100	1,168,578	8.83	12/04
101 McNabb Street Markham, Ontario, Canada	306,710	100	2,726,682	8.89	12/04
4315 South 2700 West Salt Lake City, UT	395,787	100	3,116,208	7.87	12/04
7701 Airport Center Greensboro, NC	389,377	100	3,635,576	9.34	12/04
777 American Expressway Ft. Lauderdale, FL	376,348	100	4,090,023	10.87	12/04

* Estimated lease term - Lease term to commence on date of sale of the property and have a primary ten year term. Tenant can exercise up to six five-year options on each property.

** Estimated annual rent for the first five years of the primary term.

For federal income tax purposes, the depreciable basis in these properties will be approximately $292,500,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

For financial information of American Express, please see their financial statements filed with the United States of America Securities and Exchange Commission at www.sec.gov.

GATEWAY PAVILION, AVONDALE, ARIZONA

We purchased 318,410 gross leasable square feet (which includes 7,000 square feet of ground lease space) of a 620,000 square foot newly constructed shopping center known as Gateway Pavilion. We have the option to purchase the remaining portion upon completion during 2005. The center is located at Interstate 10 and 101 Loop Freeway in Avondale, Arizona.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost was approximately $65,141,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was

approximately $216 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Circuit City, Sports Authority and Mor Furniture, each lease more than 10% of the total gross leasable area of the property. The lease terms will be determined in accordance with the tenant's commencement date. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total Phase I GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Circuit City	32,500	10	13.08	12/03	01/19
Sports Authority	35,700	11	11.50	10/03	01/14
Mor Furniture*	35,000	11	9.90	12/04	11/14

* Ten year lease term has not yet commenced, however, the expiration date may change based upon the tenant's actual occupancy date.

For federal income tax purposes, the depreciable basis in this property will be approximately $51,576,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

The portion of Gateway Pavilion which we purchased was newly constructed between 2003 and 2004. As of December 1, 2004, this property was 92% occupied, with a total of 292,505 square feet leased to 39 tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Squ Foot Per Annum ($)
Mattress Outlet	3,262	01/08	81,550	25.00
T-Mobile	2,200	02/08	61,600	28.00
Great Clips	1,200	02/08	31,200	26.00
Game Stop	1,505	02/08	39,130	26.00
Cold Stone Creamery	1,400	03/08	37,694	26.92
Port of Subs	1,800	04/08	48,204	26.78
Cactus Creek	1,300	05/08	33,800	26.00

Studio 101	1,261	11/08	30,264	24.00
Liberty Fitness	1,653	12/08	38,019	23.00
Eagle Flooring	3,220	12/08	81,272	25.24
AT&T Wireless	1,300	01/09	36,153	27.81

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Tan Frenzee	1,443	01/09	36,075	25.00
Jamba Juice	1,200	06/09	33,600	28.00
Remedy Temp, Inc.	1,200	06/09	32,400	27.00
Johnny Rockets*	2,368	09/09	59,200	25.00
Ray's Pizza	1,980	04/11	51,480	26.00
Saba's Western Wear	4,509	06/11	54,108	12.00
Native New Yorker	7,001	03/13	138,023	19.71
La Nails	2,200	03/13	55,000	25.00
Sunny Neigh DDS	2,000	03/13	51,000	25.50
Koyoto Bowl	1,980	03/13	43,560	22.00
Panda Express	2,256	03/13	58,656	26.00
Quizno's	1,472	03/13	36,800	25.00
Baja Fresh Mexican Grill	2,969	04/13	71,256	24.00
Starbucks	1,504	08/13	42,112	28.00
Marshalls	28,150	10/13	267,425	9.50
Bed, Bath & Beyond	25,063	01/14	275,693	11.00
Carrabbas	6,100	01/14	86,986	14.26
Sports Authority	35,700	01/14	410,550	11.50
Peter Piper Pizza	10,000	10/14	180,000	18.00
The Vitamin Shoppe*	4,500	10/14	135,000	30.00
Mor Furniture*	35,000	11/14	346,500	9.90
PETCO	14,668	01/15	238,355	16.25
Krispy Creme Doughnuts	4,200	12/18	80,000	19.05
Borders Books	20,000	01/19	245,000	12.25
Circuit City	32,500	01/19	438,750	13.50
Red Robin (Ground Lease)	7,000	03/19	85,000	N/A
Paul Lee's Chinese Kitchen*	6,000	10/19	87,500	14.58
Village Inn	4,441	11/19	140,025	31.53
McDonalds	5,000	09/23	72,500	14.50

* Lease terms have not yet commenced, however, the expiration date may change based upon the tenant's actual occupancy date.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

FIVE FORKS, SIMPSONVILLE, SOUTH CAROLINA

We purchased an existing shopping center known as Five Forks, containing 64,173 gross leasable square feet. The center is located at Woodruff Road and Batesville Road in Simpsonville, South Carolina.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost was approximately $8,086,000. This amount may increase by additional costs which have not yet been

finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $126 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Bi-Lo, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Bi-Lo	46,673	73	8.71	10/99	10/19

For federal income tax purposes, the depreciable basis in this property will be approximately $6,065,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Five Forks was built in 1999. As of December 1, 2004, this property was 95% occupied, with a total 60,673 square feet leased to eight tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Squa Foot Per Annum ($)
Dr. Brian Hodges DMD	2,100	11/05	29,400	14.00
Summer Sun Adventures	2,000	12/06	28,000	14.00
Cost Cutters	1,600	12/06	22,400	14.00
Prime Communications	1,200	05/07	16,200	13.50
Postal Annex	1,600	11/07	23,200	14.50
Oxford Cleaners	1,500	12/09	21,750	14.50
El Jalisco	4,000	01/10	48,000	12.00
Bi-Lo	46,673	10/19	406,522	8.71

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is

limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

SHOPS AT FOREST COMMONS, ROUND ROCK, TEXAS

We purchased an existing shopping center known as Shops at Forest Commons, containing 34,756 gross leasable square feet. The center is located at Gattis School Road and CR 12 in Round Rock, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $7,505,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $216 per square foot of leasable space.

We anticipate purchasing this property with our own funds and assumption of the existing mortgage debt on the property. The outstanding balance on the mortgage debt is approximately $5,250,000. This loan requires monthly principal and interest payments based on a fixed interest rate of 6.34% per annum. The loan matures in September 2013.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Blockbuster Video, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Blockbuster Video	4,000	12	18.00	01/03	12/07

For federal income tax purposes, the depreciable basis in this property will be approximately $5,629,800. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Shops at Forest Commons was built during 2002. As of December 1, 2004, this property was 100% occupied, with a total 34,756 square feet leased to 16 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Squ Foot Per Annum ($)

Scap Stop	2,226	09/07	40,068	18.00
Austin's Pizza	1,442	11/07	25,956	18.00
Subway	1,602	11/07	28,836	18.00
Blockbuster Video	4,000	12/07	72,000	18.00
Moondance Wine and Spirit	3,162	12/07	56,916	18.00
Post Net	1,522	12/07	28,918	19.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Sq Foot Per Annum ($)
Reid's Cleaners	1,242	12/07	22,356	18.00
Nail & Skin	1,362	12/07	27,240	20.00
Cost Cutters	1,522	01/08	27,396	18.00
TCBY	1,282	01/08	25,640	20.00
Common Grounds (Coffee House)	2,228	04/08	40,104	18.00
Bamboo Cafe	2,721	05/08	54,420	20.00
Niblocks ATA Black B	2,424	07/08	43,632	18.00
VP Salon & Gifts	2,684	08/08	48,312	18.00
Cardsmart	2,645	11/09	47,610	18.00
St. David's	2,692	05/10	48,456	18.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PLACENTIA TOWN CENTER, PLACENTIA, CALIFORNIA

We purchased 110,962 gross leasable square feet of a 142,666 square foot existing shopping center known as Placentia Town Center. The center is located at Yorba Linda Boulevard and Kraemer Boulevard in Placentia, California.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $24,865,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $224 per square foot of leasable space.

We anticipate purchasing this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Ross Dress for Less, OfficeMax and Bank of America, each lease more than 10% of the total gross leasable area of the portion of the property we purchased. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Ross Dress for Less	26,400	24	12.75	12/95	01/06
OfficeMax	24,768	22	12.00	01/97	12/11

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Bank of America	11,162	10	22.44	05/75	05/14

For federal income tax purposes, the depreciable basis in this property will be approximately $18,649,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Placentia Town Center was built in 1973 and redeveloped in 2000. As of December 1, 2004, the portion of the property we purchased was 100% occupied, with a total 110,962 square feet leased to 21 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Sq Foot Per Annum ($
Bagel Me	2,000	01/05	50,148	25.07
Baskin Robbins	1,117	04/05	26,808	24.00
Beauty Avenue	4,720	09/05	84,205	17.84
Courtesy Cleaners	1,200	10/05	25,896	21.56
Ross Dress for Less	26,400	01/06	336,600	12.75
Don's Shoe Repair	480	01/08	12,115	25.24
Suntan Shop	2,000	04/08	47,841	23.92
KC Nails	1,080	06/08	17,304	16.02
One N One Clothing	2,950	08/08	55,209	18.71
Ha-P Discount	4,130	11/08	64,428	15.60
Paolini's	3,940	06/09	59,100	15.00
Whole Enchilada	2,580	07/09	42,500	16.47
Tossed Board Shop	2,596	09/09	52,335	20.16
Jewels by Justin	2,360	10/09	37,620	15.94
Kwon's Olympic Tae Kwon Do	1,800	12/09	23,362	12.98
Huntington Learning Center	3,304	01/10	65,419	19.80
Philly's Best	1,525	12/10	42,410	27.81

OfficeMax	24,768	12/11	297,216	12.00
Wok Experience	1,915	10/13	62,142	32.45
Bank of America	11,162	05/14	250,475	22.44
Marie Callender's	8,935	10/14	128,160	14.34

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

NORTHWOODS SHOPPING CENTER, WESLEY CHAPEL, FLORIDA

We purchased a portion of a newly constructed shopping center known as Northwoods Shopping Center, consisting of 96,151 gross leasable square feet. We purchased 74,647 gross leasable square feet (which includes 3,150 square feet of ground lease space) and intend to purchase the remaining 21,504 square feet when construction has been completed and the tenants have commenced paying rent for the remaining portion. The center is located Bruce B. Downs Boulevard and County Line Road in Wesley Chapel, Florida.

We purchased this property from an unaffiliated third party. Our total acquisition cost for the portion we purchased was approximately $13,963,800 and the remaining portion will be approximately $6,386,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost for the portion we purchased was approximately $212 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Marshalls and PETCO, each lease more than 10% of the total gross leasable area of the portion of the property we purchased. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Marshalls	30,000	31	7.95	08/03	07/13
PETCO	15,257	16	15.25	11/02	11/12

For federal income tax purposes, the depreciable basis in the portion of the property we purchased will be approximately $10,473,000 and will be approximately $15,263,000 once we have purchased the remaining portion. When we calculate depreciation expense for tax purposes, we will use the straight-line

method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Northwoods Center was built between 2002 and 2004. As of December 1, 2004, the portion of the property we purchased was 100% occupied, with a total 74,647 square feet leased to 15 tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Nails on Nails	1,139	12/07	27,336	24.00
Hair Masters	1,106	01/08	24,332	22.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Art Mart	1,301	02/08	28,622	22.00
Post Net	1,302	02/08	27,459	21.09
EB Games	2,000	04/08	50,000	25.00
Leslie's Poolmart, Inc.	2,269	12/08	51,053	22.50
Washington Mutual Bank	4,000	04/09	104,000	26.00
Pizza Suprema II	2,304	03/10	46,080	20.00
Dr. Jiminez	1,700	04/10	35,700	21.00
PETCO	15,257	11/12	232,669	15.25
Futons, Etc.	2,500	12/12	52,500	21.00
Ho's Chinese	1,019	01/13	22,418	22.00
Honey Baked Ham	2,800	06/13	61,600	22.00
Marshalls	30,000	07/13	238,500	7.95
Payless Shoesource	2,800	11/13	50,008	17.86
Arby's (Ground Lease)	3,150	03/23	54,999	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

GATEWAY STATION, COLLEGE STATION, TEXAS

We purchased a portion of a newly constructed shopping center known as Gateway Station, consisting of 23,438 gross leasable square feet. We purchased 19,537 gross leasable square feet and intend to purchase the remaining 3,901 square feet when construction has been completed and the tenants have commenced paying rent for the remaining portion. The center is located at 1501 University Drive at Loop 6 in College Station, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost for the portion we purchased was approximately $5,093,400 and

the remaining portion will be approximately $1,407,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost for the portion we purchased was approximately $261 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Five tenants, Kirkland's, Talbots, Joseph A. Banks, Chico's and Heartworks, each lease more than 10% of the total gross leasable area of the portion of the property we purchased. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Leas Beginning
Kirkland's	5,000	20	22.00	06/04
Talbots	4,200	20	18.00	08/04
Joseph A. Banks	3,905	10	20.00	06/04
Chico's	2,740	10	20.00	06/04
Heartworks	2,191	10	25.00	12/04

For federal income tax purposes, the depreciable basis in the portion of the property we purchased will be approximately $3,820,000 and will be approximately $4,875,000 once we purchase the remaining portion. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Gateway Station was built during 2003 and 2004. As of December 1, 2004, the portion of the property we purchased was 100% occupied, with a total 19,537 square feet leased to six tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Ren Per
Chico's	2,740	06/09	54,806	
Heartworks	2,191	11/09	54,774	
Douglas Jewelers	1,754	03/10	43,850	

Kirkland's	5,000	01/15	110,000
Talbots	4,200	01/15	75,600
Joseph A. Banks	3,905	01/15	78,100

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

EDGEMONT TOWN CENTER, HOMEWOOD, ALABAMA

We purchased an existing shopping center known as Edgemont Town Center, containing 77,655 gross leasable square feet. The center is located at 411 Green Springs Highway in Homewood, Alabama.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $15,639,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $201 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of nay monies spent pursuant to the provisions of their respective leases.

One tenant, Publix, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lea Beginning
Publix	44,840	58	12.00	11/03

For federal income tax purposes, the depreciable basis in this property will be approximately $11,729,000. When we calculate depreciation expense for tax purposes, we will sue the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Edgemont Town Center was built in 2003. As of December 1, 2004, this property was 95% occupied, with a total 74,055 square feet leased to 15 tenants. The following table sets forth certain information with respect to those leases:

	Approximate GLA Leased	Current Annual

Lessee	(Sq. Ft.)	Lease Ends	Rent ($)
Nextel Communications	1,360	11/06	25,840
Crown Jewelry	1,600	11/08	30,400
Mr. Burch Formalwear, Inc.	2,000	11/08	38,000
Pet Supplies Plus	6,000	12/08	114,000
Firehouse Subs	1,600	12/08	30,400
Headstart Family Hair Salons	1,680	01/09	23,940
Mobility Central, Inc.	1,600	02/09	30,400
Sally Beauty Supplies	1,615	08/09	32,300
EB Games	1,200	10/09	30,000
L.V. Nails	1,360	11/13	25,840
Hunan Wok	1,600	02/14	30,400
Qdoba Mexican Grill*	2,400	12/14	60,000
Bama Wings*	1,200	12/14	30,000
Deep South Barbecue*	4,000	01/15	76,000
Publix	44,840	12/23	538,080

* Ten year lease term has not yet commenced, however, the expiration date may change based upon the tenant's actual occupancy date.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for

such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

UNIVERSITY TOWN CENTER, TUSCALOOSA, ALABAMA

We purchased an existing shopping center known as University Town Center, containing 57,250 gross leasable square feet. The center is located at 1190 University Boulevard in Tuscaloosa, Alabama.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $10,569,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $185 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Publix, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

	Approximate GLA Leased	% of Total	Base Rent Per Square Foot Per	Leas

Lessee	(Sq. Ft.)	GLA	Annum ($)	Beginning
Publix	28,800	50	13.85	06/04

For federal income tax purposes, the depreciable basis in this property will be approximately $7,927,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

University Town Center was built in 2002. As of December 1, 2004, this property was 100% occupied, with a total 57,250 square feet leased to 15 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)
Sun and Soul	3,665	09/07	62,305
Movie Gallery	2,411	10/07	40,987
The UPS Store	2,479	12/07	44,622
Cold Stone Creamery	1,713	01/08	39,399
Firehouse Subs	1,827	01/08	34,713
Bad Ass Coffee	1,947	02/08	44,781
Headstart Family Hair Salons	1,485	02/08	34,155
Southtrust Bank (ATM)	42	04/08	7,800

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)
Private Gallery	1,964	09/08	45,172
Nail Club	1,449	02/09	27,531
The Buzz	1,378	03/09	26,871
University Wireless	3,022	07/09	57,418
Qdoba Mexican Grill	2,641	11/12	60,743
Hud Guthrie's	2,427	12/12	46,113
Publix	28,800	06/24	398,880

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

ZURICH TOWERS, SCHAUMBURG, ILLINOIS

We purchased two connecting, 20 story, tower office buildings, containing approximately 895,418 gross leasable square feet. The towers are

located at 1400-1450 E. American Lane in Schaumburg, Illinois.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $138,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $154 per square foot of leasable space.

We purchased this property with our own funds. On November 23, 2004, we obtained financing in the amount of $81,420,000. The loan requires interest only payments at an annual rate of 4.247% and matures in December 2034.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenant would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of its lease.

One tenant, Zurich American Insurance Company, leases 100% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis over the next twelve years as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)	Renewal Options	Begi
Zurich American Insurance Company	895,418	100	8,883,864	9.92	5/5 yr.	12

For federal income tax purposes, the depreciable basis in this property is approximately $103,500,000. When we calculate depreciation expense for tax purposes, we will sue the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

OSWEGO COMMONS, OSWEGO, ILLINOIS

We purchased a portion of an existing shopping center known as Oswego Commons. This transaction is comprised of 188,150 gross leasable square feet. The center is located at 3080 Route 34 in Oswego, Illinois.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $35,022,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $186 per square foot of leasable space.

We purchased this property with our own funds. On November 23, 2004, we obtained financing in the amount of $19,262,100. The loan requires interest only payments at an annual rate of 4.75% and matures in December 2011.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or

improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Dominick's, T.J. Maxx and OfficeMax, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lea Beginning
Dominick's	65,844	35	12.21	03/02
T.J. Maxx	28,144	15	10.20	10/02
OfficeMax	20,015	11	14.00	11/03

For federal income tax purposes, the depreciable basis in this property will be approximately $26,267,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Oswego Commons was constructed in phases from 2002 to 2004. As of December 1, 2004, this property was 98% occupied, with a total 183,950 square feet leased to 21 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Re Per
3 Day Blinds	1,802	09/07	44,100	
Quizno's	1,612	09/07	36,864	
Lee Nails	919	10/07	22,938	
EB Games	2,015	01/08	47,352	
All Cleaners	1,100	01/08	28,920	
Lemstone	2,334	10/08	44,340	
American Mattress	4,200	03/09	92,400	
Oreck Home Care	1,500	05/09	34,500	
Hallmark	4,413	01/10	72,240	
T-Mobile	1,920	12/11	57,900	
Great Clips	1,163	07/12	27,660	
Panera Bread	4,200	09/12	96,600	
T.J. Maxx	28,144	09/12	287,000	
Coldstone Creamery	1,400	01/13	33,600	
Payless Shoes	2,496	02/13	52,416	
Famous Footwear	9,773	03/13	134,376	
Party City	12,012	03/13	176,448	
PETCO	13,788	10/13	181,308	
Zales Jewelry	3,300	04/14	79,200	

OfficeMax	20,015	10/18	280,200
Dominick's	65,844	03/22	804,000

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

FOX CREEK VILLAGE, LONGMONT, COLORADO

We purchased a newly constructed shopping center known as Fox Creek Village, containing 139,730 gross leasable square feet which includes 39,200 square feet of ground lease space. The center is located at 1601 Pace Street and 815 East 175th Avenue in Longmont, Colorado.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $20,883,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $149 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, King Soopers, leases more than 10% of the total gross leasable area of the property under a lease and a ground lease. The leases with this tenant require the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lea Beginning
King Soopers	68,657	49	10.12	11/03
King Soopers Fuel Site (Ground Lease)	29,200	21	N/A	11/03

For federal income tax purposes, the depreciable basis in this property will be approximately $15,750,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Fox Creek Village was built during 2003 and 2004. As of December 1, 2004, this property was 86% occupied, with a total 120,162 square feet leased to 12 tenants and two ground lease tenants. The following table sets forth certain

information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Re Per
Caliber Cleaners	1,300	02/09	29,904	
Cost Cutters	1,300	02/09	29,904	
Nicolo's Chicago Style Pizza	2,477	02/09	54,504	
Eyeluminations	1,400	02/09	30,804	
Subway	1,580	03/09	34,764	
Starbucks Coffee	1,500	06/09	40,500	
Hi-Fi Nails	1,300	05/09	29,904	
Shape Up to Ship Out	1,300	05/09	27,300	
Squeeze International	1,400	08/09	31,500	
PostNet	1,300	09/09	28,596	
Vino Cellars Wine & Liquor	3,948	01/14	82,908	
King Soopers Fuel Site (Ground Lease)	29,200	11/18	20,000	
King Soopers	68,657	11/23	695,100	
World Savings Bank (Ground Lease)	3,500	08/24	88,000	

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PUBLIX SHOPPING CENTER, MT. PLEASANT, SOUTH CAROLINA

We purchased a newly constructed shopping center known as Publix Shopping Center, containing 63,916 gross leasable square feet. The center is located at US Highway 17 and Park West boulevard in Mt. Pleasant, South Carolina.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $12,047,000. These amounts may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $188 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Publix, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Beginning	Lea
Publix	44,840	70	11.50	04/04	

For federal income tax purposes, the depreciable basis in this property will be approximately $9,035,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Publix Center is newly constructed and was completed during 2004. As of December 1, 2004, the property was 95% occupied with a total of 60,510 square feet leased to 11 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Curren Annual R ($)
O'Neill Liquor	1,427	05/09	1/4 yr.	25,814
Dry Clean USA	1,056	06/09	2/5 yr.	20,592
Homeflix/Zone 3 Entertainment	3,756	06/09	3/4 yr.	67,608
Dr. Joe Marcuvich, Chiropractor	1,414	07/09	2/5 yr.	27,573
Cellular Wireless	1,000	08/09	-	21,500
Pak Mail	970	08/09	-	20,855
Chinese Restaurant	1,656	08/09	1/5 yr.	33,120

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Curren Annual R ($)
Lady Fitness Center	1,502	09/09	1/5 yr.	28,538
Nail Salon	1,014	09/09	1/5 yr.	20,280
The Salon at Parkwest	1,875	10/09	-	36,563
Publix	44,840	04/24	6/5 yr.	515,660

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

WINCHESTER COMMONS, MEMPHIS, TENNESSEE

We purchased an existing shopping center known as Winchester Commons, containing 93,024 gross leasable square feet. The center is located on 7956 Winchester Road, in Memphis, Tennessee.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $13,023,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $140 per square foot of leasable space.

We purchased this property with our own funds. On November 15, 2004, we obtained financing in the amount of $7,235,000. The loan requires interest only payments at an annual rate of 5.12% and matures in December 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Kroger, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Ter Beginning
Kroger	59,670	64	8.24	05/99

For federal income tax purposes, the depreciable basis in this property will be approximately $9,767,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Winchester Commons was built in 1999. As of December 1, 2004, this property was 98% occupied, with a total 91,424 square feet leased to 15 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
The Steak Escape	1,600	01/05	2/5 yr.	26,800
Shirley's Hallmark	4,400	02/05	3/5 yr.	52,800
The Wine Cellar	4,000	03/06	-	68,000
China Dragon Restaurant	2,400	10/06	1/5 yr.	39,600
Opportunity Mortgage (A+ Wireless)	1,534	12/06	-	24,544

Dental Partners of Tennessee	2,000	02/07	1/6 yr.	35,500
Sunsations	1,600	07/07	-	28,000
Greg Pickett Golf	1,600	01/09	1/5 yr.	28,272
The UPS Store	2,000	01/09	-	34,000
Southwinds Cleaners	1,600	01/09	-	27,600
Fantastic Sam's	1,600	05/09	-	30,000
Nextel Communications	1,600	05/09	1/5 yr.	33,600
East End Grill	3,600	07/09	1/5 yr.	59,400
For Your Eyes Only	2,220	09/09	-	39,960
Kroger	59,670	04/19	6/5 yr.	491,760

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

MANSFIELD TOWNE CROSSING, MANSFIELD, TEXAS

We purchased 95,227 square feet of a newly constructed shopping center known as Mansfield Towne Crossing, which will contain 111,651 gross leasable square feet of which 4,500 square feet is ground lease space. The center is located at Highway 287 and Debbie Lane, in Mansfield, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost for the entire property will be approximately $19,967,700. Our acquisition cost for the portion we purchased was approximately $16,055,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost for the entire property will be approximately $178 per square foot of leasable space.

We purchased this property with our own funds. On November 12, 2004, we obtained financing in the amount of $10,982,300. The loan requires interest only payments at an annual rate of 5.215% and matures in December 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Ross Dress for Less and Staples, will lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	T
Ross Dress for Less	30,187	27	9.25	05/04	01/
Staples	20,388	18	10.50	08/03	08/

For federal income tax purposes, the depreciable basis in this property when completed will be approximately $14,976,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Mansfield Towne Crossing was newly constructed in 2003 and 2004. As of December 1, 2004, the portion of the property we purchased was 100% occupied, with a total 95,227 square feet leased to 19 tenants and one ground lease tenant, and is currently leasing up the remaining retail space within the shopping center. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
AT & T Wireless	2,500	07/08	1/5 yr.	55,000
EB Games	1,500	09/08	2/5 yr.	31,500
The Cash Store	1,600	09/08	2/5 yr.	30,400
Sport Clips	1,440	10/08	2/5 yr.	30,240
GNC	1,200	01/09	2/5 yr.	22,800
Luxury Nails	1,013	02/09	2/5 yr.	20,260
Dr. Michael Polson	1,060	05/09	1/5 yr.	20,140
Robertson Pools	1,440	06/09	2/5 yr.	25,920
Bath Junkie	1,200	06/09	2/5 yr.	22,800
Sally Beauty Supplies	1,600	07/09	2/5 yr.	27,200
Subway	1,600	08/09	2/5 yr.	28,800
Creekside Collections	3,811	09/09	1/5 yr.	62,882
Zales Jewelers	3,000	11/13	3/5 yr.	64,500
Payless Shoesource	3,000	03/14	2/5 yr.	54,000
Famous Footwear	8,000	07/14	3/5 yr.	120,000
Pier 1 Imports	10,807	08/14	2/5 yr.	162,105
Ross Dress for Less	30,068	01/15	5/5 yr.	278,129
Staples	20,388	08/18	3/5 yr.	214,074
Mansfield Urgent Care*	3,000	09/09		58,500
Regions Bank (Ground Lease)*	4,500	09/23		75,000

* Tenant has leased space in the portion of the property we have not yet purchased. The lease has not commenced as of December 1, 2004.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for

such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

ACADEMY SPORTS & OUTDOORS, MIDLAND, TEXAS

We purchased a newly constructed freestanding retail center known as Academy Sports & Outdoors, containing 61,150 gross leasable square feet. The center is located at 5312 West Wadley Avenue in Midland, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $4,250,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $70 per square foot of leasable space.

We purchased this property with our own funds. On December 2, 2004, we obtained financing in the amount of $2,337,500. The loan requires interest only payments at an annual rate of 5.12% and matures in January 2010.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenant would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their lease.

One tenant, Academy Sports & Outdoors, will lease 100% of the total gross leasable area of the property. The lease term will be determined in accordance with the tenant's commencement date. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)	Begin
Academy Sports & Outdoors	61,150	100	340,000	5.56	10/
			374,000	6.12	11/

For federal income tax purposes, the depreciable basis in this property will be approximately $3,188,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

CVS PHARMACY, SYLACAUGA, ALABAMA

We purchased a newly constructed 10,055 square foot retail building, leased to CVS Pharmacy. The center is located at 2 North Broadway Avenue in Sylacauga, Alabama.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $3,066,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $305 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenant would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their lease.

One tenant, CVS Pharmacy, leases 100% of the total gross leasable area

of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)	Renewal Options	B
CVS Pharmacy	10,055	100	231,164	22.99	-	

For federal income tax purposes, the depreciable basis in this property will be approximately $2,299,500. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

GURNEE TOWN CENTER, GURNEE, ILLINOIS

We purchased an existing shopping center known as Gurnee Town Center, containing 179,602 gross leasable square feet. The center is located at 7105 Grand Avenue in Gurnee, Illinois.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $44,256,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $246 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Four tenants, Linens 'N Things, Old Navy, Borders Books & Music and Cost Plus World Market, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Beginning
Linens 'N Things	34,000	19	11.50	12/00
			12.50	02/06
Old Navy	25,090	14	14.00	02/01

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Beginning
Borders Books & Music	24,878	14	16.00	10/00
			17.00	11/05
			19.36	11/10
			21.30	11/15
Cost Plus World Market	18,300	10	13.50	10/00
			14.00	02/03
			14.50	02/06

For federal income tax purposes, the depreciable basis in this property will be approximately $33,192,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Gurnee Towne Center was built during 2000. As of December 1, 2004, this property was 96% occupied, with a total 172,188 square feet leased to 26 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Earthly Goods	2,300	12/05	2/5 yr.	42,550
Oreck Floor Care Centers	1,600	01/06	1/5 yr.	35,200
Old Navy	25,090	01/06	2/5 yr.	251,260
Quizno's Classic Subs	1,600	02/06	2/5 yr.	44,800
Famous Footwear	8,650	01/06	4/5 yr.	155,700
Hallmark Creations	6,405	02/06	3/5 yr.	115,290
Supercuts	1,200	05/06	3/5 yr.	33,600
After Hours Formalwear	1,050	06/06	2/5 yr.	31,500
Salon Jazz	1,785	08/06	1/5 yr.	48,195
Cali Nails	1,000	11/06	1/5 yr.	30,000
Towne Vision Center	1,360	12/06	1/5 yr.	40,800
RadioShack	2,700	02/07	2/5 yr.	81,000
Slott's Hots	2,000	09/07	2/5 yr.	67,900
Linens 'N Things	34,000	01/11	2/5 yr.	391,000
Cost Plus World Market	18,300	01/11	3/5 yr.	256,200
PPG Architectural Finishes	4,000	01/11	2/5 yr.	76,000
AT&T Wireless	2,800	01/11	2/5 yr.	72,800
Panda Express	2,240	02/11	2/5 yr.	62,720
Starbucks	2,500	03/11	2/5 yr.	75,000
Signature Cleaner	1,600	04/11	2/5 yr.	48,000
Bedding Experts	3,500	04/11	2/5 yr.	105,000
Giordano's	3,200	07/11	4/5 yr.	96,000

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Bath & Body Works	2,340	01/12	2/5 yr.	51,480
The Avenue	5,250	01/13	4/5 yr.	94,500
Pier 1 Imports	10,840	08/13	2/5 yr.	217,340
Borders Books & Music	24,878	01/21	4/5 yr.	398,048

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

ACADEMY SPORTS & OUTDOORS, PORT ARTHUR, TEXAS

We purchased a newly constructed freestanding retail center known as Academy Sports & Outdoors, containing 61,001 gross leasable square feet. The center is located at Memorial Boulevard at Highway 365 in Port Arthur, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $5,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $82 per square foot of leasable space.

We purchased this property with our own funds. On November 1, 2004, we obtained financing in the amount of $2,775,000. The loan requires interest only payments at an annual rate of 5.12% and matures in November 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Academy Sports & Outdoors, will lease 100% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)	Lea Beginnin
Academy Sports & Outdoors	61,001	100	400,000	6.56	10/04
			440,000	7.21	11/12

For federal income tax purposes, the depreciable basis in this property will be approximately $3,750,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

PLAZA AT RIVERLAKES, BAKERSFIELD, CALIFORNIA

We purchased an existing shopping center known as Plaza at Riverlakes, containing 102,836 gross leasable square feet. The center is located at Hageman Road and Calloway Drive in Bakersfield, California.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $17,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $165 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Ralph's Grocery Store, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Beginning
Ralph's Grocery Store	58,000	56	6.03	11/01

For federal income tax purposes, the depreciable basis in this property will be approximately $13,050,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Plaza at Riverlakes was built during 2001. As of December 1, 2004, this property was 100% occupied, with a total 102,836 square feet leased to 22 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Jane's Jewelers	1,170	12/04	1/5 yr.	23,868
State Farm Insurance	1,170	12/04	1/4 yr.	24,300
Team Gear	1,463	01/06	1/3 yr.	28,944
Coldwell Banker	2,260	07/06	2/1 yr.	45,288
Movie Gallery	4,800	11/06	1/5 yr.	103,680
Pacific West Wireless	1,495	12/06	1/5 yr.	31,392
Desired Image Tanning Salon	1,275	02/07	-	26,772
Angel Food Donuts	1,268	02/07	1/5 yr.	24,684

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Supercuts	1,202	02/07	1/5 yr.	26,916
One House Martinizing	1,200	04/07	1/5 yr.	26,208
Miss Holiday	1,360	06/07	1/3 yr.	24,480
R.J.'s at Riverlakes	2,500	08/07	1/5 yr.	54,621
Teaze Salon	1,885	10/07	1/5 yr.	30,028
Xanders Grill	2,000	10/07	1/5 yr.	42,012
Planet Smoothie	1,490	09/09		29,508
Wells Fargo Financial	1,925	09/09	1/5 yr.	41,580
Dewar's Candy Shop	2,885	12/11	2/5 yr.	48,468
Baja Fresh Mexican Grill	3,010	03/13	3/5 yr.	61,404
Fitness 19	7,200	03/13	2/5 yr.	127,728
The UPS Store	1,778	05/13	2/5 yr.	37,344
Quick One Chinese	1,500	06/14		30,060
Ralph's Grocery Store	58,000	11/26	7/5 yr.	350,004

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

LAKE MARY POINTE, ORLANDO, FLORIDA

We purchased an existing shopping center known as Lake Mary Pointe, containing 51,052 gross leasable square feet. The center is located at U.S. 17-92 and Weldon Boulevard, in Orlando, Florida.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $6,620,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $130 per square foot of leasable space.

We purchased this property with our own funds. On November 8, 2004, we obtained financing in the amount of $3,657,500. The loan requires interest only payments at an annual rate of 5.17% and matures in December 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Publix, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Beginning
Publix	37,866	74	8.60	12/99

For federal income tax purposes, the depreciable basis in this property will be approximately $4,965,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Lake Mary Pointe was built in 1999. As of December 1, 2004, this property was 96% occupied, with a total 48,952 square feet leased to nine tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Bas Sq Per
GNC	1,050	12/04	-	21,525	
Hair Cuttery	1,050	02/05	1/5 yr.	23,931	
Avenue Nails	1,043	08/05	1/5 yr.	25,623	
Pak Mail Center	1,050	09/05	1/5 yr.	24,227	
Vivonia's Italian Pizzeria	3,750	09/06	1/5 yr.	84,365	
White Swan Cleaners	1,050	12/08	-	16,800	
Subway	1,050	02/09	3/5 yr.	17,063	
China Cook	1,043	07/11	1/5 yr.	20,516	
Publix	37,866	12/19	6/5 yr.	325,648	

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

AZALEA SQUARE SHOPPING CENTER, SUMMERVILLE, SOUTH CAROLINA

We purchased a portion of a newly constructed shopping center known as Azalea Square Shopping Center, containing 395,738 gross leasable square feet (which includes one ground lease space). We intend to purchase 181,942 square feet of that shopping center including the ground lease space. The center is located at U.S. 17-A and Interstate 26 in Summerville, South Carolina.

We purchased this property from an unaffiliated third party. Our total acquisition cost for the portion we purchased was approximately $30,012,500. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost for the portion we purchased was approximately $165 per square foot of leasable space.

We purchased this property with our own funds. On November 12, 2004, we obtained financing in the amount of $16,535,000. The loan requires interest only payments at an annual rate of 5.01% and matures in December 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Five tenants, T.J. Maxx, Linens 'N Things, Ross Dress for Less, Cost Plus World Market and PETsMART, each lease more than 10% of the total gross leasable area of the portion of the property we purchased. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Beginning
T.J. Maxx	30,000	16	7.75	07/03
			8.25	08/08
Linens 'N Things	25,395	14	10.75	09/03
			11.00	02/09
Ross Dress for Less	30,187	17	9.50	06/03
Cost Plus World Market	18,300	10	12.50	09/04
			13.50	02/10
PETsMART	19,107	11	11.00	08/04
			11.75	02/10
			12.50	02/15

For federal income tax purposes, the depreciable basis in this property will be approximately $22,509,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Azalea Square was newly constructed in 2003 and 2004. As of December 1, 2004, the property was 97% occupied with a total 177,042 square feet leased to 19 tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Bas Squa A
Dress Barn	8,050	09/08	3/5 yr.	120,750	
Artisan Jewelers	2,400	10/08	1/5 yr.	59,328	
EB Games	1,600	10/08	1/5 yr.	36,800	
S&K Menswear	3,603	10/08	2/5 yr.	64,854	
Sport Clips	1,200	11/08	2/5 yr.	25,200	
Phone Smart	1,800	12/08	2/5 yr.	37,800	
Princess Nails	1,500	04/09	1/5 yr.	36,000	

Marble Slab Creamery	1,200	06/09	1/5 yr.	26,400
American Mattress	2,800	08/09	1/5 yr.	64,400

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Bas Squa A
Rococo Bakery	1,500	10/09	1/5 yr.	27,744	
Hibbett Sporting Goods	5,000	01/10	2/5 yr.	70,000	
T.J. Maxx	30,000	07/13	3/5 yr.	232,500	
Pier 1 Imports	10,800	08/13	2/5 yr.	167,400	
Linens 'N Things	25,395	01/14	3/5 yr.	272,996	
Ross Dress for Less	30,000	01/14	4/5 yr.	286,776	
Shoe Carnival	9,000	03/14	2/5 yr.	112,500	
McAllisters Deli	3,600	06/14	2/5 yr.	75,600	
Cost Plus World Market	18,300	01/15	3/5 yr.	228,750	
PETsMART	19,107	01/20	4/5 yr.	210,177	
Logans (Ground Lease)	*	11/23	4/5 yr.	65,000	

* To be determined

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

DENTON CROSSING, DENTON, TEXAS

We purchased the completed portion of a shopping center that is still under construction which is known as Denton Crossing. We purchased 278,840 gross leasable square feet which had been completed out of approximately 329,663 gross leasable square feet. The remaining portion of the shopping center will be completed in stages over the next two years. The center is located at 1800 S. Loop 288 in Denton, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost for the portion we purchased was approximately $53,402,000 with $10,598,000 remaining under contract for completion. These amounts may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost for the portion we purchased was approximately $192 per square foot of leasable space and, upon completion, we be approximately $194 per square foot of leasable space.

We purchased this property with our own funds. On December 7, 2004, we obtained financing in the amount of $35,200,000. The loan requires interest only payments at an annual rate of 4.30% and matures in January 2010.

We do not intent to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or

improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Oshman's Sporting Goods, Best Buy and T.J. Maxx, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Oshman's Sporting Goods	50,000	18	10.00	12/03	01/14
Best Buy	30,000	11	12.00	10/03	01/09
			12.50	02/09	01/14
T.J. Maxx	28,000	10	9.25	09/03	09/08
			9.75	10/08	09/13

For federal income tax purposes, the depreciable basis in this property will be approximately $38,428,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Denton Crossing commenced construction in 2003 and we believe it will be completed within the next two years. As of December 1, 2004, the portion of the shopping center we purchased was 92% occupied with a total 257,833 square feet leased to 27 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent P Square Foo Per Annum (
Lane Bryant	5,000	10/08	3/5 yr.	95,000	19.00
Dress Barn	8,000	12/08	3/5 yr.	120,000	15.00
Chipolte Mexican Grill	2,578	12/08	4/5 yr.	61,872	24.00
Advance America	1,440	12/08	2/5 yr.	34,560	24.00
Happy Nails Spa	1,297	12/08	1/5 yr.	27,237	21.00
Fantasy Nails	1,200	12/08	1/5 yr.	27,600	23.00
Sally Beauty Supplies	1,600	01/09	3/5 yr.	35,200	22.00
H & R Block	2,000	01/09	1/5 yr.	47,000	23.50
Roly Poly Rolled Sandwiches	1,200	01/09	2/5 yr.	29,100	24.25
New York Subway	1,500	01/09	1/5 yr.	33,750	22.50
Sport Clips	1,400	01/09	2/5 yr.	31,500	22.50
Rice Boxx Asian Cafe	2,504	03/09	3/5 yr.	65,104	23.50
T-Mobile	1,873	04/09	1/5 yr.	45,345	24.21
The Mattress Firm	6,000	05/09	2/5 yr.	147,000	24.50

Old Navy	14,800	05/09	3/5 yr.	206,460	13.95
Wing Pit	1,807	08/09	2/5 yr.	45,175	25.00
Wells Fargo Bank	1,818	08/09	2/5 yr.	45,450	25.00
T.J. Maxx	28,000	09/13	3/5 yr.	259,000	9.25

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent P Square Foo Per Annum (
Pier 1 Imports	9,500	09/13	2/5 yr.	152,000	16.00
Famous Footwear	10,000	10/13	3/5 yr.	145,000	14.50
Mattress Giant	4,553	12/13	2/5 yr.	104,719	23.00
Hollywood Video	6,300	01/14	2/5 yr.	126,000	20.00
Cost Plus World Market	18,300	01/14	3/5 yr.	228,750	12.50
Oshman's Sporting Goods	50,000	01/14	3/5 yr.	500,000	10.00
Bed, Bath & Beyond	24,000	01/14	3/5 yr.	234,000	9.75
Best Buy	30,000	01/14	4/5 yr.	360,000	12.00
Michaels	21,163	02/14	3/5 yr.	222,212	10.50

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

BED, BATH & BEYOND PLAZA, MIAMI, FLORIDA

We purchased a shopping center newly constructed during 2003 and 2004 known as Bed, Bath & Beyond Plaza, containing 97,496 gross leasable square feet. This center has entered into a 65-year ground lease with the owner of the real property. We are not acquiring the underlying real property but only the buildings on the real property and will continue to be under a 65 year ground lease. The center is located at Northwest 107th Avenue and Northwest 19th Street in Miami, Florida.

We purchased this center from an unaffiliated third party. Our total acquisition cost was approximately $20,350,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $209 per square foot of leasable space.

We purchased this center with our own funds. On November 12, 2004, we obtained financing in the amount of $11,192,500. The loan requires interest only payments at an annual rate of 5.17% and matures in December 2009.

We do not intend to make significant repairs and improvements to this center over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Four tenants, Bed, Bath & Beyond, Office Depot, Pier 1 Imports and Party City, will lease more than 10% of the total gross leasable area of the center. The leases with these tenants require the tenant to pay base annual rent

on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Bed, Bath & Beyond	28,053	29	13.50	03/04	01/2

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Office Depot	16,175	17	23.32	08/04	08/1
Pier 1 Imports	10,582	11	25.41	12/03	12/0
			25.50	01/05	12/0
			26.50	01/09	12/1
Party City	10,930	11	18.00	09/04	09/0
			19.62	10/07	09/1
			21.93	10/10	09/1
			23.31	10/13	09/1

For federal income tax purposes, the depreciable basis in this center will be approximately $15,263,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Bed, Bath & Beyond Plaza is a newly constructed center completed during 2003 and 2004. As of December 1, 2004, the property was 97% occupied, with a total of 94,544 square feet leased to 14 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	B P
Sally Beauty Supplies	1,368	05/09	2/5 yr.	34,200	
A+ Nails	1,301	05/09	1/5 yr.	36,428	
Bo Concept	5,100	06/09	1/5 yr.	122,400	
Young Eye Associates	1,339	08/09		37,492	
Sprint PCS	3,622	12/10	2/5 yr.	103,227	
Pier 1 Imports	10,582	12/13	3/5 yr.	268,898	
Starbucks	1,402	03/14	3/5 yr.	49,070	
Fuddruckers	6,000	04/14	4/5 yr.	162,000	
Cargo Kids!	4,565	04/14	3/5 yr.	118,912	
Moe's Southwestern Grill	2,400	05/14		62,400	
Doral Dentist Partners	1,707	07/14	2/5 yr.	40,968	

Office Depot	16,175	08/14	4/5 yr.	377,201
Party City	10,930	09/14	2/2 yr. & 2/3 yr.	196,740
Bed, Bath & Beyond	28,053	01/20	4/5 yr.	378,716

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

GMAC INSURANCE OFFICE BUILDING, WINSTON-SALEM, NORTH CAROLINA

We purchased a commercial office complex, containing approximately 501,064 of gross leasable square feet. The property is comprised of an 18-story office building, a six-story office building and various parcels of land that are used as surface and deck parking lots. The complex is located at 500 West 5th Street in Winston-Salem, North Carolina.

We purchased this property from an unaffiliated third party. Our total acquisition was approximately $60,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $120 per square foot of leasable space.

We purchased this property with our own funds. On September 29, 2004, we obtained financing in the amount of $33,000,000. The loan requires interest only payments at an annual interest rate of 4.61% and matures October 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenant would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of its lease.

One tenant, GMAC Insurance, leases 100% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis over the next ten years as follows:

	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)	Renewal Options	Begi
GMAC Insurance	501,064	100	5,164,449	10.31	2/5 yr.	10
			5,266,828	10.51		10
			5,369,206	10.72		10
			5,475,680	10.93		10
			5,582,154	11.14		10
			5,692,722	11.36		10

For federal income tax purposes, the depreciable basis in this property is approximately $45,000,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and

improvements based upon estimated useful lives of 40 and 20 years, respectively.

BOULEVARD AT THE CAPITAL CENTRE, LANDOVER, MARYLAND

We entered into a joint venture agreement with the current owners of a newly constructed shopping center known as Boulevard at the Capital Centre, containing 482,445 gross leasable square feet. The center is located on the Washington D.C. Beltway (I-495 and I-95), in Landover, Maryland. The property is on a long term ground lease with the Revenue Authority of Price George's County for about 70 years.

We entered into a joint venture agreement with the current owners of this property, who are unaffiliated third parties. We made a capital contribution in the amount of $121,724,000 to this joint

venture and received an equity interest representing a majority ownership and operating control of the joint venture.

We made our capital contribution to the joint venture with our own funds. On September 8, 2004, we obtained financing in the amount of $71,500,000. The loan requires interest only payments at an annual rate of 5.12% and matures October 2009. Through additional joint ventures, the joint venture partners may acquire additional properties, which would be managed by our joint venture partner.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Lowe's Theaters Magic Johnson, will lease more than 10% of the total gross leasable area of the property. The lease term has been projected in accordance with the tenant's lease commencement date. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease T Beginning
Lowe's Theaters Magic Johnson	52,500	11	22.00	10/04

For federal income tax purposes, the depreciable basis in this property will be approximately $91,293,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Boulevard at the Capital Centre was newly constructed in 2004. The property has been in a leasing up phase and nine tenants have executed leases for retail space within the shopping center whose leases have not yet commenced. As of December 1, 2004, this property was 88% occupied with a total of 423,372 square feet leased by 59 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
EB Game World	1,200	11/08	1/5 yr.	40,800
Claire's Boutique	1,166	11/08	1/5 yr.	34,980
Sprint Spectrum	1,965	11/08	1/5 yr.	64,809
Nextel	1,871	11/08	1/5 yr.	74,840
Capital Nails	1,500	11/08	1/5 yr.	61,800
Kay Jewelers	1,552	12/08	1/5 yr.	60,000
Cold Stone Creamery	1,157	01/09	2/5 yr.	42,809
Sweet Tooth Cakes & Pastries	1,400	02/09	1/5 yr.	49,000
Casual Male Big & Tall	3,500	03/09	1/5 yr.	84,000
The Classic Woman	2,200	04/09	2/5 yr.	63,800
Next Day Blinds*	3,000	09/09		93,000

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Head 2 Head	2,568	12/10	-	65,484
Oxford Street	3,400	12/10	1/5 yr.	86,974
T-Mobile	1,800	01/11	-	72,000
Gallery of African Wildlife	2,000	02/11	1/3 yr.	58,000
Jilliano Shoes	1,998	04/11	1/5 yr.	40,955
Qdoba Mexican Grill	3,000	11/13	2/5 yr.	97,500
Lens Crafters	4,653	11/13	2/5 yr.	139,590
Pier 1 Imports	10,068	11/13	**	181,224
Foot Locker	3,433	11/13	**	102,048
Yankee Candle Company	2,000	11/13	1/5 yr.	48,000
Men's Wearhouse	6,400	11/13	2/5 yr.	147,200
Penner Clothing	5,194	11/13	2/2 yr. & 1/1 yr.	142,835
Panda Express	2,100	11/13	1/5 yr.	73,500
Foot Action USA	3,500	11/13	2/5 yr.	98,000
Shoe City	7,700	11/13	2/5 yr.	180,950
Drake's Place	2,000	11/13	1/5 yr.	49,440
Quiznos	1,562	11/13	2/5 yr.	51,546
Cambridge Beauty Supply	2,900	11/13	1/5 yr.	77,662
The Children's Place	6,000	11/13	2/5 yr.	132,012
Lane Bryant	5,000	11/13	2/5 yr.	120,000
Starbucks	1,250	11/13	2/5 yr.	37,500
Changes at Capital Centre	4,000	12/13	1/5 yr.	104,000
Lucaya	3,000	12/13	1/5 yr.	63,000
Teaming Up/Expressions	3,103	12/13	1/5 yr.	80,678
The Big Screen Store	4,500	12/13	2/5 yr.	103,500
Total Sport	3,756	12/13	1/5 yr.	103,553
Technicolor Salon & Spa	4,413	12/13	1/5 yr.	110,325
Payless Shoesource	2,800	01/14	2/5 yr.	78,400
Mattress Warehouse	4,112	02/14	2/5 yr.	102,800
Honeycomb Hideout	2,500	02/14	**	68,750

Five Guys Restaurant	1,500	02/14	1/5 yr.	48,000
Red Star Tavern	7,661	02/14	2/5 yr.	268,135
Babalu/Carraba's Glory Days*	6,085	04/14		146,040
Kobe Japanese Steakhouse*	7,520	04/14		172,960
African Stargina	1,500	05/14	1/5 yr.	47,250
McHunu House of Style	2,900	05/14	2/5 yr.	76,850
Reggiano's*	2,000	05/14		50,000
Anne Taylor Loft	5,471	05/14	**	75,000
Sports Authority	40,500	07/14	3/5 yr.	506,250
DSW Shoe Warehouse	25,000	07/14	4/5 yr.	331,250
Stonefish Grill	6,085	08/14	**	212,975
Soul Fixins'*	2,085	08/14		62,550
Infusions Cafe*	3,350	09/14		83,750
Linens 'N Things	34,440	01/15	**	430,512

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Pizzeria Uno	5,719	10/18	3/5 yr.	110,000
Bugaboo Creek Steakhouse	6,400	11/18	2/5 yr.	110,000
Provident Bank of Maryland	3,215	11/18	3/5 yr.	95,000
Borders Books & Music	22,915	11/18	4/5 yr.	441,801
Chuck E. Cheese	11,300	02/19	3/5 yr.	95,000
Circuit City	33,828	07/19	3/5 yr.	490,506
Office Depot	18,000	07/19	**	234,000
Blu Bambu*	4,050	09/19		113,250
Chic-Fil-A	4,250	11/23	3/5 yr.	85,000
Golden Corrall	11,967	12/23	3/5 yr.	112,500
Lowe's Theaters Magic Johnson	52,500	09/24	**	1,155,000

* As of December 1, 2004 the tenant's lease term had not yet commenced.
** Renewal option information not available.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

HARRIS TEETER STORE #158, WILMINGTON, NORTH CAROLINA

We purchased a freestanding retail building leased to a Harris Teeter grocery store, containing 57,230 gross leasable square feet. The center is located at Wilshire Boulevard and Kerr Avenue in Wilmington, North Carolina.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $7,200,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be

approximately $126 per square foot of leasable space.

We purchased this property with our own funds. On November 1, 2004, we obtained financing in the amount of $3,960,000. The loan requires interest only payments at an annual rate of 4.915% and matures in November 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Harris Teeter Store #158, will lease 100% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)	Renewal Options	Be
Harris Teeter Store #158	57,230	100	558,340	9.76	1/5 yr. & 1/4 yr.	

For federal income tax purposes, the depreciable basis in this property will be approximately $5,400,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

HARVEST TOWNE CENTER, KNOXVILLE, TENNESSEE

We purchased an existing shopping center known as Harvest Towne Center, containing 42,213 gross leasable square feet. The center is located at 4824 N. Broadway Street in Knoxville, Tennessee.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $8,950,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $212 per square foot of leasable space.

We purchased this property with our own funds. On December 3, 2004, we obtained financing in the amount of $5,005,000. The loan requires interest only payments at an annual rate of 4.935% and matures in January 2010.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, CVS Pharmacy, Pet Supplies Plus and Ruby Tuesday, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lea Beginnin
CVS Pharmacy	10,125	24	24.50	09/99
			25.97	09/04
			27.53	09/09
			29.18	09/14
Pet Supplies Plus	8,120	19	14.08	02/04
			14.33	02/05

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lea Beginnin
Ruby Tuesday (Ground Lease)	4,582	11	N/A	07/02

For federal income tax purposes, the depreciable basis in this property will be approximately $6,713,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Harvest Towne Center was built in 1996 to 1999. As of December 1, 2004, this property was 100% occupied, with a total 42,213 square feet lease to nine tenants and three ground lease tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Northside Properties	3,480	Month-to-Month		33,225
Krispy Creme Donuts (Ground Lease)	2,158	06/05	2/5 yr.	41,400
Pet Supplies Plus	8,120	01/06	2/5 yr.	114,365
Vacuums Unlimited	986	05/06	-	11,832
Ross the Boss	4,104	09/06	-	61,560
Stuart R. Humberg D.C.	1,000	11/06	2/3 yr.	15,815
US Cleaners, Inc.	1,427	11/07	1/5 yr.	20,691
Briano's Pizza	2,053	01/08	1/5 yr.	29,769
Beneficial Tennessee, Inc.	1,670	06/08	1/5 yr.	23,380
Ruby Tuesday (Ground Lease)	4,582	12/12	4/5 yr.	59,400
Taco Bell (Ground Lease)	2,508	11/14	4/5 yr.	42,504
CVS Pharmacy	10,125	01/20	3/5 yr.	262,946

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

LINCOLN PARK, DALLAS, TEXAS

We purchased an existing shopping center known as Lincoln Park, containing 148,806 gross leasable square feet. The center is located at 7700 W. Northwest Highway in Dallas, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $47,515,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $319 per square foot of leasable space.

We purchased this property with our own funds. On October 8, 2004, we obtained financing in the amount of $26,153,000. The loan requires interest only payments at an annual rate of 4.61% and matures in November 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Tom Thumb, Barnes & Noble and The Container Store, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lea Beginnin
Tom Thumb	50,000	34	11.50	08/98
			12.00	08/13
Barnes & Noble	29,485	20	20.00	05/98
			21.00	10/03
			22.00	10/08
The Container Store	25,000	17	28.00	02/00
			29.00	02/05
			30.00	02/10

For federal income tax purposes, the depreciable basis in this property will be approximately $35,636,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Lincoln Park was built in 1998. As of December 1, 2004, this property was 100% occupied, with a total 148,806 square feet leased to 14 tenants. The

following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Marvin Brown	4,408	05/05	2/5 yr.	119,016
T-Mobile	1,402	10/05	1/5 yr.	68,698
Maggie Moo's Ice Cream	1,375	12/07	1/5 yr.	48,125
Romies Nail Boutique	1,098	12/07	2/5 yr.	39,528
Blue Mesa Grill	8,250	12/08	2/5 yr.	235,950
Eyemasters	3,000	12/08	2/5 yr.	134,400
Elizabeth Arden	6,058	01/09	2/5 yr.	151,450
Up In Smoke	1,164	01/09	1/5 yr.	58,200
Bag 'N Baggage	3,554	04/09	-	106,620
Barnes & Noble	29,485	01/14	3/5 yr.	619,185

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
A Pea in the Pod	4,012	09/14	2/5 yr.	144,432
The Container Store	25,000	01/15	3/5 yr.	725,000
Cheesecake Factory	10,000	09/18	2/5 yr.	347,500
Tom Thumb	50,000	07/23	3/5 yr.	575,000

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

SAUCON VALLEY SQUARE, BETHLEHEM, PENNSYLVANIA

We purchased an existing shopping center known as Saucon Valley Square, containing 80,695 gross leasable square feet, including 6,208 square feet of ground lease space. The center is located on I-78 and Rouse 378 in Bethlehem, Pennsylvania.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $16,042,600. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $199 per square foot of leasable space.

We purchased this property with our own funds. On September 7, 2004, we obtained financing in the amount of $8,850,900. The loan requires interest only payments at an annual rate of 5.115% and matures in October 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Super Fresh Food Market, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	L Begi
Super Fresh Food Market	47,827	59	13.00	1
			13.75	0
			14.50	0
			15.25	0

For federal income tax purposes, the depreciable basis in this property will be approximately $12,032,000. When we calculate depreciation expense for tax purposes, we will use the straight-line

method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Saucon Valley Square was built in 1999. As of December 1, 2004, this property was 100% occupied, with a total 80,695 square feet leased to 13 tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Lafayette Ambassador	2,800	05/08	3/5 yr.	42,900
Starter's Pub (Ground Lease)	6,208	12/08	3/5 yr.	88,000
Holiday Hair	1,200	01/09	1/5 yr.	20,790
Casa Mia Pizzeria	2,000	01/09	2/5 yr.	34,650
Subway	1,200	02/09	1/5 yr.	22,050
Foxes Hallmark	5,200	02/09	2/5 yr.	96,200
Blockbuster Video	5,140	03/09	2/5 yr.	92,520
No. 1 Chinese Restaurant	1,200	03/09	1/5 yr.	25,080
RadioShack	2,320	03/09	1/5 yr.	36,800
La Nails	1,200	04/09	-	24,000
Buena Bistro	1,600	05/09	-	29,840
Werkheiser Jewelers	1,200	12/13	-	20,790
Saucon Valley Cleaners	1,600	01/14	-	27,720
Super Fresh Food				

Market	47,827	12/18	8/5 yr.	657,621

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

QUAKERTOWN SHOPPING CENTER, QUAKERTOWN, PENNSYLVANIA

We anticipate purchasing a newly constructed shopping center known as Quakertown Shopping Center, containing 61,832 gross leasable square feet (which includes 3,500 square feet of ground leased space). The center is located at Route 309 and Tollgate Road in Quakertown, Pennsylvania.

On August 25, 2004, we funded the initial installment of a $12,664,794 first mortgage in the amount of $11,398,314. The remaining $1,266,480 is expected to be funded in 2004. The interest rate of this first mortgage is 7.5573% and it matures in August 2005. We anticipates purchasing the center when the mortgage matures for approximately $12,665,000. We will use the funds from repayment of the first mortgage towards our purchase price.

One tenant, Giant Food Stores, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Leas Beginnin
Giant Food Stores	54,332	88	15.86	05/04

For federal income tax purposes, the depreciable basis in this property will be approximately $9,499,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Quakertown Shopping Center was constructed in 2004. As of December 1, 2004, this property was 100% occupied, with a total 61,832 (including ground leased space) square feet leased to four tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base R Square Annu
Best Cuts	1,200	02/09	25,200	21
Electronics Boutique	1,200	02/14	25,200	21
Dry Cleaner Drop Off	1,600	02/14	33,600	21
Giant Food Stores	54,332	02/24	861,706	15
Perkasie Bank (Ground Lease)	3,500	02/24	90,000	

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

THE COLUMNS SHOPPING CENTER, JACKSON, TENNESSEE

We purchased Phase II of The Columns Shopping Center, containing 44,827 gross leasable square feet, for approximately $5,741,000. We previously purchased Phase I and Phase II containing 128,600 gross leasable square feet for approximately $20,770,000. The total shopping center contains 173,427 gross leasable square feet and is newly constructed. The center is located at 1300 Vann Drive in Jackson, Tennessee.

We purchased this property from an unaffiliated third party. Our total acquisition cost for Phase I, Phase II and Phase III was approximately $26,511,000. These amounts may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $153 per square foot of leasable space.

We purchased this property with our own funds. On November 4, 2004 and October 5, 2004, we obtained financing in the amount of $3,442,100 and $11,423,300, respectively. The loans require interest only payments at an annual rate of 4.95% and 4.91%, respectively, and mature in May 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Four tenants, Best Buy, Ross Dress for Less, Marshalls and Bed, Bath & Beyond, will lease more than 10% of the total gross leasable area of the property. The lease term will be determined in accordance with the tenant's commencement date. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Ter Beginning
Best Buy	30,000	17	16.00	08/03
			16.50	10/08
Ross Dress for Less	30,187	17	9.70	08/04
Marshalls	28,000	16	7.75	10/02
			8.10	11/08
Bed, Bath & Beyond	20,000	12	9.75	11/03

For federal income tax purposes, the depreciable basis in this property will be approximately $19,883,000. When we calculate depreciation expense for

tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

The Columns Shopping Center is newly constructed in 2003/2004. As of December 1, 2004, the property was 96% occupied, with a total 166,227 square feet leased to 15 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Bas Sq Per
Oreck Vacuums	1,600	11/08	1/5 yr.	24,800	
Dress Barn	7,700	12/08	3/5 yr.	102,795	
Books A Million	12,500	01/09	4/3 yr.	134,375	
Rack Room Shoes	6,000	03/09	3/5 yr.	85,500	
Spoil Me Rotten	2,000	03/09	-	31,000	
Grass Monkey	1,600	03/09	1/5 yr.	24,000	
Don Panchos Restaurant	4,000	04/09	1/5 yr.	60,000	
Wells Fargo	2,400	05/09	1/5 yr.	37,200	
Old Navy	14,800	10/09	2/5 yr.	186,480	
Rue 21	4,000	12/09	2/5 yr.	64,000	
Marshalls	28,000	10/13	3/5 yr.	217,000	
Best Buy	30,000	01/14	4/5 yr.	480,000	
Bed, Bath & Beyond	20,000	01/14	3/5 yr.	195,000	
Quizno's	1,600	03/14	2/5 yr.	28,800	
Ross Dress for Less	30,027	01/15	4/5 yr.	292,763	

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for

such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

MITCHELL RANCH PLAZA, NEW PORT RICHEY, FLORIDA

We purchased 200,404 square feet of a portion of a 324,108 square foot newly constructed shopping center known as Mitchell Ranch Plaza. The center is located at State Road 54 and Little Road in New Port Richey, Florida.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $34,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $170 per square foot of leasable space.

We purchased this property with our own funds. On September 2, 2004, we obtained financing in the amount of $18,700,000. The loan requires interest only payments at an annual rate of 4.53% and matures in October 2007.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Publix, Marshalls and Ross Dress for Less, each leases more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Publix	44,840	22	9.85	07/03	07/2
Marshalls	30,000	15	7.95	07/03	07/0
			8.45	08/08	07/1
Ross Dress for Less	30,176	15	9.75	07/03	01/0
			10.25	02/09	01/1

For federal income tax purposes, the depreciable basis in this property will be approximately $25,500,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Mitchell Ranch Plaza was constructed in 2003. As of December 1, 2004, this property was 95% occupied, with a total 190,404 square feet leased to 36 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Cruise Warehouse	900	09/06	1/3 yr.	18,228

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Pocket Change	1,200	09/06	-	26,400
Tampa Bay Insurance	900	09/06	1/3 yr.	16,656
Curves for Women	1,200	09/06	-	22,500
Vitamin Tree	1,200	10/06	-	22,800
Brazilian Tanning	1,800	11/06	-	32,856
Christian Boutique	1,200	06/07	-	22,800
Cottage Florist	1,200	06/07	-	22,212
Magic Touch Cleaners	900	08/08	1/5 yr.	22,800

La Bebe's Salon	900	08/08		16,428
Working Cow	1,200	09/08	1/5 yr.	22,200
Charles Pope Cellular	1,200	09/08	1/5 yr.	22,116
Payless Shoesource	2,400	09/08	3/5 yr.	60,000
Aspasia Nails	1,200	09/08	1/5 yr.	22,644
Christos	2,400	10/08	1/5 yr.	43,200
Great Clips	1,000	10/08	2/5 yr.	19,248
The UPS Store	1,200	10/08	1/5 yr.	21,600
Sally Beauty Supply	1,200	10/08	2/5 yr.	21,300
George Josef Salon	1,200	10/08	1/5 yr.	21,900
China Express	1,200	11/08	-	23,100
American Family Dentist	1,200	11/08	1/5 yr.	21,780
Carlucci's	3,600	12/08	1/5 yr.	64,800
VIP Martial Arts	4,050	01/09	1/5 yr.	67,836
EB Games	1,200	01/09	2/5 yr.	24,600
Hallmark Gold Crown	3,950	02/09	2/5 yr.	65,172
Beef O'Brady's	2,800	02/09	3/5 yr.	50,400
The Mattress Firm	3,000	02/09	2/5 yr.	72,300
Cingular Wireless	900	06/09	1/5 yr.	27,000
Trinity Spirits	3,950	07/09	1/5 yr.	63,590
Marshalls	30,000	07/13	3/5 yr.	238,500
Panera Bread	4,531	12/13	3/5 yr.	111,010
Ross Dress for Less	30,176	01/14	4/5 yr.	294,216
Pier 1 Imports	10,000	02/14	3/5 yr.	161,796
Starbucks	1,500	03/14	3/5 yr.	42,000
PETsMART	19,107	01/19	3/5 yr.	211,128
Publix	44,840	07/23	6/5 yr.	441,672

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

GOVERNOR'S MARKETPLACE SHOPPING CENTER, TALLAHASSEE, FLORIDA

We purchased a portion of an existing shopping center known as Governor's Marketplace Shopping Center, containing 265,541 gross leasable square feet. We purchased 231,915 square feet of the shopping center, which includes 3,800 square feet of ground lease space. The center is located on Governor's Square Boulevard, in Tallahassee, Florida.

We purchased this property from an unaffiliated third part with our own funds. Our total acquisition cost for the portion we purchased was approximately $32,654,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost for the portion we purchased was approximately $141 per square foot of leasable space.

On August 17, 2004, we obtained financing on the property in the amount of $20,625,000. The loan requires interest only payments at an annual rate of 5.185% and matures in September 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or

improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Bed Bath & Beyond, Sports Authority and Marshalls, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Te Beginning
Bed Bath & Beyond	35,000	15	10.50	06/01
			11.00	02/12
Sports Authority	34,775	15	0	08/03
			11.91	01/04
Marshalls	30,000	13	7.75	05/01
			8.25	06/06

For federal income tax purposes, the depreciable basis in this property will be approximately $24,491,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Governor's Marketplace was built in 2001. As of December 1, 2004, this property was 94% occupied, with a total 218,437 square feet leased to 19 tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Famous Footwear	10,070	07/06	2/5 yr.	156,085
Student Body	3,721	08/06	1/5 yr.	81,321

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Old Navy	20,000	09/06	2/5 yr.	230,000
Clark's Maytag	3,466	05/07	2/5 yr.	67,587
Life's Uniforms	1,217	06/07	1/5 yr.	26,774
Cingular Wireless	1,200	06/07	2/5 yr.	30,600
Sprint PCS	4,206	12/07	1/5 yr.	75,708
Sports Authority	34,775	08/08	5/5 yr.	414,170

Nextel Communications	1,443	09/08	1/5 yr.	36,075
ALLTEL	2,000	06/09	1/5 yr.	48,000
Michaels	23,965	02/11	4/5 yr.	251,633
Marshalls	30,000	05/11	2/5 yr.	232,500
Lifeway Christian	6,324	09/11	2/5 yr.	132,804
Atlanta Bread Company	4,000	11/11	2/5 yr.	94,520
Boston Market (Ground Lease)	3,800	11/12	4/5 yr.	60,000
David's Bridal	9,000	05/13	2/5 yr.	133,200
Petco	13,750	05/13	3/5 yr.	212,025
Bombay Company	8,500	08/13	1/5 yr.	208,250
Qdoba	2,000	04/14	2/5 yr.	42,000
Bed Bath & Beyond	35,000	01/17	3/5 yr.	367,500

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

MANCHESTER MEADOWS, TOWN AND COUNTRY, MISSOURI

We purchased an existing shopping center known as Manchester Meadows, containing 454,172 gross leasable square feet (which includes 3,412 square feet of ground lease space). The center is located at 13901 Manchester Road in Town and Country, Missouri.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $56,200,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $124 per square foot of leasable space.

We purchased this property with our own funds. On August 23, 2004, we obtained financing in the amount of $31,064,550. The loan requires interest only payments at an annual rate of 4.48% and matures in September 2007.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Wal-Mart and Home Depot, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease T Beginning
Wal-Mart	154,717	34	7.00	01/95

Home Depot	111,175	24	7.47	11/94

For federal income tax purposes, the depreciable basis in this property will be approximately $42,150,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years.

Manchester Meadows was built in 1994 and 1995. As of December 1, 2004, this property was 97% occupied, with a total 442,772 square feet leased to 20 tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Linens 'N Things	34,917	01/05	3/5 yr.	340,441
Sears Portrait Studio	2,123	03/05	-	39,063
3 Day Blinds	4,550	03/05	1/5 yr.	104,640
Payless Shoesource	3,000	05/05	1/5 yr.	55,200
HobbyTown USA	2,450	07/05	-	44,100
Boston Chicken (Ground Lease)	3,412	08/05	7/5 yr.	79,200
Chic Nails	1,400	05/06	-	28,000
Town & Country Tobacco	1,400	01/07	-	26,600
Fast Track Fitness	3,000	02/07	-	54,000
United States Postal Service	3,570	04/07	1/5 yr.	63,225
Cobblestone Shoe Repairs	1,400	04/07	-	27,300
99 Cent Only Store	3,000	04/07	1/5 yr.	49,500
Memories Unlimited	2,500	04/07	-	43,750
Home Decorators	15,000	12/07	2/3 yr.	247,500
Art & Frame	1,400	11/08	-	28,700
Great Clips	1,400	04/09	-	29,400
OfficeMax	23,920	11/09	3/5 yr.	251,160
PETsMART	27,438	03/10	5/5 yr.	240,083
The Sports Authority	40,500	11/14	10/5 yr.	324,000

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Wal-Mart	154,717	04/15	6/5 yr.	1,083,018
Home Depot	111,175	11/19	10/5 yr.	830,088

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not

exceed a specified amount.

THE VILLAGE SHOPPES AT SIMONTON, LAWRENCEVILLE, GEORGIA

We purchased a newly constructed shopping center known as The Village Shoppes at Simonton, containing 66,415 gross leasable square feet. The center is located at New Hope Road and Simonton Road in Lawrenceville, Georgia.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $13,750,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $207 per square foot of leasable space.

We purchased this property with our own funds. On September 30, 2004, we obtained financing in the amount of $7,561,700. The loan requires interest only payments at an annual rate of 4.96% and matures in October 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Publix, will lease more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Publix	44,271	67	10.95	05/04	05/24

For federal income tax purposes, the depreciable basis in this property will be approximately $10,312,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

The Village Shoppes at Simonton was newly constructed in 2004. As of December 1, 2004, this property was 87% occupied with a total of 58,015 square feet leased to ten tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Bas Per Fo An
Subway Real Estate Corp.	1,400	04/09	3/5 yr.	32,900	
Dollar Store	2,644	06/09	1/5 yr.	60,812	
World Dry Cleaners	1,500	07/09	1/5 yr.	42,000	

Pak Mail Center	1,400	07/09	1/5 yr.	35,000
Cummings Nails and Tanning	1,200	07/09	1/5 yr.	30,000
New China	1,400	07/09	1/5 yr.	32,200
Supercuts	1,400	08/09	1/5 yr.	33,600
Apex Beauty Supply	1,400	10/09	-	35,000
Pizza Hut of America	1,400	07/10	-	32,900
Publix	44,271	05/24	1/5 yr.	484,767

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

REISTERSTOWN ROAD PLAZA, BALTIMORE, MARYLAND

We entered into a joint venture agreement with the current owners of an existing shopping center known as Reisterstown Road Plaza, containing 779,047 gross leasable square feet. The center is located at 6500-6512 Reisterstown Road, Baltimore, Maryland.

We entered into a joint venture agreement with the current owners of this property, who are unaffiliated third parties. We made a capital contribution in the amount of $88,500,000 to this joint venture and received an equity interest representing a majority ownership and operating control of this joint venture.

We made our capital contribution to the joint venture with our own funds. On August 11, 2004, we obtained financing in the amount of $49,650,000. The loan requires interest only payments at an annual rate of 5.30% and matures September 2009. Through additional joint ventures, the joint venture partners may acquire additional properties, which would be managed by our joint venture partner.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Home Depot, Public Safety Service and National Wholesale Liquidators, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lea Beginni
Home Depot	115,289	15	5.20	11/02

	Approximate	% of	Base Rent Per

Lessee	GLA Leased (Sq. Ft.)	Total GLA	Square Foot Per Annum ($)	Lea Beginni
Public Safety Service	107,705	14	12.00	01/98
National Wholesale Liquidators	91,129	12	4.00	05/00

For federal income tax purposes, the depreciable basis in this property will be approximately $66,375,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Reisterstown Road Plaza was built in 1986 and renovated in 2004. As of December 1, 2004, this property was 93% occupied, with a total 729,559 square feet leased to 75 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
African Art and Craft	222	Month-to-Month		10,800
Shingar	2,250	09/04		41,333
Fragrance Galore	225	12/04	-	7,200
Perfumery International, Inc.	200	01/05	-	16,000
Injury Treatment Center	3,501	03/05	-	50,660
Hip Hop One Stop	283	06/05	-	10,800
Baltimore City Community College (BCCC)	14,620	05/06	2/5 yr.	189,329
Royal Gems & Jewelry	330	09/06	-	14,190
Time and More	787	09/06		13,757
Changes	4,500	09/06	-	28,176
Burlington Coat Factory	60,000	10/06	-	330,000
Gifts and Balloons	238	12/06	-	12,000
Avenue	5,000	01/07	-	71,250
Popeyes	3,523	01/07	2/5 yr.	59,891
Bank of America	5,250	01/07	-	77,976
Payless Shoesource	4,985	07/07		43,519
Sally Beauty Supply	1,500	11/07	-	27,000
Power Gamer	1,902	12/07	-	31,954
Nuvo	2,017	12/07	-	25,213
Furniture Palace	39,243	12/07	-	247,231
Accent Hair	1,690	01/08	-	36,558
Rent-A-Center	4,300	01/08	1/5 yr.	73,100
Juvenile Justice	7,291	01/08	1/5 yr.	98,428
Revelations Shoe Shop	845	03/08	-	11,314
Jackson Hewitt Tax Service	1,217	04/08	1/5 yr.	30,425

	Approximate			Current

Lessee	GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Annual Rent ($)
Gallo	5,000	04/08	-	42,790
Vogue Hair Supply	1,050	05/08		20,066
Park West Medical	7,646	06/08	-	92,229
Thai Delight	588	08/08		18,346
Economy Shoes	3,293	09/08	2/5 yr.	32,930
Vital Records	11,500	11/08	1/5 yr.	154,675
Sepia Sand & Sable	1,267	12/08		20,880
Shoe Crazy	4,655	02/09	-	93,100
An Angel's Touch	1,598	02/09	-	19,751
Board of Nursing	15,232	02/09		195,731
Dollar City	5,181	04/09	-	51,810
Curves For Women	1,600	06/09	-	22,400
His and Hers	3,478	06/09	1/5 yr.	76,516
The Great Cookie	751	06/09	1/5 yr.	14,344
Chic Nails	839	08/09	1/5 yr.	18,668
New Direction Barber Shop	1,086	10/09		23,653
Gold Lagoon	839	03/10	-	13,827
Provident Bank	2,593	11/10	-	57,046
National Wholesale Liquidators	91,314	01/11	6/5 yr.	365,256
Public Safety Service	107,705	04/11		1,292,400
Household Finance	2,476	07/11	1/5 yr.	71,185
Subway	250	05/12	-	27,000
Beauty Vision	2,184	07/12		33,852
All Eyes	1,857	07/12	-	29,545
Plaza Podiatry	1,964	08/12	-	39,280
DHMN State (BCCC)	23,250	10/12		290,625
Mattress Warehouse	4,000	11/12	2/5 yr.	76,000
Mall Spirits	2,236	01/13		27,637
Footlocker	3,000	03/13	-	54,000
Square Circle	651	03/13	1/5 yr.	10,416
K's Alterations	500	03/13	-	15,750
Cobblers And Cleaners	1,374	04/13	-	27,480
Social Security Administration	14,885	07/13		145,873
Evergreen Cafe	835	07/13	-	26,052
Sausage Plus	386	07/13	-	8,747
Steak Busters	813	07/13		32,520
Harbor City Bake Shop	1,061	07/13	-	26,483
Blackstone Men's Wear	3,540	07/13		46,020
Lot Stores	5,500	08/13	2/5 yr.	34,678
Pick-A-Pretzel	318	07/13	-	8,268
Burgundy Park Seafood	544	07/13	-	26,895
Total Health Center	1,050	09/13		15,750
Metro II	1,453	10/13		23,528
Shoe City	6,740	01/14	3/5 yr.	90,000

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)

Marshalls	28,500	04/14	3/5 yr.	299,250
Original Mamma Lucia	1,695	05/14		59,325
Baltimore City Community College WBJC Radio Station	5,010	06/14		64,629
Applebee's Neighborhood Grill & Bar	6,000	02/18	3/5 yr.	88,020
Giant	59,064	07/29	6/5 yr.	1,004,088
Home Depot	115,289	01/33	6/5 yr.	600,000

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

WAL-MART SUPERCENTER, JONESBORO, ARKANSAS

We purchased an existing freestanding retail center known as Wal-Mart Supercenter, containing 149,704 gross leasable square feet. The center is located at 1911 West Parker Road in Jonesboro, Arkansas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $11,071,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $74 per square foot of leasable space.

We purchased this property with our own funds. On August 6, 2004, we obtained financing in the amount of $6,088,500. The loan requires interest only payments at an annual rate of 5.085% and matures September 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Wal-Mart Supercenter, will lease 100% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)	Renewal Options	B
Wal-Mart Supercenter	149,704	100	808,402	5.40	5/5 yr.	

For federal income tax purposes, the depreciable basis in this property will be approximately $8,303,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

ACADEMY SPORTS & OUTDOORS, HOUMA, LOUISIANA

We purchased a newly constructed freestanding retail center known as Academy Sports & Outdoors, containing 60,001 gross leasable square feet. The center is located at 1777 Martin Luther King Boulevard in Houma, Louisiana.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $5,250,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $88 per square foot of leasable space.

We purchased this property with our own funds. On August 4, 2004, we obtained financing for this property in the amount of $2,920,000. The loan requires interest only payments at an annual rate of 5.12% and matures September 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Academy Sports & Outdoors, will lease 100% of the total gross leasable area of the property. The lease term will be determined in accordance with the tenant's commencement date. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)	Renewal Options
Academy Sports & Outdoors	60,001	100	420,000	7.00 7.70	4/5 yr.

For federal income tax purposes, the depreciable basis in this property will be approximately $3,937,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

FORKS TOWN CENTER, EASTON, PENNSYLVANIA

We purchased an existing shopping center known as Forks Town Center, containing 92,660 gross leasable square feet (which includes 5,100 square feet of ground lease space). The center is located at 301 Town Center Boulevard in Easton, Pennsylvania.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $18,198,700. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $196 per square foot of leasable space.

We purchased this property with our own funds. On August 13, 2004, we

obtained financing in the amount of $10,395,000. The loan requires interest only payments at an annual rate of 4.97% and matures August 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Giant Food Stores, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	
Giant Food Stores	54,300	59	16.04	08/02	08
			17.04	09/12	08
			18.04	09/17	08

For federal income tax purposes, the depreciable basis in this property will be approximately $13,649,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Forks Town Center was built in 2002. As of December 1, 2004, this property was 96% occupied, with a total 88,660 square feet leased to 14 tenants and ground lease space leased to two tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
H & R Block	1,600	04/06	1/3 yr.	30,400
Holiday Hair	1,600	08/07	-	33,600
Movie Gallery	3,200	08/07	3/5 yr.	44,800
Something Different	1,600	10/07	1/5 yr.	32,000
Subway	1,600	11/07	1/5 yr.	28,800
Vista Bank United Trust	2,500	12/07	3/5 yr.	50,000
Hollywood Tans	2,400	02/08	1/5 yr.	49,416
PL Nails	1,200	04/08	1/5 yr.	21,600
China Moon	3,200	04/08	1/5 yr.	48,000
D & J Cleaners	1,200	11/08	1/5 yr.	19,200
Data Danz Wireless	1,360	03/09	-	20,400
Foxes Hallmark	5,400	02/10	2/5 yr.	129,600
Catanzaretti's Pizza	2,400	08/12	-	43,200
Giant Food Stores	54,300	01/23	8/5 yr.	870,972

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Giant Gas Station (Ground Lease)	2,400	01/23	8/5 yr.	12,500
Dunkin Donuts (Ground Lease)	2,700	08/13	3/5 yr. & 1/4 yr.	40,000

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PLAZA AT MARYSVILLE, MARYSVILLE, WASHINGTON

We purchased an existing shopping center known as Plaza at Marysville, containing 115,656 gross leasable square feet and one ground lease space. The center is located at State Avenue and Grove Street, in Marysville, Washington.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $21,266,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $184 per square foot of leasable space.

We purchased this property with our own funds. On July 30, 2004, we obtained financing in the amount of $11,800,000. The loan requires interest only payments at an annual rate of 5.085% and matures August 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Safeway, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning
Safeway	53,850	47	11.00	07/01

For federal income tax purposes, the depreciable basis in this property will be approximately $15,950,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Plaza at Marysville was built in 1995. As of December 1, 2004, this property was 95% occupied, with a total 110,356 square feet leased to 24 tenants and one ground lease space. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Alderwood Auto Glass	1,500	07/05	-	20,112	13.41
Northwest Credit Union	1,300	11/05	1/2 yr.	25,350	19.50
Supercuts	1,300	11/05	2/5 yr.	24,696	19.00
GNC	1,422	01/06	-	25,344	17.82
Marysville Daycare	7,345	01/06	-	97,321	13.25
Alta's Pet Gallery	3,375	05/06	1/5 yr.	45,563	13.50
Papa Murphy's	1,300	07/06	1/5 yr.	26,004	20.00
Safeway District Office	901	07/06	2/5 yr.	12,468	13.84
Mail Box Junction	904	09/06	-	17,176	19.00
Alpha Denture Clinic	904	10/06	-	17,172	19.00
Hi-Tek Nails	863	11/06	1/5 yr.	18,120	21.00
Play It Again Sports	3,000	11/06	1/5 yr.	50,720	16.91
Fowlds Cleaners	1,500	12/06	1/5 yr.	24,000	16.00
Sally Beauty Supplies	1,300	01/07	1/5 yr.	24,696	19.00
The Everett Clinic	1,200	03/07	-	24,600	20.50
Cigar Land	1,050	03/07	1/5 yr.	22,281	21.22
Check into Cash	1,546	07/07	1/3 yr.	30,920	20.00
Edward Jones	1,500	07/08	1/5 yr.	27,750	18.50
Rent-A-Center	3,961	09/08	-	51,492	13.00
The Sun Factory	1,803	09/08	1/5 yr.	32,454	18.00
Hollywood Video	6,540	07/09	2/5 yr.	110,363	16.88
Party City	7,992	01/10	2/5 yr.	107,892	13.50
Safeway Fuel Site (Ground Lease)	N/A	07/11	10/5 yr.	50,000	N/A
Home Street Bank	4,000	12/20	-	80,004	20.00
Safeway	53,850	07/21	8/5 yr.	592,356	11.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

WRANGLER COMPANY, WESTERN HEADQUARTERS AND DISTRIBUTION FACILITY, EL PASO, TEXAS

We purchased an existing freestanding office and distribution center leased to Wrangler Company, containing 316,800 gross leasable square feet. The center is located at 12173 Rojas Drive in El Paso, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $18,476,800. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $58 per square foot of leasable space.

We purchased this property with our own funds. On July 26, 2004, we obtained financing in the amount of $11,300,000. The loan requires interest only payments at an annual rate of 5.09% and matures August 2034.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Wrangler Company, will lease 100% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)	Renewal Options	Lease Term Beginning
Wrangler Company	316,800	100	1,504,800	4.75	3/7 yr.	11/93

For federal income tax purposes, the depreciable basis in this property will be approximately $13,858,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

GATEWAY PLAZA SHOPPING CENTER, SOUTHLAKE, TEXAS

We purchased an existing shopping center known as Gateway Plaza Shopping Center, containing 358,091 gross leasable square feet (which includes 87,423 square feet of ground lease space). The center is located on State Highway 114 and Southlake Boulevard, in Southlake, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $33,025,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $92 per square foot of leasable space.

We purchased this property with our own funds. On September 1, 2004, we obtained financing in the amount of $18,163,000. The loan requires interest only payments at an annual rate of 5.10% and matures in August 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Kohl's, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Kohl's*	87,423	24	N/A	08/00	01/21

* Ground Lease

For federal income tax purposes, the depreciable basis in this property will be approximately $24,769,000. When we calculate depreciation expense for tax purposes, we will use the straight-line

method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Gateway Plaza Shopping Center was built in 2000. As of December 1, 2004, this property was 93% occupied, with a total 334,030 square feet leased to 25 tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Cool Cuts for Kids	1,194	09/05	1/5 yr.	28,656	24.00
Old Navy	25,000	09/05	3/5 yr.	225,000	9.00
Mattress Firm	4,008	09/05	2/5 yr.	88,176	22.00
Rack Room	7,996	09/05	2/5 yr.	147,926	18.50
Carpet Mills of America	3,493	11/05	1/5 yr.	76,846	22.00
Dress Barn	8,127	12/05	3/5 yr.	121,905	15.00
Baker Brothers	3,000	12/05	-	75,000	25.00
Calico Corners	5,278	12/05	2/5 yr.	126,672	24.00
Chipotle Mexican Grill	2,432	12/05	3/5 yr.	59,025	24.27
Fitness Headquarters	2,500	01/06	2/5 yr.	62,500	25.00
Home Theater Store	6,000	02/08	1/6 mo.	156,000	26.00
Shogun Sushi	4,253	05/09	2/5 yr.	114,831	27.00
Bassett Furniture	10,200	07/09	2/5 yr.	98,124	9.62
Michaels	23,428	02/10	4/5 yr.	257,708	11.00
T.J. Maxx	30,600	08/10	3/5 yr.	267,750	8.75
Ultra Cosmetics & Salon	11,250	10/10	3/5 yr.	202,500	18.00
Thomasville Home Furniture	18,615	12/10	2/5 yr.	252,792	13.58
Bed Bath & Beyond	30,000	01/11	4/5 yr.	330,000	11.00
Anamia's Tex-Mex	5,058	02/11	2/5 yr.	126,450	25.00
Aaron Brothers Art & Frame	6,500	02/11	2/5 yr.	143,000	22.00
Starbucks	1,830	03/11	2/5 yr.	54,900	30.00
Pearle Vision	3,027	10/12	2/5 yr.	71,437	23.60
Zales	3,587	11/13	3/5 yr.	60,979	17.00
OfficeMax	23,801	01/16	4/5 yr.	261,250	10.98
Bank of America	5,430	12/20	3/5 yr.	190,000	34.99
Kohl's (Ground Lease)	87,423	01/21	6/5 yr.	502,187	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

WAL-MART SUPERCENTER, BLYTHEVILLE, ARKANSAS

We purchased an existing retail store known as Wal-Mart Supercenter, containing 183,047 gross leasable square feet. The store is located at 3700 Highway 18, in Blytheville, Arkansas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $13,248,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $72 per square foot of leasable space.

We purchased this property with our own funds. On August 31, 2004, we obtained financing in the amount of $7,100,000. The loan requires interest only payments at an annual rate of 4.39% and matures in September 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Wal-Mart Supercenter, leases 100% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)	Renewal Options	Lease Ter Beginning
Wal-Mart Supercenter	183,047	100	902,422	4.93	6/5 yr.	04/99

For federal income tax purposes, the depreciable basis in this property will be approximately $9,701,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

GATEWAY VILLAGE, ANNAPOLIS, MARYLAND

We entered into a joint venture agreement with the current owners of an existing shopping center known as Gateway Village, containing 273,788 gross leasable square feet. The center is located at Housley Road and Defense Highway in Annapolis, Maryland.

We entered into a joint venture agreement with the current owners of this property who are unaffiliated third parties. We made a capital contribution in the amount of $49,513,455 to this joint venture and received an equity interest representing a majority ownership and operating control of this joint venture.

We made our capital contribution to the joint venture with our own funds. On July 21, 2004, we obtained financing in the form of two loans totaling

$31,458,000. The first loan requires interest only payments on $27,233,000 at an annual rate of the three month LIBOR Rate and 113 basis points and matures July 2009. The second loan requires interest only payments on $4,225,000 at an annual interest rate of the three month LIBOR Rate and 200 basis points and matures August 2005. Through additional joint ventures, the joint venture partners may acquire additional properties, which would be managed by our joint venture partner.

Three tenants, Safeway, Burlington Coat Factory and Best Buy, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Safeway	53,000	19	10.00	07/02	06/22
Burlington Coat Factory	68,400	25	6.00	03/99	02/04
			6.29	03/04	02/09
Best Buy	58,000	21	16.00	04/96	04/01
			17.00	05/01	04/06
			18.00	05/06	04/11

For federal income tax purposes, the depreciable basis in this property will be approximately $37,135,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Gateway Village was built in 1996. As of December 1, 2004, this property was 96% occupied, with a total 261,807 square feet leased to 14 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Big Screen Store	3,525	10/05	2/5 yr.	88,125	25.00
Career Partners	1,600	02/06	1/5 yr.	36,716	22.95
Chesapeake Open MRI	3,000	04/06	1/5 yr.	72,120	24.04
Annapolis Hair	6,400	03/07	-	95,155	14.87
US Army	2,877	04/07	1/1 yr.	63,294	22.00
Standard Carpet	3,975	08/07	1/5 yr.	113,279	28.50
Burlington Coat Factory	68,400	02/09	4/5 yr.	430,543	6.29
Jenny Craig	3,200	03/09	1/5 yr.	51,200	16.00
Best Buy	58,000	04/11	3/5 yr.	986,000	17.00
Staples	24,491	08/11	3/5 yr.	404,101	16.50
Sakura	4,600	12/11	2/5 yr.	82,800	18.00
PETsMART	25,416	01/12	5/5 yr.	419,364	16.50

Safeway	53,000	06/22	6/5 yr.	530,000	10.00
Beneficial Maryland	3,323	Month-to-Month	-	63,137	19.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

TOWSON CIRCLE, TOWSON, MARYLAND

We entered into a joint venture agreement with the current owners of an existing shopping center known as Towson Circle, containing 116,119 gross leasable square feet of which 40,060 is a ground lease. The center is located at York, Dulaney Valley and Joppa Roads, in Towson, Maryland.

We entered into a joint venture agreement with the current owners of this property, who are unaffiliated third parties. We made a capital contribution in the amount of $28,450,000 to this joint venture and received an equity interest representing a majority ownership and operating control of this joint venture.

We made our capital contribution to the joint venture with our own funds. On July 21, 2004, we obtained financing in the form of two loans totaling $19,197,500. The first loan requires interest only payments on $15,647,500 at an annual rate of 5.10% and matures July 2009. The second loan requires interest only payments on $3,550,000 at an annual rate of 3.60% for the first ninety days and thereafter at the three month LIBOR Rate and 200 basis points. The loan matures August 2005. Through additional joint ventures, the joint venture partners may acquire additional properties, which would be managed by our joint venture partner.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Four tenants, Barnes & Noble, Trader Joe's East, Bally Total Fitness and Pier 1 Imports, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Barnes & Noble (Ground Lease)	31,222	27	20.42	11/98	01/
Trader Joe's East	11,875	10	*	09/00	09/
Bally Total Fitness	21,713	19	20.50	12/99	12/
			21.50	01/05	12/
			22.50	01/10	12/

Pier 1 Imports	12,252	10	17.06	12/98	12/
			19.62	01/04	12/

* This tenant's lease requires payment of percentage rent only on a monthly basis.

For federal income tax purposes, the depreciable basis in this property will be approximately $21,338,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Towson Circle was built in 1998. As of December 1, 2004, this property was 92% occupied, with a total 106,374 square feet leased to ten tenants and two ground lease tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Mattress Discounters	2,518	05/05	1/5 yr.	62,950	25.00
T-Mobile	1,996	09/05	5/1 yr.	53,916	27.01
Hollywood Tanning System	2,087	09/07	1/5 yr.	55,352	26.52
Nextel	400	03/08	1/5 yr.	24,720	61.80
Sprint PCS	3,128	11/08	-	86,250	27.57
Pier 1 Imports	12,252	12/08	2/5 yr.	240,350	19.62
Storehouse, Inc.	6,345	09/09	-	170,681	26.90
Country Curtains	4,000	07/10	1/5 yr.	80,000	20.00
Trader Joe's East	11,875	09/10	2/5 yr.	*	N/A
Barnes & Noble (Ground Lease)	31,222	01/14	3/5 yr.	637,553	N/A
Bally Total Fitness	21,713	12/14	2/5 yr.	445,116	20.50
Bahama Breeze Restaurant (Ground Lease)	8,838	09/18	3/5 yr.	238,336	N/A

* This tenant's lease requires payment of percentage rent only on a monthly basis.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

TOLLGATE MARKETPLACE, BEL AIR, MARYLAND

We entered into a joint venture agreement with the current owners of an existing shopping center known as Tollgate Marketplace, containing 392,587 gross leasable square feet. The center is located at Route 24 and Route 1, in Bel Air, Maryland.

We entered into a joint venture agreement with the current owners of this property, who are unaffiliated third parties. We made a capital contribution in the amount of $72,300,000 to this joint venture and received an

equity interest representing a majority ownership and operating control of this joint venture.

We made our capital contribution to the joint venture with our own funds. On July 21, 2004, we obtained financing in the amount of $39,765,000. The loan requires interest only payments at an annual rate of 2.80% for the first ninety days and thereafter at the three month LIBOR Rate and 120 basis points. The loan matures July 2009. Through additional joint ventures, the joint venture partners may acquire additional properties, which would be managed by our joint venture partner.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Giant Food and Jo Ann Fabrics, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Giant Food	40,400	10	4.36	11/79	10/09
Jo Ann Fabrics	46,000	12	11.00	07/98	01/09

For federal income tax purposes, the depreciable basis in this property will be approximately $54,225,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Tollgate Marketplace was built in 1979 and renovated in 1994. As of December 1, 2004, this property was 100% occupied, with a total 392,587 square feet leased to 34 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
T.J. Maxx	27,769	03/05	-	242,978	8.75
Sylvan Learning Center	3,900	06/05	1/5 yr.	75,335	19.32
AT & T Wireless	2,000	09/05	1/5 yr.	63,999	32.00
Carvel Ice Cream	1,250	10/05	1/5 yr.	32,500	26.00
Foto Image 1 Hour	1,600	11/05	-	35,200	22.00
Outback Steakhouse	6,200	12/05	3/5 yr.	77,000	12.42
Factory Card Outlet	11,500	12/05	2/5 yr.	149,500	13.00
Dubinclipped	1,230	06/06	2/5 yr.	33,495	27.23
Rockway Bedding	3,200	08/06	1/5 yr.	70,400	22.00

Starbucks Coffee	1,200	09/06	2/5 yr.	33,732	28.11
Hollywood Tanning System	3,000	03/07	1/5 yr.	89,115	29.71
Only Nails	1,230	06/07	1/5 yr.	39,147	31.83
Standard Carpet	3,500	07/07	1/5 yr.	92,829	26.52
Rack Room Shoes	6,980	11/07	1/5 yr.	127,385	18.25
JoAnn Fabrics	46,000	01/09	3/5 yr.	506,000	11.00
Red Lobster	8,355	01/09	3/5 yr.	78,750	9.43
Giant Food	40,400	10/09	3/5 yr.	176,341	4.36
Boston Markets	5,200	12/09	-	95,000	18.27
Staples	20,285	12/09	3/5 yr.	303,260	14.95
Toys "R" Us	30,000	11/10	10/5 yr.	137,499	4.58
TGI Fridays	7,041	12/10	4/5 yr.	151,381	21.50
Petco	12,000	01/11	2/5 yr.	222,000	18.50
The Men's Wearhouse	6,906	02/11	2/5 yr.	151,932	22.00
Pier 1 Imports	9,920	02/11	2/5 yr.	200,681	20.23
Joo Dry Cleaners	1,500	03/11	-	31,827	21.22
Sakura	5,380	06/11	2/5 yr.	114,648	21.31
Barnes & Noble Superstores	23,115	01/12	3/5 yr.	369,840	16.00
Michaels	35,000	01/12	3/5 yr.	349,999	10.00
Baja Fresh	3,000	04/12	2/5 yr.	84,000	28.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
First Union Bank	6,050	10/12	2/5 yr.	138,000	22.81
Bassett Furniture	14,144	12/13	2/5 yr.	169,728	12.00
Tollgate Liquors	4,282	05/14	10/1 yr.	51,384	12.00
Pizzeria Uno's	6,360	11/14	4/5 yr.	84,700	13.32
Circuit City	33,090	11/15	4/5 yr.	390,828	11.81

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

DORMAN CENTER, SPARTANBURG, SOUTH CAROLINA

We purchased the second phase of Dorman Center, containing 37,200 gross leasable square feet for approximately $7,082,000. We acquired the first phase of Dorman Center, containing 350,867 gross leasable square feet on March 4, 2004 for approximately $43,118,000. The center is located at Blackstock Road and W.L. Ezell Road, in Spartanburg, South Carolina.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $50,200,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $123 per square foot of leasable space for Phase I and $190 for per square foot of leasable space for Phase II.

We purchased this property with our own funds. On April 20, 2004, we

obtained financing in the amount of $27,610,000. The loan requires interest only payments at an annual rate of 4.18% and matures May 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Wal-Mart Supercenter, leases more than 10% of the combined total gross leasable area of the Phase I and Phase II properties. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Wal-Mart Supercenter	219,622	57	7.45	08/03	08/23

For federal income tax purposes, the total depreciable basis in this property will be approximately $37,650,000. When we calculate depreciation expense for tax purposes, we will use the straight-line

method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Dorman Center Phase I was built in 2003 and Dorman Center Phase II was newly constructed in 2004. As of December 1, 2004, this property was 97% occupied, with a total 377,467 square feet leased to 26 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
DORMAN CENTER I					
Happy Nails	2,000	08/06	1/3 yr.	38,000	19.00
Pilgrim's Pathway	2,000	09/06	1/3 yr.	32,000	16.00
Alltel	2,500	09/06	2/3 yr.	45,000	18.00
Payless Shoesource	2,800	08/08	3/5 yr.	47,600	17.00
Your Dollar Store	5,000	08/08	2/5 yr.	77,500	15.50
JD's Fashion	3,500	08/08	1/5 yr.	63,000	18.00
Lee Jewelers	1,700	09/08	2/5 yr.	33,150	19.50
Catherine's	4,000	09/08	3/5 yr.	69,000	17.25
Super Tans	2,500	10/08	2/3 yr.	42,500	17.00
Grand China Buffet	6,000	11/08	4/5 yr.	78,000	13.00
Pier 1 Imports	10,800	07/13	3/5 yr.	199,800	18.50
Michaels	23,758	09/13	4/5 yr.	249,459	10.50
McAllister's Deli	4,000	10/13	2/5 yr.	66,000	16.50
Moe's Southwestern	3,000	01/14	2/5 yr.	45,000	15.00

Linens 'N Things	25,000	01/14	3/5 yr.	252,050	10.08
Ross Dress for Less	30,187	01/14	4/5 yr.	332,057	11.00
Wal-Mart Supercenter	219,622	08/23	15/5 yr. & 1/4 yr.	1,636,184	7.45
DORMAN CENTER II					
American Cash Advance	1,400	04/07	1/3 yr.	24,500	17.50
Cingular Wireless	1,600	05/07	2/2 yr.	28,000	17.50
Aim Mail Center	1,600	06/09	-	28,000	17.50
Sally Beauty Supply	1,400	04/09	2/5 yr.	25,200	18.00
Cost Cutters	1,400	05/09	1/5 yr.	25,900	18.50
American's Home Place	3,500	06/09	2/3 yr.	57,225	16.35
America's Best	3,000	07/09	1/5 yr.	46,500	15.50
Italian Pie	3,200	07/14	2/5 yr.	52,800	16.50
Shoe Carnival	12,000	03/14	2/5 yr.	156,000	13.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

CRANBERRY SQUARE, CRANBERRY TOWNSHIP, PENNSYLVANIA

We purchased an existing shopping center known as Cranberry Square, containing 195,566 gross leasable square feet. The center is located on U.S. Route 19 in Cranberry Township, Pennsylvania.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $20,220,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $103 per square foot of leasable space.

We purchased this property with our own funds. On July 16, 2004, we obtained financing for this property in the amount of $10,900,000. The loan requires interest only payments at an annual rate of 4.975% and matures August 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

All five tenants, Barnes & Noble, Dick's Sporting Goods, Best Buy, OfficeMax and Toys "R" Us, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To

Barnes & Noble	25,200	13	12.50	11/96	10/06
			15.00	11/06	10/11
Dick's Sporting Goods	50,000	26	10.25	02/97	01/12
Best Buy	37,005	19	12.25	11/02	01/08
			13.25	02/08	01/13
OfficeMax	23,380	12	10.10	10/96	09/01
			10.60	10/01	09/06
			10.80	10/06	09/11
Toys "R" Us	45,000	23	3.78	11/96	01/07
			4.16	02/07	01/12

For federal income tax purposes, the depreciable basis in this property will be approximately $15,165,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Cranberry Square was built in 1996. As of December 1, 2004, this property was 92% occupied, with a total 180,585 square feet leased to five tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
OfficeMax	23,380	09/11	3/5 yr.	247,828	10.60
Barnes & Noble	25,200	10/11	2/5 yr.	315,000	12.50
Toys "R" Us	45,000	01/12	6/5 yr.	170,100	3.78
Dick's Sporting Goods	50,000	01/12	3/5 yr.	512,500	10.25
Best Buy	37,005	01/13	4/5 yr.	453,311	12.25

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

KOHL'S/WILSHIRE PLAZA III, KANSAS CITY, MISSOURI

We finalized our purchase of 88,248 gross leasable square feet of a newly constructed single tenant space that is part of a shopping center known as Wilshire Plaza III. The center is located at I-35 and Highway 152 in Kansas City, Missouri.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $10,099,050. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $114 per square foot of leasable space.

On November 17, 2004, we obtained financing in the amount of $5,417,500. The loan requires interest only payments at an annual rate of 5.12% and matures

in December 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Kohl's, leases 100% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)	Renewal Options	Lease Ter Beginning
Kohl's	88,248	100	738,396	8.37	6/5 yr.	10/04
			782,760	8.87		11/14

For federal income tax purposes, the depreciable basis in this property will be approximately $7,574,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

SHOPPES OF DALLAS, DALLAS, GEORGIA

We purchased a newly constructed shopping center known as Shoppes of Dallas, containing 70,610 gross leasable square feet. The center is located at Highway 381 and East Paulding Drive, in Dallas, Georgia.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $13,052,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $185 per square foot of leasable space.

We purchased this property with our own funds. On September 30, 2004, we obtained financing in the amount of $7,178,700. The loan requires interest only payments at an annual rate of 4.96% and matures in April 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Publix, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To

Publix	44,840	64	10.25	03/04	03/24

For federal income tax purposes, the depreciable basis in this property will be approximately $9,789,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Shoppes of Dallas was newly constructed in 2004. The property is currently in a leasing up phase and certain tenants have executed leases for retail space within the shopping center. As of December 1, 2004, this property was 86% occupied, with a total of 61,010 square feet leased to 12 tenants. In addition, the seller is funding the shortfall rent for certain tenants until the space is occupied. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Creative Tan	1,200	04/07	1/3 yr.	24,000	20.00
Ladies Fitness Express	1,200	04/07	1/3 yr.	19,800	16.50
West Georgia Wireless	900	04/07	1/3 yr.	15,300	17.00
Evan Blake Salon	1,200	04/07	1/3 yr.	21,000	17.00
Dollar Train	2,100	06/07	1/3 yr.	36,750	17.50
USA Nails	1,200	03/09	2/5 yr.	28,800	24.00
Great Clips	1,200	04/09	2/5 yr.	26,400	22.00
China Fun	1,200	05/09	2/5 yr.	25,200	21.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Dry Clean USA	1,200	06/09	2/5 yr.	28,800	24.00
Subway	1,200	07/09	2/5 yr.	22,800	19.00
Beef O' Brady's	3,570	08/09	-	80,325	22.50
Publix	44,840	03/24	6/5 yr.	459,600	10.25

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

THE SHOPS AT BOARDWALK, KANSAS CITY, MISSOURI

We purchased a newly constructed shopping center known as The Shops at

Boardwalk, containing 122,916 gross leasable square feet. The center is located at North Boardwalk Avenue and Ambassador Drive in Kansas City, Missouri.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $36,642,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $298 per square foot of leasable space.

We purchased this property with our own funds. On July 2, 2004, we obtained financing in the amount of $20,150,000. The loan requires interest only payments at an annual rate of 4.13% and matures August 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Borders Books, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Borders Books	19,000	16	13.95	09/02	08/08
			14.65	09/08	08/13
			15.38	09/13	08/18
			16.11	09/18	01/24

For federal income tax purposes, the depreciable basis in this property will be approximately $27,500,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

The Shops at Boardwalk was newly constructed during 2003 and 2004. The property is currently in a leasing up phase and certain tenants have executed leases for retail space within the shopping center. In addition, the seller is funding the shortfall rent for certain tenants until the space is occupied. As of December 1, 2004, this property was 81% occupied, with a total of 99,881 square feet leased to 24 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Square Foo Annum (
Coldwater Creek*	4,620	Month-to-Month	2/5 yr.	110,808	24.00
Nextel Communications	2,004	05/08	2/5 yr.	54,108	27.00
Electronic Boutique	2,195	06/08	1/5 yr.	60,582	27.60

Chicos	2,735	07/08	2/5 yr.	68,375	25.00
Planet Sub	3,147	07/08	1/3 yr. & 1/2 yr.	84,969	27.00
Jos. A. Banks	4,200	08/08	1/5 yr.	92,400	22.00
Claire's Boutique	1,200	08/08	2/2 yr.	36,000	30.00
Maurices	3,781	08/08	2/3 yr.	94,525	25.00
Noggin Noodle	2,390	10/08	1/5 yr.	62,140	26.00
Select Comfort	2,158	12/08	1/3 yr. & 1/2 yr.	64,740	30.00
Archivers	5,957	01/09	1/5 yr.	119,140	20.00
2nd Swing	3,580	04/09	1/10 yr.	93,080	26.00
Hallmark	3,477	05/09	2/5 yr.	71,279	20.50
Trade Secrets	2,763	08/09	1/5 yr.	74,601	27.00
J. Jill	4,040	07/13	-	121,200	30.00
Chipolte Mexican Grill	2,801	07/13	2/5 yr.	78,428	28.00
Yankee Candle	2,000	07/13	1/5 yr.	50,000	25.00
Red Star Tavern	7,200	08/13	2/5 yr.	209,061	29.00
Christopher & Banks	3,500	08/13	-	91,000	26.00
Kirklands	4,915	01/14	-	108,130	22.00
Payless Shoesource	3,294	04/14	2/4 yr.	88,938	27.00
Genghis Khan	4,423	05/14	2/5 yr.	88,460	20.00
Talbots	4,501	01/16	2/4 yr.	117,026	26.00
Borders Books	19,000	01/24	4/5 yr.	265,050	13.95

* Renewal negotiations in progress

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

SHOPPES OF PROMINENCE POINT, CANTON, GEORGIA

We purchased a newly constructed shopping center known as Shoppes of Prominence Point, containing 78,058 gross leasable square feet. The center is located at Interstate 575 and State Route 5, in Canton, Georgia.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $15,155,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $194 per square foot of leasable space.

We purchased this property with our own funds. On August 13, 2004, we obtained financing in the amount of $9,954,300. The loan requires interest only payments at an annual rate of 5.235% and matures September 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Publix, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	Lease Term To
Publix	44,840	57	10.80	03/04	03/24

For federal income tax purposes, the depreciable basis in this property will be approximately $11,366,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Shoppes of Prominence Point was newly constructed in 2004. As of December 1, 2004, this property was 91% occupied, with a total of 70,758 square feet leased to 15 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Pe Annum ($)
World Wireless	1,050	03/07	1/3 yr.	21,000	20.00
World Dollar Store	1,610	04/07	1/3 yr.	30,590	19.00
Curves	1,400	04/07	1/3 yr.	27,300	19.50
Prominence Chiropractic	1,400	05/07	1/3 yr.	26,600	19.00
Oceanside Tanning	1,400	04/08	1/4 yr.	32,200	23.00
Bowen's TaeKwonDo Plus	2,450	04/08	1/4 yr.	47,775	19.50
Blockbuster Video	5,268	01/09	4/5 yr.	92,190	17.50
Holly Nails	1,050	04/09	1/4 yr.	25,200	24.00
Dry Clean USA	1,400	04/09	-	33,600	24.00
Yoon Sushi Restaurant	1,400	05/09	1/5 yr.	25,900	18.50
Great Clips	1,400	05/09	2/5 yr.	30,800	22.00
The UPS Store	1,400	05/09	1/5 yr.	26,600	19.00
Mui Lan Restaurant	2,100	05/09	1/5 yr.	40,950	19.50
Beef O'Brady's	2,590	05/12	1/8 yr.	46,620	18.00
Publix	44,840	03/24	6/5 yr.	484,272	10.80

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

DAVIS TOWNE CROSSING, NORTH RICHLAND HILLS, TEXAS

We purchased 34,091 square feet of a newly constructed shopping center known as Davis Towne Crossing, which will contain 41,295 gross leasable square feet of which 4,000 square feet will be a ground lease. The center is located at Davis Boulevard and Precinct Line Road in North Richland Hills, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost for the entire property will be approximately $9,755,000. Our

acquisition cost for the portion we purchased was $8,141,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost for the entire property will be approximately $236 per square foot of leasable space.

We purchased this property with our own funds. On August 9, 2004, we obtained financing in the amount of $5,365,200. The loan requires interest only payments at an annual rate of 5.185% and matures September 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Lady USA Fitness and Cotton Patch Cafe, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Lady USA Fitness	6,000	14	17.00	10/03	10/08
Cotton Patch Cafe	4,400	11	20.00	12/03	11/08

For federal income tax purposes, the depreciable basis in this property when completed will be approximately $7,316,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Davis Towne Crossing was newly constructed during 2003 and 2004. The property is currently in a leasing up phase and certain tenants have executed leases for retail space within the shopping center. In addition, the seller is funding the shortfall rent for certain tenants until the space is occupied. As of December 1, 2004, the portion of the property we purchased was 91% occupied with 31,091 square feet leased to 11 tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
H & R Block	2,264	05/07	1/3 yr.	45,280	20.00
RadioShack	2,400	08/08	3/5 yr.	48,000	20.00
Sport Clips	1,440	08/08	2/5 yr.	28,800	20.00
EB Games	1,500	09/08	2/5 yr.	31,500	21.00
Luxury Nails	1,400	09/08	1/5 yr.	29,400	21.00
Friedman's Jewelers	1,727	10/08	3/3 yr.	32,813	19.00

Lady USA Fitness	6,000	10/08	2/5 yr.	102,000	17.00
Cotton Patch Cafe	4,400	11/08	1/5 yr.	88,000	20.00
The UPS Store	1,360	02/09	1/5 yr.	25,840	19.00
Payless Shoes	3,000	07/13	2/5 yr.	54,000	18.00
Quiznos Subs	1,600	11/13	1/5 yr.	30,400	19.00
Washington Mutual (Ground Lease)	4,000	08/28	4/5 yr.	85,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

FULLERTON METROCENTER, FULLERTON, CALIFORNIA

We purchased an existing shopping center known as Fullerton Metrocenter, containing 253,296 gross leasable square feet which includes 5,178 square feet of ground lease space. The center is located at Harbor Boulevard and Orangethorpe Avenue, in Fullerton, California.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $51,275,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $202 per square foot of leasable space.

We purchased this property with our own funds. On July 9, 2004, we obtained financing in the amount of $28,050,000. The loan requires interest only payments at an annual rate of 5.09% and matures August 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Sportmart, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Sportmart	43,660	17	8.25	10/88	10/93
			9.13	11/93	10/98
			9.54	11/98	10/03
			9.95	11/03	02/06

For federal income tax purposes, the depreciable basis in this property will be approximately $38,456,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Fullerton Metrocenter was built in 1988. As of December 1, 2004, this property was 82% occupied, with a total 208,174 square feet leased to 38 tenants and two ground lease tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
H & R Block	5,250	Month-to-Month	-	141,816	27.01
Sportmart	43,660	02/06	3/5 yr.	434,334	9.95
La Caffepia	1,245	03/06	-	36,708	29.48
Citi Financial	1,560	05/06	-	35,604	22.82
KFC (Ground Lease)	2,304	05/06	-	100,800	N/A
AT & T Wireless Services	2,775	10/06	1/5 yr.	75,980	27.38
Payless Shoesource	2,525	10/06	1/5 yr.	49,768	19.71
Jenny Craig	1,900	02/07	-	53,656	28.24
RadioShack	2,050	04/07	1/3 yr.	47,970	23.40
Party America	9,610	05/07	-	128,064	13.33
Adelphia Communications	1,515	06/07	1/5 yr.	41,465	27.37
Quizno's Subs	1,400	08/07	1/5 yr.	40,460	28.90
Brite Dental	2,250	08/07	2/5 yr.	43,920	19.52
Lilacs Flowers and Gifts	1,200	11/07	1/5 yr.	42,275	35.23
GameStop	1,550	12/07	-	36,900	23.81
Ruby's Diner	3,592	02/08	-	106,320	29.60
Pop's Unfinished Furniture	6,650	04/08	2/5 yr.	101,745	15.30
Burger King (Ground Lease)	2,874	04/08	2/5 yr.	130,968	N/A
Record Town	6,350	06/08	2/5 yr.	99,920	15.74
GMP Vitamin	1,020	07/08	-	30,681	30.08
Beneficial Finance	1,775	10/08	-	51,456	28.99
Fantastic Sams	1,170	11/08	-	34,728	29.68
Beauty Avenue	5,400	11/08	-	110,808	20.52
Jewelry Mart	7,000	12/08	2/5 yr.	273,432	39.06
Tilly's	6,040	12/08	1/5 yr.	132,276	21.90
Sylvan Learning Center	3,648	05/09	2/3 yr.	71,646	19.64

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Miry Collection	4,350	05/09	-	109,260	25.12
Vans	1,650	06/09	-	46,348	28.09
Super Mex Restaurants	5,500	10/09	-	163,334	29.70
Kim Sun Young Salon	1,280	10/09	-	37,860	29.58
Metro Dry Cleaning	1,950	11/09	1/5 yr.	53,904	27.64
Tip Top Nails	900	01/10	1/5 yr.	36,468	40.52
Matsunoya	2,900	06/10	-	70,932	24.46
Baskin-Robbins	1,275	10/10	1/5 yr.	39,948	31.33

China Buffet	10,828	06/11	-	184,617	17.05
First Bank and Trust	21,600	02/13	2/5 yr.	201,256	9.31
Orange County Credit Union	4,000	12/13	1/5 yr.	81,600	20.40
Big Island BBQ	1,090	03/14	1/5 yr.	31,932	28.80
Avenue	5,300	01/15	2/5 yr.	104,256	19.67
PETsMART	19,238	03/19	3/5 yr.	278,544	14.48

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

LOW COUNTRY VILLAGE SHOPPING CENTER, BLUFFTON, SOUTH CAROLINA

We purchased a newly constructed shopping center known as Low Country Village Shopping Center, containing 76,479 gross leasable square feet (Phase I). We signed an agreement, subject to conditions, to purchase an additional 63,460 gross leasable square feet (Phase II) of construction estimated to be completed in late 2004 to early 2005 for approximately $10,542,800. The center is located at Highway 278 and Foreman Hill Road in Bluffton, South Carolina.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $11,091,000 for Phase I. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $145 per square foot of leasable space for Phase I and $166 per square foot of leasable space for Phase II.

We purchased Phase I and intend to purchase Phase II with our own funds. On October 6, 2004, we obtained financing in the amount of $5,370,000. The loan requires interest only payments at an annual rate of 4.96% and matures in May 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Ross Dress for Less, Michaels and PETsMART, lease more than 10% of the total gross leasable area of the Phase I property. The lease term will be determined in accordance with the tenant's commencement date. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	Phase I % of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Ross Dress for Less	30,131	39	9.75	05/04	04/09
			10.25	05/09	04/14
Michaels	21,360	28	9.75	02/04	02/14

PETsMART	19,107	25	12.95	02/04	01/09
			13.95	02/09	01/14
			14.95	02/14	01/19

For federal income tax purposes, the depreciable basis in this property will be approximately $8,318,000 for Phase I. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Low Country Village Shopping Center is newly constructed in 2004. As of December 1, 2004, Phase I was 97% occupied, with a total of 74,299 square feet leased to six tenants. The property is currently in a leasing up phase for Phase II and certain tenants have executed lease for retail space within the shopping center. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
PHASE I					
Kim Nails	1,088	07/09	1/5 yr.	18,496	17.00
Sport Clips	1,107	07/09	2/5 yr.	19,373	17.50
Quizno's	1,506	09/09	2/5 yr.	27,108	18.00
Michaels	21,360	02/14	4/5 yr.	208,260	9.75
Ross Dress for Less	30,131	04/14	4/5 yr.	293,777	9.75
PETsMART	19,107	01/19	3/5 yr.	247,436	12.95
PHASE II					
Linens 'N Things*	25,080	07/14		244,530	9.75
Cost Plus World Market*	18,300	01/15		215,025	11.75

* Lease renewal option information not currently available.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

NORTHGATE NORTH, SEATTLE, WASHINGTON

We purchased a newly constructed shopping center known as Northgate North, containing 302,095 gross leasable square feet. The center is located at 302 Northeast Northgate Way in Seattle, Washington.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $48,455,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately

$160 per square foot of leasable space.

We purchased this property with our own funds. On July 14, 2004, we obtained financing in the amount of $26,650,000. The loan requires interest only payments at an annual rate of 4.60% and matures July 2008.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Target and Best Buy, each leases more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Target	147,582	49	4.34	01/01	12/25
Best Buy	51,202	17	25.00	10/00	01/06
			27.00	02/06	01/11
			29.00	02/11	01/16
			31.00	02/16	01/21

For federal income tax purposes, the depreciable basis in this property will be approximately $36,341,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Northgate North was constructed between 2000 and 2003. As of December 1, 2004, this property was 98% occupied, with a total 297,006 square feet leased to eight tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Qwest Wireless	1,950	12/07	2/5 yr.	40,000	20.51
Quizno's	1,315	07/12	2/5 yr.	41,856	31.83
Olive Garden	7,930	10/12	4/5 yr.	205,000	25.85
Ross Dress for Less	25,278	01/14	4/5 yr.	391,809	15.50

	Approximate			Current	Base Rent Per

Lessee	GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Annual Rent ($)	Square Foot Per Annum ($)
G.I. Joe's (Storage)	1,968	05/18	4/5 yr.	11,808	6.00
G.I. Joe's	44,370	05/18	4/5 yr.	532,440	12.00
Bassett Furniture	15,411	10/19	-	295,000	19.14
Best Buy	51,202	01/21	4/5 yr.	1,280,060	25.00
Target	147,582	12/25	6/5 yr.	640,000	4.34

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PACHECO PASS SHOPPING CENTER, GILROY, CALIFORNIA

We anticipate purchasing a portion of a newly constructed shopping center known as Pacheco Pass Shopping Center, containing 99,356 gross leasable square feet (which includes 11,810 square feet of ground lease space). The center is located at Camino Arroyo and State Highway 152 in Gilroy, California.

On June 30, 2004, we funded the initial installment of a $22,000,000 first mortgage in the amount of $15,332,906. The remainder of $6,667,094 is expected to be funded in the fourth quarter of 2004. The interest rate of this first mortgage is 6.9933% and it matures on July 15, 2005. We anticipate purchasing the center when the mortgage matures for approximately $24,400,000. We will use the principal towards our purchase price.

Two tenants, Best Buy and Linens 'N Things, will lease more than 10% of the total gross leasable area of the property. The lease term will be determined in accordance with the tenant's commencement date. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Best Buy	30,000	30	13.91	11/03	01/14
Linens 'N Things	27,984	28	13.50	03/04	01/15

For federal income tax purposes, the depreciable basis in this property will be approximately $18,300,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Pacheco Pass Shopping Center was newly constructed in 2004. As of December 1, 2004, the property is currently in a leasing up phase and certain tenants have executed lease for retail space within the shopping center. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Nextel Communications	1,500	12/10	54,000	36.00
Electronics Boutique	1,500	11/13	52,500	35.00
The Sleep Train	4,550	11/13	111,475	24.50
Best Buy	30,000	01/14	417,240	13.91
Cold Stone Creamery	1,200	01/14	38,880	32.40
Jamba Juice	1,500	01/14	50,400	33.60
Subway	1,500	01/14	54,000	36.00
Sip n' Hot	1,650	01/14	56,925	34.50
Maui Taco	2,528	06/14	87,216	34.50
Monterey Spa & Stove	4,612	07/14	103,770	22.50
Linens 'N Things	27,984	01/15	377,784	13.50
Bank of America (Ground Lease)	N/A	01/24	120,000	N/A
Chili's (Ground Lease)	N/A	04/14	100,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

LAKEWOOD TOWNE CENTER, LAKEWOOD, WASHINGTON

We purchased an existing shopping center known as Lakewood Towne Center, containing 578,863 gross leasable square feet. The center is located at Gravelly Lake Drive and 100th Street, in Lakewood, Washington.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $81,100,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $140 per square foot of leasable space.

We purchased this property with our own funds. On June 30,2004, we obtained financing in the form of two loans totaling $51,260,000. The first loan requires interest only payments on $44,000,000 at an annual rate of 2.68% for the first ninety days and thereafter at the three month LIBOR Rate. This loan matures June 2009. The second loan requires interest only payments on $7,260,000 at an annual rate of 3.83% for the first ninety days and thereafter at the LIBOR Rate. This loan matures July 2005.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Gottschalk's and Burlington Coat Factory, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Gottschalk's	119,256	21	3.35	04/02	02/12
Burlington Coat Factory	70,533	12	5.50	08/03	08/08
			5.75	09/08	08/13

For federal income tax purposes, the depreciable basis in this property will be approximately $60,825,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Lakewood Towne Center was rebuilt in 2002 and 2003. As of December 1, 2004, this property was 95% occupied, with a total 548,113 square feet leased to 26 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Rent-A-Center	4,275	05/05	2/5 yr.	47,025	11.00
Catherine P.S. Plus	4,507	07/05	-	63,098	14.00
Pierce Transit	4,200	07/06	-	42,000	10.00
Merino's Fine Custom	1,095	09/06	1/5 yr.	21,900	20.00
Old Country Buffet	9,500	12/06	2/5 yr.	118,750	12.50
Old Navy	16,172	01/08	2/5 yr.	177,892	11.00
Famous Footwear	8,355	10/08	2/5 yr.	125,325	15.00
EB Games	1,400	08/09	1/5 yr.	35,000	25.00
Wells Fargo Financial	1,750	11/09	-	19,565	11.18
Lowes Cineplex	48,229	11/11	4/5 yr.	516,816	10.72
Barnes & Noble	23,104	01/12	2/5 yr.	317,680	13.75
Michaels	24,035	02/12	3/5 yr.	288,420	12.00
Gottschalk's	119,256	02/12	-	400,000	3.35
Bed Bath & Beyond	30,530	01/13	3/5 yr.	381,625	12.50
The Dollar Store	15,564	01/13	1/5 yr.	210,114	13.50
Ross Dress for Less	30,151	01/13	4/5 yr.	354,274	11.75
Lakewood Dialysis	9,450	03/13	2/5 yr.	135,418	14.33
Burlington Coat Factory	70,533	08/13	3/5 yr.	387,932	5.50
Office Depot	18,000	09/13	4/5 yr.	265,500	14.75
La Palma Restaurant	5,120	01/14	2/5 yr.	51,200	10.00
Pier 1 Imports	11,142	02/14	2/5 yr.	192,200	17.25
Motherhood Maternity	1,750	05/14	1/5 yr.	42,875	24.50
Avenue	5,682	01/16	3/5 yr.	88,469	15.57
24 Hour Fitness	20,219	12/16	2/5 yr.	279,022	13.80
G.I. Joes	45,005	11/17	4/5 yr.	540,060	12.00
PETsMART	19,089	01/19	4/5 yr.	209,979	11.00

In general, each tenant will pay its proportionate share of real estate

taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

JOHN'S CREEK VILLAGE, DULUTH, GEORGIA

We purchased 141,802 square feet of a newly constructed shopping center known as John's Creek Village, which will contain 191,752 gross leasable square feet (which includes 10,555 square feet of ground lease space). The center is located at 11720 Medlock Bridge Road, in Duluth, Georgia.

We purchased this property from an unaffiliated third party. Our total acquisition cost for the entire property will be approximately $42,503,000. Our acquisition cost for the portion we purchased was approximately $29,158,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost for the entire property will be approximately $222 per square foot of leasable space.

We purchased this property with our own funds. On July 2, 2004, we obtained financing in the amount of $23,300,000. The loan requires interest only payments at an annual rate of 5.10% and matures August 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, LA Fitness, Ross Dress For Less and T.J. Maxx, will lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning
LA Fitness	41,000	21	17.00	12/03
			CPI	12/13
Ross Dress for Less	30,187	16	10.75	05/04
T.J. Maxx	30,000	16	8.95	09/03

For federal income tax purposes, the depreciable basis in this property when completed will be approximately $31,877,200. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

John's Creek Village was newly constructed in 2003 and 2004. The property is currently leasing up the remaining vacancies and certain tenants have executed leases for retail space within the shopping center. As of December 1, 2004, the portion of the property we purchased was 100% occupied with a total 141,802 square feet leased to 15 tenants and two ground lease tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Nextel Communications	1,640	11/08	2/5 yr.	46,740	28.50
American Mattress	6,500	11/08	1/5 yr.	100,750	15.50
Electronics Boutique	1,200	01/09	2/5 yr.	36,000	30.00
State Farm Insurance	1,700	01/09	1/5 yr.	45,050	26.50
T-Mobile	1,500	02/09	1/5 yr.	51,000	34.00
Cold Stone Creamery	1,360	02/09	2/5 yr.	39,440	29.00
Portrait Innovations	2,375	05/09	-	64,125	27.00
T.J. Maxx	30,000	09/13	4/5 yr.	268,500	8.95
Dry Cleaners	1,700	12/13	2/5 yr.	47,600	28.00
Chipolte Mexican Grill	3,000	12/13	3/5 yr.	93,000	31.00
Starbucks	1,665	02/14	4/5 yr.	56,527	33.95
Ross Dress for Less	30,187	01/15	4/5 yr.	324,510	10.75
Doctor's Visionworks	2,400	03/14	2/5 yr.	64,800	27.00
Hollywood Video	5,020	06/14	4/5 yr.	124,245	24.75
LA Fitness	41,000	04/19	3/5 yr.	697,000	17.00
Chili's (Ground Lease)	5,555	05/14	4/5 yr.	100,000	N/A
IHOP (Ground Lease)	5,000	12/23	4/5 yr.	85,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

HUEBNER OAKS CENTER, SAN ANTONIO, TEXAS

We purchased an existing shopping center known as Huebner Oaks Center, containing 286,684 gross leasable square feet (which includes 8,036 square feet of ground lease space). The center is located at I-10 and Huebner Road, in San Antonio, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $79,721,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $278 per square foot of leasable space.

We purchased this property with our own funds. On June 22, 2004, we obtained financing in the form of two loans totaling $48,000,000. The first loan requires interest only payments on $31,723,000 at an annual rate of 4.20% and matures July 2010. The second loan requires interest only payments on $16,277,000 at an annual rate of 3.96% and matures July 2010.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Bed, Bath & Beyond, leases more than 10% of the total gross

leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Bed, Bath & Beyond	35,009	12	9.65	03/97	03/02
			10.62	04/02	03/07
			11.68	04/07	01/08

For federal income tax purposes, the depreciable basis in this property will be approximately $60,006,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Huebner Oaks Center was built between 1997 and 1998. As of December 1, 2004, this property was 98% occupied, with a total 282,286 square feet leased to 55 tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Mattress Firm	2,942	05/05	-	64,724	22.00
Compass ATM	60	07/05	1/2 yr.	20,000	N/A
AAA Texas	3,682	11/05	1/5 yr.	77,322	21.00
Marble Slab	1,542	12/05	1/3 yr. & 1/5 yr.	37,008	24.00
Kinko's	4,760	02/06	3/5 yr.	92,249	19.38
EB Game World	1,160	08/06	1/5 yr.	33,640	29.00
Pier 1 Imports	8,990	02/07	3/5 yr.	182,137	20.26
Old Navy	14,000	03/07	1/5 yr.	196,000	14.00
Shoes 4 Kids	1,000	02/07	1/3 yr.	26,500	26.50
La Madeleine	4,200	03/07	2/5 yr.	86,100	20.50
Moon Mippy	930	04/07	1/4 yr.	26,040	28.00
Club Humidor	2,254	06/07	-	54,096	24.00
Cingular Wireless	2,502	06/07	-	60,048	24.00
All Ashore Sportswear	1,264	07/07	-	27,808	22.00
Pearle Vision	2,721	07/07	2/5 yr.	68,025	25.00
Beauty First	3,681	09/07	1/5 yr.	77,301	21.00
Verizon Wireless	1,803	10/07	1/5 yr.	46,878	26.00
Oreck Homecare	1,103	10/07	1/5 yr.	24,266	22.00
Bed, Bath & Beyond	35,009	01/08	2/5 yr.	371,796	10.62
Frankly Fake Copy	854	01/08	1/5 yr.	23,912	28.00
Ross Dress for Less	28,200	01/08	5/5 yr.	267,900	9.50
Men's Wearhouse	4,500	02/08	2/5 yr.	88,020	19.56
Fire Wok	2,500	03/08	1/5 yr.	52,500	21.00
Ride Away Bicycles	3,917	04/08	-	58,755	15.00
Claire's Boutique	1,200	08/08	-	33,600	28.00

Sports Clips	1,057	09/08	-	27,482	26.00
Gap Kids	8,500	09/08	1/5 yr.	180,540	21.24
Victoria's Secret	4,500	09/08	-	94,500	21.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Bath & Body Works	2,500	09/08	-	58,750	23.50
Lane Bryant	4,500	09/08	-	94,500	21.00
Banana Republic	5,964	09/08	1/5 yr.	114,807	19.25
California Pizza Kitchen	4,301	10/08	2/5 yr.	118,708	27.60
GNC	1,155	10/08	-	28,875	25.00
Hallmark Creations	6,416	10/08	2/5 yr.	130,566	20.35
Barbeques Galore	4,498	11/08	2/5 yr.	124,145	27.60
Abercrombie & Fitch	6,766	11/08	-	135,320	20.00
Casual Male Big & Tall	3,914	12/08	-	90,022	23.00
Eddie Bauer	6,384	01/09	-	193,691	30.34
Gymboree	1,925	01/09	-	46,200	24.00
Ann Taylor	4,500	01/09	-	131,175	29.15
Starbucks	1,690	02/09	2/5 yr.	38,870	23.00
Steak Escape	1,663	03/09	1/5 yr.	39,912	24.00
Tanfastic	1,824	04/09	-	43,776	24.00
Cactus Low Carb Superstore	2,083	05/09	1/5 yr.	33,328	16.00
Brighton	1,498	06/09	-	41,285	27.56
Inksell.com	1,000	07/09	1/5 yr.	30,000	30.00
Ben Adams Jewelers	3,234	11/09	-	83,853	25.93
Bombay Company	4,500	12/09	-	121,500	27.00
Yankee Candle	2,028	02/10	-	54,756	27.00
Talbots	6,314	01/11	1/3 yr.	164,164	26.00
Chico's	3,060	07/11	2/5 yr.	107,100	35.00
Macaroni Grill	7,846	08/12	2/5 yr.	107,000	13.64
American Eagle	5,800	01/14	-	168,200	29.00
Chipotle Mexican Grill	2,556	03/14	2/5 yr.	69,012	27.00
Borders Books	27,500	01/18	5/5 yr.	411,670	14.97
Saltgrass Restaurant (Ground Lease)	8,036	06/07	4/5 yr.	105,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PINE RIDGE PLAZA, LAWRENCE, KANSAS

We purchased an existing shopping center known as Pine Ridge Plaza, containing 230,510 gross leasable square feet (which includes 84,676 square feet of ground lease space). The center is located at 3106 - 3140 Iowa Street, in Lawrence, Kansas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $26,982,000. This amount may increase by additional costs which have not yet been finally determined. We expect any

additional costs to be insignificant. Our acquisition cost was approximately $117 per square foot of leasable space.

We purchased this property with our own funds. On July 27, 2004, we obtained financing in the amount of $14,700,000. The loan requires interest only payments at an annual rate of 5.085% and matures August 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Kohl's, T.J. Maxx and Bed, Bath & Beyond, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Kohl's*	80,654	35	N/A	03/98	01/19
T.J. Maxx	25,420	11	8.50	04/04	03/09
			9.00	04/09	03/14
Bed, Bath & Beyond	24,000	10	10.00	12/03	01/14

* Ground lease

For federal income tax purposes, the depreciable basis in this property will be approximately $20,236,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Pine Ridge Plaza was redeveloped from 1998 through 2004 and the inline strip center portion of the property was completed in 2001. As of December 1, 2004, this property was 100% occupied, with a total 230,510 square feet leased to 12 tenants and two ground lease tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Old Navy	22,000	07/06	2/5 yr.	220,000	10.00
Deals	9,862	08/07	2/5 yr.	128,206	13.00
Electronic Boutique	2,190	03/08	2/5 yr.	41,063	18.75
Sports Clips	2,190	05/08	1/5 yr.	31,317	14.30
Famous Footwear	12,000	05/11	3/5 yr.	180,000	15.00
Bath & Body Works	2,500	01/12	2/5 yr.	37,500	15.00
Hurst Diamonds	1,375	01/12	1/5 yr.	24,750	18.00

Jason's Deli	5,000	02/12	3/5 yr.	90,000	18.00
Bed, Bath & Beyond	24,000	01/14	3/5 yr.	240,000	10.00
Michaels	21,000	02/14	4/5 yr.	201,495	9.60
T.J. Maxx	25,420	03/14	4/5 yr.	216,070	8.50
Cost Plus World Market	18,297	01/15	3/5 yr.	247,010	13.50

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Kohl's (Ground Lease)	80,654	01/19	6/5 yr.	360,000	N/A
IHOP (Ground Lease)	4,022	11/19	3/5 yr.	60,504	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

ECKERD DRUG STORES

We purchased the following four separate existing freestanding retail properties built during 2003 and 2004 known as Eckerd Drug Stores, containing a total of 54,912 gross leasable square feet.

Location	Square Feet	Lease Term	Purchase Pric
1100 W. Hampton Boulevard Greer, South Carolina	13,824	06/03/04 - 06/02/24	3,069,0
2041 S. Croatan Highway Kill Devil Hills, North Carolina	13,824	06/03/04 - 06/02/24	3,650,0
Broad River and Kennerly Columbia, South Carolina	13,440	06/03/04 - 06/02/24	3,260,0
1106 Main Street Crossville, Tennessee	13,824	06/03/04 - 06/02/24	2,625,0

We purchased the four Eckerd Drug Stores from Eckerd, an unaffiliated third party. Our total acquisition cost, including expenses, was approximately $12,604,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $230 per square foot of leasable space.

We purchased these properties with our own funds. On July 21, 2004, we obtained financing in the form of four loans totaling $6,800,000. The loans on each property are as follows: Eckerd Drug Store in Greer, South Carolina requires interest only payments on $1,650,000; Eckerd Drug Store in Kill Devil Hills, North Carolina requires interest only payments on $1,975,000; Eckerd Drug

Store in Columbia, South Carolina requires interest only payments on $1,750,000; and Eckerd Drug Store in Crossville, Tennessee requires interest only payments on $1,425,000. The interest rate of all the properties' loans is 5.275% and all the properties' loans mature in August 2009.

In evaluating these properties as potential acquisitions and determining the appropriate amount of consideration to be paid for the properties, we considered a variety of factors including location, demographics, quality of tenant, length of lease, price per square foot, occupancy and the fact that overall rental rate at the property is comparable to market rates. We believe that each of these properties is well located, has acceptable roadway access and is well maintained. These properties will be subject to competition from similar properties within their market area, and economic performance could be

affected by changes in local economic conditions. We did not consider any other factors materially relevant to the decision to acquire these properties.

One tenant, Eckerd Drug Store, leases 100% of the total gross leasable area of each property. The leases with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee/Location	Approximate GLA Leased (Sq. Ft.)	% of Total GLA of each Property	Current Annual Rent ($)	Renewal Options	Base Rent Per Square Foot Per Annum ($)	Le Beginn
1100 W. Hampton Blvd. Greer, SC	13,824	100	254,727	4/5 yr.	18.43	06/03/
2041 S. Croatan Hwy. Kill Devil Hills, NC	13,824	100	302,950	4/5 yr.	21.91	06/03/
Broad River and Kennerly Columbia, SC	13,440	100	270,580	4/5 yr.	20.13	06/03/
1106 Main Street Crossville, TN	13,824	100	217,875	4/5 yr.	15.76	06/03/

For federal income tax purposes, the depreciable basis in these properties will be approximately $9,453,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

PLAZA SANTA FE, PHASE II, SANTA FE, NEW MEXICO

We purchased an existing shopping center known as Plaza Santa Fe, Phase II, containing 222,389 gross leasable square feet. The center is located at

Cerrilos Road and Zafarano Boulevard in Santa Fe, New Mexico.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $30,971,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $139 per square foot of leasable space.

We purchased this property with our own funds and by assuming the existing mortgage debt on the property. The outstanding balance on the mortgage debt at the date of acquisition was $17,551,721. This loan requires monthly principal and interest payments based on a fixed interest rate of 6.2% per annum and cannot be prepaid prior to January 2005. The loan matures on December 1, 2012.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Best Buy, Linens 'N Things and T.J. Maxx, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Best Buy	31,226	14	13.50	09/01	01/09
			14.00	02/09	01/17
Linens 'N Things	31,500	14	13.50	11/00	01/06
			14.85	02/06	01/11
			16.34	02/11	01/16
T.J. Maxx	30,900	14	10.50	11/00	11/10

For federal income tax purposes, the depreciable basis in this property will be approximately $23,300,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Plaza Santa Fe Phase II was built between 2000 to 2002. As of December 1, 2004, this property was 98% occupied, with a total 217,329 square feet leased to 20 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)

State Farm Insurance	1,250	02/05	2/3 yr.	27,500	22.00
Old Navy	20,115	11/06	2/5 yr.	251,438	12.50
H & R Block	1,900	10/07	1/5 yr.	38,000	20.00
Corral West	7,556	10/07	1/5 yr.	75,560	10.00
Cactus Salon	1,250	01/08	1/5 yr.	30,000	24.00
French & French	3,038	11/08	1/7 yr.	69,874	23.00
Alltel	3,932	12/08	2/5 yr.	112,612	28.64
T.J. Maxx	30,900	11/10	3/5 yr.	324,450	10.50
Michaels	20,280	03/11	3/5 yr.	253,500	12.50
D & A Mattress	4,710	05/11	2/5 yr.	89,490	19.00
Famous Footwear	8,000	01/12	2/5 yr.	136,000	17.00
Super Nails	1,000	05/12	1/5 yr.	30,000	30.00
Quizno's	1,900	08/12	1/5 yr.	37,715	19.85
Osaka Grill	6,000	09/12	2/5 yr.	150,000	25.00
Payless Shoe Source	2,850	09/13	2/5 yr.	57,000	20.00
Men's Wearhouse	4,505	02/15	1/5 yr.	83,343	18.50

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Linens 'N Things	31,500	01/16	3/5 yr.	425,250	13.50
Best Buy	31,226	01/17	2/5 yr.	421,551	13.50
PETsMART	20,010	01/17	3/5 yr.	284,742	14.23
Borders	15,407	01/18	5/5 yr.	234,957	15.25

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

NORTHPOINTE PLAZA, SPOKANE, WASHINGTON

We purchased an existing shopping center known as Northpointe Plaza, containing 377,949 gross leasable square feet (which consists of 18,719 square feet of ground lease space). The center is located at 10100 N. Newport Highway in Spokane, Washington.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $54,524,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $144 per square foot of leasable space.

We purchased this property with our own funds. On June 4, 2004, we obtained financing in the amount of $30,850,000. The loan requires interest only payments at an annual rate of 4.272% and matures in May 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Safeway, Best Buy and Gart Sports, each leases more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Safeway	47,000	12	7.09	11/90	10/95
			7.43	11/95	11/95
			7.44	12/95	10/00
			7.80	11/00	11/00
			7.82	12/00	10/05
			8.19	11/05	11/05
			8.21	12/05	11/10

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Best Buy	45,000	12	7.56	10/01	01/07
			8.12	02/07	01/12
			8.71	02/12	01/17
Gart Sports	45,658	12	9.95	10/97	08/98
			10.56	09/98	10/02
			11.56	11/02	10/07
			12.66	11/07	01/13

For federal income tax purposes, the depreciable basis in this property will be approximately $40,893,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Northpointe Plaza was built between 1991 to 1993. As of December 1, 2004, this property was 99% occupied, with a total 373,207 square feet leased to 27 tenants and four ground lease tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
RadioShack	2,764	08/05	-	34,550	12.50

Payless Shoes	2,992	11/05	1/5 yr.	52,659	17.60
T.J. Maxx	24,894	01/06	2/5 yr.	186,705	7.50
Sally Beauty Supplies	1,778	03/06	2/5 yr.	22,401	12.60
Corral West	7,560	03/06	1/5 yr.	64,260	8.50
Great Clips	1,600	05/06	-	27,920	17.45
Mother Cupboard	1,600	05/06	1/5 yr.	26,400	16.50
Washington Mutual	4,500	06/06	2/5 yr.	82,404	18.31
Fashion Bug	9,000	01/07	3/5 yr.	81,000	9.00
Pier 1 Imports	10,000	06/07	2/5 yr.	148,200	14.82
Foxy Nails	1,840	10/07	1/5 yr.	33,180	18.03
Payday Plus	1,250	06/08	1/5 yr.	26,400	21.12
Mark Webb	1,500	01/09	-	25,500	17.00
America's Best	4,500	03/09	-	72,000	16.00
Hollywood Video	7,500	08/09	1/5 yr.	141,450	18.86
Safeway	47,000	11/10	7/5 yr.	367,386	7.82
Safeway Gas Bar (Ground Lease)	4,000	01/11	7/5 yr.	98,000	N/A
Bath & Body Works	2,363	01/11	2/5 yr.	42,888	18.15
Marks Hallmark	3,426	01/11	-	75,390	22.01
Mail Boxes, Etc.	1,600	07/11	1/5 yr.	27,200	17.00
Red Robin Restaurant (Ground Lease)	6,469	11/11	4/5 yr.	87,808	N/A
Taco Bell (Ground Lease)	3,000	05/12	4/5 yr.	54,996	N/A

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Gart Sports	45,658	01/13	2/5 yr.	527,592	11.56
Old Country Buffet	10,172	01/13	2/5 yr.	140,373	13.80
Azteca Restaurant	5,275	04/13	2/5 yr.	87,860	16.66
Staples	25,356	07/13	3/5 yr.	305,793	12.06
PETsMART	26,175	08/13	4/5 yr.	376,396	14.38
Linens 'N Things	36,554	09/15	3/5 yr.	448,517	12.27
Best Buy	45,000	01/17	3/5 yr.	340,000	7.56
Borders	22,631	01/18	5/5 yr.	178,785	7.90
Applebees (Ground Lease)	5,230	12/27	4/5 yr.	66,999	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

WATAUGA PAVILION, WATAUGA, TEXAS

We purchased a newly constructed shopping center known as Watauga Pavilion, containing 205,195 gross leasable square feet. The center is located at 7600-7620 Denton Highway in Watauga, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $35,669,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately

$173 per square foot of leasable space.

We purchased this property with our own funds. On June 7, 2004, we obtained financing in the amount of $19,617,000. The loan requires interest only payments at an annual rate of 4.140% and matures in July 2010.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Oshman's Sporting Goods, Ross Dress for Less and Bed, Bath & Beyond, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Oshman's Sporting Goods	32,630	16	10.50	03/04	01/10
			11.00	02/10	01/15

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Ross Dress for Less	30,130	15	9.25	05/04	05/09
			9.50	06/09	01/15
Bed, Bath & Beyond	24,272	12	7.50	01/04	01/14

For federal income tax purposes, the depreciable basis in this property will be approximately $26,800,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Watauga Pavilion was built during 2003 to 2004. As of December 1, 2004, this property was 96% occupied, with a total 197,218 square feet leased to 16 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)

Cool Cuts 4 Kids	1,210	10/08	1/5 yr.	25,410	21.00
Sprint Spectrum	2,738	12/08	2/5 yr.	60,236	22.00
Mattress Giant	5,000	01/09	2/5 yr.	110,000	22.00
EB Games	1,500	02/09	2/5 yr.	34,500	23.00
Beauty Brands	6,260	02/09	2/5 yr.	138,600	22.14
Vision City	2,258	10/09	3/5 yr.	63,224	28.00
Half Price Books	9,663	01/14	2/5 yr.	115,956	12.00
Bed, Bath & Beyond	24,272	01/14	3/5 yr.	182,040	7.50
Pier 1 Imports	9,373	02/14	2/5 yr.	161,491	17.23
Office Depot	20,000	04/14	3/5 yr.	260,832	13.04
Zales Fine Jewelry	2,805	12/14	2/5 yr.	78,540	28.00
Party City	12,000	01/15	3/5 yr.	159,000	13.25
Ross Dress for Less	30,130	01/15	5/5 yr.	278,703	9.25
Oshman's Sporting Goods	32,630	01/15	3/5 yr.	342,615	10.50
Cost Plus World Market	17,999	01/15	3/5 yr.	238,487	13.25
PETsMART	19,380	03/19	4/5 yr.	201,552	10.40

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

EASTWOOD TOWNE CENTER, LANSING, MICHIGAN

We purchased an existing shopping center known as Eastwood Towne Center, containing 332,131 gross leasable square feet (which consists of 24,110 square feet of ground lease space). The center is located at 3003 Preyde Boulevard in Lansing, Michigan.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $85,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $256 per square foot of leasable space.

We purchased this property with our own funds. On June 23, 2004, we obtained financing in the amount of $46,750,000. The loan requires interest only payments at an annual rate of 4.64% and matures in July 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Dick's Sporting Goods, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To

Dick's Sporting Goods	45,000	13	0	09/02	06/04
			8.00	07/04	01/08
			8.50	02/08	01/13
			9.00	02/13	01/18

For federal income tax purposes, the depreciable basis in this property will be approximately $63,750,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Eastwood Towne Center was built in 2002. As of December 1, 2004, this property was 97% occupied, with a total 322,722 square feet leased to 57 tenants and four ground lease tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
State Employee Credit Union	2,120	09/07	2/5 yr.	74,200	35.00
Panchero's	2,409	09/07	2/5 yr.	52,998	22.00
Claire's	1,200	09/07	1/5 yr.	38,400	32.00
Sprint PCS	1,089	09/07	1/5 yr.	47,916	44.00
Fabiano's Candies	1,090	09/07	1/5 yr.	27,250	25.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Electronics Boutique	1,148	09/07	2/3 yr.	45,920	40.00
Hallmark	4,500	02/08	2/5 yr.	94,500	21.00
Star Image Photography	825	07/08	3/5 yr.	28,875	35.00
LA Weight Loss	1,100	04/09	-	22,000	20.00
See Optics	1,200	09/09	1/5 yr. 1/4 yr.	45,000	37.50
Banana Republic	7,000	09/10	1/4 yr. & 1/3 yr.	105,000	15.00
The Gap	7,526	09/10	1/4 yr. & 1/3 yr. 1/3 yr.	120,416	16.00
Maggie Moo's	1,105	10/10	2/5 yr.	44,200	40.00
Beauty First	3,388	10/10	1/7 yr.	84,700	25.00
Pier 1 Imports	10,002	06/12	2/5 yr.	200,040	20.00
Limited Too	3,980	09/12	1/5 yr.	91,540	23.00
Old Thyme Herbs	1,000	09/12	2/5 yr.	38,000	38.00
Mall Office	1,000	09/12	-	20,000	20.00
Ritz Camera	1,500	09/12	2/5 yr.	37,500	25.00
Johnny Rockets	2,592	09/12	4/5 yr.	85,536	33.00
Claddagh Pub	5,987	09/12	2/5 yr.	137,701	23.00

Forever 21	6,838	09/12	2/5 yr.	143,598	21.00
Casual Corner	6,019	09/12	1/5 yr.	150,475	25.00
Subway	1,729	10/12	2/5 yr.	60,515	35.00
Treehouse Toys	4,716	10/12	2/5 yr.	113,184	24.00
Mitchell's Fish Market	7,264	11/12	2/5 yr.	183,416	25.25
Coldwater Creek	6,000	11/12	2/5 yr.	150,000	25.00
J. Crew	6,000	01/13	1/5 yr.	144,000	24.00
Guess	5,000	01/13	-	125,000	25.00
White House Black Market	1,850	01/13	2/5 yr.	61,050	33.00
Express	8,000	01/13	2/5 yr.	192,000	24.00
Victoria's Secret	6,500	01/13	2/5 yr.	156,000	24.00
DSW Shoe Warehouse	25,000	01/13	4/5 yr.	300,000	12.00
Jos A. Banks	4,500	01/13	1/5 yr.	121,500	27.00
American Eagle	5,400	01/13	2/5 yr.	129,600	24.00
Ann Taylor Loft	5,280	01/13	2/5 yr.	132,000	25.00
Bath & Body Works	3,360	01/13	2/5 yr.	80,640	24.00
Yankee Candle	2,500	01/13	2/5 yr.	75,000	30.00
The Children's Place	4,526	01/13	2/5 yr.	117,676	26.00
Aeropostal	3,600	01/13	1/5 yr.	86,400	24.00
Starbuck's	1,440	02/13	4/5 yr.	50,400	35.00
Lane Bryant	5,390	02/13	2/5 yr.	140,140	26.00
McAlister's Deli	3,311	02/13	2/5 yr.	79,464	24.00
Christopher & Banks	3,000	03/13	2/5 yr.	105,000	35.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Venetian Nails	1,376	04/13	2/5 yr.	48,160	35.00
April Cornell	2,250	05/13	2/5 yr.	76,500	34.00
Mother's Work	2,685	06/13	2/5 yr.	93,975	35.00
Capitol Fur	1,157	10/13	2/5 yr.	30,081	26.00
Hampton Jewelers	2,163	10/13	2/5 yr.	43,260	20.00
Talbots	4,800	01/14	2/5 yr.	112,800	23.50
Ecco Shoes	1,599	05/14	2/5 yr.	51,168	32.00
Wlliams-Sonoma	5,500	01/15	-	121,000	22.00
Pottery Barn	10,500	01/15	-	231,000	22.00
Earport, Inc.	1,046	04/16	-	26,150	25.00
Brio/Bravo	7,134	09/17	1/5 yr.	190,000	26.63
Borders (Schuler Books)	24,418	01/18	3/5 yr.	439,524	18.00
Dick's Sporting Goods	45,000	01/18	4/5 yr.	360,000	8.00
CoAmerica (Ground Lease)	3,310	10/18	4/5 yr.	125,000	N/A
Max & Erma's (Ground Lease)	7,000	09/19	4/5 yr.	202,000	N/A
PF Changs (Ground Lease)	6,800	11/12	3/5 yr.	60,000	N/A
Smoky Bones (Ground Lease)	7,000	10/13	4/5 yr.	110,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

ARVADA MARKETPLACE AND ARVADA CONNECTION, ARVADA, COLORADO

We purchased two existing shopping centers, situated directly across the street from each other, containing 358,757 total gross leasable square feet. Arvada Marketplace contains 297,678 square feet and Arvada Connection contains 61,079 square feet (which includes 2,040 square feet of ground lease space). The centers are located at 7320-7490 West 52nd Street in Arvada, Colorado.

We purchased these two centers from one unaffiliated third party. Our total acquisition cost was approximately $51,550,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $144 per square foot of leasable space.

We purchased this property with our own funds. On June 21, 2004 we obtained financing in the amount of $28,510,000. The loan requires interest only payments at an annual rate of 4.13% and matures in July 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Sam's Club and Gart Sports, each lease more than 10% of the total gross leasable area of Arvada Marketplace and two tenants, Old Country Buffet and Pier 1 Imports, each lease more than 10% of the total gross leasable area at Arvada Connection. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
ARVADA MARKETPLACE					
Sam's Club	142,491	48	4.04	03/86	07/90
			5.25	08/90	06/95
			6.31	07/95	03/01
			8.01	04/01	03/11
Gart Sports	54,903	18	6.24	10/93	01/99
			7.15	02/99	12/03
			5.75	01/04	01/04
			7.03	02/04	01/09
			7.25	02/09	01/14
ARVADA CONNECTION					
Old Country Buffet	10,000	16	8.00	09/92	12/97

			10.00	01/98	12/02
			11.00	01/03	12/07
Pier 1 Imports	8,068	13	14.00	04/88	04/93
			15.00	05/93	04/98
			15.00	05/98	04/99
			15.50	05/99	04/00
			16.00	05/00	04/01
			16.50	05/01	04/02
			17.00	05/02	04/03
			17.00	05/03	04/06
			18.00	05/06	04/08

For federal income tax purposes, the depreciable basis in this property will be approximately $38,700,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Arvada Marketplace and Arvada Connection were built between 1987 through 1990. As of December 1, 2004, Arvada Marketplace was 97% occupied, with a total 288,819 square feet leased to 26 tenants and Arvada Connection was 78% occupied, with a total 47,483 square feet leased to 11 tenants

and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
ARVADA MARKETPLACE				
Carefree Spas & Pools	6,367	Month-to-Month	-	54,120
Elegant Nails	1,000	Month-to-Month	-	17,000
Ted Johnson, DDS	1,564	Month-to-Month	1/5 yr.	25,376
Lady of America Fitness	4,200	02/05	1/5 yr.	88,200
Amanda's Bridal	5,155	05/05	1/5 yr.	54,128
Fast Signs	1,600	06/05	1/5 yr.	24,000
American General Finance	1,381	11/05	1/5 yr.	24,168
Namiko's Restaurant	3,015	02/06	-	53,577
Cruise Holidays	1,400	02/06	-	21,000
Citi Financial	2,251	12/06	1/5 yr.	35,821
Schlotzsky's Deli	1,900	07/07	-	26,600
The UPS Store	1,375	12/07	1/5 yr.	24,063
Supercuts	2,213	12/07	1/5 yr.	37,621
Fantastic Sam's	1,350	12/07	1/5 yr.	22,275
Fashion Bug	10,000	03/08	1/15 yr.	80,000
Subway	1,230	10/08	1/5 yr.	22,755
RadioShack	2,791	10/08	2/5 yr.	43,958
Lone Star Steakhouse	6,000	11/08	1/5 yr.	85,430
Tile for Less	3,016	03/09	-	48,256
Executive Tans	1,500	06/09	-	22,687
1st Cleaners	1,400	04/10	1/5 yr.	23,800

Red Robin Burger	7,300	12/10	1/5 yr.	201,795
Sam's Club	142,491	03/11	4/5 yr.	1,142,063
Famous American Bar-B-Que	6,054	03/12	2/5 yr.	149,836
Gart Sports	54,903	01/14	2/5 yr.	385,902
Office Depot	17,363	05/14	3/5 yr.	138,904
ARVADA CONNECTION				
Liquor Paradise	2,600	04/06	1/5 yr.	34,450
Kwal-Howell Paint Center	3,965	05/06	-	58,484
State Farm Insurance	1,190	07/06	1/5 yr.	20,825
U-Frame-It	1,680	09/06	-	24,780
Verizon Wireless	1,400	10/06	-	27,398
Pier 1 Imports	8,068	04/08	-	137,156

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)
Household Finance	1,680	11/07	1/5 yr.	26,880
Old Country Buffet	10,000	12/07	2/5 yr.	110,000
Taco Bell (Ground Lease)	2,240	12/07	2/5 yr.	74,347
Waldenbooks & More	7,600	01/09	-	176,700
SAS Shoes	2,600	11/09	1/5 yr.	28,600
IHOP	4,460	01/10	1/3 yr. 1/4 yr.	101,900

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

ALISON'S CORNER SHOPPING CENTER, SAN ANTONIO, TEXAS

We purchased an existing shopping center known as Alison's Corner Shopping Center containing 55,066 gross leasable square feet. The center is located at 2720 SW Military Drive in San Antonio, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $7,042,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $128 per square foot of leasable space.

We purchased this property with our own funds. On May 10, 2004, we obtained financing in the amount of $3,850,000. The loan requires interest only payments at an annual rate of 4.272% and matures June 2010.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any

monies spent pursuant to the provisions of their respective leases.

Three tenants, Ross Dress for Less, Shoe Carnival and Mattress Firm, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Ross Dress for Less	30,066	55	10.00	09/03	01/14
Shoe Carnival	12,000	22	13.00	09/03	08/13
Mattress Firm	9,000	16	12.00	01/04	12/08

For federal income tax purposes, the depreciable basis in this property will be approximately $5,282,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Alison's Corner was built in 2003. As of December 1, 2004, this property was 100% occupied, with a total 55,066 square feet leased to four tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Mattress Firm	9,000	12/08	2/5 yr.	108,000	12.00
Dots	4,000	01/09	3/5 yr.	67,000	16.75
Shoe Carnival	12,000	08/13	2/5 yr.	156,000	13.00
Ross Dress for Less	30,066	01/14	5/5 yr.	300,660	10.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

NORTH RIVERS TOWN CENTER, CHARLESTON, SOUTH CAROLINA

We purchased a portion of a newly constructed shopping center known as North Rivers Town Center. The property we acquired contains 141,204 gross leasable square feet, (which includes 31,280 square feet of ground lease space). The center is located at Rivers Avenue and Ashley Phosphate Road in Charleston, South Carolina.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $20,100,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $142 per square foot of leasable space.

We purchased this property with our own funds. On June 3, 2004, we obtained financing in the amount of $11,050,000. The loan requires interest only payments at an annual rate of 4.76% and matures May 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Four tenants, Babies "R" Us, Bed, Bath & Beyond, Ross Dress for Less and Office Depot, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Bed, Bath & Beyond	28,200	20	10.85	11/03	01/14
Ross Dress For Less	30,024	21	11.00	02/04	01/15
Office Depot	16,000	11	11.50	02/04	01/14
Babies "R" Us *	31,280	22	N/A	11/03	01/14

* Ground Lease

For federal income tax purposes, the depreciable basis in this property will be approximately $15,100,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

North Rivers Town Center was built during 2003 and 2004. As of December 1, 2004, this property was 100% occupied, with a total 141,204 square feet leased to 15 tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
All About Cellular	1,400	01/07	1/3 yr.	27,300	19.50
Mattress Gallery	2,400	10/08	2/5 yr.	52,800	22.00
Super Nails	1,400	11/08	1/3 yr.	28,000	20.00

GameStop	1,750	11/08	2/5 yr.	35,000	20.00
Great Clips	1,250	01/09	2/5 yr.	26,250	21.00
Cold Stone Creamery	1,500	01/09	3/5 yr.	30,000	20.00
Firehouse Subs	1,800	02/09	2/3 yr.	36,000	20.00
Towne Centre	1,600	04/09	2/3 yr.	26,400	16.50
Pro Golf of Charleston	4,800	03/10	2/3 yr.	76,800	16.00
David's Bridal	10,000	10/13	2/5 yr.	155,000	15.50
Bed, Bath & Beyond	28,200	01/14	3/5 yr.	305,970	10.85
Office Depot	16,000	01/14	4/5 yr.	184,000	11.50
Babies "R" Us (Ground Lease)	31,280	01/14	6/5 yr.	160,776	N/A
Just Fresh Bakery & Cafe	4,800	02/14	2/5 yr.	100,800	21.00
Pearle Vision	3,000	02/14	2/5 yr.	60,000	20.00
Ross Dress For Less	30,024	01/15	4/5 yr.	330,264	11.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for

such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

BLUEBONNET PARC, BATON ROUGE, LOUISIANA

We purchased an existing shopping center known as Bluebonnet Parc containing 135,289 gross leasable square feet. The center is located at I-10 and Bluebonnet Road in Baton Rouge, Louisiana.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $22,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $163 per square foot of leasable space.

We purchased this property with our own funds. On May 10, 2004, we obtained financing in the amount of $12,100,000. The loan requires interest only payments at an annual rate of 4.372% and matures May 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Best Buy, Linens 'N Things and Cost Plus World Market, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To

Best Buy	45,439	34	13.00	08/02	01/08
			13.50	02/08	01/13
			14.25	02/13	01/18
Linens 'N Things	32,418	24	11.50	10/02	01/09
			12.50	02/09	01/14
Cost Plus World Market	18,300	14	14.00	12/02	01/09
			14.50	02/09	01/14

For federal income tax purposes, the depreciable basis in this property will be approximately $16,500,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Bluebonnet Parc was built in 2002. As of December 1, 2004, this property was 95% occupied, with a total 120,289 square feet leased to seven tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Brook May Music	8,000	06/09	2/5 yr.	128,000	16.00
David's Bridal	9,998	09/12	2/5 yr.	159,968	16.00
Lifeway Christian Bookstore	9,161	10/12	2/5 yr.	141,995	15.50
Cost Plus World Market	18,300	01/14	3/5 yr.	256,200	14.00
Linens' N Things	32,418	01/14	3/5 yr.	372,807	11.50
The Men's Wearhouse	4,973	02/14	2/5 yr.	99,460	20.00
Best Buy	45,439	01/18	3/5 yr.	590,707	13.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

BEST ON THE BOULEVARD, LAS VEGAS, NEVADA

We purchased an existing shopping center known as Best on the Boulevard, containing 204,427 gross leasable square feet. The center is located at 3820 Maryland Parkway in Las Vegas, Nevada.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $35,500,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $174 per square foot of leasable space.

We purchased this property with our own funds. On May 7, 2004, we obtained financing in the amount of $19,525,000. The loan requires interest only payments at an annual rate of 3.99% and matures May 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to reimburse a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Best Buy, Barnes & Noble Booksellers and Copeland's Sporting Goods, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Best Buy	57,726	28	15.00	11/94	01/05
			CPI	02/05	01/10
			CPI	02/10	01/15

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Barnes & Noble Booksellers	26,092	13	13.41	09/99	09/04
			14.35	10/04	01/10
Copeland's Sporting Goods	25,129	12	27.52	07/97	08/99
			13.50	09/99	06/02
			15.12	07/02	06/07
			16.93	07/07	06/12

For federal income tax purposes, the depreciable basis in this property will be approximately $26,265,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Best on the Boulevard was built during the three year period from 1996 to 1999. As of December 1, 2004, this property was 77% occupied, with a total 156,756 square feet leased to eight tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)

Barnes & Noble Booksellers	26,092	01/10	3/5 yr.	374,500	14.35
Rochester Big & Tall	7,000	08/10	2/5 yr.	206,533	29.50
Deli Planet	4,800	11/10	2/5 yr.	115,200	24.00
Cost Plus World Market	18,508	02/11	3/5 yr.	303,531	16.40
Hallmark	7,500	02/12	3/5 yr.	205,500	27.40
Copeland's Sporting Goods	25,129	06/12	4/5 yr.	379,950	15.12
Pier 1 Imports	10,001	02/14	3/5 yr.	169,753	16.97
Best Buy	57,726	01/15	2/5 yr.	865,890	15.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PARADISE VALLEY MARKETPLACE, PHOENIX, ARIZONA

We purchased an existing shopping center known as Paradise Valley Marketplace containing 92,158 gross leasable square feet (which includes 10,908 square feet of ground lease space). The center is located at Tatum Boulevard and Shea Boulevard in Phoenix, Arizona.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $28,510,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $309 per square foot of leasable space. Included in the purchase price was 11,000 square feet is vacant land that has been approved for development.

We purchased this property with our own funds. On June 3, 2004, we obtained financing in the amount of $15,680,500. The loan requires interest only payments at an annual rate of 4.55% and matures May 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Whole Foods Grocery Store, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Whole Foods	32,000	35	13.50	01/02	01/12
			CPI	02/12	01/17

			CPI	02/17	01/22

For federal income tax purposes, the depreciable basis in this property will be approximately $21,383,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Paradise Valley Marketplace was built in 2002. As of December 1, 2004, this property was 79% occupied, with a total 72,704 square feet leased to 17 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
EB Gameworld	1,015	11/05	2/3 yr.	30,450	30.00
Beauty Brands	5,510	12/06	1/5 yr.	176,320	32.00
Verizon Wireless	2,047	12/06	2/3 yr.	65,504	32.00
Soma Restaurant	3,452	10/07	1/5 yr.	112,190	32.50
Ship Rite	1,340	11/07	1/5 yr.	36,673	28.11
So-Oh! Fashion Outlet	1,964	02/08	1/5 yr.	53,028	27.00
Hava Java	1,587	05/08	1/5 yr.	58,846	37.08
Mattress Authority	2,453	08/08	-	75,062	30.60
Nick's Restaurant	2,100	11/08	2/5 yr.	73,542	35.02
Washington Mutual	4,114	01/09	3/5 yr.	131,648	32.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
The Village Frame Shop	1,400	04/09	1/5 yr.	37,800	27.00
The Diamond Source	1,677	11/09	1/3 yr.	46,956	28.00
Baja Fresh	2,544	12/11	2/6 yr.	97,079	38.16
Pick Up Stix	1,820	01/12	2/5 yr.	67,363	37.01
Select Dry Cleaning	2,505	01/13	2/5 yr.	77,404	30.90
The Men's Wearhouse	5,176	03/13	2/5 yr.	165,632	32.00
Whole Foods	32,000	01/22	4/5 yr.	432,000	13.50

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

HERITAGE TOWNE CROSSING, EULESS, TEXAS

We purchased an existing shopping center known as Heritage Towne Crossing containing 73,579 gross leasable square feet (which includes 7,246 square feet of ground lease space). The center is located at Glade Road and State Highway 121 in Euless, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $14,855,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $202 per square foot of leasable space. A portion of the purchase price will be held in an escrow, to be paid to the seller when the remaining spaces are leased.

We purchased this property with our own funds. On April 30, 2004, we obtained financing in the amount of $8,950,000. The loan requires interest only payments at an annual rate of 4.374% and matures June 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

No individual tenant leases more than 10% of the total gross leasable area of the property.

For federal income tax purposes, the depreciable basis in this property will be approximately $12,200,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Heritage Towne Crossing was built in 2002. As of December 1, 2004, this property was 98% occupied, with a total 72,119 square feet leased to 27 tenants and two ground lease tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
APB Mortgage	2,530	09/06	1/3 yr.	45,540	18.00
GameStop	1,400	03/07	1/3 yr.	29,400	21.00
Mattress Firm	4,000	04/07	2/5 yr.	96,000	24.00
All Battery Store	2,000	04/07	2/5 yr.	44,000	22.00
Cow Fireworks	1,200	05/07	2/5 yr.	20,400	17.00
Dapper Dan Cleaners	2,000	06/07	1/5 yr.	38,000	19.00
Lava Asian Grill	3,000	07/07	1/5 yr.	51,000	17.00
Salon G	2,800	08/07	1/5 yr.	50,400	18.00
Ultra Tan	1,600	08/07	2/5 yr.	24,000	15.00
Golf USA of Euless	3,473	12/07	1/5 yr.	69,460	20.00
Coppell Spine/Sports Rehab	2,000	03/08	1/3 yr.	38,000	19.00
Sara Donuts	1,400	04/08	1/5 yr.	23,800	17.00
Plato's Closet	3,000	04/08	1/5 yr.	54,000	18.00
Village Barber	1,100	04/08	1/5 yr.	23,100	21.00

Town & Country	1,800	04/08	2/5 yr.	32,400	18.00
Parker Uniforms	3,000	05/08	1/5 yr.	42,000	14.00
The Cash Store	1,300	07/08	2/5 yr.	24,700	19.00
Art & Frame Warehouse	2,546	07/08	1/5 yr.	39,463	15.50
Wings to Go	2,000	09/08	1/5 yr.	32,000	16.00
Delicious Delights	1,500	10/08	1/5 yr.	27,000	18.00
Ultima Fitness	2,266	11/08	1/5 yr.	37,389	16.50
Nails Spa	3,410	01/09	1/5 yr.	61,380	18.00
Double Daves	3,308	03/09	1/5 yr.	54,582	16.50
The Soccer Corner	4,000	05/10	2/5 yr.	62,600	15.65
Panda Express	2,250	04/12	2/5 yr.	47,250	21.00
Washington Mutual	4,000	10/12	4/5 yr.	84,000	21.00
Pearle Vision	1,990	12/12	2/5 yr.	35,820	18.00
Whataburger (Ground lease)	3,500	08/18	3/5 yr.	60,000	N/A
Taco Bell (Ground lease)	3,746	09/23	4/5 yr.	51,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PEORIA CROSSINGS, PEORIA, ARIZONA

We purchased a newly constructed shopping center known as Peoria Crossings, containing 213,733 gross leasable square feet. The center is located at 9350 West Northern Avenue, in Peoria, Arizona.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $37,368,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $175 per square foot of leasable space.

We originally purchased this property with our own funds. On March 5, 2004, we obtained financing in the amount of $20,497,000. The loan requires interest only payments at an annual rate of 4.09% and matures April 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Ross Dress for Less, Michaels and Petco, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To

Ross Dress for Less	30,171	14	10.00	05/03	01/14
Michaels	24,063	11	11.00	03/02	02/12
Kohl's	88,408	41	8.79	03/04	01/24

For federal income tax purposes, the depreciable basis in this property will be approximately $28,026,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Peoria Crossing was built in 2002 and 2003. As of December 1, 2004, this property was 98% occupied, with a total 209,211 square feet leased to 21 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Famous Footwear	10,030	01/08	2/5 yr.	162,988	16.25
EB Games	1,500	01/08	1/5 yr.	37,500	25.00
Sally Beauty Supply	1,200	02/08	1/5 yr.	26,400	22.00
Claire's Boutique	1,269	02/08	1/5 yr.	30,456	24.00
Voice Stream	1,200	02/08	5/1 yr.	32,400	27.00
Sleep America	4,500	03/08	1/5 yr.	112,500	25.00
Cold Stone Creamery	1,400	05/08	5/1 yr.	37,492	26.78
Sarpino's Pizzeria	1,200	07/08	1/5 yr.	32,136	26.78
Great Clips	1,405	08/08	5/1 yr.	36,179	25.75

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Salon 74	1,300	12/08	1/5 yr.	33,800	26.00
Supercuts	1,202	12/08	2/5 yr.	33,656	28.00
Michaels	24,063	02/12	4/5 yr.	264,693	11.00
Petco	15,216	10/12	2/5 yr.	216,067	14.20
Payless Shoes	4,042	01/13	2/5 yr.	80,840	20.00
Quizno's	1,400	05/13	2/5 yr.	38,500	27.50
Panda Express	2,205	06/13	2/5 yr.	59,535	27.00
Dress Barn	8,000	06/13	2/5 yr.	140,000	17.50
Anna's Linens	8,000	09/13	2/5 yr.	112,000	14.00
Ross Dress for Less	30,171	01/14	4/5 yr.	301,710	10.00
Jazzy Java	1,500	11/14	-	43,645	29.10
Kohl's	88,408	01/24	6/5 yr.	777,524	8.79

In general, each tenant will pay its proportionate share of real estate

taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PROMENADE AT RED CLIFF, ST. GEORGE, UTAH

We acquired an existing shopping center known as Promenade at Red Cliff containing 94,445 gross leasable square feet. The center is located at 250 N. Red Cliffs Drive in St. George, Utah.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $19,537,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $207 per square foot of leasable space.

We purchased this property with our own funds. On April 8, 2004, we obtained financing in the amount of $10,590,000. The loan requires interest only payments at an annual rate of 4.29% and matures May 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Old Navy, Staples, and Big 5 Sporting Goods, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Big 5 Sporting Goods	10,000	11	11.50	06/97	05/02
			12.54	06/02	01/07

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Old Navy	19,324	20	12.00	02/98	11/03
			13.51	12/03	11/08
Staples	22,500	24	11.50	06/97	05/12

For federal income tax purposes, the depreciable basis in this property will be approximately $14,650,000. When we calculate depreciation expense for

tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Promenade at Red Cliff was built in 1998. As of December 1, 2004, this property was 95% occupied, with a total 89,561 square feet leased to 18 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Franklin Quest	1,206	12/06	-	30,150	25.00
Hollywood Entertainment	6,200	12/06	2/5 yr.	122,328	19.73
Big 5 Sporting Goods	10,000	01/07	4/5 yr.	125,352	12.54
Vitamin World	1,280	06/07	-	26,880	21.00
Sally Beauty Supply	1,200	06/07	-	22,876	19.06
Gen X Clothing	7,816	06/07	1/5 yr.	131,543	16.83
Prudential	1,017	06/07	1/5 yr.	25,628	25.20
Papa John's Pizza	1,347	12/07	1/5 yr.	35,022	26.00
Durango Grill	2,693	02/08	1/5 yr.	75,404	28.00
Supercuts	1,030	02/08	-	24,720	24.00
Cold Stone Creamery	1,173	08/08	2/5 yr.	33,501	28.56
Country Clutter	1,545	09/08	1/5 yr.	39,398	25.50
Old Navy	19,324	11/08	1/5 yr.	261,036	13.51
Samuri 21	4,057	12/08	1/5 yr.	97,368	24.00
Quizno's	1,424	01/09	1/5 yr.	30,828	21.65
2 Fat Guys Pizza	4,236	02/09	1/5 yr.	91,074	21.50
Panda Express	1,513	12/09	2/5 yr.	36,312	24.00
Staples	22,500	05/12	3/5 yr.	258,750	11.50

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

NEWNAN CROSSING WEST AND PHASE II, NEWNAN, GEORGIA

We acquired an existing shopping center known as Newnan Crossing Phase II containing 160,254 gross leasable square feet (which includes 6,650 square feet of ground lease space), for approximately $22,362,000. This property is adjacent to Newnan Crossing West, which we acquired on December 24, 2003 for approximately $16,808,000. Newnan Crossing West contains 131,196 gross leasable square feet. The center is located at 591 Bullsboro Drive in Newnan, Georgia.

We purchased the property from an unaffiliated third party. This amount may increase by additional costs which have not been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $139 per square foot, and $128 per square foot of leasable space for Newnan Crossing Phase II and Newnan Crossing West, respectively. We intend to purchase an additional 28,000 gross leasable square feet for approximately $4,042,000 in late 2004 when construction has been completed.

We originally purchased this property with our own funds. On February 17, 2004, we obtained financing in the amount of $21,543,091. On December 8, 2004, we increased the loan amount by an additional $2,223,100 to a total of $23,766,191. The loan requires interest only payments at an annual rate of 4.38% and matures March 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, BJ's Wholesale, T.J. Maxx and Office Depot, each lease more than 10% of the combined total gross leasable area of the West and Phase II properties The leases with these tenants require the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Office Depot	30,000	10	10.75	06/99	06/14
T.J. Maxx	30,000	10	7.35	08/99	08/04
			8.00	09/04	08/09
BJ's Wholesale	115,396	40	8.75	05/03	04/08
			CPI	05/08	04/13
			CPI	05/13	04/18
			CPI	05/18	05/23

For federal income tax purposes, the depreciable basis will be approximately $15,930,000 and $11,356,000 for Phase II and West, respectively. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Newnan Crossing West and Phase II were built in 1999. As of December 1, 2004, the property was 100% occupied, with a total 291,450 square feet leased to 21 tenants and one ground lease. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Hallmark	5,000	07/06	2/5 yr.	72,500	14.50
RadioShack	3,000	08/06	2/5 yr.	51,000	17.00
Stratus Communication	1,300	12/06	1/5 yr.	22,750	17.50
Hibbett's Sporting					

Goods	7,000	01/07	2/5 yr.	94,500	13.50
USA Tan	1,300	04/07	1/5 yr.	23,400	18.00
Ted's Montana Grill	4,000	04/08	4/5 yr.	64,000	16.00
Planet Smoothie	1,040	07/08	1/5 yr.	18,200	17.50
The Corner Tavern	5,000	08/08	2/5 yr.	85,000	17.00
Great Clips	1,200	10/08	1/5 yr.	21,600	18.00
Banana Beach	1,200	12/08	1/5 yr.	21,600	18.00
Cingular Wireless	1,760	12/08	1/5 yr.	31,680	18.00
Michaels	23,704	02/09	4/5 yr.	213,336	9.00
My Friend's Place	1,600	03/09	2/5 yr.	28,800	18.00
T.J. Maxx	30,000	08/09	3/5 yr.	240,000	8.00
Old Navy	25,000	09/09	1/5 yr.	236,925	9.48
Party City	12,000	10/09	2/5 yr.	156,000	13.00
Payless Shoesource	3,000	11/09	2/5 yr.	51,000	17.00
Rack Room	7,300	01/10	3/5 yr.	124,100	17.00
Sizes Unlimited	5,000	01/12	2/4 yr.	77,500	15.50
O'Charley's (Ground Lease)	6,650	02/14	3/5 yr.	66,000	N/A
Office Depot	30,000	06/14	3/5 yr.	322,500	10.75
BJ's Wholesale	115,396	05/23	4/5 yr.	1,009,715	8.75

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

MACARTHUR CROSSING, LAS COLINAS (IRVING), TEXAS

We purchased an existing shopping center known as MacArthur Crossing containing 109,755 gross leasable square feet (which includes 6,500 square feet of ground lease space). The center is located at MacArthur Boulevard and LBJ Freeway in Las Colinas (Irving), Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $23,102,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $210 per square foot of leasable space.

We purchased this property with our own funds. On April 2, 2004, we obtained financing in the amount of $12,700,000. The loan requires interest only payments at an annual rate of 4.29% and matures May 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Stein Mart, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Approximate GLA Leased	% of Total	Base Rent Per Square Foot Per	Lease Term

Lessee	(Sq. Ft.)	GLA	Annum ($)	Beginning	To
Stein Mart	34,000	31	6.75	07/96	07/06
			7.25	08/06	07/11

For federal income tax purposes, the depreciable basis in this property will be approximately $17,340,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

MacArthur Crossing was built in 1995 and 1996. As of December 1, 2004, this property was 98% occupied, with a total 107,759 square feet leased to 27 tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Monarch Dental	3,920	12/04	1/5 yr.	66,640	17.00
Valley Ranch Vacations	1,381	06/05	-	24,858	18.00
Regis Haircutters	1,500	01/06	1/5 yr.	37,500	25.00
RadioShack	2,000	02/06	1/5 yr.	31,000	15.50
Wolf Camera	1,780	02/06	1/5 yr.	35,600	20.00
Merle Norman	1,457	02/06	1/5 yr.	23,880	16.39
GNC	1,400	02/06	1/5 yr.	25,200	18.00
Rice Boxx	2,101	02/06	-	52,525	25.00
Starbucks Coffee	1,604	03/06	2/5 yr.	32,080	20.00
The UPS Store	1,260	06/06	1/5 yr.	30,240	24.00
Sally Beauty Supply	1,500	06/06	1/5 yr.	29,100	19.40
I Fratelli Restaurant	5,000	08/06	-	107,500	21.50
Subway	1,400	09/06	1/5 yr.	21,000	15.00
Planet Tan	4,400	10/06	1/5 yr.	79,200	18.00
Blockbuster Video (Ground Lease)	6,500	12/06	4/5 yr.	127,335	N/A
Flowers For You	2,100	02/07	-	42,000	20.00
Isshin Sushi	4,000	03/07	-	80,000	20.00
State Farm Insurance	2,000	04/07	1/5 yr.	34,000	17.00
Eyecare 20/20	2,000	06/07	1/5 yr.	40,000	20.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Marshall Message Therapy	640	03/08	2/5 yr.	11,520	18.00
TD Waterhouse	2,500	04/08	2/5 yr.	55,000	22.00
Custom Cleaners	2,100	02/09	1/5 yr.	58,800	28.00
Quizno's	2,100	06/09	2/5 yr.	52,500	25.00

Stein Mart	34,000	07/11	3/5 yr.	229,500	6.75
MiCocina	4,964	01/12	2/5 yr.	124,100	25.00
Pei Wei	3,160	02/12	2/5 yr.	96,380	30.50
Mattress Firm	4,000	04/14	2/5 yr.	108,000	27.00
Firestone Tire	6,992	07/16	2/5 yr.	145,000	20.74

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

LA PLAZA DEL NORTE, SAN ANTONIO, TEXAS

We purchased an existing shopping center known as La Plaza Del Norte, containing 320,345 gross leasable square feet. The center is located at 125 Northwest Loop 410, in San Antonio, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $58,143,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $182 per square foot of leasable space.

We purchased this property with our own funds. On February 4, 2004, we obtained financing in the amount of $32,528,000. The loan requires interest only payments at an annual rate of 4.61% and matures March 1, 2010.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Oshman's Sporting Goods and Best Buy, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Oshman's Sporting Goods	65,000	20	11.11	09/96	01/02
			11.61	02/02	01/07
			12.11	02/07	01/12
			12.61	02/12	01/17

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To

Best Buy	58,000	18	14.00	08/96	01/02
			14.75	02/02	01/07
			15.50	02/07	01/12

For federal income tax purposes, the depreciable basis in this property will be approximately $43,076,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

La Plaza Del Norte was built in 1996 and 1999. As of December 1, 2004, this property was 95% occupied, with a total 303,245 square feet leased to 16 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Lifeway Christian	6,000	11/06	2/5 yr.	132,000	22.00
Pearle Vision	3,500	12/06	2/5 yr.	120,750	34.50
Ross Dress for Less	28,438	01/07	4/5 yr.	288,640	10.15
Office Max	23,229	11/12	2/5 yr.	261,326	11.25
DSW Shoe Warehouse	22,000	04/07	4/5 yr.	374,000	17.00
All Battery Center	1,600	05/07	2/5 yr.	36,800	23.00
Successories	1,200	09/08	1/3 yr. and 1/2 yr.	26,400	22.00
GameStop	2,006	12/08	-	52,156	26.00
Half Price Books	8,000	10/09	1/5 yr.	96,000	12.00
David's Bridal	12,000	11/09	2/5 yr.	198,240	16.52
Petco	13,650	11/11	3/5 yr.	278,187	20.38
Cost Plus World Market	18,900	01/12	3/5 yr.	302,400	16.00
Best Buy	58,000	01/12	3/5 yr.	855,500	14.75
Simpson-Williams	9,875	12/12	-	161,600	16.36
Bealls	29,847	01/14	2/5 yr.	194,005	6.50
Oshman's Sporting Goods	65,000	01/17	4/5 yr.	754,650	11.61

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

SHOPPES AT QUARTERFIELD (METRO SQUARE CENTER/SUPER VALU SHOPPING CENTER), SEVERN, MARYLAND

We purchased an existing shopping center formerly known as Metro Square Center and Super Valu Shopping Center, containing 61,817 gross leasable square feet. The center is located at 7858 Quarterfield in Severn (Annapolis), Maryland.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $11,031,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $178 per square foot of leasable space.

We purchased this property with our own funds. On April 1, 2004, we obtained financing in the amount of $6,067,183. The loan requires interest only payments at an annual rate of 4.28% and matures April 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Shoppers Food Warehouse, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Shoppers Food Warehouse	58,217	94	14.00	09/99	08/04
			14.50	09/04	08/09
			15.24	09/09	08/14
			16.00	09/14	01/20

For federal income tax purposes, the depreciable basis in this property will be approximately $8,840,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Shoppes at Quarterfield was built in 1999. As of December 1, 2004, this property was 96% occupied, with a total 59,417 square feet leased to two tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Great Clips	1,200	12/05	5/1 yr.	28,366	23.64
Shoppers Food Warehouse	58,217	01/20	4/5 yr.	844,146	14.50

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for

such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

LARKSPUR LANDING, LARKSPUR, CALIFORNIA

We purchased an existing shopping center known as Larkspur Landing, containing 173,821 gross leasable square feet. The center is located at 2257 Larkspur Landing Circle, in Larkspur, California.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $61,145,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $352 per square foot of leasable space.

We originally purchased this property with our own funds. On January 30, 2004, we obtained financing in the amount of $33,630,000. The loan requires interest only payments at an annual rate of 4.45% and matures February 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Bed, Bath & Beyond, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Bed, Bath & Beyond	42,318	24	20.50	11/02	11/06
			21.83	12/06	11/11
			23.21	12/11	11/17

For federal income tax purposes, the depreciable basis in this property will be approximately $45,859,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Larkspur Landing was built in 1978 and renovated in 2001. As of December 1, 2004, this property was 87% occupied, with a total 150,893 square feet leased to 33 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Square F Per Annum
Golden Gate Printing*	3,287	Month-to-Month	-	30,010	9.13
Allstate Insurance*	405	Month-to-Month	-	13,365	33.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Square F Per Annum
Avanti*	1,115	Month-to-Month	-	2,400	2.15
John Connelly*	880	Month-to-Month	-	6,924	7.87
Benchmark Medical	5,791	04/05	1/5 yr.	152,786	26.38
Roadrunner Burrito	800	06/05	-	30,624	38.28
Redhill	2,688	07/05	3/1 yr.	74,189	27.60
Jaeger	1,500	07/05	-	42,966	28.64
Oliver Allen Corp.	9,392	09/05	1/5 yr.	242,313	25.80
Robert Buerger	880	06/06	1/3 yr.	18,480	21.00
Maxwell Cleaners	2,748	09/06	-	107,172	39.00
Norman Mahan Jewelers	1,333	01/07	-	43,669	32.76
Determined Productions	11,185	03/07	1/4 yr.	608,663	54.42
Larkspur Shoes & Repair	807	03/07	-	23,564	29.20
Marin Visitor Bureau	720	07/07	-	19,440	27.00
Bay Area Wireless	610	04/08	2/5 yr.	23,790	39.00
Larkspur Landing Optometry	1,165	06/08	-	39,598	33.99
American Nails	745	06/08	-	23,691	31.80
AAA	5,245	07/08	2/5 yr.	169,938	32.40
Togo's Eatery	1,625	07/08	-	40,677	28.03
Timothy Bricca DD	1,064	07/08	-	36,133	33.96
All California	3,359	07/08	-	114,172	33.99
Weight Watchers	1,291	09/08	-	61,219	47.42
Cooper Alley	2,000	11/08	-	107,987	53.99
Ragged Sailor	1,207	12/08	-	33,888	28.08
Larkspur Landing Pet Clinic	1,141	04/09	-	36,831	32.28
Sushi Ko	1,709	08/09	-	55,372	32.40
24 Hour Fitness	17,844	03/10	1/5 yr.	535,320	30.00
Marin Brewing Co.	5,978	03/11	-	190,219	31.82
Fidelity Investments	7,232	07/11	2/5 yr.	459,955	63.60
Yogalive	6,150	09/12	-	184,500	30.00
Bed, Bath & Beyond	42,318	11/17	3/5 yr.	867,519	20.50
Noonan's Restaurant	6,679	12/18	2/5 yr.	222,878	33.37

* Renewal negotiations in progress

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

NORTH RANCH PAVILIONS, THOUSAND OAKS, CALIFORNIA

We purchased an existing shopping center known as North Ranch Pavilions, containing 62,812 gross leasable square feet. The center is located at 1125-85 Lindero Road, in Thousand Oaks, California.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $18,468,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $294 per square foot of leasable space.

We purchased this property with our own funds. On March 3, 2004, we obtained financing in the amount of $10,157,000. The loan requires interest only payments at an annual rate of 4.12% and matures April 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Savvy Salon, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Savvy Salon	6,500	10	11.71	10/03	01/04
			25.20	02/04	01/06
			26.76	02/06	01/08
			28.32	02/08	01/10
			30.00	02/10	01/12
			31.80	02/12	02/14

For federal income tax purposes, the depreciable basis in this property will be approximately $13,851,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

North Ranch Pavilions was built in 1992. As of December 1, 2004, this property was 89% occupied, with a total 55,928 square feet leased to 24 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Prudential Realty	3,379	11/04	-	103,397	30.60
Ilene's Boutique	2,105	12/04	-	51,590	24.51
Seta's Shoes	1,086	04/05	-	19,548	18.00
Walton's Portraits	1,300	08/06	1/5 yr.	31,359	24.12
Postal Club	1,086	10/06	1/5 yr.	24,891	22.92
Dance Trends	2,338	11/06	1/5 yr.	41,523	17.76

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Bank of America	4,500	12/06	-	194,619	43.25
Clubhouse Cleaners	1,505	12/06	1/5 yr.	43,765	29.08
Cookies by Design	1,353	01/07	1/5 yr.	32,822	24.26
Malibu Gymnastics	3,740	02/07	1/1 yr. & 3/3 yr.	67,320	18.00
State Farm Insurance	1,023	03/07	-	22,791	22.28
Tae Kwon Do Academy	1,512	06/07	2/5 yr.	34,648	22.92
Treasured Memories	3,691	08/07	1/5 yr.	46,129	12.50
Kay's Nails	1,028	10/07	-	24,178	23.52
Total Body Fitness	1,998	12/07	1/5 yr.	37,042	18.54
Malibu Gymnastics	3,040	11/08	5/1 yr.	56,362	18.54
Sudore Pilates	1,346	01/09	1/5 yr.	36,342	27.00
Exotic Thai	1,746	02/11	-	52,380	30.00
Rustico Ristorante	3,495	08/11	2/5 yr.	94,412	27.01
We Frame It	1,526	09/11	1/5 yr.	36,075	23.64
Lamp Post Pizza	3,600	11/11	-	90,145	25.04
Sushi Tei	1,725	07/12	2/5 yr.	52,705	30.55
North Ranch Dentistry	1,306	10/13	2/5 yr.	39,548	30.28
Savvy Salon	6,500	02/14	2/5 yr.	163,800	25.20

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

HICKORY RIDGE SHOPPING CENTER, HICKORY, NORTH CAROLINA

We purchased an existing shopping center known as Hickory Ridge Shopping Center containing 380,487 gross leasable square feet (which includes 70,127 square feet of ground lease space). The center is located at Catawba Valley Road in Hickory, North Carolina.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $41,900,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $110 per square foot of leasable space.

We originally purchased this property with our own funds. On January 23, 2004, we obtained financing in the amount of $23,650,000. The loan requires interest only payments as an annual rate of 4.531% and matures February 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Best Buy, Kohl's and Dick's Sporting Goods, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Best Buy	45,000	12	10.75	07/99	01/15
Dick's Sporting Goods *	45,000	12	N/A	01/00	01/20
Kohl's	86,584	23	6.83	08/99	02/20

* Ground lease

For federal income tax purposes, the depreciable basis in this property will be approximately $35,068,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Hickory Ridge Shopping Center was built in 1999. As of December 1, 2004, this property was 100% occupied, with a total 380,487 square feet leased to 19 tenants and two ground lease tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Osaka Japanese Cuisine	2,100	01/05	1/5 yr.	40,950	19.50
Thai Orchid	2,800	01/05	1/5 yr.	53,200	19.00
Tony's Pizza	2,100	01/05	1/5 yr.	45,150	21.50
EB Games	1,600	10/05	1/5 yr.	32,000	20.00
Factory Mattress	3,600	11/06	1/5 yr.	66,600	18.50
Party City	12,000	06/09	2/5 yr.	162,000	13.50
Marshalls	30,000	08/09	3/5 yr.	234,000	7.80
Great Clips	1,200	12/09	-	23,400	19.50
Old Navy	25,000	01/10	1/5 yr.	212,500	8.50
Shoe Carnival	12,000	01/10	2/5 yr.	129,000	10.75
Sprint PCS	2,800	01/10	-	50,400	18.00
Hallmark Cards	6,000	02/10	1/5 yr.	93,900	15.65
Family Christian Bookstore	5,000	03/10	2/5 yr.	90,000	18.00
Pier 1 Imports	9,976	03/12	2/5 yr.	174,580	17.50
The Avenue	6,600	01/13	2/5 yr.	78,012	11.82
Best Buy	45,000	01/15	3/5 yr.	483,750	10.75
A.C. Moore	21,000	12/15	3/5 yr.	248,730	11.84

Linens 'N Things	35,000	01/16	3/5 yr.	367,500	10.50
Kohl's	86,584	02/20	6/5 yr.	590,995	6.83

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Dicks Sporting Goods (Ground Lease)	45,000	01/20	6/5 yr.	185,000	N/A
Babies "R" Us (Ground Lease)	25,127	01/13	6/5 yr.	126,647	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

CORWEST PLAZA, NEW BRITAIN, CONNECTICUT

We purchased an existing shopping center known as CorWest Plaza containing 115,011 gross leasable square feet. The center is located at 665 and 687 West Main Street in New Britain, Connecticut.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $33,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $287 per square foot of leasable space.

We originally purchased this property with our own funds. On January 7, 2004, we obtained financing in the amount of $18,150,000. The loan requires interest only payments at an annual rate of 4.56% and matures February 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Super Stop and Shop, Liquor Depot and CVS Pharmacy, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Super Stop &					

Shop	68,073	59	26.00	05/03	05/08
			26.50	06/08	05/13
			27.00	06/13	05/18
			27.50	06/18	05/23
			28.00	06/23	05/28
CVS Pharmacy	12,150	11	26.00	06/01	01/22

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Liquor Depot	14,000	12	14.00	08/01	08/06
			16.00	09/06	08/11

For federal income tax purposes, the depreciable basis in this property will be approximately $26,101,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

CorWest Plaza was built in phases between 1999 to 2003. As of December 1, 2004, this property was 99% occupied, with a total 114,023 square feet leased to 10 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Video One	3,500	09/05	2/3 yr.	51,181	14.62
Rent-A-Center	6,000	02/06	1/5 yr.	90,000	15.00
Cingular Wireless	1,553	06/06	1/5 yr.	27,954	18.00
Subway	1,500	08/06	4/2 yr.	20,011	13.34
Webster Bank	2,147	11/05	2/5 yr.	38,646	18.00
Papa Gino's	3,000	02/11	2/5 yr.	60,000	20.00
Liquor Depot	14,000	08/11	2/5 yr.	196,000	14.00
Frazier's Two Cleaners & Laundromat	2,100	10/11	2/5 yr.	37,800	18.00
CVS Pharmacy	12,150	01/22	4/5 yr.	315,900	26.00
Super Stop & Shop	68,073	05/28	6/5 yr.	1,769,898	26.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

SHAW'S SUPERMARKET, NEW BRITAIN, CONNECTICUT

We purchased a single user retail center known as Shaw's Supermarket, New Britain, containing 65,658 gross leasable square feet. The property is located in New Britain, Connecticut.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $13,656,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $208 per square foot of leasable space.

We originally purchased this property with our own funds. On January 28, 2004, we obtained financing in the amount of $6,450,000. The loan requires interest only payments as an annual rate of 4.684% and matures November 1, 2028.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenant would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of its lease.

Shaw's Supermarket was built in 1995. One tenant, Shaw's Supermarket, leases 100% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Renewal Options	Base Rent Per Annum ($)	Base Rent Per Square Foot Per Annum ($)	Leas Beginnin
Shaw's	65,658	100	6/5 yr.	1,017,699	15.50	12/95
Supermarkets -				1,083,357	16.50	03/01
New Britain				1,149,015	17.50	03/06
				1,181,844	18.00	03/11

For federal income tax purposes, the depreciable basis in this property will be approximately $10,681,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

PAVILION AT KING'S GRANT, CONCORD, NORTH CAROLINA

We purchased a newly constructed shopping center known as Pavilion at King's Grant, containing 79,109 gross leasable square feet (which includes 65,000 square feet of ground lease space). The center is located at 8050 Concord Mills Boulevard in Concord, North Carolina.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $8,151,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. One tenant, Toys "R" Us, is currently paying half rent. When the tenant begins paying full rent, we will pay the balance of the purchase price of approximately $1,563,000. Our total acquisition cost is expected to be approximately $103 per square foot of leasable space.

We originally purchased this property with our own funds. On April 6,

2004, we obtained financing in the amount of $5,342,000. The loan requires interest only payments at an annual rate of 4.39% and matures May 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Toys "R" Us and Olive Garden, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Toys "R" Us *	49,000	62	5.10	10/02	01/13
Olive Garden*	8,500	11	9.41	04/02	04/07
			10.35	05/07	04/12

* ground lease

For federal income tax purposes, the depreciable basis in this property will be approximately $2,741,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Pavilion at King's Grant was built in 2002 and 2003. As of December 1, 2004, this property was 100% occupied, with a total 79,109 square feet leased to four tenants and three ground lessees. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
RadioShack	2,400	04/08	2/5 yr.	40,800	17.00
Bank of America	100	08/08	2/5 yr.	14,400	144.00
Panera Bread	5,609	12/14	2/5 yr.	109,376	19.50
Jared Jewelers	6,000	01/23	2/5 yr.	220,020	36.67
Olive Garden *	8,500	04/12	4/5 yr.	80,000	N/A
Red Lobster *	7,500	05/12	4/5 yr.	80,000	N/A
Toys "R" Us *	49,000	01/13	6/5 yr.	250,000	N/A

* Ground lease

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not

exceed a specified amount.

CVS PHARMACIES (ECKERD DRUG STORES)

We purchased the following two separate existing freestanding retail properties known as CVS Pharmacies, formerly Eckerd Drug Stores, containing a total of 27,648 gross leasable square feet.

Location	Square Feet	Completion Date	Purchase Price ($)
33rd Street and Santa Fe Edmond, Oklahoma	13,824	2003	3,364,000
36th and Robinson Norman, Oklahoma	13,824	2003	5,288,000

We purchased these CVS Pharmacies from an unaffiliated third party. Our total acquisition cost was approximately $8,652,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $313 per square foot of leasable space.

We purchased these properties with our own funds. On April 30, 2004, we obtained financing in the amounts of $1,850,000 and $2,900,000 for CVS Pharmacy - Edmond and CVS Pharmacy - Norman, respectively. Both loans require interest only payments at an annual rate of 4.374% and mature June 2009.

One tenant, CVS Pharmacy, leases 100% of the total gross leasable area of each property. The leases with this tenant require the tenant to pay base annual rent on a monthly basis as follows:

Lessee/Location	Approximate GLA Leased (Sq. Ft.)	% of Total GLA of each Property	Current Annual Rent ($)	Renewal Options	Base Rent Per Square Foot Per Annum ($)
33rd Street & Santa Fe Edmond, OK	13,824	100	289,292	4/5 yr.	20.93
36th & Robinson Norman, OK	13,824	100	454,806	4/5 yr.	32.90

A twenty year lease commenced as of the date of acquisition with no increases during the term of the lease. Each lease includes four options, each for a term of five years.

These properties are on triple net leases and the tenant will be responsible for all repairs.

For federal income tax purposes, the depreciable basis in these properties will be approximately $6,770,000 When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

DARIEN TOWNE CENTRE, DARIEN, ILLINOIS

We purchased an existing shopping center known as Darien Towne Centre containing 223,844 gross leasable square feet (which includes 6,371 square feet of ground lease space). The center is located at 2189 75th Street, in Darien, Illinois.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $30,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $134 per square foot of leasable space.

Simultaneously with the purchase this property, we obtained a new loan in the amount of $16,500,000. The loan requires interest only payments based on a rate of 4.65% per annum and matures June 2010.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Home Depot, Circuit City and PETsMART, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Home Depot	109,200	49	7.98	05/94	04/99
			8.35	05/99	04/04
			8.60	05/04	04/09
			9.10	05/09	04/14
Circuit City	32,984	15	10.50	05/94	01/05
			CPI	02/05	01/10
			CPI	02/10	01/15
PETsMART	25,487	11	11.20	10/94	09/04
			11.70	10/04	09/09

For federal income tax purposes, the depreciable basis in this property will be approximately $22,468,400. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Darien Towne Centre was built in 1994. As of December 1, 2004, this property was 94% occupied, with a total 210,010 square feet was leased to 11 tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Gingiss Formalwear	2,000	12/04	-	35,010	17.50
Coldwell Banker	2,468	03/05	-	45,831	18.57
Jenny Craig	2,000	05/07	1/3 yr.	44,000	22.00
Deals	12,000	07/07	1/5 yr.	120,000	10.00
TGI Fridays (Ground Lease)	6,371	05/09	3/5 yr.	79,860	N/A
Great Clips	1,500	08/09	2/3 yr.	33,000	22.00
PETsMART	25,487	09/09	5/5 yr.	298,197	11.70
Murray's Discount Auto	10,000	10/09	1/5 yr.	115,000	11.50
Panera Bread	4,500	12/12	3/5 yr.	94,500	21.00
Home Depot	109,200	04/14	4/5 yr.	939,120	8.60
Signature Cleaners	1,500	11/14	-	37,260	24.84
Circuit City	32,984	01/15	4/5 yr.	346,332	10.50

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

STONY CREEK MARKETPLACE, NOBLESVILLE, INDIANA

We purchased a newly constructed shopping center known as Stony Creek Marketplace containing 153,796 gross leasable square feet (which consists of 8,000 square feet of ground lease space). The center is located at 1713C Mercantile Boulevard in Noblesville, Indiana.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately $25,750,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately $167 per square foot of leasable space.

We originally purchased this property with our own funds. On January 20, 2004, we obtained financing in the amount of $14,162,000. The loan requires interest only payments at an annual rate of 4.77% and matures January 1, 2011.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, T.J. Maxx, Linens 'N Things and Barnes & Noble, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
T.J. Maxx	30,000	20	9.50	09/03	09/13
Linens 'N Things	28,444	18	11.50	07/03	01/09
			12.00	02/09	01/14
Barnes & Noble	21,980	14	13.50	09/03	01/16

For federal income tax purposes, the depreciable basis in this property will be approximately $17,564,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Stony Creek Marketplace was built in 2003. As of December 1, 2004, this property was 100% occupied, with a total 153,796 square feet leased to 19 tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Pe Square Foot P Annum ($)
Cingular Wireless	1,487	06/08	2/5 yr.	31,227	21.00
RJ Fastframe	1,618	06/08	1/5 yr.	33,915	20.96
The UPS Store	1,618	08/08	1/5 yr.	33,978	21.00
Scrapbook Corner	4,095	12/08	-	75,758	18.50
Papa Johns Pizza	1,615	01/09	-	33,915	21.00
Giovanni Jewelers	1,615	02/09	1/5 yr.	33,915	21.00
Quizno's Classic Subs	1,600	12/09	2/4 yr.	29,600	18.50
Blockbuster Video	4,892	05/11	2/5 yr.	102,732	21.00
Today's Bedroom One	4,890	06/11	1/5 yr.	90,465	18.50
Panera Bread	4,200	12/12	2/5 yr.	88,200	21.00
Maggie Moo's Ice Cream	1,615	03/13	2/5 yr.	33,915	21.00
Qdoba Mexican Restaurant	2,272	04/13	2/5 yr.	45,440	20.00
Ossip Optometry, P.C.	3,230	04/13	2/5 yr.	60,563	18.75
Pier 1 Imports	9,375	07/13	2/5 yr.	160,696	17.14
Shoe Carnival	10,000	07/13	2/5 yr.	130,000	13.00
T.J. Maxx	30,000	09/13	3/5 yr.	285,000	9.50
Linens 'N Things	28,444	01/14	3/5 yr.	327,118	11.50
Factory Card Outlet	11,250	01/14	2/5 yr.	160,313	14.25
Barnes & Noble	21,980	01/16	2/5 yr.	296,730	13.50
Logan's Roadhouse (Ground Lease)	8,000	03/18	3/5 yr.	75,500	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not

exceed a specified amount.

THE SHOPS AT PARK PLACE, PLANO, TEXAS

We acquired an existing shopping center known as The Shops at Park Place through the purchase of all of the membership interests of the general partner and the membership interest of limited partner of the limited partnership holding title to this center. The center contains 116,300 gross leasable square feet (which includes 3,822 square feet of ground lease space) and is located at 6401 W. Plano Parkway in Plano, Texas.

An affiliate of our business manager/advisor, Inland Park Place Limited Partnership, acquired this property on September 30, 2003 from CDG Park Place LLC, an unaffiliated third party for $23,868,000. Inland Park Place Limited Partnership agreed to sell this property to us when we had raised sufficient funds from the sale of shares to acquire this property from them. The affiliate agreed to sell us this property for the price it paid to the unaffiliated third party, plus any actual costs incurred. Our board of directors unanimously approved acquiring this property, including a unanimous vote of the independent directors.

Our total acquisition cost was $24,000,000, which included $132,000 of costs incurred by Inland Park Place Limited Partnership. We expect any additional costs to be insignificant. Our acquisition cost is approximately $206 per square foot of leasable space.

As part of the purchase, title to the property was subject to a loan placed on the property by Inland Park Place Limited Partnership for our benefit. The loan is in the amount of $13,127,000, requires interest only payments at a rate of 4.71% per annum and matures November 2008. We believe the interest rate on this loan is no greater than what we could have obtained from an unaffiliated third party lender.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Four tenants, Walgreens, OfficeMax, Michaels and Bed, Bath & Beyond, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Walgreens	15,120	13	20.83	05/00	04/60
OfficeMax	23,429	20	13.50	11/01	11/11
			14.00	12/11	11/16
Michaels	24,133	21	13.50	08/01	10/11
Bed, Bath & Beyond	25,000	21	11.00	10/01	01/12

For federal income tax purposes, the depreciable basis in this property will be approximately $13,175,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

The Shops at Park Place was built in 2001. As of December 1, 2004, this property was 99% leased, with a total 115,460 square feet leased to ten tenants and one ground lease tenant. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Ebby Halliday Realty	5,314	10/06	2/5 yr.	154,100	29.00
North Dallas Eye Associates	3,000	10/06	1/5 yr.	90,000	30.00
The Nail Club	1,100	10/06	1/5 yr.	33,000	30.00
Oxford Cleaners	1,042	10/06	1/5 yr.	31,260	30.00
Carpet Mills of America	3,500	11/06	2/5 yr.	91,000	26.00
Michaels	24,133	10/11	3/5 yr.	325,800	13.50
Bed, Bath & Beyond	25,000	01/12	3/5 yr.	275,000	11.00
Salon Boutique	10,000	02/12	2/5 yr.	180,000	18.00
OfficeMax	23,429	11/16	4/5 yr.	316,300	13.50

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Walgreens	15,120	04/60	-	315,000	20.83
Chick-Fil-A (Ground Lease)	3,822	10/15	3/5 yr.	78,500	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

POTENTIAL PROPERTY ACQUISITIONS

As of December 7, 2004, we are considering acquiring the 24 properties described below. Our decision to acquire these properties will generally depend upon:

- no material adverse change occurring in the properties, the tenants or the local economic conditions;

- our receipt of sufficient net proceeds from our offerings to make

these acquisitions or sufficient availability of credit; and

- our receipt of satisfactory due diligence information including appraisals, environmental reports and lease information.

Other properties may be identified in the future that we may acquire before or instead of these properties. We cannot guarantee that we will complete these acquisitions.

SHOPPES OF WARNER ROBBINS, WARNER ROBINS, GEORGIA

We anticipate purchasing a newly constructed shopping center known as Shoppes of Warner Robins, containing 70,740 of gross leasable square feet. The center is located at S.R. 96 and Lakejoy Road in Warner Robins, Georgia.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $13,374,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $189 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Publix, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total Phase I GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Publix	38,990	55	9.50	11/04	11/24

For federal income tax purposes, the depreciable basis in this property will be approximately $10,031,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Shoppes at Warner Robins was newly constructed in 2004. This property is currently leasing up the remaining vacancies. As of December 1, 2004, this property was 78% occupied, with a total of 55,140 square feet leased to 12 tenants. The following table sets forth certain information with respect to those leases:

	Approximate GLA Leased	Current Annual	Base Rent Per Square Foot

Lessee	(Sq. Ft.)	Lease Ends	Rent ($)	Per Annum ($)
Cutting Edge Salon	1,400	10/07	28,000	20.00
Sprint Wireless	1,400	10/07	26,600	19.00
International Tan	1,050	11/07	18,900	18.00
Nextel Communications	1,050	10/09	19,425	18.50
Love Your Clothes Cleaners	1,400	10/09	30,800	22.00
Just Mail	1,400	10/09	24,500	17.50
Luv Nail Salon	1,400	10/09	30,800	22.00
Hong Kong Restaurant	1,400	11/09	26,600	19.00
Subway	1,400	11/09	23,800	17.00
Cuts by Us	1,050	11/09	18,900	18.00
Paradise Video	3,200	12/09	52,800	16.50
Publix	38,990	11/24	370,405	9.50

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

ACADEMY SPORTS & OUTDOORS, SAN ANTONIO, TEXAS

We anticipate purchasing a newly constructed freestanding retail center known as Academy Sports & Outdoors, containing 70,910 of gross leasable square feet. The center is located at 2643 NW Loop 410 in San Antonio, Texas.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $6,825,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $96 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenant would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of its lease.

One tenant, Academy Sports & Outdoors, will lease 100% of the total gross leasable area of the property. The lease term will be determined in accordance with the tenant's commencement date. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Begin
Academy Sports & Outdoors	70,910	100	7.51	12/

For federal income tax purposes, the depreciable basis in this property will be approximately $5,119,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

MESA FIESTA, MESA, ARIZONA

We anticipate purchasing an existing shopping center known as Mesa Fiesta, containing 194,892 of gross leasable square feet. The center is located at South Alma School Road and Grove Avenue in Mesa, Arizona.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $36,855,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $189 per square foot of leasable space.

We anticipate purchasing this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Five tenants, Best Buy, Marshalls, Borders Books & Music, Comp USA and Oak Showcase, leases more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Best Buy	39,482	20	11.35	09/94	08/08

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Marshalls	31,500	16	11.50	02/95	01/10
Borders Books & Music	30,000	15	22.27	04/94	03/09
Comp USA	25,000	13	12.71	03/94	02/09
Oak Showcase	25,010	13	10.00	05/04	04/09

For federal income tax purposes, the depreciable basis in this property

will be approximately $27,641,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Mesa Fiesta was built in 1994. As of December 1, 2004, this property was 100% occupied, with a total 194,892 square feet leased to eight tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Famous Footwear	8,000	03/07	97,600	12.20
Best Buy	39,482	08/08	448,121	11.35
Comp USA	25,000	02/09	317,750	12.71
Cost Plus World Market	18,900	02/09	288,225	15.25
Staples	17,000	02/09	225,803	13.28
Borders Books & Music	30,000	03/09	668,226	22.27
Oak Showcase	25,010	04/09	250,100	10.00
Marshalls	31,500	01/10	362,250	11.50

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PHENIX CROSSING, PHENIX CITY, ALABAMA

We anticipate purchasing a newly constructed shopping center known as Phenix Crossing, containing 56,563 of gross leasable square feet. The center is located at 5408 Summerville Highway in Phenix City, Alabama.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $10,065,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $178 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Publix, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

	Approximate	% of Total	Base Rent Per Square

Lessee	GLA Leased (Sq. Ft.)	Phase I GLA	Foot Per Annum ($)	Lease Term Beginning	To
Publix	38,997	69	11.95	06/04	06/24

For federal income tax purposes, the depreciable basis in this property will be approximately $7,549,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Phenix Crossing was newly constructed in 2004. As of December 1, 2004, this property was 95% occupied, with a total of 53,817 square feet leased to nine tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Package Store	1,400	11/07	20,384	14.56
Ace Cleaners	1,400	06/09	22,400	16.00
Nail Salon & Day Spa	1,400	07/09	22,400	16.00
China Panda	1,400	07/09	22,400	16.00
Movie Gallery	4,200	08/09	56,700	13.50
Headstart Hair	2,220	08/09	35,520	16.00
Zeb's Seafood & Chicken	1,400	08/09	23,310	16.65
Blimpie	1,400	09/09	22,400	16.00
Publix	38,997	06/24	466,014	11.95

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

METRO TOWN CENTER, PHOENIX, ARIZONA

We anticipate purchasing an existing shopping center known as Metro Town Center, containing 147,056 of gross leasable square feet. The center is located at 2821 West Peoria in Phoenix, Arizona.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $31,266,000. This amount may increase by additional costs which have

not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $213 per square foot of leasable space.

We anticipate purchasing this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this

property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Ross Dress for Less and PETsMART, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Ross Dress for Less	30,187	21	11.50	04/04	01/15
PETsMART	22,500	15	10.91	01/03	01/18

For federal income tax purposes, the depreciable basis in this property will be approximately $23,450,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Metro Town Center was built during 1988 through 1990 and renovated in 2003 and 2004. This property is currently leasing up the remaining vacancies and certain tenants have executed leases for retail space within the shopping center. As of December 1, 2004, this property was 78% occupied, with a total 115,017 square feet leased to 19 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Metro Mattress	2,400	02/08	72,000	30.00
Subway	1,400	02/08	43,260	30.90
Cold Stone Creamery	1,200	02/08	35,844	29.87
Nextel Communications	1,200	03/08	38,400	32.00
Supercuts	1,200	04/08	33,600	28.00
Blockbuster Video	6,896	12/08	104,681	15.18
Tina Nails	1,710	03/09	47,779	27.94
Robeks	960	04/09	28,800	30.00
The UPS Store	1,600	08/09	44,800	28.00
Samurai Sams	1,600	02/10	52,800	33.00
Naturally Women	13,464	03/10	204,518	15.19
Chipotle Mexican Grill	2,800	12/12	89,600	32.00
Starbucks	1,500	03/13	47,100	31.40

	Approximate GLA Leased	Current Annual	Base Rent Per Square Foot

Lessee	(Sq. Ft.)	Lease Ends	Rent ($)	Per Annum ($)
Big 5 Sporting Goods	10,000	01/14	120,000	12.00
Vitamin Shoppe	5,000	09/14	170,000	34.00
Ross Dress for Less	30,187	01/15	347,151	11.50
PETsMART	22,500	01/18	245,375	10.91
Mimi's Cafe	7,000	12/18	70,000	10.00
Wendy's	2,400	07/19	74,500	31.04

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

SHOPPES AT LAKE ANDREW, VIERA, FLORIDA

We anticipate purchasing an existing shopping center known as Shoppes at Lake Andrew, containing 144,772 of gross leasable square feet. The center is located at Wickham and I-95 in Viera, Florida.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $28,300,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $195 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Ross Dress for Less, Linens 'N Things and Rag Shop, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total Phase I GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Ross Dress for Less	30,187	21	9.50	02/04	01/16
Linens 'N Things	28,240	20	12.50	02/04	01/15
Rag Shop	19,976	14	11.00	11/03	11/13

For federal income tax purposes, the depreciable basis in this property will be approximately $21,225,000. When we calculate depreciation expense for tax purposes, we will use the straight-line

method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Shoppes at Lake Andrew was built in 2003. As of December 1, 2004, this property was 100% occupied, with a total of 144,772 square feet leased to 18 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
EB Games	1,800	08/08	43,200	24.00
Hair Cuttery	1,200	08/08	32,400	27.00
Asian Wok	1,200	09/08	32,400	27.00
Mattress Barn	4,520	10/08	83,620	18.50
The Blind Spot	1,200	01/09	31,200	26.00
Gulf Atlantic Hearing Aid	900	01/09	29,700	33.00
Subway	1,200	02/09	31,200	26.00
Dress Barn	4,312	06/09	74,536	18.50
Your House Interiors	9,748	07/09	151,094	15.50
Payless Shoesource	2,700	06/13	59,400	22.00
Cellular Express	1,200	08/13	33,372	27.81
Professional Nail	1,200	08/13	31,200	26.00
Petco	13,767	09/13	213,388	15.50
Shoe Carnival	10,800	10/13	135,000	12.50
Rag Shop	19,976	11/13	219,736	11.00
Pier 1 Imports	10,622	02/14	191,196	18.00
Linens 'N Things	28,240	01/15	353,000	12.50
Ross Dress for Less	30,187	01/16	286,776	9.50

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

GREEN'S CORNER, CUMMING, GEORGIA

We anticipate purchasing an existing shopping center known as Green's Corner, containing 82,792 of gross leasable square feet (which includes a ground lease space). The center is located at Georgia Highway 20 and Bethelview Road in Cumming, Georgia.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $12,768,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $154 per square foot of leasable space.

We anticipate purchasing this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any

monies spent pursuant to the provisions of their respective leases.

One tenant, Kroger, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Kroger	63,296	76	8.49	01/98	01/18

For federal income tax purposes, the depreciable basis in this property will be approximately $9,576,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Green's Corner was built in 1997. As of December 1, 2004, this property was 100% occupied, with a total 82,792 square feet leased to 11 tenants and one tenant subject to a ground lease. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Designer Cleaners	1,800	08/07	39,600	22.00
Blockbuster Video	6,000	09/07	99,000	16.50
The UPS Store	1,320	09/07	22,730	17.22
Subway	1,400	10/07	24,528	17.52
Great Clips	1,253	11/07	21,576	17.22
KB's BBQ & Rib Company	1,200	03/08	20,400	17.00
Golden Palace	2,793	04/08	48,905	17.51
Allstate Insurance	930	08/08	16,284	17.51
Cumming Nails & Tan	1,600	09/08	28,016	17.51
Bucks Pizza	1,200	01/09	19,800	16.50
McDonalds (Ground Lease)	*	01/17	49,280	N/A
Kroger	63,296	01/18	537,225	8.49

* To be determined

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

NEWTON CROSSROADS, COVINGTON, GEORGIA

We anticipate purchasing an existing shopping center known as Newton

Crossroads, containing 78,896 of gross leasable square feet. The center is located at Georgia Highway 20 and Brown Bridge Road in Covington, Georgia.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $10,087,000. This amount may increase by additional costs which have

not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $128 per square foot of leasable space.

We anticipate purchasing this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Kroger, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Kroger	63,296	80	7.36	01/98	01/18

For federal income tax purposes, the depreciable basis in this property will be approximately $7,565,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Newton Crossroads was built in 1997. As of December 1, 2004, this property was 100% occupied, with a total 78,896 square feet leased to 11 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
H & R Block	1,200	04/05	19,464	16.22
Washington Mutual Bank	3,000	04/07	51,300	17.10
Great Clips	1,200	06/07	20,664	17.22
GNC	1,200	07/07	19,476	16.23
Subway	1,200	07/07	22,140	18.45
Daily Nails	1,200	08/07	21,648	18.04
Family Dentistry	1,800	10/07	32,724	18.18
Peking Chinese Restaurant	1,200	10/07	19,476	16.23

Just New Releases	1,800	04/08	30,096	16.72
Best Cleaners	1,800	07/12	42,012	23.34
Kroger	63,296	01/18	465,700	7.36

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

STILESBORO OAKS, ACWORTH, GEORGIA

We anticipate purchasing an existing shopping center known as Stilesboro Oaks, containing 80,772 of gross leasable square feet. The center is located at State Highway 176 and Stilesboro Road in Acworth, Georgia.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $12,640,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $156 per square foot of leasable space.

We anticipate purchasing this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Kroger, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Kroger	54,872	68	8.41	06/97	06/22

For federal income tax purposes, the depreciable basis in this property will be approximately $9,480,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Stilesboro Oaks was built in 1996. As of December 1, 2004, this property was 100% occupied, with a total 80,772 square feet leased to 13 tenants. The following table sets forth certain information with respect to those leases:

	Approximate		Current	Base Rent Per

Lessee	GLA Leased (Sq. Ft.)	Lease Ends	Annual Rent ($)	Square Foot Per Annum ($)
Nail Lite	1,050	03/06	22,438	21.37
Blockbuster Video	6,300	04/06	96,957	15.39
Mr. Wonton Chinese Takeout	1,050	05/06	19,509	18.58
The UPS Store	1,400	05/06	24,094	17.21
Vintage Bottle Shop	3,500	07/06	63,000	18.00
Gondolier Pizza	1,400	08/06	24,878	17.77
Great Clips	1,050	09/06	20,653	19.67
GNC	1,400	04/07	24,094	17.21
Solar Dimension Tanning	1,750	04/07	29,890	17.08
Dickson's Tae Kwon Do Plus	2,800	05/07	42,000	15.00
Clothing Care Cleaners	2,450	05/09	69,727	28.46

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Subway	1,750	08/09	28,875	16.50
Kroger	54,872	06/22	461,606	8.41

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

HOLLIDAY TOWNE CENTER, DUNCANSVILLE, PENNSYLVANIA

We anticipate purchasing an existing shopping center known as Holliday Towne Center, containing 83,122 of gross leasable square feet. The center is located at 1264 Old Route 22 in Duncansville, Pennsylvania.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $14,727,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $177 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Martins Food, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total Phase I GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning
Martins	54,322	65	15.55	11/03

For federal income tax purposes, the depreciable basis in this property will be approximately $11,045,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Holliday Towne Center was built in 2003. As of December 1, 2004, this property was 80% occupied, with a total of 66,722 square feet leased to seven tenants and 3,600 square feet leased to one tenant who has not yet occupied their space. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
FlexCheck	1,200	12/07	16,800	14.00
H&R Block	1,200	04/08	15,600	13.00
Movie Gallery	4,000	11/08	52,000	13.00
Holiday Hair	1,200	11/08	25,200	21.00
Fox's Pizza Den	1,600	11/09	22,400	14.00
Isabella's Hallmark *	3,600	12/09	43,200	12.00
STS Tanning	3,200	01/11	38,656	12.08
Martins	54,322	10/23	844,707	15.55

* Lease term has not yet commenced, however, the expiration date may change based upon the tenant's actual occupancy date.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

CROSS CREEK SHOPPING CENTER, MEMPHIS, TENNESSEE

We anticipate purchasing an existing shopping center known as Cross Creek Shopping Center, containing 363,333 of gross leasable square feet. The center is located at 3593 Riverdale Road in Memphis, Tennessee.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $56,300,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $155 per square foot of leasable space.

We anticipate purchasing this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Four tenants, Home Depot, Kroger, Rhodes Furniture and Babies "R" Us, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Home Depot	102,661	28	10.84	09/96	01/17
Kroger	63,941	18	8.92	10/96	09/16

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Rohdes Furniture	48,925	13	10.00	12/96	12/11
Babies "R" Us	42,296	12	8.80	09/96	09/06

For federal income tax purposes, the depreciable basis in this property will be approximately $42,225.000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Cross Creek Shopping Center was built in 1995. As of December 1, 2004, this property was 100% occupied, with a total 363,333 square feet leased to 19 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
BA Framer	2,011	05/05	34,187	17.00
Gould's Styling Salon	1,609	05/05	29,767	18.50
Le Nail Studio	1,206	09/05	22,308	18.50

Babies "R" Us	42,296	09/06	372,205	8.80
Old Navy	14,000	11/06	245,000	17.50
Bed, Bath & Beyond	35,000	01/07	367,500	10.50
Hallmark	3,975	02/07	59,625	15.00
Besigner's Fine Cleaners	1,206	03/07	21,708	18.00
Household Finance	2,183	02/08	41,472	19.00
GNC	1,450	07/08	29,767	20.53
Sprint PCS	3,000	11/08	64,560	21.52
Lenny's Sub Shop	2,183	09/09	39,300	18.00
Eye Masters	3,500	05/10	110,700	31.63
Rhodes Furniture	48,925	12/11	489,250	10.00
Comp USA	23,000	03/12	256,910	11.17
Hollywood Video	8,000	03/12	158,400	19.80
Kroger	63,941	09/16	570,132	8.92
Home Depot	102,661	01/17	1,113,162	10.84
Fazoli's Italian Restaurant	3,187	04/18	63,252	19.85

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

23RD STREET PLAZA, PANAMA CITY, FLORIDA

We anticipate purchasing an existing shopping center known as 23rd Street Plaza, containing 53,367 of gross leasable square feet. The center is located at 23rd Street and State Road 77 in Panama City, Florida.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $7,257,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $136 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Bed, Bath & Beyond and Ross Dress for Less, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total Phase I GLA	Base Rent Per Square Foot Per Annum ($)	Le Beginning
Bed, Bath & Beyond	20,570	39	10.50	02/03

Ross Dress for Less	30,122	56	9.75	04/03

For federal income tax purposes, the depreciable basis in this property will be approximately $5,443,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

23rd Street Plaza was built in 2003. As of December 1, 2004, this property was 95% occupied, with a total of 50,692 square feet leased to two tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Bed, Bath & Beyond	20,570	01/13	215,985	10.50
Ross Dress for Less	30,122	03/13	293,690	9.75

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

A TEXAS PROPERTY, TARRANT COUNTY, TEXAS

We anticipate investing into an existing retail and office property which we have designated as A Texas Property, containing over 417,700 of gross leasable square feet. The retail and office property is located in Tarrant County, Texas.

We anticipate investing into this property with an unaffiliated third party. Our total investment cost is expected to be approximately $120,000,000. This amount may increase by additional costs which have not been finally determined. We expect any additional costs to be insignificant. Our investment cost is expected to be approximately $287 per square foot of leasable space.

We anticipate investing into this retail and office property with our own funds. However, we expect to place financing on this portion of the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

There are no tenants that lease more than 10% of the total gross leasable area of the property.

The retail and office property we are anticipating investing into was built between 1998 and 2004. The tenants' leasable square feet of the retail and office property we are anticipating investing into range between 105 and 23,796 square feet, with lease terms ranging from three years to 12 years, and base

rent ranging from $7.50 to $36.00 per square feet per annum.

For federal income tax purposes, the depreciable basis in this investment into the retail and office property we are anticipating investing into will be approximately $90,000,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

HENRY TOWN CENTER, MCDONOUGH, GEORGIA

We anticipate purchasing 444,296 of gross leasable square feet (which includes 63,354 square feet of ground lease space) of a 722,244 square foot shopping center known as Henry Town Center. The center is located at I-75 and Jonesboro Road in McDonough, Georgia.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $62,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $140 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, BJ's Wholesale Club and Belk, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total Phase I GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
BJ's Wholesale Club	115,396	26	9.00	05/02	05/22
Belk (Ground Lease)	58,267	13	N/A	06/02	07/22

For federal income tax purposes, the depreciable basis in this property will be approximately $46,500,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

The portion of Henry Town Center which we anticipate purchasing was

built in 2002. As of November 1, 2004, the property was 100% leased to 42 tenants and two ground lease tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Friedman's Jewelers	2,386	07/05	42,948	18.00
Cellular Depot	1,155	07/05	24,925	21.58
Water Sports South	1,200	01/06	21,600	18.00
H & R Block	1,986	05/07	34,755	17.50
Famous Footwear	10,000	07/07	145,000	14.50
Sally Beauty Supply	1,400	07/07	27,300	19.50
GNC	1,200	07/07	24,000	20.00
Oreck Home Care	1,600	07/07	27,200	17.00
Hibbett Sporting Goods	5,000	08/07	75,000	15.00
Fantastic Sam's	1,600	08/07	30,400	19.00
Motherhood Maternity	1,600	08/07	38,000	23.75
Dollar Exclusive	3,200	09/07	54,400	17.00
Dessert Factory	1,200	09/07	21,600	18.00
Nails & Tan	1,200	09/07	20,400	17.00
EB Games	1,600	09/07	28,800	18.00
Subway Real Estate	1,600	10/07	32,960	20.60
Hong Kong Cafe	1,400	10/07	23,800	17.00
Orthodontic Centers	3,235	11/07	58,230	18.00
Dress Barn	7,200	12/07	86,400	12.00
The School Box	4,800	12/07	72,000	15.00
Planet Beach Real Estate	1,200	12/07	22,200	18.50
Scrap Happy	3,000	12/07	51,000	17.00
Mattress King	4,685	12/07	81,987	17.50
Liberty Mutual Insurance	1,400	01/08	24,500	17.50
RadioShack	2,786	02/08	44,576	16.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Gloria's Hallmark	4,500	02/08	72,000	16.00
Lane Bryant	4,800	03/08	79,200	16.50
Gecko Grill	1,600	03/08	27,200	17.00
Serenity Spa & Salon	2,400	04/08	40,800	17.00
Michael's	23,754	02/12	237,540	10.00
Marshalls	30,000	05/12	226,500	7.55
Longhorn (Ground Lease)	5,087	06/12	81,500	N/A
Payless Shoesource	2,800	06/12	54,404	19.43
Pier 1 Imports	10,000	08/12	155,000	15.50
Staples	24,229	08/12	230,175	9.50
Woody's Bar B Que	5,080	08/12	87,478	17.22
Cici's Pizza	4,200	09/12	67,200	16.00
Ross Dress for Less	30,187	01/13	324,510	10.75
Bath & Body Works	3,000	01/13	59,700	19.90

Books-A-Million	12,510	01/13	125,100	10.00
Bed, Bath & Beyond	19,978	01/13	214,764	10.75
PETsMART	18,875	08/17	202,906	10.75
BJ's Wholesale Club	115,396	05/22	1,038,564	9.00
Belk (Ground Lease)	58,267	07/22	203,934	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

THE VILLAGE AT QUAIL SPRINGS, OKLAHOMA CITY, OKLAHOMA

We anticipate purchasing a freestanding retail building located at The Village at Quail Springs Shopping Center, containing 100,671 of gross leasable square feet. The center is located at 2201 West Memorial Road in Oklahoma City, Oklahoma.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $10,450,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $104 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Best Buy and Gordmans, lease 100% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Renewal Options	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Best Buy	45,545	45	3/5 yr.	5.75	11/04	01/15
Gordmans	55,126	55	4/5 yr.	9.10	10/03	01/14

For federal income tax purposes, the depreciable basis in this property will be approximately $7,838,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

MCALLEN SHOPPING CENTER, MCALLEN, TEXAS

We anticipate purchasing a newly constructed shopping center known as

McAllen Shopping Center, containing 17,625 of gross leasable square feet. The center is located at 10th Street and Trenton Road in McAllen, Texas.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $4,150,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $235 per square foot of leasable space.

We anticipate purchasing this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Four tenants, Payless Shoesource, RadioShack, Hollywood Video, and Dr. Fiona Kolia, Optometrist, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Payless Shoesource	2,800	16	18.25	08/03	07/08
RadioShack	2,500	14	19.00	11/04	03/09
Hollywood Video	6,282	36	18.50	11/03	10/13
Dr. Fiona Kolia, Optometrist	1,736	10	19.50	11/03	01/08

For federal income tax purposes, the depreciable basis in this property will be approximately $3,113,000. When we calculate depreciation expense for tax purposes, we will use the straight-line

method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

McAllen Shopping Center was built during 2004. As of November 1, 2004, this property was 100% occupied, with a total 17,625 square feet leased to seven tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Dr. Fiona Kolia, Optometrist	1,736	01/08	33,860	19.50

Classic Cleaners	1,400	07/08	26,600	19.00
Payless Shoesource	2,800	07/08	51,100	18.25
RadioShack	2,500	03/09	47,500	19.00
Sally Beauty Supply	1,500	04/09	33,750	22.50
Just a Cut	1,407	01/13	25,326	18.00
Hollywood Video	6,282	10/13	116,217	18.50

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

ADVANCE AUTO PARTS PORTFOLIO

We anticipate purchasing the following three separate newly constructed triple-net leased retail properties built in 2004 known as Advance Auto Parts, containing a total of 21,000 gross leasable square feet.

Location	Square Feet	Lease Term	Purchase Price
8603 Culebra San Antonio, Texas	7,000	07/04-06/19	1,483,675
465 E. Central Texas Expressway Harker Heights, Texas	7,000	08/04-07/19	1,547,609
3915 E. Stan Schlueter Killeen, Texas	7,000	08/04-07/19	1,433,113
Total	21,000		4,464,397

We anticipate purchasing these Advance Auto Parts stores from an unaffiliated third party. Our total acquisition cost, including expenses, is expected to be approximately $4,464,397. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost will be approximately $213 per square foot of leasable space.

We anticipate purchasing these properties with our own funds. However, we expect to place financing on the properties at a later date.

In evaluating these properties as potential acquisitions and determining the appropriate amount of consideration to be paid for the properties, we considered a variety of factors including location, demographics, quality of tenant, length of lease, price per square foot, occupancy and the fact that overall rental rate at the property is comparable to market rates. We believe that each of these properties is well located, has acceptable roadway access and is well maintained. These properties will be subject to competition from similar properties within their market area, and economic performance could be affected by changes in local economic conditions. We did not consider any other factors materially relevant to the decision to acquire these properties.

One tenant, Advance Auto Parts, will lease 100% of the total gross leasable area of each property. The leas with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee/ Location	Approximate GLA Leased (Sq. Ft.)	% of Total GLA of each Property*	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	
8603 Culebra Road San Antonio, Texas	7,000	100	110,505	15.79	07/04	0
465 E. Central Texas Expressway Harker Heights, Texas	7,000	100	115,290	16.47	08/04	0
3915 E. Stan Schlueter Killeen, Texas	7,000	100	106,750	15.25	08/04	0

For federal income tax purposes, the depreciable basis in these properties will be approximately $3,349,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

THUNDERBIRD CROSSING, PEORIA, ARIZONA

We anticipate purchasing 55,646 of gross leasable square foot portion of a 79,774 square feet existing shopping center known as Thunderbird Crossing. The center is located at 8375 West Thunderbird Road in Peoria, Arizona.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $8,500,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $153 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Thunderbird Crossing was built in 2003 and 2004. Two tenants, Sprouts Farmers Market and 99 Cents Only, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Base Rent

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Current Annual Rent	Per Square Foot Per Annum ($)	Lease Term Beginning	T
Sprouts Farmers Market	30,146	54	417,522	13.85	05/04	05
99 Cents Only	25,500	46	204,400	8.02	04/04	04

For federal income tax purposes, the depreciable basis in this property will be approximately $6,375,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

POINCIANA PLACE, KISSIMMEE, FLORIDA

We anticipate purchasing an existing shopping center known as Poinciana Place, containing 107,139 of gross leasable square feet. The center is located at Highway 192 and SR 535 in Kissimmee, Florida.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $14,850,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $139 per square foot of leasable space.

We anticipate purchasing this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Publix, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Publix	56,000	52	7.25	06/88	06/0

For federal income tax purposes, the depreciable basis in this property will be approximately $11,138,000. When we calculate depreciation expense for

tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Poinciana Place was built in 1988 and redeveloped in 2004. As of October 1, 2004, this property was 100% occupied, with a total 107,139 square feet leased to 18 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Re Square Per Ann
H.W. Lockner, Inc.	3,297	04/07	45,004	13.6
Publix	56,000	06/08	406,000	7.2
Coast Dental Services, Inc.	3,226	08/08	82,932	25.5
Blockbuster Video	5,000	06/09	90,000	18.0
Alber Investments	2,160	06/09	38,880	18.0
Elite Vacations, Inc.	2,972	07/09	65,384	22.0
Nailstyle Salon & Spa	1,427	07/09	28,540	20.0
Rita Rector	643	08/09	5,466	8.5
Vista Investments Enterprise, Inc.	4,755	08/09	66,570	14.0
Timescape Resorts, LLC	7,251	08/09	50,757	7.0
Pizzeria Mashka, Inc.	1,609	09/09	38,616	24.0
Faz Corporation	1,542	09/09	30,840	20.0
Sunstate Gifts, Inc.	1,532	09/09	30,640	20.0
Gemstone Properties, LLC	1,432	09/09	27,280	19.0
Phu Lock of Kissimmee, Inc.	1,096	09/09	21,920	20.0
Cave Run Eagles, LLC	3,324	09/09	59,832	18.0
Oriental Pearl	2,791	07/14	55,820	20.0
Smokey Bones	7,082	08/14	120,000	16.9

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

FAIRGROUNDS PLAZA, MIDDLETOWN, NEW YORK

We anticipate purchasing a redeveloped shopping center which will be known as Fairgrounds Plaza, containing 98,021 of gross leasable square feet. The center is located at 330 Route 211 East in Middletown, New York.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $27,448,000. These amounts may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $280 per square foot of leasable space.

We intend to purchase this property with our own funds. We are assuming the existing debt in the amount of $16,032,000. The loan requires monthly principal and interest payments at an annual fixed rate of 5.69% and matures in February 2013.

We do not intend to make significant repairs and improvements to this

property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Super Stop & Shop, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Super Stop & Shop	59,970	61	28.51	01/03	01/28

For federal income tax purposes, the depreciable basis in this property will be approximately $20,586,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Fairgrounds Plaza commenced redevelopment construction during 2002 that will be completed in stages by 2005. This property has been in a leasing up phase and seven tenants have executed leases for retail within the shopping center whose leases have not yet commenced. As of October 1, 2004, the property was 68% leased with a total 66,254 square feet leased to three tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
First Union Bank	2,284	09/08	38,828	17.00
Majestic Carpet	4,000	12/14	54,000	13.50
Super Stop & Shop	59,970	01/28	1,710,000	28.51

* Lease term information is based on the estimated date the tenant begins occupancy and is not currently available.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

CORAM PLAZA, CORAM, NEW YORK

We anticipate purchasing a portion of a shopping center, under construction, known as Coram Plaza. This transaction is comprised of 144,301 of gross leasable square feet. The center is located on 264 Middle County Road in Coram, New York.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $38,500,000. This amount may increase by additional costs which have

not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $267 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Stop & Shop, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Stop & Shop	66,194	46	23.91	11/03	10/29

For federal income tax purposes, the depreciable basis in this property will be approximately $28,875,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Coram Plaza was built in the 1950's with a complete renovation and expansion during 2004. As of October 1, 2004, this property was 89% occupied, with a total 128,419 square feet leased to 20 tenants of which three tenants' leases are anticipated to commence on December 1, 2004. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Longwood Sports Association	4,000	03/05	68,080	16.75
Plaza Deli	1,440	04/05	27,404	17.68
Family Dollar	8,000	12/05	80,000	8.85
Aqua Hut *	3,300	11/06	50,496	15.30
RFK Furniture & Mattress	7,500	08/07	98,750	13.17
G&M Family Card	2,000	08/07	34,833	17.42
Subway	1,320	08/07	23,718	17.97
Blockbuster Video	3,017	09/07	45,255	15.00
Bridgestone/Firestone	7,398	02/08	24,000	3.51
Middle County Cleaners	1,080	11/09	30,000	27.78
Bella Rama	3,260	08/10	60,679	18.61
Joyce Leslie	8,000	08/10	128,000	16.00
Tan City	1,080	11/10	20,780	19.24

Joann Michael Org Beauty Supply	1,510	03/12	30,962	20.51
Path Liquors	2,500	05/12	61,276	24.51
KYCR Hair & Nails *	1,350	11/12	23,362	17.31

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Dunkin Donuts	1,500	08/13	42,000	28.00
Homes 4-Sale Realty	2,800	11/14	60,000	21.43
Ming Chang Cheung	1,170	12/18	30,420	26.00
Stop & Shop	66,194	10/29	1,583,000	23.91

* Rent commencement for these tenants is December 1, 2004.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

MAGNOLIA SQUARE, HOUMA, LOUISIANA

We anticipate purchasing a shopping center being built and which will be known as Magnolia Square, containing 115,746 of gross leasable square feet. The center is located at Martin Luther King Boulevard in Houma, Louisiana.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $18,552,000. These amounts may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $160 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Circuit City, Ross Stores and PETsMART, will lease more than 10% of the total gross leasable area of the property. The lease term will be determined in accordance with the tenant's commencement date. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee *	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)

Circuit City	20,000	17	13.85
Ross Stores	30,186	26	9.25
PETsMART	20,030	17	12.50

* Lease term information is based on the date the tenant begins occupancy and is not currently available.

For federal income tax purposes, the depreciable basis in this property will be approximately $13,914,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Magnolia Square is being constructed during 2004. The property is currently leasing up the remaining vacancies and certain tenants have executed lease for retail space within the shopping center. As of August 1, 2004, the property was 90% leased to nine tenants. The following table sets forth certain information with respect to those leases:

Lessee *	Approximate GLA Leased (Sq. Ft.)	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Circuit City	20,000	277,000	13.85
Ross Dress for Less	30,186	279,221	9.25
PETsMART	20,030	250,375	12.50
Dress Barn	7,700	109,725	14.25
Chuck E. Cheese	7,000	126,000	18.00
Sally Beauty Supplies	1,600	26,000	16.25
Dollar Tree	10,030	72,718	7.25
Starbucks	1,600	39,600	24.75
West Marine	6,000	113,700	18.95

* Lease term information is based on the date the tenant begins occupancy and is not currently available.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

LAKEPOINTE TOWNE CROSSING, LEWISVILLE, TEXAS

We anticipate purchasing a newly constructed shopping center known as Lakepointe Towne Crossing, containing 193,502 of gross leasable square feet. The center is located at 715 Hebron Parkway, in Lewisville, Texas.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $39,482,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition

cost is expected to be approximately $204 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Sportsman's Warehouse, Circuit City and Ross Dress for Less, will each lease more than 10% of the total gross leasable area of the property. The lease term has been determined in

accordance with the tenant's projected lease commencement date. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Sportsman's Warehouse	45,250	23	12.00	08/04	08/19
Circuit City	33,862	18	14.00	06/04	01/19
Ross Dress for Less	30,187	16	9.75	04/03	04/23

For federal income tax purposes, the depreciable basis in this property will be approximately $29,611,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Lakepointe Towne Crossing was newly constructed in 2004. As of September 1, 2004, the property is currently in a leasing up phase and certain tenants have executed leases for retail space within the shopping center. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Mattress Firm	6,500	08/08	162,500	25.00
Hawk Electronics	5,000	10/08	125,000	25.00
EB Games	1,500	10/08	34,500	23.00
Carter Floors and Countertops	2,240	12/08	51,520	23.00
Great Clips	1,200	10/09	28,800	24.00
Dr. John Launius	2,880	11/10	63,360	22.00
Pei Wei Asian Diner	3,300	10/13	85,800	26.00
Moe's Southwest Grill	3,121	11/13	78,025	25.00
Circuit City	33,862	01/19	474,068	14.00

Sportsman's Warehouse	45,250	08/19	543,000	12.00
Ross Dress for Less	30,187	04/23	294,323	9.75

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PLEASANT RUN TOWNE CROSSING, CEDAR HILL, TEXAS

We anticipate purchasing a newly constructed shopping center known as Pleasant Run Towne Crossing, containing 225,431 of gross leasable square feet of which 20,200 is on ground leases. The center is located at Pleasant Run and Highway 67, in Cedar Hill, Texas.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately $41,417,800. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately $176 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Oshman's Sporting Goods and Circuit City, will lease more than 10% of the total gross leasable area of the property. The lease term will be determined in accordance with the tenant's lease commencement date. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum ($)	Lease Term Beginning	To
Oshman's Sporting Goods	40,954	17	10.00	05/04	04/14
Circuit City	32,570	14	14.00	11/03	01/18

For federal income tax purposes, the depreciable basis in this property will be approximately $31,063,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Pleasant Run Towne Crossing was newly constructed in 2004. As of September 1, 2004, the property is currently in a leasing up phase and certain tenants have executed leases for retail space within the shopping center. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
The Maytag Store	5,225	04/09	94,050	18.00
Justice Just for Girls	4,500	04/09	81,000	18.00
Sleep Experts	4,500	06/09	99,000	22.00
Mattress Firm	6,000	08/09	132,000	22.00
ASAP Mail	2,000	08/09	40,000	20.00
Luxury Nails	1,200	08/09	25,200	21.00
Brook Mays Music	6,250	09/09	112,500	18.00
Michaels	21,390	11/13	224,595	10.50
Bombay Company	4,500	11/13	81,000	18.00
Bed, Bath & Beyond	22,000	01/14	220,000	10.00
Half Price Books	10,108	02/14	121,296	12.00
Mothers Work	1,805	03/14	36,100	20.00

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent ($)	Base Rent Per Square Foot Per Annum ($)
Zales Jewelry	3,000	05/14	66,000	22.00
Vitamin Shop	5,000	08/14	135,000	27.00
Panera Bread	4,999	10/14	119,976	24.00
Oshman's Sporting Goods	40,954	01/15	409,540	10.00
Circuit City	32,570	01/18	455,980	14.00
JP Morgan Chase Bank (Ground Lease)	4,700	02/24	84,999	N/A
Saltgrass Steakhouse (Ground Lease)	8,500	05/24	84,999	N/A
Joe's Crab Shack (Ground Lease)	7,000	05/24	75,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

We will obtain an appraisal on this property prior to acquisition. As with any other property we acquire, our property manager will receive a property management fee for managing this property and our advisor will receive an advisor asset management fee.

As of December 8, 2004, we have over $362,597,000 in pending acquisitions and we believe, based in part on projected sales of our common stock, that cash on hand and future financings will provide us with sufficient cash to clse these properties at the time of their projected closings.

TERMINATED CONTRACTS

Our board previously approved the acquisition of Albertson's Grocery Store in Loveland, Colorado, Mall 205 and Plaza 205, Portland Oregon, Eckerd Drug Store at Danforth and Santa Fe in Edmond, Oklahoma and Casa Paloma (disclosed as probable) Woodbury Village Shopping Center (disclosed as probable), Shaw's Supermarket at Bristol, Connecticut (disclosed as probable) and Peoria Station (disclosed as probable). Based on information received during our due diligence process, we have decided not to acquire the properties and our affiliate has terminated the contracts on these acquisitions.

TENANT LEASE EXPIRATION

The following table sets forth, as of December 7, 2004, lease expirations for the next ten years at our properties, assuming that no renewal options are exercised. For purposes of the table, the "total annual base rental income" column represents annualized base rent of each tenant as of January 1 of each year. Therefore, as each lease expires, no amount is included in this column for any subsequent year for that lease. In view of the assumption made with regard to total annual base rent, the percent of annual base rent represented by expiring leases may not be reflective of the expected actual percentages.

Year Ending December 31,	Number of Leases Expiring	Approx. Gross Leasable Area of Expiring Leases (Sq. Ft.)	% Total of Portfolio Gross Leasable Area Represented by Expiring Leases	Total Annual Base Rental Income of Expiring Leases ($)	% of Total Annual Base Rental Income Represented by Expiring Leases	Total A Base Re Income
Consolidated						
2004	36	126,699	0.8%	1,980,296	1.0%	198,886
2005	82	264,362	1.7%	5,059,399	2.6%	197,728
2006	134	603,457	3.9%	9,118,717	4.7%	193,630
2007	164	559,348	3.6%	10,030,425	5.4%	185,584
2008	248	807,416	5.2%	15,836,792	9.0%	176,706
2009	223	943,389	6.1%	15,099,395	9.3%	161,693
2010	48	450,974	2.9%	6,137,053	4.2%	146,907
2011	63	929,855	6.0%	12,816,709	9.1%	141,051
2012	83	907,832	5.8%	13,093,523	10.2%	128,639
2013	141	1,501,909	9.7%	18,865,006	16.3%	115,891

TENANT CONCENTRATION

The following table sets forth, as of December 7, 2004, our individual tenant concentrations for the properties that we currently own.

% OF

DESCRIPTION	TOTAL NUMBER	GROSS LEASABLE AREA (SQ. FT.)	TOTAL GROSS LEASABLE AREA	ANNUA BASE INC
INDIVIDUAL TENANT CONCENTRATIONS (MGMT. CRITERIA TOP 10 OF GLA AND BASE RENT)				
Zurich American Insurance Company	1	895,418	5.6%	8,88
Wal-Mart	4	707,090	4.4%	4,43
GMAC	1	501,064	3.1%	5,16
Best Buy	11	488,598	3.0%	7,11
Ross Dress for Less	16	469,821	2.9%	4,95
Kohl's	5	431,317	2.7%	2,96
Bed, Bath & Beyond	13	371,445	2.3%	4,40
Home Depot	3	335,664	2.1%	2,36
Publix	8	335,217	2.1%	3,64
Linens 'N Things	10	317,668	2.0%	3,62
Wrangler	1	316,800	2.0%	1,50
T.J. Maxx	11	315,727	2.0%	2,80
Michaels	12	285,889	1.8%	3,08
Old Navy	12	241,301	1.5%	2,74
PETsMART	11	239,554	1.5%	2,97
Marshalls	7	204,684	1.3%	1,72
Burlington Coat Factory	3	198,933	1.2%	1,14
Pier 1 Imports	19	192,504	1.2%	3,47
Academy Sports	3	182,152	1.1%	1,16
Barnes & Noble	7	180,198	1.1%	2,93
Borders Books	8	176,749	1.1%	2,61
OfficeMax	7	162,542	1.0%	1,91
Safeway	3	153,850	1.0%	1,48
Giant Food	3	153,764	1.0%	2,05
The Sports Authority	4	151,475	0.9%	1,65
Oshman's Sporting Goods	3	147,630	0.9%	1,59
Target	1	147,582	0.9%	64
Cost Plus World Market	8	146,904	0.9%	2,06
Sam's Club	1	142,491	0.9%	1,14
Dick's Sporting Goods	3	140,000	0.9%	1,05
Office Depot	7	135,538	0.8%	1,78

DESCRIPTION	TOTAL NUMBER	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTAL GROSS LEASABLE AREA	ANNUA BASE INC
INDIVIDUAL TENANT CONCENTRATIONS (MGMT. CRITERIA TOP 10 OF GLA AND BASE RENT)				
Circuit City	4	132,402	0.8%	1,66
Toys "R" Us	3	124,000	0.8%	55
Gottschalk's	1	119,256	0.7%	40
BJ's Wholesale	1	115,396	0.7%	1,00
Staples	5	113,020	0.7%	1,48
Public Safety Service	1	107,705	0.7%	1,29
Gart Sports	2	100,561	0.6%	91

King Soopers	1	97,857	0.6%	71
National Wholesale Liquidators	1	91,314	0.6%	36
G.I. Joe's	2	89,375	0.6%	1,07
DSW Shoe Warehouse	3	72,000	0.4%	1,00
Super Stop & Shop	1	68,073	0.4%	1,76
Dominick's	1	65,844	0.4%	80
Shaw's Supermarkets	1	65,658	0.4%	1,08
CVS Pharmacy	5	59,978	0.4%	1,55
Kroger	1	59,670	0.4%	49
Shopper's Food Warehouse	1	58,217	0.4%	84
Ralph's Grocery Store	1	58,000	0.4%	35
Harris Teeter	1	57,230	0.4%	55
Babies "R" Us	2	56,407	0.3%	28
Shoe Carnival	5	55,000	0.3%	68
Party City	5	54,922	0.3%	78
Eckerd Drug Store	4	54,912	0.3%	1,04
PETCO	4	54,616	0.3%	92
Lowes Magic Johnson	1	52,500	0.3%	1,15
Tom Thumb	1	50,000	0.3%	57
Lowes Cineplex	1	48,229	0.3%	51
Super Fresh Food Market	1	47,827	0.3%	65
Bi-Lo	1	46,673	0.3%	40
Jo Ann Fabrics	1	46,000	0.3%	50
Sportmart	1	43,660	0.3%	43
LA Fitness	1	41,000	0.3%	69
Stein Mart	1	34,000	0.2%	22
Whole Foods	1	32,000	0.2%	43
Bealls	1	29,847	0.2%	19

DESCRIPTION	TOTAL NUMBER	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTAL GROSS LEASABLE AREA	ANNUA BASE INC
INDIVIDUAL TENANT CONCENTRATIONS (MGMT. CRITERIA TOP 10 OF GLA AND BASE RENT)				
Copeland's Sporting Goods	1	25,129	0.2%	37
The Container Store	1	25,000	0.2%	72

PROPERTY ALLOCATION

The following table provides a summary of the properties in our investment portfolio by type of investment and by state at December 7, 2004.

DESCRIPTION	TOTAL NUMBER	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTAL GROSS LEASABLE AREA	ANNUA BASE INC

PORTFOLIO ALLOCATION BY TYPE

Neighborhood and Community Retail Shopping Center	26	1,788,990	11.1%	26,41
Single-User Property	18	2,531,936	15.7%	22,82
Retail Shopping Center	42	9,758,625	60.5%	123,77
Joint Venture	5	2,043,986	12.7%	26,30
Total	91	16,123,537	100.0%	199,32

PORTFOLIO ALLOCATION BY STATE

California	5	703,727	4.4%	12,95
Florida	5	655,514	4.1%	9,46
Georgia	5	648,335	4.0%	7,87
Maryland	6	2,105,803	13.1%	27,18
North Carolina	5	1,031,714	6.4%	10,30
South Carolina	8	943,045	5.8%	10,36
Tennessee	4	322,488	2.0%	3,91

DESCRIPTION	TOTAL NUMBER	GROSS LEASABLE AREA (SQ. FT.)	% OF TOTAL GROSS LEASABLE AREA	ANNUA BASE INC
Texas	17	2,575,273	16.0%	33,59
Washington	4	1,374,563	8.5%	14,55
Other	32	5,763,075	35.7%	69,10
Total	91	16,123,537	100%	199,32

CAPITALIZATION

The following table sets forth our historical capitalization as of September 30, 2004, our as adjusted capitalization giving effect to the issuance

of 165,649,805 shares of common stock remaining for sale in our initial public offering and our as adjusted capitalization giving effect to the issuance of 250,000,000 shares of common stock in this offering and the application of the estimated net proceeds therefrom as described in "Estimated Use of Proceeds." We were originally capitalized in March 2003 through the cash contribution of $200,000 by the business manager/advisor, for which the business manager/advisor received 20,000 shares of common stock. Additionally, the table does not include shares of common stock issuable upon the exercise of options which may be, but have not been, granted under our independent director stock option plan. The information set forth in the following table should be read in conjunction with our historical financial statements included elsewhere in this prospectus and the discussion set forth in "Management's Discussion and Analysis of Our Financial Condition -- Liquidity and Capital Resources."

	SEPTEMBER 30, 2004		
	HISTORICAL	AS ADJUSTED (2)	AS ADJUSTED (3)
	(Amounts in thousands, except per share data)		
DEBT:			
Mortgages and notes payable	$ 1,141,248	$ 1,141,248	$ 1,141,248
STOCKHOLDERS' EQUITY			
Preferred stock, $.001 par value, 10,000,000 authorized, none outstanding	-	-	-
Common stock, $.001 par value, 250,000 authorized, 146,284 shares issued and outstanding historical; 250,000 shares issued and outstanding issued pro forma; and 500,000 shares issued and outstanding pro forma as adjusted	146	252	502
Additional paid-in-capital (1)	1,304,817	2,244,531	4,474,469
Retained earnings deficit	(32,177)	(32,177)	(32,177)
Accumulated other comprehensive income	204	204	204
Total stockholders' equity	$ 1,272,990	$ 2,212,810	$ 4,442,998
Total capitalization	$ 2,414,238	$ 3,354,058	$ 5,584,246

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(1) Additional paid-in capital reduced by selling commissions either paid or estimated to be paid.

(2) Includes the issuance of 250,000 primary shares plus 1,636 distribution reinvestment shares issued in connection with the initial public offering.

(3) Includes the issuance of 250,000 primary shares plus 1,636 distribution reinvestment shares issued in connection with the initial public offering and 250,000 shares issued in connection with this offering.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION

The following discussion and analysis relates to the three and nine months ended September 30, 2004. The period from March 5, 2003 (inception) to September 30, 2003 is not comparable because no properties were owned by us during that 2003 period. You should read the following discussion and analysis along with our consolidated financial statements and the related notes included elsewhere in this prospectus.

OVERVIEW

We were formed to acquire and manage a diversified portfolio of real estate, principally multi-tenant shopping centers. We operate as a real estate investment trust or REIT for Federal and state income tax purposes. We have initially focused on acquiring properties in the Western states. We have begun to acquire and plan to continue acquiring properties in the Western states. We may also acquire retail and single-tenant properties in locations throughout the United States. We have also begun to acquire properties improved with commercial facilities which provide goods and services as well as double or triple net leased properties, which are either commercial or retail including properties acquired in sale and leaseback transactions. A triple-net leased property is one which is leased to a tenant who is responsible for the base rent and all costs and expenses associated with their occupancy including property taxes, insurance and repairs and maintenance. Inland Western Retail Real Estate Advisory Services, Inc., our business manager/advisor, has been retained to manage, for a fee, our day-to-day affairs, subject to the supervision of our board of directors.

Our goal is to purchase properties principally west of the Mississippi River and evaluate potential acquisition opportunities of properties east of the Mississippi River on a property by property basis, taking into consideration investment objectives and available funds. As of November 5, 2004 we have purchased 11 additional properties located in the states of Alabama, California, Florida, Illinois, South Carolina, Tennessee and Texas.

During the nine months ended September 30, 2004, we purchased 60 properties, of which 29 were not located in our primary geographical area of interest. We purchased these 29 properties because we had the unique opportunity of taking advantage of our business manager/advisor's acquisition pipeline of properties located east of the Mississippi River, which generally continue to have rates of return above those located in the Western United States. We expect this trend to continue through the end of the year. Our strategy in purchasing these properties was to deploy stockholder funds promptly and generate income for us as early as possible, while investing in properties which met our acquisition criteria.

During the third quarter of 2004, the retail sector has remained relatively stable as a result of sustained consumer spending, which has helped maintain retail sales growth despite subsequent terrorist threats and the Iraqi war. A modest pace of new retail construction, and the expansion strategy of some retailers, who are renting more space to maintain market share and revenue growth and offset declining same store sales have also contributed to the stability.

Retail continues to benefit from property market conditions that have remained the healthiest of all property types. Absorption, which is the change in the amount of retail space occupied, has remained solidly positive in the retail sector. During the third quarter of 2004, new tenants absorbed 6.6

million square feet of retail space, the largest jump in occupied space in four years, according to Reis, a real estate research firm. In addition, shopping center rents posted their second-largest increase in the last 3 1/2 years and vacancies dropped slightly to 6.9%.

While sustained consumer spending, spurred by low interest rates, has helped to maintain retail sales growth, changing demographics and consumer preferences have resulted in a fundamental shift in consumer spending patterns and the emergence of discount retail as a dominant category. Today a majority of general merchandise sales occur at a discount department store or a warehouse club/supercenter. As a result of this trend, some conventional department stores are struggling and a number of local, regional and national retailers have been forced to voluntarily close their stores or file for bankruptcy protection. Some bankrupt retailers have reorganized their operations and/or sold stores to stronger operators. In some instances, bankruptcies and store closings may create opportunities to lease space at higher rents to tenants with better sales performance. Therefore, we do not expect store closings or bankruptcy reorganizations to have a material impact on our consolidated financial position or the results of our operations in the near term.

We believe our risk exposure to potential future downturns in the economy is mitigated because the tenants at our current and targeted properties, to a large extent, consist or will consist of: retailers who serve primary non-discretionary shopping needs, such as grocers and pharmacies; discount chains that can compete effectively during an economic downturn; and national tenants with strong credit ratings who can withstand a downturn. We believe that the diversification of our current and targeted tenant base and our focus on creditworthy tenants further reduces our risk exposure.

We are subject to risks existing due to a concentration of any single tenant within the portfolio. Currently, the largest tenant by leased area is Wal-Mart, which has 4 leases representing approximately 707,254 square feet, or approximately 5% of the total gross leasable area owned by us as of November 5, 2004. The annualized base rental income from these leases is approximately $4,430,026, or approximately 2.6% of the total annualized base rental income, based on our portfolio of properties as of November 5, 2004. The two largest tenants in annualized base rental income are Best Buy and GMAC Insurance which together total approximately $12,281,195 or 7.2% of the total annualized base rental income, based on our portfolio of properties as of November 5, 2004.

We are in the process of offering our common stock and have raised $1,461,406,060 as of September 30, 2004. We raised on average approximately $204 million per month during the third quarter of 2004.

As of September 30, 2004, we owned through separate limited partnership, limited liability company, or joint venture agreements, a portfolio of 68 properties located in Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Kansas, Louisiana, Maryland, Michigan, Missouri, Nevada, New Mexico, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah, and Washington containing an aggregate of approximately 12,900,000 square feet of gross leasable area. As of September 30, 2004, approximately 93% of gross leasable area in the properties was physically leased and 96% was economically leased.

The following is a summary of the properties we own as of September 30, 2004:

PROPERTY	GROSS LEASABLE AREA (SQ FT)	DATE ACQUIRED	YEAR BUILT/ RENOVATED	AMOUNT OF MORTGAGES PAYABLE AT 09/30/04
Academy Sports Houma, LA	60,001	07/04	2004	$ 2,920,000

PROPERTY	GROSS LEASABLE AREA (SQ FT)	DATE ACQUIRED	YEAR BUILT/ RENOVATED	AMOUNT OF MORTGAGES PAYABLE AT 09/30/04
Alison's Corner San Antonio, TX	55,066	04/04	2003	3,850,000
Arvada Connection and Arvada Marketplace Arvada, CO	358,757	04/04	1987/1990	28,510,000
Best on the Boulevard Las Vegas, NV	204,427	04/04	1996/1999	19,525,000
Bluebonnet Parc Baton Rouge, LA	135,289	04/04	2002	12,100,000
Boulevard at the Capital Centre Largo, MD	482,377	09/04	2004	71,500,000
CorWest Plaza New Britain, CT	115,011	01/04	1999/2003	18,150,000
Cranberry Square Cranberry Township, PA	195,566	07/04	1996/1997	10,900,000
Darien Towne Centre Darien, IL	223,844	12/03	1994	16,500,000
Davis Towne Crossing North Richland Hills, TX	41,295	06/04	2004	5,365,200
Dorman Center - Phases I & II Spartanburg, SC	388,067	03/04 & 07/04	2003/2004	27,610,000
Eastwood Towne Center Lansing, MI	326,981	05/04	2002	46,750,000
Eckerd Drug Store Columbia, SC	13,440	06/04	2004	1,750,000

300

PROPERTY	GROSS LEASABLE AREA (SQ FT)	DATE ACQUIRED	YEAR BUILT/ RENOVATED	AMOUNT OF MORTGAGES PAYABLE AT 09/30/04
Eckerd Drug Store Crossville, TN	13,824	06/04	2004	1,425,000
Eckerd Drug Store Edmund, OK	13,824	12/03	2003	1,850,000
Eckerd Drug Store Greer, SC	13,824	06/04	2004	1,650,000
Eckerd Drug Store Kill Devil Hills, NC	13,824	06/04	2004	1,975,000
Eckerd Drug Store Norman, OK	13,824	12/03	2003	2,900,000
Forks Town Center Easton, PA	92,660	07/04	2002	10,395,000
Fullerton Metrocenter Fullerton, CA	253,296	06/04	1988	28,050,000
Gateway Plaza Southlake, TX	358,501	07/04	2000	18,163,000
Gateway Village Annapolis, MD	273,788	07/04	1996	31,458,000
Governor's Marketplace Tallahassee, FL	231,915	08/04	2001	20,625,000
GMAC Winston-Salem, NC	501,064	09/04	1980/1990	33,000,000
Harris Teeter Wilmington, NC	57,230	09/04	1977/1995	-
Harvest Towne Center Knoxville, TN	42,213	09/04	1996/1999	-

301

	GROSS LEASABLE AREA	DATE	YEAR BUILT/	AMOUNT OF MORTGAGES PAYABLE AT

PROPERTY	(SQ FT)	ACQUIRED	RENOVATED	09/30/04
Heritage Towne Crossing Euless, TX	80,639	03/04	2002	8,950,000
Hickory Ridge Hickory, NC	380,487	01/04	1999	23,650,000
Huebner Oaks Center San Antonio, TX	286,684	06/04	1998	48,000,000
John's Creek Village Duluth, GA	191,752	06/04	2004	23,300,000
La Plaza Del Norte San Antonio, TX	320,345	01/04	1996/1999	32,528,000
Lakewood Towne Center Lakewood, WA	578,863	06/04	1988/2003	51,260,000
Larkspur Landing Larkspur, CA	173,821	01/04	1978/2001	33,630,000
Lincoln Park Dallas, TX	148,806	09/04	1998	-
Low Country Village Bluffton, SC	76,376	06/04	2004	-
MacArthur Crossing Los Colinas, TX	109,755	02/04	1996	12,700,000
Manchester Meadows Town and Country, MO	454,172	08/04	1994/1995	31,064,550
Metro Square Center Severn, MD	61,817	01/04	1999	6,067,183

PROPERTY	GROSS LEASABLE AREA (SQ FT)	DATE ACQUIRED	YEAR BUILT/ RENOVATED	AMOUNT OF MORTGAGES PAYABLE AT 09/30/04
Mitchell Ranch Plaza New Port Richey, FL	200,404	08/04	2003	18,700,000
Newnan Crossing I & II Newnan, GA	291,450	12/03 & 3/04	1999/2003	21,543,091
Northgate North Seattle, WA	302,095	06/04	2004	26,650,000

Northpointe Plaza Spokane, WA	377,924	05/04	1991/1993	30,850,000
North Ranch Pavilions Thousand Oaks, CA	62,812	01/04	1992	10,157,400
North Rivers Town Center Charleston, SC	141,004	04/04	2004	11,050,000
Paradise Valley Marketplace Phoenix, AZ	92,158	04/04	2002	15,680,500
Pavilion at King's Grant Concord, NC	79,109	12/03	2003	5,342,000
Peoria Crossings Peoria, AZ	213,733	03/04	2003	20,497,400
Pine Ridge Plaza Lawrence, KS	230,510	06/04	1998/2004	14,700,000
Plaza at Marysville Marysville, WA	115,656	07/04	1995	11,800,000
Plaza Santa Fe II Santa Fe, NM	222,389	06/04	2000/2002	17,474,839

PROPERTY	GROSS LEASABLE AREA (SQ FT)	DATE ACQUIRED	YEAR BUILT/ RENOVATED	AMOUNT OF MORTGAGES PAYABLE AT 09/30/04
Promenade at Red Cliff St. George, UT	94,364	02/04	1997	10,590,000
Reisterstown Road Plaza Baltimore, MD	779,397	08/04	1986/2004	49,650,000
Saucon Valley Square Bethlehem, PA	80,695	09/04	1999	8,850,900
Shaw's Supermarket New Britain, CT	65,658	12/03	1995	6,450,000
Shoppes of Dallas Dallas, GA	70,610	07/04	2004	7,178,700
Shoppes of Prominence Point Canton, GA	78,058	06/04	2004	9,954,300
Shops at Boardwalk Kansas City, MO	122,413	07/04	2003/2004	20,150,000
Shops at Park Place	116,300	10/03	2001	13,127,000

Plano, TX				
Stony Creek Market Place Noblesville, IN	153,796	12/03	2003	14,162,000
The Columns Jackson, TN	128,600	08/04	2004	-
Tollgate Marketplace Belair, MD	392,587	07/04	1979/1994	39,765,000
Towson Circle Towson, MD	116,366	07/04	1998	19,197,500

PROPERTY	GROSS LEASABLE AREA (SQ FT)	DATE ACQUIRED	YEAR BUILT/ RENOVATED	AMOUNT OF MORTGAGES PAYABLE AT 09/30/04
Village Shoppes of Simonton Lawrenceville, GA	66,415	08/04	2004	7,561,700
Wal-Mart Supercenter Blytheville, AR	183,211	07/04	1999	7,100,000
Wal-Mart Supercenter Jonesboro, AR	149,704	08/04	1997	6,088,500
Wautauga Pavilion Wautauga, TX	205,740	05/04	2004	17,100,000
Wilshire Plaza (under construction) Kansas City, MO	88,248	07/04	2004	-
Wrangler El Paso, TX	316,800	07/04	1993	11,300,000
Total	12,881,631			$ 1,140,741,763

The square footage for Arvada Connection , Darien Towne Centre, Davis Towne Crossing, Eastwood Towne Center, Forks Town Center, Fullerton Metrocenter, Gateway Plaza, Governor's Marketplace, Harvest Towne Center, Heritage Towne Crossing, Hickory Ridge, Huebner Oaks Center, John's Creek Village, MacArthur Crossing, Manchester Meadows, Newnan Crossing I & II, Northpointe Plaza, North Rivers Town Center, Paradise Valley Marketplace, Pavilion at King's Grant, Pine Ridge Plaza, Shops at Park Place, Stony Creek Market Place and Towson Circle includes 2,240, 6,371, 4,000, 24,110, 5,100, 5,178, 87,423, 3,800, 9,248, 7,246, 70,127, 8,036, 10,555, 6,500, 3,412, 6,650, 18,719, 31,280, 10,908, 65,000, 84,676, 3,822, 8,000 and 40,060, respectively, square feet of space leased to tenants under ground lease agreements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

GENERAL.

The following disclosure pertains to critical accounting policies and estimates we believe are most "critical" to the portrayal of our financial condition and results of operations which require our most difficult, subjective or complex judgments. These judgments often result from the need to make estimates about the effect of matters that are inherently uncertain. Critical accounting policies discussed in this section are not to be confused with accounting principles and methods disclosed in accordance with accounting principles generally accepted in the United States of America or GAAP. GAAP requires

information in financial statements about accounting principles, methods used and disclosures pertaining to significant estimates. This discussion addresses our judgment pertaining to trends, events or uncertainties known which were taken into consideration upon the application of those policies and the likelihood that materially different amounts would be reported upon taking into consideration different conditions and assumptions.

ACQUISITION OF INVESTMENT PROPERTY

We allocate the purchase price of each acquired investment property between land, building and improvements, acquired above market and below market leases, in-place lease value, and any assumed financing that is determined to be above or below market terms. In addition, we allocate a portion of the purchase price to the value of customer relationships and as of September 30, 2004, no cost has been allocated to such relationships. The allocation of the purchase price is an area that requires judgment and significant estimates. We use the information contained in the independent appraisal obtained at acquisition as the primary basis for the allocation to land and building and improvements. The aggregate value of intangibles is measured based on the difference between the stated price and the property value calculation as if vacant. We determine whether any financing assumed is above or below market based upon comparison to similar financing terms for similar investment properties. We also allocate a portion of the purchase price to the estimated acquired in-place lease costs based on estimated lease execution costs for similar leases as well as lost rent payments during assumed lease up period when calculating as if vacant fair values. We consider various factors including geographic location and size of leased space. We also evaluate each acquired lease based upon current market rates at the acquisition date and we consider various factors including geographical location, size and location of leased space within the investment property, tenant profile, and the credit risk of the tenant in determining whether the acquired lease is above or below market lease costs. After an acquired lease is determined to be above or below market lease costs, we allocate a portion of the purchase price to such above or below acquired lease costs based upon the present value of the difference between the contractual lease rate and the estimated market rate. However, for below market leases with fixed rate renewals, renewal periods are included in the calculation of below market in-place lease values. The determination of the discount rate used in the present value calculation is based upon the "risk free rate." This discount rate is a significant factor in determining the market valuation which requires our judgment of subjective factors such as market knowledge, economics, demographics, location, visibility, age and physical condition of the property.

IMPAIRMENT OF LONG-LIVED ASSETS. We conduct an impairment analysis on a quarterly basis in accordance with SFAS 144 to ensure that the property's

carrying value does not exceed its fair value. If this were to occur, we are required to record an impairment loss. The valuation and possible subsequent impairment of investment properties is a significant estimate that can and does change based on our continuous process of analyzing each property and reviewing assumptions about uncertain inherent factors, as well as the economic condition of the property at a particular point in time. No impairment losses have been taken in 2003 or 2004.

COST CAPITALIZATION AND DEPRECIATION POLICIES. Our policy is to review all expenses paid and capitalize any items exceeding $5,000 which are deemed to be an upgrade or a tenant improvement. These costs are capitalized and are included in the investment properties classification as an addition to buildings and improvements.

Buildings and improvements are depreciated on a straight-line basis based upon estimated useful lives of 30 years for buildings and improvements, and 15 years for site improvements. The portion of the purchase price allocated to acquired above market costs and acquired below market costs are amortized on a straight-line basis over the life of the related lease as an adjustment to net rental income. Acquired

in-place lease costs, other leasing costs, and tenant improvements are amortized on a straight-line basis over the life of the related lease as a component of amortization expense.

The application of SFAS No. 141 and SFAS No. 142 resulted in the recognition upon acquisition of additional intangible assets and liabilities relating to our real estate acquisitions during the quarter ended September 30, 2004. The portion of the purchase price allocated to acquired above market lease costs and acquired below market lease costs are amortized on a straight-line basis over the life of the related lease as an adjustment to rental income. Amortization pertaining to the above market lease costs of $1,033,930 was applied as a reduction to rental income for the three months ended September 30, 2004 and $1,847,107 for the nine months ended September 30, 2004. Amortization pertaining to the below market lease costs of $1,742,220 was applied as an increase to rental income for the three months ended September 30, 2004 and $2,644,833 for the nine months ended September 30, 2004. The table below presents the amortization during the next five years related to the acquired above market lease costs and the below market lease costs for properties owned at September 30, 2004:

AMORTIZATION OF:	OCTOBER 1, 2004 THROUGH DECEMBER 31, 2004	2005	2006	2007	2008
Acquired above market lease costs	$ (1,248,545)	(4,978,152)	(4,796,242)	(3,982,664)	(3,737,860)
Acquired below market lease costs	1,958,637	7,650,263	7,056,626	6,459,045	5,818,709
Net rental income					

increase	$ 710,092	2,672,111	2,260,384	2,476,381	2,080,849
Acquired in-place lease intangibles	$ 3,832,781	15,331,125	15,331,125	15,331,125	15,331,125

The portion of the purchase price allocated to acquired in-place lease costs are amortized on a straight line basis over the life of the related lease. We incurred amortization expense pertaining to acquired in-place lease costs of $3,198,593 for the three months ended September 30, 2004 and $5,492,587 for the nine months ended September 30, 2004. The table above presents the amortization during the next five years related to acquired in-place lease costs for properties owned at September 30, 2004.

Cost capitalization and the estimate of useful lives requires our judgment and includes significant estimates that can and do change based on our process which periodically analyzes each property and on our assumptions about uncertain inherent factors.

REVENUE RECOGNITION. We recognize rental income on a straight-line basis over the term of each lease. The difference between rental income earned on a straight-line basis and the cash rent due under the provisions of the lease agreements is recorded as deferred rent receivable and is included as a component of accounts and rents receivable in the accompanying consolidated balance sheets. We anticipate collecting these amounts over the terms of the leases as scheduled rent payments are made.

Reimbursements from tenants for recoverable real estate tax and operating expenses are accrued as revenue in the period the applicable expenditures are incurred. We make certain assumptions and

judgments in estimating the reimbursements at the end of each reporting period. Should the actual results differ from our judgment, the estimated reimbursement could be negatively affected and would be adjusted appropriately.

In conjunction with certain acquisitions, we receive payments under master lease agreements pertaining to certain, non-revenue producing spaces either at the time of, or subsequent to, the purchase of some of our properties. Upon receipt of the payments, the receipts are recorded as a reduction in the purchase price of the related properties rather than as rental income. These master leases were established at the time of purchase in order to mitigate the potential negative effects of loss of rent and expense reimbursements. Master lease payments are received through a draw of funds escrowed at the time of purchase and may cover a period from one to three years. These funds may be released to either us or the seller when certain leasing conditions are met. Restricted cash includes funds received by third party escrow agents, from sellers, pertaining to master lease agreements. We record such escrows as both an asset and a corresponding liability, until certain leasing conditions are met.

We accrue lease termination income if there is a signed termination letter agreement, all of the conditions of the agreement have been met, and the tenant is no longer occupying the property.

INTEREST RATE FUTURES CONTRACTS. We enter into interest rate futures contracts or treasury contracts as a means of reducing our exposure to rising interest rates. At inception, contracts are evaluated in order to determine if they will qualify for hedge accounting treatment and will be accounted for

either on a deferral, accrual or market value basis depending on the nature of our hedge strategy and the method used to account for the hedged item. Hedge criteria include demonstrating the manner in which the hedge will reduce risk, identifying the specific asset, liability or firm commitment being hedged, and citing the time horizon being hedged.

During the third quarter of 2004, we entered into treasury contracts with a futures commission merchant with yields ranging from 3.27% to 3.40% for five year treasury contracts and 4.0% to 4.3% for ten year treasury contracts. The amount on deposit for our treasury contracts was $3,712,900. On September 30, 2004, our investment in treasury contracts had a liquidation value of $361,186 resulting in a loss of $3,351,714. As these treasury contracts are not offsetting future commitments and therefore do not qualify as hedges, the net loss is recognized currently in earnings. On October 29, 2004, we liquidated all of our treasury contracts for a liquidation value of $126,213, resulting in a cumulative realized net loss of $3,586,687.

LIQUIDITY AND CAPITAL RESOURCES

GENERAL.

Our principal demands for funds have been for property acquisitions, for the payment of operating expenses and distributions, and for the payment of interest on outstanding indebtedness. Generally, cash needs for items other than property acquisitions have been met from operations, and property acquisitions have been funded by a public offering of our shares of common stock. However, there may be a passage of time between the sale of the shares and our purchase of properties, which may result in a delay in the benefits to stockholders of returns generated from property operations. Our business manager/advisor evaluates potential additional property acquisitions and Inland Real Estate Acquisitions, Inc., one of the affiliates of our sponsor, engages in negotiations with sellers on our behalf. After a purchase contract is executed which contains specific terms, the property will not be purchased until due diligence, which includes review of the title insurance commitment, an appraisal and an environmental analysis, is successfully completed. In some instances, the proposed acquisition still requires the negotiation of final binding agreements, which may include financing documents. During

this period, we may decide to temporarily invest any unused proceeds from the offering in certain investments that could yield lower returns than other investments, such as the acquisition of properties. These lower returns may affect our ability to make distributions.

Potential future sources of capital include proceeds from the public or private offering of our equity or debt securities, secured or unsecured financings from banks or other lenders, proceeds from the sale of properties, as well as undistributed funds from operations. We anticipate that during the current year we will (i) acquire additional existing shopping centers and triple-net leased properties, (ii) develop additional shopping center sites and (iii) continue to pay distributions to stockholders, and each is expected to be funded mainly from proceeds of our public offerings of shares, cash flows from operating activities, financings and other external capital resources available to us.

Our leases typically provide that the tenant bears responsibility for substantially all property costs and expenses associated with ongoing maintenance and operation, including utilities, property taxes and insurance. In addition, in some instances our leases provide that the tenant is responsible for roof and structural repairs. Certain of our properties are subject to leases

under which we retain responsibility for certain costs and expenses associated with the property. We anticipate that capital demands to meet obligations related to capital improvements with respect to properties will be minimal for the foreseeable future and can be met with funds from operations and working capital.

If necessary, we may use financings or other sources of capital in the event of unforeseen significant capital expenditures.

We believe that our current capital resources (including cash on hand) and anticipated financings are sufficient to meet our liquidity needs for the foreseeable future.

LIQUIDITY

OFFERING. As of September 30, 2004, subscriptions for a total of 146,283,829 shares had been received from the public, which include the 20,000 shares issued to the business manager/advisor and 1,636,031 shares distributed pursuant to the DRP as of September 30, 2004. As a result of such sales, we received a total of $1,461,406,060 of gross offering proceeds as of September 30, 2004.

MORTGAGE DEBT. As of September 30, 2004 we have obtained mortgage debt on 62 properties totaling $1,140,741,763. With the exception of Plaza Santa Fe II, these loans require monthly payments of interest only and bear interest at a range between 2.68% and 5.30% per annum. The mortgage loan on Plaza Santa Fe II requires monthly payments of principal and interest at 6.20% per annum, and payments into taxes, insurance and replacement reserve escrows.

During the period from October 1, 2004 through November 5, 2004 we obtained mortgage financing on properties that we purchased during 2004 totaling approximately $53,123,000 that require monthly payments of interest only and bear interest at a range of 4.61% to 5.12% per annum.

From July 1, 2004 through November 5, 2004, we entered into interest rate lock agreements, as described below, to secure the interest rate on mortgage debt on properties we currently own or will purchase in the future. The funds under the rate agreements and the deposits are applied to the mortgage fundings as they occur.

On July 2, 2004, we entered into two separate rate lock agreements with Bear Stearns Commercial Mortgage, Inc. We paid one rate lock deposit of $400,000 to lock the interest rate at 5.06% for a period of 90 days on $20,000,000 in principal. We paid a second rate lock deposit of $600,000 to lock the interest rate at 5.01% for a period of 90 days on $30,000,000 in principal. Of the total amount,

approximately $2,500,000 has been applied to closed mortgage fundings, with the remainder allocated to new or pending acquisitions.

On July 9, 2004, we entered into a rate lock agreement with LaSalle Bank National Association. We paid a rate lock deposit of $500,000 to lock the interest rate at 5.04% for a period of 90 days on $50,000,000 in principal, all of which has been allocated to new or pending acquisitions.

On July 16, 2004, we entered into a rate lock agreement with Nomura Credit & Capital, Inc. We paid a rate lock deposit of $500,000 to lock the interest rate at 4.815% for a period of 90 days on $50,000,000 in principal, approximately $42,500,000 of which has been allocated to new or pending

acquisitions.

On August 6, 2004, we entered into a rate lock agreement with LaSalle Bank National Association. We paid a rate lock deposit of $1,000,000 to lock the interest rate at 4.67% for a period of 90 days on $100,000,000 in principal. Of this amount $33,000,000 has been applied to closed mortgage fundings, with the remainder allocated to new or pending acquisitions.

On September 27, 2004, we entered into a rate lock agreement with Principal Life Insurance Company. We paid a rate lock deposit of $500,000 to lock the interest rate at 4.45% for a period of 90 days on $50,000,000 in principal, all of which has been allocated to new or pending acquisitions..

On September 28, 2004, we entered into a rate lock agreement with Bear Stearns Commercial Mortgage, Inc. We paid a rate lock deposit of $1,000,000 to lock the interest rate at 4.497% for a period of 90 days on $50,000,000 in principal, approximately $49,300,000 of which has been allocated to new or pending acquisitions.

On October 20, 2004, we entered into a rate lock agreement with Bank of America, N.A. We paid a rate lock fee of $2,301,000 to lock the interest rate at 4.27% for a period of 58 days on $230,100,000 in principal, all of which has been allocated to new or pending acquisitions.

On October 29, 2004, we entered into a rate lock agreement with Bear Stearns Commercial Mortgage, Inc. We paid a rate lock fee of $1,645,400 to lock the interest rate at 4.247% for a period of 60 days on $81,420,000 in principal, all of which has been allocated to new or pending acquisitions.

LINE OF CREDIT. We have an unsecured line of credit arrangement with KeyBank N.A. which matures on December 24, 2004 in the amount of $225,000,000. The funds from this line of credit may be used to provide funds from the time a property is purchased until permanent debt is placed on that property. The line of credit requires interest only payments monthly at the rate equal to the London InterBank Offered Rate or LIBOR plus 175 basis points which ranged from 2.94% to 3.56% during the quarter ended September 30, 2004. We are also required to pay, on a quarterly basis, an amount ranging from .15% to .30%, per annum, on the average daily undrawn funds under this line. The line of credit requires compliance with certain covenants, such as debt service ratios, minimum net worth requirements, distribution limitations and investment restrictions. In addition to, and in conjunction with these financial covenants, we maintain a cash collateral account. Amounts deposited in the cash collateral account provide that loan to value covenants required under the line are not exceeded. Funds may be deposited into and withdrawn from the cash collateral account as our properties are purchased without debt. On September 27, 2004, the outstanding balance of $110,000,000 on this line was repaid resulting in no outstanding balance as of September 30, 2004. As of September 30, 2004, we were in compliance with such covenants and no funds were required to be deposited in the cash collateral account.

STOCKHOLDER LIQUIDITY. We provide the following programs to facilitate investment in the shares and to provide limited, interim liquidity for stockholders until such time as a market for the shares develops:

The DRP allows stockholders who purchase shares pursuant to the offerings to automatically reinvest distributions by purchasing additional shares from us. Such purchases will not be subject to selling commissions or the marketing allowance and due diligence expense allowance and will be sold at a price of $9.50 per share. As of September 30, 2004, we issued 1,636,031 shares

pursuant to the DRP for an aggregate amount of $15,542,222.

Subject to certain restrictions, the share repurchase program provides existing stockholders with limited, interim liquidity by enabling them to sell shares back to us at the following prices:

- One year from the purchase date, at $9.25 per share;
- Two years from the purchase date, at $9.50 per share;
- Three years from the purchase date, at $9.75 per share; and
- Four years from the purchase date, at the greater of $10.00 per share, or a price equal to 10 times our "funds available for distribution" per weighted average shares outstanding for the prior calendar year.

Shares purchased by us will not be available for resale. As of September 30, 2004, no shares have been repurchased.

CAPITAL RESOURCES

We expect to meet our short-term operating liquidity requirements generally through our net cash provided by property operations. We also expect that our properties will generate sufficient cash flow to cover our operating expenses plus pay a monthly distribution on our weighted average shares. Operating cash flows are expected to increase as additional properties are added to our portfolio.

We believe that we should put mortgage debt on or leverage our properties at approximately 50% of their value. We also believe that we can borrow at the lowest overall cost of funds or interest rate by placing individual financing on each of our properties. Accordingly, mortgage loans will generally have been placed on each property at the time that the property is purchased, or shortly thereafter, with the property solely securing the financing.

During the nine months ended September 30, 2004, we closed on mortgage debt with a principal amount of $1,111,191,645. At September 30, 2004, the weighted average cost of mortgage funds was approximately 4.48%. $985,158,645 of these mortgage loans are fixed-rate loans that bear interest at a rate between 3.96% and 6.20% per annum. The remaining $126,033,000 represents variable-rate loans with a weighted average interest rate of 2.85% per annum at September 30, 2004.

With the exception of the mortgage loan on Plaza Santa Fe II, all of the loans closed during the nine months ended September 30, 2004 require monthly payments of interest only and may be prepaid with a penalty after specific lockout periods. The mortgage loan on Plaza Santa Fe II requires monthly payments of principal and interest, as well as payments into tax, insurance, and replacement reserve escrows and has no prepayment privileges.

Although the loans we closed are generally non-recourse, occasionally, when it is deemed to be advantageous, we may guarantee all or a portion of the debt on a full-recourse basis. Individual decisions regarding interest rates, loan-to-value, fixed versus variable-rate financing, maturity dates and related matters are often based on the condition of the financial markets at the time the debt is incurred, which conditions may vary from time to time.

Distributions are determined by our board of directors with the advice of our business manager/advisor and are dependent on a number of factors, including the amount of funds available for distribution, flow of funds, our financial condition, any decision by our board of directors to reinvest funds rather than to distribute the funds, our capital expenditures, the annual distribution required to maintain REIT status under the Internal Revenue Code and other factors the board of directors may deem relevant.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows provided by operating activities were approximately $39,961,000 for the nine month period ended September 30, 2004, which is due primarily to net income from property operations.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows used in investing activities were approximately $2,015,984,000 for the nine month period ended September 30, 2004 which were primarily used for the acquisition of 60 properties for approximately $1,959,554,000.

As of November 5, 2004, we had approximately $375 million available for investment in additional properties. As of November 5, 2004 we are considering the acquisition of approximately $244 million in properties. We are currently in the process of obtaining financings on properties which have been purchased, as well as certain of the properties which we anticipate purchasing. It is our intention to finance each of our acquisitions either at closing or subsequent to closing. As a result of the intended financings and based on our current experience in raising funds in our offering, we believe that we will have sufficient resources to acquire these properties.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows provided by financing activities was approximately $2,192,056,000 for the nine month period ended September 30, 2004. We generated proceeds from the sale of shares, net of offering costs paid, of approximately $1,139,185,000. We generated approximately $1,094,146,000 from the issuance of new mortgages secured by 60 of our properties and $165,000,000 from funding on the line of credit. We paid approximately $10,707,000 for loan fees and approximately $28,873,000 in distributions to our stockholders, and $170,000,000 was paid off on the line of credit for the nine months ended September 30, 2004. The sponsor has agreed to advance us amounts to pay a portion of these distributions until funds available for distribution are sufficient to cover distributions.

Given the current size of our offering, as of November 5, 2004, we could raise approximately $944 million of additional capital. However, there can be no assurance that we will raise this amount of money or that we will be able to acquire additional attractive properties. We have also registered with the Securities and Exchange Commission for another offering of up to 250,000,000 shares of common stock at $10 each and up to 20,000,000 shares at $9.50 each pursuant to the distribution reinvestment program which is not effective as of November 5, 2004. There is no assurance that we will be effective in selling all of these additional shares.

We are exposed to interest rate changes primarily as a result of our long-term debt used to maintain liquidity and fund capital expenditures and expansion of our real estate investment portfolio and operations. Our interest rate risk management objectives are to limit the impact of interest rate changes

on earnings and cash flows and to lower our overall borrowing costs. To achieve our objectives we borrow primarily at fixed rates or variable rates with the lowest margins available and, in some cases, with the ability to convert variable rates to current market fixed rates at the time of conversion.

EFFECTS OF TRANSACTIONS WITH RELATED AND CERTAIN OTHER PARTIES

SERVICES PROVIDED BY AFFILIATES OF THE BUSINESS MANAGER/ADVISOR. As of September 30, 2004, we had incurred $159,233,813 of offering costs, of which $119,656,429 was paid or accrued to affiliates. In accordance with the terms of our offering, our business manager/advisor has guaranteed payment of all public offering expenses (excluding sales commissions and the marketing allowance and the due diligence expense allowance) in excess of 5.5% of the gross proceeds of the offering or gross offering proceeds or all organization and offering expenses (including selling commissions) which together exceed 15% of gross offering proceeds. As of September 30, 2004, offering costs did not exceed the 5.5% and 15% limitations. We anticipate that these costs will not exceed these limitations upon completion of the offering. Any excess amounts at the completion of the offering will be reimbursed by our business manager/advisor.

Our business manager/advisor and its affiliates are entitled to reimbursement for salaries and expenses of employees of our business manager/advisor and its affiliates relating to the offering. In addition, an affiliate of our business manager/advisor is entitled to receive selling commissions, and the marketing allowance and due diligence expense allowance from us in connection with the offering. Such costs are offset against the stockholders' equity accounts. Such costs totaled $119,656,429 as of September 30, 2004, of which $3,502,335 was unpaid at September 30, 2004.

Our business manager/advisor and its affiliates are entitled to reimbursement for general and administrative expenses relating to our administration. Such costs are included in general and administrative expenses to affiliates, in addition to costs that were capitalized pertaining to property acquisitions. During the nine months ended September 30, 2004, we incurred $1,103,717 of these costs, of which $778,277 remained unpaid as of September 30, 2004 and are included in due to affiliates on the consolidated balance sheets.

An affiliate of our business manager/advisor provides loan servicing to us for an annual fee. Such costs are included in property operating expenses to affiliates. The agreement allows for annual fees totaling .03% of the first $1 billion in mortgage balance outstanding and .01% of the remaining mortgage balance, payable monthly. Such fees totaled $63,978 for the nine months ended September 30, 2004.

We use the services of an affiliate of our business manager/advisor to facilitate the mortgage financing that we obtained on some of the properties purchased. We pay the affiliate .02% of the principal balance of mortgage loans obtained. Such costs are capitalized as loan fees and amortized over the respective loan term. During the nine months ended September 30, 2004, we paid loan fees totaling $2,241,986 to this affiliate.

We pay an advisor asset management fee of not more than 1% of our average assets. Our average asset value is defined as the average of the total book value, including acquired intangibles, of our real estate assets invested in equity interests plus our loans receivable secured by real estate, before reserves for depreciation, reserves for bad debt or other similar non-cash reserves. We compute our average assets by taking the average of these values at the end of each month for which we are calculating the fee. The fee is payable quarterly in an amount equal to 1/4 of 1% of average assets as of the last day of the immediately preceding quarter. For any year in which we qualify as a REIT, our business

manager/advisor must reimburse us for the following amounts if any: (1) the amounts by which our total operating expenses, the sum of the advisor asset management fee plus other operating expenses, paid during the previous fiscal year exceed the greater of: (i) 2% of our average assets for that fiscal year, or (ii) 25% of our net income for that fiscal year; plus (2) an amount, which will not exceed the advisor asset management fee for that year, equal to any difference between the total amount of distributions to stockholders for that year and the 6% minimum annual return on the net investment of stockholders. For the nine months ended September 30, 2004, we neither paid nor accrued such fees because our business manager/advisor agreed to forego such fees for the first, second and third quarters of 2004.

The property managers, entities owned principally by individuals who are affiliates of our business manager/advisor, are entitled to receive property management fees totaling 4.5% of gross operating income, for management and leasing services. We incurred property management fees of $2,847,427 for the nine months ended September 30, 2004. None remained unpaid as of September 30, 2004.

We established a discount stock purchase policy for our affiliates and affiliates of our business manager/advisor that enables the affiliates to purchase shares of common stock at either $8.95 or $9.50 a share depending on when the shares are purchased. We sold 530,574 shares of common stock to affiliates and recognized an expense related to these discounts of $352,303 for the nine months ended September 30, 2004.

As of September 30, 2004 we were due funds from our affiliates in the amount of $1,571,960, $1,567,481 of which is due from our sponsor for reimbursement of a portion of the distributions paid by us during 2004. The remaining $4,479 is due from an affiliate for costs paid on their behalf by us. Our sponsor has agreed to advance to us amounts to pay a portion of distributions to our stockholders until funds available for distribution are sufficient to cover the distributions. Our sponsor forgave $2,369,139 of these amounts during the second quarter of 2004 and these funds are no longer due. As of September 30, 2004 we owe funds to our sponsor in the amount of $2,868,666 for repayment of the funds advanced for payment of distributions.

OFF-BALANCE SHEET ARRANGEMENTS, CONTRACTUAL OBLIGATIONS, LIABILITIES AND CONTRACTS AND COMMITMENTS

The table below presents our obligations and commitments to make future payments under debt obligations and lease agreements as of September 30, 2004.

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt	$ 1,141,248,461	15,035,000	38,671,248	813,276,474	274,265,73
Ground lease payments	$ 298,329,805	1,021,807	5,324,069	5,328,897	286,655,03

CONTRACTS AND COMMITMENTS

The purchase and sale contract for Pavilion at King's Grant provides

that if anytime during the period from January 1, 2004 through December 31, 2007 the tenant Toys "R" Us should increase its base rent up to a maximum amount of $250,000 and no decrease has occurred in their requirement to pay for a

certain percentage of expenses at the property, then we would be obligated to pay the seller additional funds related to the purchase based upon an agreed income capitalization formula. We have not reserved any funds for this contingency.

In connection with the purchase of Stony Creek Market Place, we are obligated to purchase the seller's interest in the leases if the seller exercises the right to develop and lease a vacant 50,000 square foot pad site within 48 months after the closing date. In connection with the purchase of Newnan Crossing, we are obligated to purchase the remaining portion of the shopping center that is currently under construction (Phase III) once construction has been completed and a major tenant has moved in and commenced payment of rent, with the additional purchase price based upon an agreed income capitalization formula. In connection with the purchase of Low Country Village, we are obligated to purchase a portion of the shopping center that is currently under construction once construction has been completed and the respective tenants have moved in and commenced payment of rent, with the additional purchase price of the center based upon an agreed income capitalization formula. As part of the commitment to purchase this remaining portion of the shopping center, we have deposited $300,000 of earnest money with an escrow agent. In connection with the purchase of Wilshire Plaza III, we are obligated to pay the remainder of the purchase price in the amount of $2,967,088 when Kohl's department store has moved in and commenced payment of rent. Also, in conjunction with this purchase, we are obligated to fund to Kohl's a second construction payment in the amount of $1,164,874 when they have moved in and commenced payment of rent. In connection with the purchase of an interest in the entity that owns Reisterstown Road Plaza, we are obligated to pay the remaining purchase price of $11,546,674 if the unfinished space has been built and rented within 24 months of the closing date. In connection with the purchase of Governor's Marketplace, we are obligated to pay the remaining purchase price of $4,846,152 if the seller completes the construction and leasing of additional components within 24 months of the closing date. In connection with the purchase of an interest in the entity that owns Boulevard at the Capital Centre, we are required to pay the remaining purchase price of $6,947,764 upon completion of the construction and satisfaction of tenant conditions of certain units of the shopping center. We have not reserved any funds for these contingencies.

In connection with the purchase of Eastwood Towne Center, we are obligated to pay the remaining purchase price of $3,836,317 once a major tenant's base rent increases upon two shadow anchors' commencement of operations. In connection with the purchase of John's Creek Village, we are obligated to pay the remaining purchase price of $13,385,390 if the vacancies have been leased and the respective tenants have moved in and commenced payment of rent within 18 months of the closing date. In connection with the purchase of Davis Towne Crossing, we are obligated to pay the remaining purchase price of $1,604,304 if the vacancies have been leased and respective tenants have moved in and commenced payment of rent within 24 months of the initial closing date. In connection with the purchase of Towson Circle, we are obligated to pay an additional amount to be determined based upon an agreed income capitalization formula if two spaces that were vacant at closing have been leased within 24 months of the closing date. In connection with the purchase of Forks Town Center, if a certain tenant has moved into its space and is paying rent within 12 months of the original closing, we are obligated to pay the remaining purchase of $701,299. We have not reserved any funds for these contingencies.

In conjunction with the financing of Dorman Center on April 20, 2004, we were required to obtain a $3.65 million irrevocable letter of credit for a one year period. Once we purchase the remaining portion of Dorman Center, and meet certain occupancy requirements, the letter of credit will be released. On July 16, 2004, we purchased the remaining portion of Dorman Center. The irrevocable letter of credit is still outstanding as the occupancy requirements had not been met as of November 5, 2004. In conjunction with the financing of John's Creek Village on July 2, 2004, we were required to obtain a $5.7 million irrevocable letter of credit for a one year period. Once we purchase the remaining portion of John's Creek Village, and meet certain occupancy requirements, the letter of credit will be released. The

irrevocable letter of credit is still outstanding as the remaining portion of the center had not been purchased as of November 5, 2004.

In connection with the purchase of Larkspur Landing, we assumed a liability in the amount of $1,982,504 for tenant improvements and leasing commission obligations. As of September 30, 2004, the remaining liability after disbursements is $1,303,530.

On August 11, 2004, CR Investors, LLC, a 100% owned LLC of Reisterstown Plaza Holdings, LLC (a joint venture consolidated by us), purchased a 36.5% tenancy in common interest in an apartment complex known as Courthouse Square located in Towson, MD. This investment is accounted for utilizing the equity method of accounting. Under the equity method of accounting, our net equity investment is reflected on the consolidated balance sheet and the consolidated statement of operations includes our share of net income or loss from the unconsolidated entity.

Subsequent to September 30, 2004, we purchased 11 properties for a purchase price of approximately $217 million. In addition, we are currently considering acquiring ten properties for an estimated purchase price of $244 million. Our decision to acquire each property generally depends upon no material adverse change occurring relating to the property, the tenants or in the local economic conditions, and our receipt of satisfactory due diligence information including appraisals, environmental reports and lease information prior to purchasing the property.

RESULTS OF OPERATIONS

GENERAL

The following discussion is based primarily on our consolidated financial statements as of September 30, 2004 and for the three and nine months ended September 30, 2004.

Quarter Ended	Properties Purchased per Quarter	Square Feet Acquired	Purchase Price
March 31, 2003	None	N/A	N/A
June 30, 2003	None	N/A	N/A
September 30, 2003	None	N/A	N/A
December 31, 2003	8	797,551	$ 127,195,000
March 31, 2004	11	2,123,905	$ 384,053,000
June 30, 2004	23	4,213,576	$ 713,925,000

September 30, 2004	26	5,746,599	$ 869,128,000
Total	68	12,881,631	$ 2,094,301,000

RENTAL INCOME, TENANT RECOVERIES AND OTHER PROPERTY INCOME. Rental income consists of basic monthly rent and percentage rental income due pursuant to tenant leases. Tenant recovery and other property income consist of property operating expenses recovered from the tenants including real estate taxes, property management fees and insurance. Rental income was $56,404,514 and all additional property income was $13,362,039 for the nine months ended September 30, 2004.

OTHER INCOME. Other income consists of interest income earned primarily on short term investments that are held by us and other non-operating income earned by us. Other income was $1,885,751 for the nine months ended September 30, 2004.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses consist of salaries and computerized information services costs reimbursed to affiliates for maintaining our accounting and

investor records, affiliates common share purchase discounts, insurance, postage, printer costs and fees paid to accountants and lawyers. These expenses were $2,843,944 for the nine months ended September 30, 2004 and resulted from increased services required as we acquire properties and grow our portfolio of investment properties and our investor base.

PROPERTY OPERATING EXPENSES. Property operating expenses consist of property management fees and property operating expenses, including real estate taxes, costs of owning and maintaining shopping centers, insurance, and maintenance to the exterior of the buildings and the parking lots. These expenses were $17,017,451 for the nine months ended September 30, 2004.

DEPRECIATION AND AMORTIZATION. Depreciation expense was $19,285,397 and is due to depreciation on the properties owned during the nine months ended September 30, 2004. Amortization expense was $6,717,805 and is due to the application of SFAS 141 and SFAS 142 resulting from the amortization of intangible assets of approximately $154 million and loan and leasing fees of $7.5 million during the nine months ended September 30, 2004.

INTEREST. Interest was $21,315,926 for the nine months ended September 30, 2004 and is due to the financing on 62 properties as of September 30, 2004 and funds drawn during the first quarter of 2004 on the line of credit.

FUNDS FROM OPERATIONS

One of our objectives is to provide cash distributions to our stockholders from cash generated by our operations. Cash generated from operations is not equivalent to our net income from continuing operations as determined under Generally Accepted Accounting Principles in the United States of America or GAAP. Due to certain unique operating characteristics of real estate companies, the National Association of Real Estate Investment Trusts or NAREIT, an industry trade group, has promulgated a standard known as "Funds from Operations" or "FFO" for short, which it believes more accurately reflects the operating performance of a REIT such as us. As defined by NAREIT, FFO means net income computed in accordance with GAAP, excluding gains (or losses) from sales of property, plus depreciation on real property and amortization, and after

adjustments for unconsolidated partnerships and joint ventures in which the REIT holds an interest. We have adopted the NAREIT definition for computing FFO because management believes that, subject to the following limitations, FFO provides a basis for comparing our performance and operations to those of other REITs. The calculation of FFO may vary from entity to entity since capitalization and expense policies tend to vary from entity to entity. Items which are capitalized do not impact FFO, whereas items that are expensed reduce FFO. Consequently, our presentation of FFO may not be comparable to other similarly-titled measures presented by other REITs. FFO is not intended to be an alternative to "Net Income" as an indicator of our performance nor to "Cash Flows from Operating Activities" as determined by GAAP as a measure of our capacity to pay distributions. We believe that FFO is a better measure of our operating performance because FFO excludes non-cash items from GAAP net income. This allows us to compare our relative property performance to determine our return on capital. Management uses the calculation of FFO for several reasons. We use FFO to compare our performance to that of other REITs in our peer group. Additionally, we use FFO in conjunction with our acquisition policy to determine investment strategy. FFO is calculated as follows:

	Nine months ended September 30, 2004
Net income	$ 4,413,798
Depreciation and amortization related to investment properties	24,803,548
Funds from operations (1)	$ 29,217,346

(1) FFO does not represent cash generated from operating activities calculated in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs. FFO should not be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flow as a measure of liquidity.

The following table lists the approximate physical occupancy levels and gross leasable area for our investment properties as of September 30, 2004 and December 31, 2003. The weighted average gross leasable area occupied at September 30, 2004 and December 31, 2003 was 94% and 98%, respectively. N/A indicates the property was not owned by us at the end of the period.

	September 30, 2004		December 3
Properties:	GLA Occupied	(%)	GLA Occupied
Academy Sports, Houma, LA	60,001	100	N/A
Alison's Corner, San Antonio, TX	55,066	100	N/A
Arvada Connection and Marketplace, Arvada, CO	336,302	94	N/A
Best on the Boulevard, Las Vegas, NV	156,756	77	N/A
Bluebonnet Parc, Baton Rouge, LA	128,289	95	N/A
Boulevard at the Capital Centre, Largo, MD	352,804	73	N/A

CorWest Plaza, New Britain, CT	114,023	99	N/A
Cranberry Square, Cranberry Township, PA	180,585	92	N/A
Darien Towne Centre, Darien, IL	210,010	94	212,682
Davis Towne Crossing, North Richland Hills, TX	31,091	75	N/A
Dorman Center - Phases I & II, Spartanburg, SC	374,267	99	N/A
Eastwood Towne Center, Lansing, MI	321,066	98	N/A
Eckerd Drug Store, Columbia, SC	13,440	100	N/A
Eckerd Drug Store, Crossville, TN	13,824	100	N/A
Eckerd Drug Store, Edmund, OK	13,824	100	13,824
Eckerd Drug Store, Greer, SC	13,824	100	N/A
Eckerd Drug Store, Kill Devil Hills, NC	13,824	100	N/A
Eckerd Drug Store, Norman, OK	13,824	100	13,824
Forks Town Center, Easton, PA	88,660	96	N/A
Fullerton Metrocenter, Fullerton, CA	208,264	82	N/A
Gateway Plaza, Southlake, TX	334,440	93	N/A
Gateway Village, Annapolis, MD	273,788	100	N/A
GMAC, Winston-Salem, NC	501,064	100	N/A
Governor's Marketplace, Tallahassee, FL	218,437	94	N/A
Harris Teeter, Wilmington, NC	57,230	100	N/A
Harvest Towne Center, Knoxville, TN	42,213	100	N/A
Heritage Towne Crossing, Euless, TX	72,119	89	N/A
Hickory Ridge, Hickory, NC	380,487	100	N/A
Huebner Oaks Center, San Antonio, TX	279,461	97	N/A
John's Creek Village, Duluth, GA	136,782	71	N/A
La Plaza Del Norte, San Antonio, TX	303,245	95	N/A

	September 30, 2004		December 3
Properties:	GLA Occupied	(%)	GLA Occupied
Lakewood Towne Center, Lakewood, WA	546,713	94	N/A
Larkspur Landing, Larkspur, CA	150,893	87	N/A
Lincoln Park, Dallas, TX	144,794	97	N/A
Low Country Village, Bluffton, SC	70,598	92	N/A
MacArthur Crossing, Los Colinas, TX	107,759	98	N/A
Manchester Meadows, St. Louis, MO	434,772	96	N/A
Metro Square Center, Severn, MD	61,817	100	N/A
Mitchell Ranch Plaza, New Port Richey, FL	184,973	92	N/A
Newnan Crossing I & II, Newnan, GA	291,450	100	127,260
Northgate North, Seattle, WA	281,595	93	N/A
Northpointe Plaza, Seattle, WA	373,699	99	N/A
North Ranch Pavilions, Thousand Oaks, CA	55,928	89	N/A
North Rivers Town Center, Charleston, SC	141,004	100	N/A
Paradise Valley Marketplace, Phoenix, AZ	71,304	77	N/A
Pavilion at King's Grant, Concord, NC	79,109	100	79,009
Peoria Crossings, Peoria, AZ	207,711	97	N/A
Pine Ridge Plaza, Lawrence, KS	230,510	100	N/A
Plaza at Marysville, Marysville, WA	110,356	95	N/A
Plaza Santa Fe II, Santa Fe, NM	217,329	98	N/A
Promenade at Red Cliff, St. George, UT	89,480	95	N/A
Reisterstown Road Plaza, Baltimore, MD	668,369	86	N/A
Saucon Valley Square, Bethlehem, PA	80,695	100	N/A
Shaw's Supermarket, New Britain, CT	65,658	100	65,658
Shoppes of Dallas, Dallas, GA	59,810	85	N/A

Shoppes of Prominence Point, Canton, GA	69,358	89	N/A
Shops at Boardwalk, Kansas City, MO	99,881	82	N/A
Shops at Park Place, Plano, TX	115,460	99	116,300
Stony Creek Market Place, Noblesville, IN	153,796	100	150,727
The Columns, Jackson, TN	121,400	94	N/A
Tollgate Marketplace, Bel Air, MD	392,587	100	N/A
Towson Circle, Towson, MD	106,621	92	N/A
Village Shoppes of Simonton, Lawrenceville, GA	56,615	85	N/A
Wal-Mart SuperCenter, Blytheville, AR	183,211	100	N/A
Wal-Mart SuperCenter, Jonesboro, AR	149,704	100	N/A
Watauga Pavilion, Watauga, TX	192,155	93	N/A
Wrangler, El Paso, TX	316,800	100	N/A
	11,982,924		779,284

As part of the purchase of Darien Towne Centre, CorWest Plaza, La Plaza Del Norte, Dorman Center - Phase I, Peoria Crossings, Paradise Valley Marketplace, Best on the Boulevard, Bluebonnet Parc, Arvada Marketplace, Eastwood Towne Center, Watauga Pavilion, Northpointe Plaza, Plaza Santa Fe II, Lakewood Towne Center, Shoppes of Prominence Point, Fullerton Metrocenter, Shops at Boardwalk, Shoppes of Dallas, Dorman Center - Phase II, Towson Circle, Reisterstown Road Plaza, Village Shoppes of Simonton, Governor's Marketplace, Mitchell Ranch Plaza, The Columns, Harvest Towne Center, Boulevard at the Capital Centre and Low Country Village, we are entitled to receive payments in accordance with a master lease agreement for space, which was not producing revenue either at the time of or subsequent to the purchase. The master lease agreement covers rental payments due for periods

ranging between three months and three years from the purchase date or until the space is leased. The percentage in the table above does not include non-revenue producing space covered by the master lease agreement. The master lease agreements combined with the physical occupancy results in an economic occupancy ranging between 71% and 100% at September 30, 2004.

SUBSEQUENT EVENTS

We paid distributions of $7,186,753 to our stockholders in October 2004.

We issued 29,541,198 shares of common stock from October 1, 2004 through November 5, 2004, resulting in a total of 175,825,027 shares of common stock outstanding. As of November 5, 2004, subscriptions for a total of 173,294,068 shares were received resulting in total gross offering proceeds of $1,732,326,464 and an additional 2,530,959 shares were issued pursuant to the DRP for $24,044,115 of additional gross proceeds.

On October 15, 2004, CR Investors, LLC, a 100% owned LLC of Reisterstown Plaza Holdings, LLC (a joint venture consolidated by us), purchased a 60.94% interest in an apartment complex known as Cardiff Hall East located in Towson, MD for approximately $2.7 million.

As of October 31, 2004, Cordish Power Plant Management, LLC, a Maryland limited liability company ("CPP") admitted two new members in exchange for the capital contributions described below that were made on November 5, 2004. CRP Power Plant Investors, LLC, a Maryland limited liability company that is wholly owned by Reisterstown Plaza Holdings, LLC, contributed capital in the amount of $15 million in exchange for a 37.5% member interest in CPP. CGW Power Plant

Investors, LLC, a Maryland limited liability company that is wholly owned by Gateway Village Holdings, LLC contributed capital in the amount of $5 million in exchange for a 12.5% member interest in CPP. CPP owns a 99.5% interest in Cordish Power Plant Limited Partnership. Cordish Power Plant Limited Partnership owns a ground lease interest in a mixed use retail/office complex located in the Inner Harbor area of Baltimore, Maryland that is known as The Power Plant. The Power Plant contains approximately 180,000 square feet of space and is 100% leased and occupied.

As of October 31, 2004, Cordish Power Plant Management Number Two, LLC, a Maryland limited liability company ("CPP2") admitted two new members in exchange for the capital contributions described below that were made on November 5, 2004. CTC Pier IV Investors, LLC, a Maryland limited liability company that is wholly owned by Towson Circle Holdings, LLC contributed capital in the amount of $5 million in exchange for a 16.67% member interest in CPP2. CTOLL Pier IV Investors, LLC, a Maryland limited liability company that is wholly owned by Tollgate Marketplace Holding Company, LLC contributed capital in the amount of $15 million in exchange for a 50.0% member interest in CPP2. CPP2 owns all of the membership interest in Cordish Power Plant Number Two, LLC. Cordish Power Plant Number Two, LLC owns a ground lease interest in a mixed use retail/office complex located in the Inner Harbor area of Baltimore, Maryland that is known as Pier IV Office Building. The Pier IV Office Building contains approximately 120,000 square feet of space and is 100% leased and occupied.

We have acquired the following properties during the period October 1 to November 5, 2004. The respective acquisitions are summarized in the table below.

Date Acquired	Property	Year Built	Approximate Purchase Price ($)	Gross Leasable Area (Sq. Ft.)	
10/05/04	Bed Bath & Beyond Plaza Miami, FL	2004	20,350,000	97,496	B O

Date Acquired	Property	Year Built	Approximate Purchase Price ($)	Gross Leasable Area (Sq. Ft.)	
					P P
10/12/04	The Columns - Phase II Jackson, TN	2004	5,740,596	44,987	R O
10/18/04	Denton Town Crossing Denton, TX	2003/2004	51,236,687	272,722	O
10/19/04	Azalea Square Summerville, SC	2004	30,012,525	181,942	T L R C

10/21/04	Lake Mary Pointe Orlando, FL	1999	6,620,000	51,052	P
10/25/04	Plaza at Riverlakes Bakersville, CA	2001	17,000,000	102,836	R
10/26/04	Academy Sports Port Arthur, TX	2004	5,000,000	61,001	A
10/28/04	Gurnee Town Center Gurnee, IL	2002	44,256,387	179,840	L O B
10/29/04	CVS Pharmacy Sylacauge, AL	2004	3,066,241	10,055	C
10/29/04	Academy Sports Midland, TX	2004	4,250,000	61,654	A
11/03/04	Mansfield Towne Center Mansfield, TX	2004	16,055,074	111,898	R S
11/05/04	Winchester Commons Memphis, TN	1999	13,022,687	93,024	K

The mortgage debt and financings obtained during the period October 1, 2004 to November 5, 2004, are detailed in the list below.

Date Funded	Mortgage Payable	Annual Interest Rate	Maturity Date
10/05/04	The Columns	4.910%	05/01/09
10/06/04	Low Country Village	4.960%	05/01/09
10/08/04	Lincoln Park	4.610%	11/01/09
11/01/04	Academy Sports - Port Arthur, TX	5.120%	11/01/09

Date Funded	Mortgage Payable	Annual Interest Rate	Maturity Date
11/01/04	Harris Teeter - Wilmington, NC	4.915%	11/01/09
11/04/04	The Columns - Phase II	4.950%	11/01/09

We are currently considering acquiring ten properties for an estimated purchase price of $244 million. Our decision to acquire each property will

generally depend upon no material adverse change occurring relating to the property, the tenants or in the local economic conditions, and our receipt of satisfactory due diligence information including appraisals, environmental reports and lease information prior to purchasing the property. For further information on these potential property acquisitions and financings, see "Real Property Investments."

INFLATION

For our multi-tenant shopping centers, inflation is likely to increase rental income from leases to new tenants and lease renewals, subject to market conditions. Our rental income and operating expenses for those properties owned, or to be owned and operated under triple-net leases, are not likely to be directly affected by future inflation, since rents are or will be fixed under the leases, and property expenses are the responsibility of the tenants. The capital appreciation of triple-net leased properties is likely to be influenced by interest rate fluctuations. To the extent that inflation determines interest rates, future inflation may have an effect on the capital appreciation of triple-net leased properties. As of September 30, 2004, we owned 14 single-user triple-net leased properties.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We may be exposed to interest rate changes primarily as a result of long-term debt used to maintain liquidity and fund capital expenditures and expansion of our real estate investment portfolio and operations. Our interest rate risk management objectives will be to limit the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. To achieve our objectives we will borrow primarily at fixed rates or variable rates with the lowest margins available and in some cases, with the ability to convert variable rates to fixed rates.

We may use derivative financial instruments to hedge exposures to changes in interest rates on loans secured by our properties. To the extent we do, we are exposed to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. When the fair value of a derivative contract is negative, we owe the counterparty and, therefore, it does not possess credit risk. It is our policy to enter into these transactions with the same party providing the financing, with the right of offset. In the alternative, we will minimize the credit risk in derivative instruments by entering into transactions with high-quality counterparties. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

During the third quarter of 2004, we entered into treasury contracts with a futures commission merchant with yields ranging from 3.27% to 3.40% for 5 year treasury contracts and 4.0% to 4.3% for 10 year treasury contracts. The amount on deposit for our investment in treasury contracts is $3,712,900. On September 30, 2004, our investment in treasury contracts had a liquidation value of $361,186 resulting in a loss of $3,351,714. As these treasury contracts are not offsetting future commitments and therefore do

not qualify as hedges, the net loss is recognized currently in earnings. To offset the net loss recognized on the treasury contracts, we took advantage of the lower treasury yields which caused the loss n the treasury contracts and

secured permanent financing in the amount of $350,000,000 for pending acquisitions. On October 29, 2004, we liquidated all of our treasury contracts for a liquidation value of $126,213 resulting in a cumulative net realized loss of $3,586,687.

With regard to variable rate financing, we assess interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. We maintain risk management control systems to monitor interest rate cash flow risk attributable to both of our outstanding or forecasted debt obligations as well as our potential offsetting hedge positions. The risk management control systems involve the use of analytical techniques, including cash flow sensitivity analysis, to estimate the expected impact of changes in interest rates on our future cash flows.

While this hedging strategy is intended to reduce our exposure to interest rate fluctuations, the result may be a reduction in overall returns on your investment.

The fair value of our debt approximates its carrying amount as of September 30, 2004.

Our interest rate risk is monitored using a variety of techniques. The table below presents the principal amounts and weighted average interest rates by year and expected maturity to evaluate the expected cash flows and sensitivity to interest rate changes.

	2004	2005	2006	2007	2008
Maturing debt					
Fixed rate debt (mortgage loans)	-	-	-	56,864,550	46,227,000
Variable rate debt (including line of credit)	-	15,035,000	-	-	-
Average interest rate on debt:					
Fixed rate debt	-	-	-	4.49%	4.64
Variable rate debt	-	3.71%	-	-	-

We have $126,033,000 of variable rate interest averaging 2.85% as of September 30, 2004. An increase in the variable interest rate on this debt constitutes a market risk. If interest rates increase by 1%, based on debt outstanding as of September 30, 2004, interest expense increases by $1,260,330 on an annual basis.

DESCRIPTION OF SECURITIES

We were formed under the laws of the State of Maryland. Your rights are governed by Maryland law, our articles of incorporation and our bylaws. The following summary of the terms of our stock is only a summary and you should refer to our articles of incorporation and bylaws for a full description. Copies of our articles of incorporation and bylaws are filed as exhibits to the registration statement of which this prospectus is a part. You can obtain copies of our articles of incorporation and bylaws and every other exhibit to our registration statement. See "Where You Can Find More Information," below.

AUTHORIZED STOCK

Our articles of incorporation provide that we may issue up to 600,000,000 shares of common stock and 10,000,000 shares of preferred stock. Upon completion of this offering, if 250,000,000 shares are sold, there will be 500,020,000 shares of common stock outstanding and no preferred stock outstanding.

As permitted by Maryland law, our articles of incorporation contain a provision permitting the board, without any action by the stockholders, to amend our articles of incorporation from time to time, to increase or decrease the aggregate number of shares of stock and the number of shares of stock of any class or series that we have authority to issue. Our articles of incorporation also contain a provision permitting our board of directors, without any action by stockholders, to classify or reclassify any unissued common stock or preferred stock into one or more classes or series by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or distributions, qualifications or terms or conditions of redemption of any new class or series of shares of stock. Nevertheless, certain laws to which we are subject require the approval by a majority of our then outstanding shares to amend our articles of incorporation to increase or decrease the number of shares authorized by our articles of incorporation.

We believe that the power of our board to issue additional authorized but unissued shares of common stock or preferred stock and to classify or reclassify shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. Following amendment of our articles of incorporation to increase the number of our authorized shares, our board would be able to issue the additional common stock or preferred stock without further action by our stockholders.

COMMON STOCK

Upon issuance of our shares for full payment in accordance with the terms of this offering, all of the common stock we are offering will be duly authorized, fully paid and nonassessable. Subject to the preferential rights of any other class or series of stock and to the provisions of our articles of incorporation regarding the restriction on the transfer of shares of our stock, holders of our common stock will be entitled to receive distributions if authorized and declared by our board and to share ratably in our assets available for distribution to the stockholders in the event of a liquidation, dissolution or winding-up.

Each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors. There is no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding common stock can elect all of the directors then standing for election, and the holders of the remaining common stock will not be able to elect any directors.

Holders of our common stock have no conversion, sinking fund, redemption, exchange or appraisal rights, and have no preemptive rights to subscribe for any of our securities. Our articles of incorporation provide that holders of our common stock are not entitled to exercise any rights of an objecting stockholder provided for under Maryland law. Shares of our common stock have equal dividend, distribution, liquidation and other rights.

Under Maryland law and our articles of incorporation, we cannot make certain material changes to our business form or operations without the approval of stockholders holding at least a majority of the shares of stock entitled to vote on the matter. The following events, however, do not require stockholder approval:

- share exchanges in which we are the acquiror;
- mergers with or into a 90 percent or more owned subsidiary;
- mergers in which we do not:
  - reclassify or change the terms of any of our stock that is outstanding immediately before the effective time of the merger;
  - amend our articles of incorporation; and
  - issue in the merger more than 20 percent of the number of shares of any class or series of stock outstanding immediately before the merger; and
- transfers of less than substantially all of our assets. Our articles of incorporation provide that the sale of two-thirds or more of our assets or the then current fair market value of our properties and mortgages other than in the ordinary course of our business will be considered the sale of substantially all of our assets.

Our bylaws provide that the presence in person or by proxy by the holders of a majority of our outstanding shares will constitute a quorum for the transaction of business at a meeting of our stockholders. Our articles of incorporation provide that the election of directors requires a majority of all the votes present in person or by proxy at a meeting of our stockholders at which a quorum is present. Our articles of incorporation also provide that the affirmative vote of the holders of a majority of our outstanding common stock may remove any director with or without cause. Our articles of incorporation provide that with respect to shares of our common stock owned by our business manager/advisor, sponsor, directors or any affiliate, neither our business manager/advisor, sponsor, directors nor affiliates will be permitted to vote or consent on matters submitted to our stockholders regarding the removal of any director. Additionally, in determining the requisite percentage interest of voting shares of our common stock necessary to approve a matter on which our business manager/advisor, sponsor, directors or affiliates may not vote or consent, any shares of our common stock owned by any of them will not be included.

We will act as our own registrar and transfer agent for our common stock or we will hire an outside firm to act as our registrar and transfer agent.

PREFERRED STOCK

Shares of our preferred stock may be issued in the future in one or more series as authorized by our board. Prior to the issuance of shares of any series, our board is required by Maryland law and our

articles of incorporation to fix the terms, preferences, conversion or other

rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each series. Because our board has the power to establish the preferences, powers and rights of each series of preferred stock, it may, without any consideration or approval by our stockholders, provide the holders of any series of preferred stock with preferences, powers and rights, voting or otherwise, senior to the rights of holders of our common stock. The issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control of us, including an extraordinary transaction (such as merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for holders of our common stock. We have no present plans to issue any preferred stock.

ISSUANCE OF ADDITIONAL SECURITIES AND DEBT INSTRUMENTS

Our directors are authorized to issue additional stock or other convertible securities for cash, property or other consideration on such terms as they may deem advisable without approval of the holders of our outstanding securities. Our directors are also authorized to classify or reclassify any unissued shares of our capital stock without approval of the holders of our outstanding securities. Subject to some restrictions, including that the aggregate amount of our borrowings in relation to our net assets may not exceed 300% of net assets, our directors may cause us to issue debt obligations, including debt with conversion privileges on more than one class of our capital stock. Our directors may issue debt obligations on such terms and conditions as they may determine, including debt with conversion privileges, where the holders of our debt obligations may acquire our common stock. Subject to some restrictions, our directors may also cause us to issue warrants, options and rights to buy our common stock on such terms as they deem advisable to our stockholders, as part of a financing arrangement, or pursuant to stock option plans. Our directors may cause us to issue warrants, options and rights to buy our common stock and debt with conversion privileges even though their exercise or conversion could result in dilution in the value of our outstanding common stock.

RESTRICTIONS ON ISSUANCE OF SECURITIES

Our articles of incorporation provide that we will not issue:

- common stock which is redeemable at the option of the holder;
- debt securities unless the historical debt service coverage in the most recently completed fiscal year is sufficient to properly service the higher level of debt;
- options or warrants to purchase stock to our business manager/advisor, sponsor, director(s) or any affiliates of our business manager/advisor, sponsor or directors except on the same terms as sold to the general public and in an amount not to exceed 10% of our outstanding common or preferred stock on the date of grant of any options or warrants; or
- stock on a deferred payment basis or similar arrangement.

Our articles of incorporation also provide that we will not issue nonvoting or assessable common stock or warrants, options or similar evidences of rights to buy stock unless they are issued to the holders of stock ratably on a proportional basis, as part of a financing arrangement or as part of a stock option plan to our directors, officers or employees.

RESTRICTIONS ON OWNERSHIP AND TRANSFER

In order for us to continue to qualify as a REIT under the Internal Revenue Code, shares of our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of twelve months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also not more than 50% of the value of our outstanding shares of stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include some entities such as qualified person plans) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

Our articles of incorporation, subject to some exceptions, contain restrictions on the number of shares of our stock that a person may own. Our articles of incorporation prohibit any person from acquiring or holding, directly or indirectly, shares of stock in excess of 9.8% in value of the aggregate of our outstanding shares of stock. In addition, our articles of incorporation prohibit any person from acquiring or holding, directly or indirectly, shares of common stock in excess of 9.8% of the aggregate number of our outstanding shares of common stock. The 9.8% common stock ownership limit must be measured in terms of the more restrictive of value or number of shares.

Our board of directors, in its sole discretion, may exempt a person from the 9.8% limit and the common stock ownership limit. However, the board may not grant such an exception to any person whose ownership, direct or indirect, of in excess of 9.8% of the value of our outstanding shares of stock would result in us being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code or otherwise would result in us failing to qualify as a REIT. In order to be considered as an excepted holder, a person also must not own, directly or indirectly, an interest in any of our tenants (or in a tenant of any entity owned or controlled by us) that would cause us to own, directly or indirectly, more than a 9.9% interest in such a tenant. The person seeking an exemption must represent to our board's satisfaction that it will not violate these two restrictions. The person also must agree that any violation or attempted violation of any of these restrictions will result in the automatic transfer of the shares of stock causing the violation to a trust as explained below. Our board may require a ruling from the Internal Revenue Service or an opinion of counsel, in either case in form and substance satisfactory to our board of directors in its sole discretion, in order to determine or ensure our status as a REIT.

In addition, our articles of incorporation prohibit any person from beneficially or constructively owning shares of our common or preferred stock that would result in us being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code. Our articles of incorporation further provide that any transfer of our common stock or preferred stock that would result in our common stock and preferred stock being beneficially owned by fewer than 100 persons will be void. Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of our common or preferred stock that will or may violate any of the foregoing restrictions on transferability and ownership, or any person who would have owned shares of our common or preferred stock that resulted in a transfer of shares to the trust, is required to give us notice immediately and to provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT. The foregoing restrictions on transferability and ownership will not apply if our board determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

If any transfer of shares of our stock occurs which, if effective, would result in any person beneficially or constructively owning shares of our

stock in excess or in violation of the above transfer or ownership limitations, then the number of shares of our stock the beneficial or constructive ownership of which would cause the person to violate the limitations will be automatically transferred under the provisions of our articles of incorporation to a trust for the exclusive benefit of one or more charitable beneficiaries within the meaning of 501(c)(3) of the Internal Revenue Code. The proposed transferee that

exceeds the ownership limitations will not acquire any rights in these shares. The automatic transfer is deemed effective as of the close of business on the business day, as defined in our articles of incorporation, prior to the date of the violative transfer. Shares of stock held in the trust will continue as issued and outstanding common stock or preferred stock. The proposed transferee will not benefit economically from ownership or any shares of stock held in the trust, will have no rights to dividends and will not possess any rights to vote or other rights attributable to the shares of stock held in the trust. The trustee of the trust will have all voting rights and rights to dividends or other distributions with respect to shares of stock held in the trust. The voting rights and rights to dividends will be exercised for the exclusive benefit of the charitable beneficiary. Any dividend or other distribution paid prior to our discovery that shares of stock have been transferred to the trustee will be paid by the recipient of the dividend or distribution to the trustee upon demand, and any dividend or other distributions authorized but unpaid will be paid when due to the trustee. Any dividend or distribution paid to the trustee will be held in trust for the charitable beneficiary. The proposed transferee will have no voting rights with respect to shares of stock held in the trust. Subject to Maryland law, effective as of the date that such shares of stock have been transferred to the trust, the trustee will have the authority at his sole discretion (i) to rescind as void any vote cast by the proposed transferee prior to our discovery that such shares have been transferred to the trust and (ii) to recast such vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote.

Within twenty days of receiving notice from us that shares have been transferred to the trust, the trustee shall sell the shares to a person, designated by the trustee, whose ownership of the shares will not violate the ownership limitations set forth in the articles of incorporation. Upon the sale, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee and to the charitable beneficiary as follows. The proposed transferee will receive the lesser of (i) the price paid by him for the shares or, if the proposed transferee did not give value for the shares in connection with the event causing the shares to be held in the trust (e.g. a gift, devise or other such transaction), the market price, as defined in our articles of incorporation, of the shares on the day of the event causing the shares to beheld in the trust and (ii) the price per share received by the trustee from the sale or other disposition of the shares held in the trust. Any net sale proceeds in excess of the amount payable to the proposed transferee will be paid immediately to the charitable beneficiary. If, prior to our discovery that shares of stock have been transferred to the trust, such shares are sold by the proposed transferee, then (i) shares will be deemed to have been sold on behalf of the trust and (ii) to the extent that the proposed transferee received an amount for such shares that exceeds the amount that the proposed transferee was entitled to receive, the excess will be paid to the trustee upon demand.

In addition, shares of our stock held in the trust will be deemed to have been offered for sale to us or our designees, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in the

transfer to the trust, or, in the case of a devise or gift, the market price at the time of the devise or gift, and (ii) the market price on the date we, or our designate, accept such offer. We can accept this offer until the trustee has sold the shares held in the trust. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee.

Our articles of incorporation require all persons who own more than 5%, or any lower percentages as required pursuant to the Internal Revenue Code or the regulations under the Internal Revenue Code, of our outstanding common and preferred stock, within 30 days after the end of each taxable year, to provide to us written notice stating their name and address, the number of shares of common and preferred stock they beneficially own directly or indirectly, and a description of how the shares are held. In addition, each beneficial owner must provide to us any addition information as we

may request in order to determine the effect, if any, of their beneficial ownership on our status as a REIT and to ensure compliance with the 9.8% ownership limit. In addition, each stockholder will, upon demand, be required to provide us any information as we may request, in good faith, in order to determine our status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

All certificates and book entries representing any shares of our common or preferred stock will be noted with a legend referring to the restrictions described above. We will issue the common stock in book entry form only. This means that we will not issue actual share certificates to each holder of our common stock. The use of book entry only registration permits ownership of fractional shares, protects you against loss, theft or destruction of stock certificates and reduces offering costs. Once we accept your subscription to purchase common stock, we will create an account in our book entry registration system for you and credit the principal amount of your subscription to your account. We will send you a book entry receipt indicating acceptance of your subscription. All issuances of common stock through our distribution reinvestment program also will be made in book entry form only.

ANTI-TAKEOVER PROVISIONS OF MARYLAND LAW AND OUR ARTICLES OF INCORPORATION AND BYLAWS

The following paragraphs summarize some anti-takeover provisions of Maryland law and the material terms of our articles of incorporation and bylaws regarding business combinations and control share acquisitions. The following summary does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law and our articles of incorporation and bylaws, copies of which are exhibits to the registration statement of which the prospectus is a part. See "Where You Can Find More Information."

BUSINESS COMBINATIONS. Under the Maryland Business Combination Act, an anti-takeover statute, completion of a business combination (including a merger, consolidation, share exchange or an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and an interested stockholder is prohibited for five years following the most recent date on which the interested stockholder becomes an interested stockholder. Maryland law defines an interested stockholder as any person who beneficially owns ten percent or more of the voting power of the corporation's shares or an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of ten percent or more of the voting power of the then-outstanding voting stock of the corporation or an affiliate of such interested stockholder. A person is not an interested

stockholder if, prior to the most recent time at which the person would otherwise have become an interested stockholder, the board of directors of the Maryland corporation approved the transaction which otherwise would have resulted in the person becoming an interested stockholder. The board of directors may provide that its approval is subject to compliance with any terms and conditions determined by the board. Following the five-year prohibition period, any such business combination with that interested stockholder must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder, unless, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the Maryland business combination statute) equal to the highest price paid by the interested stockholder for its shares and the

consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares.

These provisions of Maryland law do not apply, however, to business combinations that are approved or exempted by our board of directors prior to the time that the interested stockholder becomes an interested stockholder. As permitted under Maryland law, our articles of incorporation exempt any business combinations involving us and The Inland Group or any of its affiliates. As a result, the five-year prohibition and the super-majority vote requirement will not apply to any business combinations between The Inland Group or any affiliate of The Inland Group and us. Therefore, The Inland Group or any affiliate of The Inland Group may be able to enter into business combinations with us, which may or may not be in the best interests of the stockholders. Nevertheless, the provisions of the Maryland Business Combination Act, as summarized in this section, will apply to any business combinations and interested stockholders involving persons other than The Inland Group and its affiliates.

CONTROL SHARE ACQUISITION. Maryland's Control Share Acquisition Act, an anti-takeover statute, prohibits interested stockholders from engaging in self-dealing business combinations with a Maryland corporation, except to the extent approved by the corporation's disinterested stockholders. Maryland law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by the corporation's disinterested stockholders by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares owned by the corporation's disinterested stockholders, whom the Act defines as (1) the acquiring person, (2) the corporation's officers and (3) employees of the corporation who are also directors. Control shares mean voting shares which, if aggregated with all other voting shares owned by an acquiring person or which the acquiring person can exercise or direct the exercise of voting power, would entitle the acquiring person to exercise or direct the exercise of voting power of shares of the corporation in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;

- one-third or more but less than a majority; or

- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition occurs when, subject to some exceptions, a person directly or indirectly acquires ownership or the power to direct the exercise of voting power of issued and outstanding control shares. A person who has made or proposes to make a control share acquisition, upon satisfaction of some specific conditions, including an undertaking to pay expenses, may compel our board to call a special meeting of stockholders to be held within 50 days after that person's demand upon the corporation to consider the voting rights to be accorded to the control shares. If no request for a meeting is made, we may present the question at any stockholders' meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to some statutory conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights and be entitled to receive in cash the fair value for their shares of our stock. The fair value of the shares as

determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if the corporation is party to the transaction or to acquisitions approved or exempted by the articles of incorporation or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by The Inland Group or any affiliate of The Inland Group of our shares of stock. Nevertheless, the provisions of the Maryland Control Share Acquisition Act, as summarized in this section, will apply to any control share acquisition involving persons other than The Inland Group and its affiliates.

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SHARES ELIGIBLE FOR FUTURE SALE

SHARES TO BE OUTSTANDING OR ISSUABLE UPON EXERCISE OR CONVERSION OF OTHER OUTSTANDING SECURITIES

Upon the completion of this offering, out initial offering and the consummation of the formation transactions, we expect to have outstanding 540,020,000 shares of common stock. This includes:

- the 20,000 shares purchased by our business manager/advisor;

and assumes that:

- we sell all 250,000,000 shares of common stock offered on a best efforts basis in this public offering;

- we sell all 20,000,000 shares to be issued under our distribution reinvestment program described in this offering;

- we sell all 250,000,000 shares of common stock offered on a best efforts basis in our initial public offering;

- we sell all 20,000,000 shares to be issued under our distribution reinvestment program described in our initial public offering; and

- that there is no exercise of options which are expected to be outstanding and exercisable.

In addition, we have reserved:

- 75,000 shares for issuance upon exercise of options which may be granted under our independent director stock option plan.

Subject to the provisions of our articles of incorporation, we could issue an undetermined number of shares of our common or preferred stock in the discretion of our board and without the approval by our stockholders:

- directly for equity interests in real properties; or

- upon exchange of any interests in entities that own our properties or in other companies we control, which might be issued for equity interests in real properties.

All of the common stock we are offering by this prospectus will be freely tradable in the public market, should a public market develop, which we cannot guarantee, without restriction or limitation under the Securities Act of 1933 by persons other than our affiliates and soliciting dealers considered underwriters. However, all common stock issuable by us in this offering and otherwise will be subject to the restrictions explained under "Description Of Securities - Restrictions on Ownership and Transfer."

SECURITIES ACT RESTRICTIONS

The common stock owned by our affiliates will be subject to Rule 144 adopted under the Securities Act and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including exemptions contained in Rule 144.

In general, under Rule 144, a person, or persons whose common stock is aggregated with them in accordance with Rule 144, who has beneficially owned securities acquired from an issuer or an affiliate of the issuer for at least one year, would be entitled, within any three-month period, to sell a number of shares of common stock that does not exceed the greater of (1) 1% of the then-outstanding number of shares or (2) the average weekly reported trading volume of the common stock on a national securities exchange or market during the four calendar weeks preceding each sale. Sales under Rule 144 must be transacted in the manner specified by Rule 144 and must meet requirements for public notice as well as public information about us. Any person who (1) is not

deemed to have been our affiliate at any time during the three months preceding a sale, and (2) has beneficially owned our common stock for at least two years, would be entitled to sell the common stock under Rule 144(k) without regard to the volume limitations, manner of sale provisions, notice requirements or public information requirements of Rule 144. An affiliate, for purposes of the Securities Act, is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or under common control with, us.

INDEPENDENT DIRECTOR STOCK OPTION PLAN

We have established an independent director stock option plan for the purpose of attracting and retaining independent directors. See "Management--Independent Director Stock Option Plan." We have issued in the aggregate options to purchase 11,500 shares of our common stock to our independent directors, at the exercise price of $8.95 per share. One-third of the shares will be exercisable upon their grant. An additional 63,500 shares will be available for future option grants under the independent director stock option plan. See "Management--Independent Director Stock Option Plan" for additional information regarding the independent director stock option plan. Rule 701 under the Securities Act provides that common stock acquired on the exercise of outstanding options by affiliates may be resold by them subject to all provisions of Rule 144 except its one-year minimum holding period. We intend to register the common stock to be issued under the independent director stock option plan in a registration statement or statements on SEC Form S-8 or other appropriate form.

EFFECT OF AVAILABILITY OF SHARES ON MARKET PRICE OF SHARES

Prior to the date of this prospectus, there has been no public market for our common stock. No assurance can be given that a public market for our common stock will develop. We cannot predict the effects that future sales of common stock, including sales under Rule 144, or the availability of common stock for future sale will have on the market price, if any, prevailing from time to time. Sales of substantial amounts of our common stock, including shares issued upon the exercise of options or the perception that these sales could occur, could adversely affect prevailing market prices of our common stock and impair our ability to obtain additional capital through the sale of equity securities. See "Risk Factors--Risks Related to the Offering." For a description of restrictions on transfers of common stock, see "Description of Securities--Restrictions on Ownership and Transfer." Also, see the following section regarding registration rights.

REGISTRATION RIGHTS

In the future we may grant "demand" and/or "piggyback" registration rights to:

- stockholders receiving our common stock directly in exchange for their equity interests in assets of theirs we would acquire; and

- persons receiving interests in any real property partnership for their interests in real properties we would acquire.

"Piggyback" registration rights allow the holder to have his, her or its shares registered along with our shares only at such time(s) in the future when we would choose to register some of our shares for financing purposes - that is, to join with us in the registration of our shares. "Demand" registration rights permit the holder of demand rights to require us to register with the SEC his, her or its shares at such time(s) as the holder requests,

regardless of any desire by us to register our own shares for financing purposes, even if we do not have sufficient capital resources to effect a registration of shares.

These rights will be for registration under the Securities Act of any of our common stock acquired by them directly. The terms and conditions of any agreements for registration rights will be negotiated and determined at such future time as we determine advisable in connection with the acquisition of one or more properties or assets. Our future granting of registration rights could include registration of the subject shares at our expense. If that were the case, our obligation could result in a substantial expense to us at a time when we might not be able to afford such an expense or when registration would not be beneficial to our interests and could also hinder our future attempts to obtain financing.

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SUMMARY OF OUR ORGANIZATIONAL DOCUMENTS

Each stockholder is bound by and is deemed to have agreed to the terms of our organizational documents by his, her or its election to become a stockholder of our company. Our organizational documents consist of our articles of incorporation and bylaws. Our directors, including all the independent directors, reviewed and unanimously ratified our articles of incorporation and bylaws at our first board meeting, which was required. The following is a summary of material provisions of our organizational documents and does not purport to be complete. This summary is qualified in its entirety by specific reference to the organizational documents filed as exhibits to our registration statement of which this prospectus is a part. See "Where You Can Find More Information."

Our articles of incorporation were filed with the State Department of Assessments and Taxation of Maryland and became operative on March 5, 2003. Our articles of incorporation provide that we have perpetual existence. The bylaws in their present form became operative when our board approved them on March 5, 2003. Neither our articles of incorporation nor bylaws have an expiration date. As a result, they will remain operative in their current form throughout our existence, unless they are amended or we are dissolved.

ARTICLES OF INCORPORATION AND BYLAW PROVISIONS

The stockholders' rights and related matters are governed by our articles of incorporation and bylaws and Maryland law. Some provisions of the articles of incorporation and bylaws, summarized below, may make it more difficult to change the composition of our board and could have the effect of delaying, deferring, preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for holders of our common stock.

STOCKHOLDERS' MEETINGS

Our bylaws provide that an annual meeting of the stockholders will be held on the date and at such time as our board may designate. However, the meeting will not be held less than 30 days after the delivery of our annual report to stockholders. The purpose of each annual meeting of the stockholders is to elect directors and to transact any other proper business. The chairman, the president, a majority of the directors or a majority of the independent directors may call a special meeting of the stockholders. The secretary or some

other officer must call a special meeting when stockholders holding 10% or more of the outstanding shares entitled to vote make a written request for a meeting. The written request may be in person or by mail and must state the purpose(s) of the meeting and the matters to be acted upon. We have entered into an agreement with Inland Real Estate Investment Corporation, our sponsor, which provides that it will pay for the reasonably estimated cost to prepare and mail a notice of any special meeting of stockholders requested by the stockholders. The meeting will be held on a date not less than 15 nor more than 60 days after the distribution of the notice, at the time and place specified in the notice. Except as provided in the preceding sentence, we will give notice of any annual or special meeting of stockholders not less than 10 nor more than 90 days before the meeting. The notice will state the purpose of the meeting. At any meeting of the stockholders, each stockholder is entitled to one vote for each share owned of record on the applicable record date. In general, the presence in person or by proxy of a majority of the outstanding shares entitled to vote at a meeting will constitute a quorum. The affirmative vote of a majority of the shares of our stock, present in person or by proxy at a meeting of stockholders duly called and at which a quorum is present, will be sufficient, without the necessity for concurrence by the directors, to elect the directors. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present will be sufficient to approve any other matter which may properly come

before the meeting, unless more than a majority of the votes cast is required by statute or our articles of incorporation.

BOARD OF DIRECTORS

Our articles of incorporation and bylaws provide that we may not have fewer than three nor more than eleven directors. Our bylaws currently provide that the number of directors shall be seven. Our articles of incorporation require that a majority of our directors must be independent directors. Independent directors are directors who are not and have not been affiliated with us, our sponsor, or our business manager/advisor, within the two years prior to their becoming our independent director and who perform no services on our behalf other than as a director. A vacancy on the board caused by the death, resignation or incapacity of a director or by an increase in the number of directors, within the limits described above, may be filled by the vote of a majority of the remaining directors whether or not the voting directors constitute a quorum. Our articles of incorporation require that our independent directors must nominate replacements to vacancies in independent director positions irrespective of how the vacancy arises. Our bylaws provide that a vacancy on our board caused by an increase in the number of directors may be filled by a majority of the entire board; that when a vacancy occurs as a result of the removal of a director by our stockholders, the vacancy must be filled by a majority vote of our stockholders; and that any director may resign at any time and may be removed with or without cause by the affirmative vote of the holders of not less than a majority of the outstanding shares. Our bylaws provide that the majority of members of each committee of our board of directors be comprised of independent directors and that all the members of our audit committee be independent directors.

Our articles of incorporation provide that a director must have at least three years of relevant experience and demonstrate the knowledge required to successfully acquire and manage the type of assets that we intend to acquire. At least one of our independent directors must have three years of relevant real estate experience.

STOCKHOLDER VOTING RIGHTS

Each share of our common stock has one vote on each matter submitted to a vote of stockholders. Shares of common stock do not have cumulative voting rights or preemptive rights. Stockholders may vote in person or by proxy.

Directors are elected when they receive the majority of votes of holders of shares present in person or by proxy at a stockholders' meeting, provided there was a quorum when the meeting commenced. A quorum is reached when the stockholders holding a majority of the outstanding shares entitled to vote are present either in person or represented by proxy. All questions other than election of directors, removal of a director or directors and except as set forth below must be decided by a majority of the votes cast at a meeting at which a quorum is present. Maryland law provides that any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting by the unanimous written consent of all stockholders (which may be impracticable for a publicly held corporation).

The approval by our board and by holders of at least a majority of our outstanding voting shares of stock is necessary for us to do any of the following:

- amend our articles of incorporation, except to increase or decrease authorized stock as permitted by Maryland law;

- transfer all or substantially all of our assets other than in the ordinary course of business;

- engage in mergers, consolidations or share exchanges, except in certain circumstances; or

- dissolve or liquidate.

Our articles of incorporation provide that a sale of two-thirds or more of our assets, based on the total number or the current fair market value of properties and mortgages we own, is a sale of substantially all of our assets. See "Description of Securities -- Common Stock" for an explanation of instances where stockholder approval is not required.

Our articles of incorporation provide that neither the business manager/advisor, the sponsor, the directors, nor any affiliate may vote their shares of stock or consent on matters submitted to the stockholders regarding the removal of the business manager/advisor, the sponsor, the directors or any affiliate or any transaction between us and any of them. For purposes of determining the necessary percentage and interest of shares needed to approve a matter on which the business manager/advisor, the sponsor, the directors and any affiliate may not vote or consent, the shares of our common stock owned by them will not be included.

RIGHTS OF OBJECTING STOCKHOLDERS

As permitted by Maryland law, our articles of incorporation provide that our stockholders are not entitled to exercise any rights of an objecting stockholder provided for under Maryland law. As a result of this provision, our stockholders will not have any right to dissent under Maryland law to an extraordinary transaction, such as the merger of our company into another company, the consolidation of our company with another company or the sale of all or substantially all of our assets. Because our stockholders will not be permitted to object and dissent to an extraordinary transaction, our stockholders will receive upon completion of the extraordinary transaction the

consideration negotiated by our board of directors with the other party to the transaction and will not in the proceedings to receive a cash payment representing the fair value of their shares of our common stock.

STOCKHOLDER LISTS; INSPECTION OF BOOKS AND RECORDS

Any stockholder or his designated representative will be permitted access to all of our records at all reasonable times and may inspect and copy any of them for the purposes specified below. We maintain an alphabetical list of names, record addresses and business telephone numbers, if any, of all stockholders with the number of shares held by each at our principal office. The stockholder list is updated at least quarterly and is open for inspection by a stockholder or his designated agent at the stockholder's request. A stockholder may request a copy of the stockholder list to find out about matters relating to the stockholder's voting rights and their exercise under federal proxy laws. We will mail the stockholder list to any stockholder requesting it within 10 days of receiving the request. We may impose a reasonable charge for expenses incurred in reproducing the list.

If our business manager/advisor or directors neglect or refuse to produce or mail a copy of the stockholder list as requested, then in accordance with applicable law and our articles of incorporation, the business manager/advisor and the directors will be liable to the stockholder who requested the list. Their liability will include the costs, including reasonable attorneys' fees, incurred by the stockholder in compelling the production of the list and actual damages suffered by the stockholder because of the refusal or neglect. However, the fact that the actual purpose of the request is to secure the list for the purpose of selling it, or using it for a commercial or other purpose is a defense against liability for refusal to supply the list. We may require the stockholder requesting the list to represent that the stockholder list is not requested for a commercial purpose unrelated to the stockholder's interest in us.

In addition, our books and records are open for inspection by state securities administrators upon reasonable notice and during normal business hours at our principal place of business.

AMENDMENT OF THE ORGANIZATIONAL DOCUMENTS

Our articles of incorporation may be amended, after approval by our board, by the affirmative vote of a majority of our then-outstanding voting shares of stock. Our bylaws may be amended in a manner not inconsistent with the articles of incorporation and bylaws by a majority vote of our directors present at the board meeting. Additionally, our stockholders may amend our bylaws by the affirmative vote of a majority of all votes cast at a meeting at which a quorum is present.

DISSOLUTION OR TERMINATION OF THE COMPANY

As a Maryland corporation, we may be dissolved under Maryland law at any time with the approval of a majority of our outstanding shares of stock. However, we anticipate that by September 15, 2008, our board will determine whether to:

- apply to have our shares of common stock listed for trading on a national stock exchange or included for quotation on a national market system, provided we meet the then applicable listing requirements; and/or

- commence subsequent offerings after completion of the offering.

If listing our shares of common stock is not feasible by that time, our board may decide to:

- sell our assets individually, provided, however, that if this action would constitute the sale of all or substantially all of our assets, such an action is approved by the holders of at least a majority of the then-outstanding voting shares of stock;

- list our shares of common stock at a future date; or

- liquidate us within 10 years of such date, provided however, that such an action is approved by the holders of at least a majority of our then-outstanding voting shares of stock.

ADVANCE NOTICE OF DIRECTOR NOMINATIONS AND NEW BUSINESS

Our bylaws provide that, with respect to our annual meeting of stockholders, nominations for election to our board and the proposal of business to be considered by stockholders may be made only:

- in accordance with our notice of the meeting;

- by or at the direction of our board; or

- by a stockholder who was a stockholder of record both at the time of the giving of notice and at the time of the meeting, who is entitled to vote at the meeting and who has complied with the advance notice procedures set forth in the bylaws.

Our bylaws also provide that, with respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before a meeting of stockholders and nominations for election to the board may be made only:

- in accordance with our notice of the meeting;

- by or at the direction of our board; or

- provided that our board has determined that directors will be elected at the meeting, by a stockholder who was a stockholder of record both at the time of the giving of notice and at the time of the annual meeting, who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in our bylaws.

A stockholder's notice for an annual meeting must be delivered to our secretary at our principal executive offices:

- not less than 45 days prior to the first anniversary of the date of mailing of the notice of the previous year's annual meeting; or

- if the number of directors to be elected is increased and there is no announcement of that fact, at least 70 days before the first anniversary of the date of mailing of the notice of the previous year's annual meeting, or not later than the close of business on the tenth day of our first public announcement.

A stockholder's notice for a special meeting must be delivered to our secretary at our principal executive offices:

- not earlier than the ninetieth day prior to the special meeting, and
- not later than the close of business on the later of either:
- the sixtieth day prior to the special meeting; or
- the tenth day following the day of our first public announcement of the date of the special meeting and the nominees proposed by our board to be elected at the meeting.

RESTRICTIONS ON CERTAIN CONVERSION TRANSACTIONS AND ROLL-UPS

Our articles of incorporation require that some transactions involving an acquisition, merger, conversion or consolidation in which our stockholders receive securities in a surviving entity, a roll-up entity, must be approved by the holders of a majority of our then-outstanding shares. Approval by a majority of our then-outstanding shares for a transaction resulting in a roll-up entity is only required, however, until our board determines that it is no longer in our best interest to attempt or continue to qualify as a REIT. The holders of a majority of the shares do not need to approve any such transaction effected because of changes in applicable law, or to preserve tax advantages for a majority in interest of our stockholders.

A roll-up entity is a partnership, REIT, corporation, trust or other entity that would be created or would survive after the successful completion of a proposed roll-up transaction. A roll-up does not include (1) a transaction involving securities that have been listed on a national securities exchange or traded through The Nasdaq Stock Market -- Nasdaq National Market for at least 12 months, or (2) a transaction involving our conversion to a trust or association form if, as a consequence of the transaction, there will be no significant adverse change in any of the following:

- stockholders' voting rights;
- our term of existence;

- sponsor or business manager/advisor compensation; or
- our investment objectives.

In the event of a proposed roll-up, an appraisal of all our assets must be obtained from a person with no current or prior business or personal relationship with our business manager/advisor or directors. Further, that person must be substantially engaged in the business of rendering valuation opinions of assets of the kind we hold. The appraisal must be included in a prospectus used to offer the securities of a roll-up entity. It must also be filed with the Securities and Exchange Commission and the state regulatory commissions as an exhibit to the registration statement for the offering of the roll-up entity's shares. As a result, an issuer using the appraisal will be subject to liability for violation of Section 11 of the Securities Act and comparable provisions under state laws for any material misrepresentations or material omissions in the appraisal. Our assets will be appraised in a consistent manner and the appraisal will:

- be based on an evaluation of all relevant information;

- indicate the value of our assets as of a date immediately prior to the announcement of the proposed roll-up transaction; and

- assume an orderly liquidation of our assets over a 12-month period.

The terms of the engagement of the appraiser will clearly state that the engagement is for the benefit of us and our stockholders. A summary of the independent appraisal, indicating all material assumptions underlying it, will be included in a report to the stockholders in the event of a proposed roll-up.

We may not participate in any proposed roll-up which would:

- result in the stockholders of the roll-up entity having rights which are more restrictive to stockholders than those provided in our articles of incorporation, including any restriction on the frequency of meetings;

- result in the stockholders having less comprehensive voting rights than are provided in our articles of incorporation;

- result in the stockholders having greater liability than provided in our articles of incorporation;

- result in the stockholders having fewer rights to receive reports than those provided in our articles of incorporation;

- result in the stockholders having access to records that are more limited than those provided for in our articles of incorporation;

- include provisions which would operate to materially impede or frustrate the accumulation of shares by any purchaser of the securities of the roll-up entity, except to the minimum extent necessary to preserve the tax status of the roll-up entity;

- limit the ability of an investor to exercise its voting rights in the roll-up entity on the basis of the number of the shares held by that investor;

- result in investors in the roll-up having less comprehensive rights of access to the records of the roll-up than those provided in our articles of incorporation; or

- place any of the costs of the transaction on us if the roll-up is not approved by our stockholders.

However, with the prior approval of a majority of our then-outstanding shares of our stock, we may participate in a proposed roll-up if the stockholders would have rights and be subject to restrictions comparable to those contained in our articles of incorporation.

Stockholders who vote "no" on the proposed roll-up will have the choice of:

- accepting the securities of the roll-up entity offered; or

- one of either:

- remaining as our stockholders and preserving their interests on

the same terms and conditions as previously existed; or

- receiving cash in an amount equal to their pro rata share of the appraised value of our net assets.

These provisions in our articles of incorporation, bylaws and Maryland law could have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for holders of our common stock.

The limitations and restrictions set forth below under " -- Limitation on Total Operating Expenses," " -- Transactions with Affiliates," and " -- Restrictions on Borrowing" in this section will be effective until our board determines that it is no longer in our or our stockholders' best interests that we continue to operate as a REIT, or until such time as we fail to qualify as a REIT.

LIMITATION ON TOTAL OPERATING EXPENSES

Our articles of incorporation provide that, subject to the conditions described in the following paragraph, our annual total operating expenses in any fiscal year shall not exceed the greater of 2% of our average assets or 25% of our net income, before any additions to or allowances for reserves for depreciation, amortization or bad debts or other similar non-cash reserve and before any gain from the sale of an our assets. Our independent directors have a fiduciary responsibility to limit our annual total operating expenses to amounts that do not exceed these limits. Our independent directors may, however, determine that a higher level of total operating expenses is justified for such period because of unusual and non-recurring expenses. Such a finding by our independent directors and the reasons supporting it shall be recorded in our minutes of meetings of our directors. If at the end of any fiscal quarter our total operating expenses for the 12 months then ended are more than 2% of average assets or more than 25% of net income, before any additions to or allowances for reserves for depreciation, amortization or bad debts or other similar non-cash revenues and before any gain from the sale of our assets, whichever is greater, as described above, we will disclose this in writing to the stockholders within 60 days of the end of the fiscal quarter. If our independent directors conclude that higher total operating expenses are justified, the disclosure will also contain an explanation of the conclusion. If total operating expenses exceed the limitations described above and if our directors are unable to conclude that the excess was justified, then the business manager/advisor will reimburse us the amount by which the aggregate annual total operating

expenses we paid or incurred exceed the limitation. We must make the reimbursement within 60 days after the end of the fiscal year.

TRANSACTIONS WITH AFFILIATES

Our articles of incorporation impose restrictions on transactions between us and our business manager/advisor, sponsor and any director or their affiliates as follows:

- SALES AND LEASES TO US. We will not purchase property from our sponsor, business manager/advisor, directors or any of their affiliates, unless a majority or our disinterested directors, including a majority of our disinterested independent directors, approves it as fair and reasonable for us. The price to us can be

no greater than the cost of the asset to our sponsor, adviser, director or their affiliate. If our price to us is greater than such cost, there must be substantial, reasonable justification for the excess cost. In no event will our cost for the property exceed its appraised value at the time we acquired it.

- SALES AND LEASES TO SPONSOR, BUSINESS MANAGER/ADVISOR, DIRECTOR OR ANY AFFILIATE. Our sponsor, business manager/advisor, directors or any of their affiliates will not acquire assets from us unless a majority of disinterested directors, including a majority of our disinterested independent directors, approves the transaction as being fair and reasonable to us. We may lease assets to our sponsor, business manager/advisor, director or any of their affiliates, but still only if a majority of our disinterested directors, including a majority of our disinterested independent directors, approves it as fair and reasonable to us.

- LOANS. We will not make loans to our sponsor, business manager/advisor, directors or any of their affiliates except as provided in clauses (4) and (6) under " -- Restrictions on Investments" below in this section, or to our wholly owned subsidiaries. Also, we may not borrow money from our sponsor, business manager/advisor, director or any of their affiliates, unless a majority of our disinterested directors, including a majority of our disinterested independent directors, approves the transaction as fair, competitive and commercially reasonable and no less favorable to us than loans between unaffiliated parties under the same circumstances.

- INVESTMENTS. We will not invest in joint ventures with our sponsor, business manager/advisor, directors or any of their affiliates, unless a majority of our disinterested directors, including a majority of our disinterested independent directors, approves the transaction as fair and reasonable to us and on substantially the same terms and conditions as those received by the other joint ventures. Neither can we invest in equity securities unless a majority of our disinterested directors, including a majority of our disinterested independent directors, approves the transaction as being fair, competitive and commercially reasonable.

- OTHER TRANSACTIONS. All other transactions between us and our sponsor, business manager/advisor, directors or any of their affiliates, require approval by a majority of our disinterested directors, including a majority of our disinterested independent directors, as being fair and reasonable and on terms and conditions not less favorable to us than those available from unaffiliated third parties.

RESTRICTIONS ON BORROWING

We may not incur indebtedness to enable us to make distributions except as necessary to satisfy the requirement to distribute at least the percentage of our REIT taxable income required for annual distribution of dividends by the Internal Revenue Code of 1986, or otherwise as necessary or advisable to ensure that we maintain our qualification as a REIT for federal income tax purposes. Our aggregate borrowings, secured and unsecured, will be reasonable in relation to our net assets and will be reviewed by our board at least quarterly. We anticipate that, in general, aggregate borrowings secured by all our properties

will not exceed 55% of their combined fair market value. This anticipated amount of leverage will be achieved over time. Our articles of incorporation provide that the aggregate amount of borrowing in relation to our net assets will, in the absence of a satisfactory showing that a higher level of borrowing is appropriate, not exceed 300% of net assets. Any excess in borrowing over such 300% of net assets level will be:

approved by a majority of our independent directors;

- disclosed to our stockholders in our next quarterly report to them, along with justification for such excess; and

- subject to approval of our stockholders.

See "Investment Objectives and Policies -- Borrowing."

RESTRICTIONS ON INVESTMENTS

The investment policies set forth in our articles of incorporation have been approved by a majority of independent directors. Our articles of incorporation prohibit our investments in:

- any foreign currency or bullion;

- short sales; and

- any security in any entity holding investments or engaging in activities prohibited by our articles of incorporation.

In addition to other investment restrictions imposed by our directors from time to time consistent with our objective to qualify as a REIT, we will observe the following restrictions on our investments as set forth in our articles of incorporation:

(1) Not more than 10% of our total assets will be invested in unimproved real property or mortgage loans on unimproved real property. For purposes of this paragraph, "unimproved real property" does not include properties acquired for the purpose of producing rental or other operating income, properties under development or construction, and properties under contract for development or in planning for development within one year.

(2) We will not invest in commodities or commodity future contracts. This limitation does not apply to interest rate futures when used solely for hedging purposes.

(3) We will not invest in contracts for the sale of real estate.

(4) We will not invest in or make mortgage loans unless we obtain an appraisal of the underlying property. Mortgage indebtedness on any property will not exceed the property's appraised value. In cases in which the majority of independent directors so determine, and in all cases in which the mortgage loan involves our business manager/advisor, sponsor, directors or their affiliates, we must obtain the appraisal from an independent expert. We will keep the appraisal in our records for at least five years, where it will be available for inspection and duplication by any stockholder. In addition to the appraisal, we will also obtain a mortgagee's or owner's title insurance policy or commitment as to the priority of

the mortgage or condition of the title. We will not invest in real estate contracts of sale otherwise known as land sale contracts.

(5) We will not make or invest in mortgage loans, including construction loans, on any one property if the aggregate amount of all outstanding mortgage loans outstanding on the property, including our loans, would exceed an amount equal to 85% of the appraised value of the property. However, if there is substantial justification due to other underwriting criteria and provided that loans would not exceed the appraised value of the property at the date of the loans, we could invest in mortgage loans that exceed 85% of the appraised value of the property. The aggregate amount of all mortgage loans outstanding on the property, including the loans of the REIT, shall include all interest (excluding contingent participation in income and/or appreciation in value of the mortgaged property), the current payment of which may be deferred pursuant to the terms of such loans, to the extent that deferred interest on each loan exceeds 5% per annum of the principal balance of the loan.

(6) We will not make or invest in any mortgage loans that are subordinate to any mortgage or equity interest of the business manager/advisor, the sponsor, any director or their affiliates.

(7) We will not invest in equity securities unless a majority of our disinterested directors, including a majority of our disinterested independent directors, approves the transaction as being fair, competitive and commercially reasonable. Investments in entities affiliated with our business manager/advisor, the sponsor, any director or their affiliates are subject to the restrictions on joint venture investments. Notwithstanding these restrictions, we may purchase our own securities when traded on a national securities exchange or market if a majority of our directors, including a majority of our independent directors, determines the purchase to be in our best interests.

(8) We will not engage in any short sale nor will we borrow on an unsecured basis if the borrowing will result in an asset coverage of less than 300%.

(9) To the extent we invest in properties, a majority of the directors, including a majority of the independent directors, will approve the consideration paid for such properties based on the fair market value of the properties. If a majority of independent directors so determines, the fair market value will be determined by a qualified independent real estate appraiser selected by our independent directors. If any property is acquired from our sponsor, our business manager/advisor, any director, or any of their affiliates, the provisions on transactions with affiliates will apply.

(10) We will not invest in debt that is secured by a mortgage on real property that is subordinate to the lien of other debt, except where the amount of total debt does not exceed 90% of the appraised value of the property. The value of all of these investments

may not exceed 25% of our tangible assets. The value of all investments in this debt that does not meet these requirements

will be limited to 10% of our tangible assets, which would be included within the 25% limitation.

(11) We will not engage in trading, as compared with investment, activities.

(12) We will not engage in underwriting activities, or distribute as agent, securities issued by others.

(13) We will not acquire securities in any entity holding investments or engaging in activities prohibited by the restrictions on investments set forth in the foregoing clauses (1) through (12). Temporary investments in cash may be in such entities.

Our independent directors will review our investment policies at least annually to determine whether our policies that we are following are in the best interests of our stockholders. Subject to the above restrictions and so long as we qualify as a REIT, a majority of our directors, including a majority of our independent directors, may alter the investment policies if they determine that a change is in our best interests.

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345

FEDERAL INCOME TAX CONSIDERATIONS

We intend to qualify as a REIT under the applicable provisions of the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder and receive the beneficial federal income tax treatment described below. However, we cannot assure you that we will meet the applicable requirements under federal income tax laws, which are highly technical and complex. The following discusses the applicable requirements under federal income tax laws, the federal income tax consequences to maintaining REIT status and the material federal income tax consequences to you. Duane Morris LLP has acted and will act as our tax counsel in connection with our election to be taxed as a REIT, and has rendered the opinion set forth below. Some of the federal income tax implications of your investment are set forth in the "--Federal Income Taxation of Stockholders" section below. We, however, urge you to consult your tax advisor with respect to the federal, state, local, foreign and other tax consequences of the purchase, ownership and disposition of common shares which may be particular to your tax situation.

In brief, a corporation that invests primarily in real estate can, if it complies with the provisions in Sections 856-860 of the Internal Revenue Code, qualify as a REIT and claim federal income tax deductions for the dividends it pays to its stockholders. Such a corporation generally is not taxed on its net income that is currently distributed to its shareholders. This treatment substantially eliminates the "double taxation" that a corporation and its shareholders generally bear together. However, as discussed in greater detail below, a corporation could be subject to federal income tax in some circumstances even if it qualifies as a REIT, and would likely suffer adverse consequences, including reduced cash available for distribution to its stockholders, if it failed to qualify as a REIT. We intend to operate in a manner that permits us to elect REIT status for the taxable year ending December 31, 2003, and to maintain this status in each taxable year thereafter, so long as REIT status remains advantageous.

Duane Morris LLP is of the opinion, assuming that the actions described in this section are completed on a timely basis and we timely file the requisite elections, that we have been organized in conformity with the requirements for

qualification as a REIT beginning with our taxable year ending December 31, 2003, and our proposed method of operation (as described in this prospectus) will enable us to satisfy the applicable requirements under federal income tax laws for qualification as a REIT. This opinion has been filed as an exhibit to the registration statement of which this prospectus is a part, and is based and conditioned, in part, on various assumptions made by Duane Morris LLP and representations made to Duane Morris LLP by us and the business manager/advisor as to factual matters. Our qualification and federal income tax treatment as a REIT depends upon our ability to meet, through operation of the properties we acquire and our investment in other assets, the applicable requirements under federal income tax laws. Duane Morris LLP has not reviewed, and will not in the future review, these operating results for compliance with the applicable requirements under federal income tax laws. Therefore, we cannot assure you that our actual operating results will allow us to satisfy the applicable requirements under federal income tax laws in any taxable year. In addition, this opinion represents Duane Morris LLP's legal judgment and is not binding on the Internal Revenue Service.

FEDERAL INCOME TAXATION AS A REIT

GENERAL. In any year in which we qualify as a REIT and have a valid election in place, we will claim deductions for the dividends we pay to the stockholders, and therefore will not be subject to federal income tax on that portion of our REIT Taxable Income as defined Section 857(b)(2) of the Internal Revenue Code or REIT capital gain which is distributed to our stockholders. We will, however, be subject to federal income tax at normal corporate rates on any REIT Taxable Income or capital gain not distributed.

Although we can eliminate or substantially reduce our federal income tax liability by maintaining our REIT status and paying sufficient dividends, we could be subject to federal income tax on certain items of income. If we fail to satisfy either the 95% Gross Income Test or the 75% Gross Income Test (each of which is described below), yet maintain our REIT status by meeting other requirements, we will be subject to a penalty tax based on the amount of income which caused us to fail these tests, as described below. We will also be subject to a 100% federal income tax on the net income from any "prohibited transaction," as described below. In addition, in order to retain our REIT status, we generally must distribute annually at least 90% of our REIT Taxable Income for such year. While we are not required to distribute REIT net capital gain income for any year in order to retain our REIT status, we will pay tax on such income to the extent we do not distribute it in such year. We may also be subject to the corporate alternative minimum tax. Additionally, we will be subject to federal income tax at the highest corporate rate on certain "nonqualifying" income from foreclosure property. In general, foreclosure property consists of property acquired (by foreclosure or otherwise) in connection with the default of a loan secured by such property.

REIT QUALIFICATION TESTS. The Code defines a REIT as a corporation, trust or association:

- that is managed by one or more trustees or directors;
- the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;
- that would be taxable as a domestic corporation but for its status as a REIT;
- that is neither a financial institution nor an insurance company;
- the beneficial ownership of which is held by 100 or more persons on at least 335 days in each full taxable year, proportionately adjusted for a partial taxable year;

- generally in which, at any time during the last half of each taxable year, no more than 50% in value of the outstanding stock is owned, directly, or indirectly, by five or fewer individuals or certain entities; and
- that meets the gross income, asset and annual distribution requirements, described in greater detail below.

The first four and last conditions must be met during each taxable year for which REIT status is sought, while the other two conditions do not have to be met until after the first taxable year for which a REIT election is made.

Although the 25% Asset Test (as defined below) generally prevents a REIT from owning more than 10% of the voting stock of an entity other than another REIT, the Internal Revenue Code provides an exception for ownership of voting stock in a "qualified REIT subsidiary." A qualified REIT subsidiary is a corporation that is wholly owned by a REIT throughout its existence. For purposes of the 25% Asset Test and the Gross Income Tests described below, all assets, liabilities and tax attributes of a qualified REIT subsidiary are treated as owned by the REIT. A qualified REIT subsidiary is not subject to federal income tax, but may be subject to state or local tax. We may hold investments through qualified REIT subsidiaries.

We, in satisfying the general tests described above, must meet, among others, the following requirements:

SHARE OWNERSHIP TESTS. The common stock and any other stock we issue must be held by a minimum of 100 persons (determined without attribution to the owners of any entity owning our stock) for at least 335 days in each full taxable year, proportionately adjusted for partial taxable years. In addition, at all times during the second half of each taxable year, no more than 50% in value of our stock may be owned, directly or indirectly, by five or fewer individuals (determined with attribution to the

owners of any entity owning our stock). However, these two requirements do not apply until after the first taxable year an entity elects REIT status. In addition, our articles of incorporation contain provisions restricting the transfer of our stock, which provisions are intended to assist us in satisfying both requirements. Furthermore, the distribution reinvestment program contains provisions that prevent it from causing a violation of these tests as do the terms of the options granted to the independent directors and the warrants issuable to the dealer manager and soliciting dealers. Pursuant to the applicable requirements under federal income tax laws, we will maintain records which disclose the actual ownership of the outstanding stock, and demand written statements each year from the record holders of specified percentages of the stock disclosing the beneficial owners. Those stockholders failing or refusing to comply with our written demand are required by the Internal Revenue Code and our articles of incorporation to submit, with their tax returns, a similar statement disclosing the actual ownership of stock and certain other information. See "Description of Securities--Restrictions on ownership and transfer."

ASSET TESTS. We must satisfy, at the close of each calendar quarter of the taxable year, two tests based on the composition of our assets. After initially meeting the Asset Tests at the close of any quarter, we will not lose our status as a REIT for failure to satisfy the Asset Tests at the end of a later quarter solely due to changes in value of our assets. In addition, if the failure to satisfy the Asset Tests results from an acquisition during a quarter, the failure can be cured by disposing of nonqualifying assets within 30 days after the close of that quarter. We intend to maintain adequate records of the

value of our assets to insure compliance with these tests, and will act within 30 days after the close of any quarter as may be required to cure any noncompliance.

75% ASSET TEST. At least 75% of the value of our assets must be represented by "real estate assets," cash, cash items (including receivables) and government securities. Real estate assets include (i) real property (including interests in real property and interests in mortgages on real property), (ii) shares in other qualifying REITs, and (iii) any property (not otherwise a real estate asset) attributable to the temporary investment of "new capital" in stock or a debt instrument, but only for the one-year period beginning on the date we received the new capital. Property will qualify as being attributable to the temporary investment of new capital if the money used to purchase the stock or debt instrument is received by us in exchange for our stock (other than amounts received pursuant to our distribution reinvestment program) or in a public offering of debt obligations that have a maturity of at least five years. Additionally, regular and residual interests in a real estate mortgage investment conduit, known as a REMIC, and regular interests in a financial asset securitization trust, known as a FASIT, are considered real estate assets. However, if less than 95% of the assets of a REMIC or FASIT are real estate assets, we will be treated as holding a proportionate share of the assets and income of the REMIC or FASIT directly.

When we purchase new real estate properties, we intend that the purchase contracts will apportion no more than 5% of the purchase price of any property to property other than "real property," as defined in the Code. In addition, we intend to invest funds not used to acquire properties in cash sources, "new capital" investments or other liquid investments which will allow us to qualify under the 75% Asset Test. Therefore, our investment in the real properties will constitute "real estate assets" and should allow us to meet the 75% Asset Test.

25% ASSET TEST. The remaining 25% of our assets may generally be invested subject to the following restrictions: If we invest in any securities that do not qualify under the 75% Asset Test, such securities may not exceed either (i) 5% of the value of our assets as to any one issuer; or (ii) 10% of the outstanding securities by vote or value of any one issuer.

Modifications apply to the 25% Asset Test for qualified REIT subsidiaries and taxable REIT subsidiaries. As discussed above, the stock of a "qualified REIT subsidiary" is not counted for purposes

of the 25% Asset Test. A qualified REIT subsidiary is a corporation that is wholly owned by a REIT throughout the subsidiary's existence. All assets, liabilities and tax attributes of a qualified REIT subsidiary are treated as belonging to the REIT. A qualified REIT subsidiary is not subject to federal income tax, but may be subject to state or local tax. We may hold investments through qualified REIT subsidiaries.

Additionally, for purposes of the 25% Asset Test, securities of a taxable REIT subsidiary are excepted from the 10% vote and value limitations on a REIT's ownership of securities of a single issuer. However, no more than 20% of the value of a REIT may be represented by securities of one or more taxable REIT subsidiaries. A taxable REIT subsidiary is a corporation (other than another REIT) that is owned in whole or in part by a REIT, and joins in an election with the REIT to be classified as a taxable REIT subsidiary. Corporations that directly or indirectly operate or manage lodging or health care facilities cannot be taxable REIT subsidiaries. A corporation that is 35% owned by a taxable REIT subsidiary will also be treated as a taxable REIT

subsidiary. A taxable REIT subsidiary may not be a qualified REIT subsidiary, and vice versa. As described below regarding the 75% Gross Income Test, a taxable REIT subsidiary is utilized in much the same way an independent contractor is used to provide certain types of services without causing the REIT to receive or accrue certain types of non-qualifying income. In addition to utilizing independent contractors to provide certain services in connection with the operation of our properties, we may also utilize taxable REIT subsidiaries to carry out these functions.

We intend to invest funds not otherwise invested in properties in cash sources and other liquid investments in a manner which will enable us to satisfy the 25% Asset Test.

GROSS INCOME TESTS. We must satisfy for each calendar year two separate tests based on the composition of our gross income, as defined under our method of accounting.

THE 75% GROSS INCOME TEST. At least 75% of our gross income for the taxable year must result from (i) rents from real property, (ii) interest on obligations secured by mortgages on real property or on interests in real property, (iii) gains from the sale or other disposition of real property (including interests in real property and interests in mortgages on real property) other than property held primarily for sale to customers in the ordinary course of our trade or business, (iv) dividends from other qualifying REITs and gain (other than gain from prohibited transactions) from the sale of shares of other qualifying REITs, (v) other specified investments relating to real property or mortgages thereon, and, (vi) for a limited time, qualified temporary investment income, as defined under the 75% Asset Test. We intend to invest funds not otherwise invested in real properties in cash sources or other liquid investments in a manner that will allow us to qualify under the 75% Gross Income Test.

Income attributable to a lease of real property will generally qualify as "rents from real property" under the 75% Gross Income Test (and the 95% Gross Income Test, described below), subject to the rules discussed below:

- Rent from a particular tenant will not qualify if we, or an owner of 10% or more of our stock, directly or indirectly, owns 10% or more of the voting stock or the total number of shares of all classes of stock in, or 10% or more assets or net profits of, the tenant.
- The portion of rent attributable to personal property rented in connection with real property will not qualify, unless the portion attributable to personal property is 15% or less of the total rent received under, or in connection with, the lease.
- Generally, rent will not qualify if it is based in whole, or in part, on the income or profits of any person from the underlying property. However, rent will not fail to qualify if it is based on a fixed percentage (or designated varying percentages) of receipts or sales, including amounts above a base amount so long as the base amount is fixed at the time

the lease is entered into, the provisions are in accordance with normal business practice and the arrangement is not an indirect method for basing rent on income or profits.
- Rental income will not qualify if we furnish or render services to tenants or manage or operate the underlying property, other than through a permissible "independent contractor" from whom we derive no revenue, or through a taxable REIT subsidiary. This

requirement, however, does not apply to the extent that the services, management or operations we provide are "usually or customarily rendered" in connection with the rental of space, and are not otherwise considered "rendered to the occupant."

With respect to the "usual or customarily rendered" rule, our tenants will receive some services in connection with their leases to the real properties. We believe that the services to be provided are usually or customarily rendered in connection with the rental of the properties, and, therefore, that providing these services will not cause the rents we receive with respect to the properties to fail to qualify as rents from real property for purposes of the 75% Gross Income Test (and the 95% Gross Income Test, described below). The board of directors intends to hire qualifying independent contractors or to utilize taxable REIT subsidiaries to render services which it believes, after consultation with Duane Morris LLP, are not usually or customarily rendered in connection with the rental of space.

THE 95% GROSS INCOME TEST. In addition to deriving 75% of our gross income from the sources listed above, at least 95% of our gross income (excluding gross income from prohibited transactions) for the taxable year must be derived from (i) sources which satisfy the 75% Gross Income Test, (ii) dividends, (iii) interest, or (iv) gain from the sale or disposition of stock or other securities that are not assets held primarily for sale to customers in the ordinary course of our trade or business. It is important to note that dividends and interest on obligations not collateralized by an interest in real property qualify under the 95% Gross Income Test, but not under the 75% Gross Income Test. We intend to invest funds not otherwise invested in properties in cash sources or other liquid investments which will allow us to qualify under the 95% Gross Income Test.

Our share of income from the properties will primarily give rise to rental income and gains on sales of the properties, substantially all of which will generally qualify under the 75% gross income and 95% Gross Income Tests. Our anticipated operations indicate that it is likely that we will have little or no nonqualifying income to cause adverse federal income tax consequences.

If we fail to satisfy either the 75% Gross Income Test or the 95% Gross Income Test for any taxable year, we may retain our status as a REIT for such year if we satisfy the Internal Revenue Service that: (i) the failure was due to reasonable cause and not due to willful neglect, (ii) we attach to our return a schedule describing the nature and amount of each item of our gross income, and (iii) any incorrect information on such schedule was not due to fraud with intent to evade federal income tax. If this relief provision is available, we would remain subject to a 100% tax based upon the amount by which we failed the 75% Gross Income Test or the 95% Gross Income Test.

ANNUAL DISTRIBUTION REQUIREMENTS. In addition to the other tests described above, we are required to distribute dividends (other than capital gain dividends) to the stockholders each year in an amount at least equal to the excess of: (1) the sum of: (a) 90% of our REIT Taxable Income (determined without regard to the deduction for dividends paid and by excluding any net capital gain); and (b) 90% of the excess of the net income (after tax) from foreclosure property; less (2) the sum of certain types of items of non-cash income. Whether sufficient amounts have been distributed is based on amounts paid in the taxable year to which they relate, or in the following taxable year if we: (1) declare a dividend before the due date of our tax return (including extensions), (2) distribute the dividend within the 12-month period following the close of the taxable year (and not later than the date of the first regular dividend payment made after such declaration), and (3) file an election with our tax return. Additionally, dividends that we

declare in October, November or December in a given year payable to stockholders of record in any such month will be treated as having been paid on December 31 of that year so long as the dividends are actually paid during January of the following year. If we fail to meet the annual distribution requirements as a result of an adjustment to our federal income tax return by the Internal Revenue Service, we may cure the failure by paying a "deficiency dividend" (plus penalties and interest to the Internal Revenue Service) within a specified period.

If we do not distribute all of our net capital gain or distribute at least 90%, but less than 100% of our REIT Taxable Income, we will be subject to federal income tax on the undistributed portion. Furthermore, to the extent that we fail to distribute by year end at least the sum of: (1) 85% of our REIT Taxable Income for such year; (2) 95% of our REIT capital gain net income for such year; and (3) any undistributed taxable income from prior years, we would be subject to an excise tax equal to 4% of the difference between the amount required to be distributed under this formula and the amount actually distributed.

We intend to pay sufficient dividends each year to satisfy the annual distribution requirements and avoid federal income tax on net capital gains. It is possible that we may not have sufficient cash or other liquid assets to meet the annual distribution requirements due to tax accounting rules and other timing differences. We will closely monitor the relationship between our REIT Taxable Income and cash flow and, if necessary to comply with the annual distribution requirements, will borrow funds to fully provide the necessary cash flow.

FAILURE TO QUALIFY AS A REIT. If we fail to qualify for federal income tax purposes as a REIT in any taxable year and the relief provisions are not available or cannot be met, we will not be able to deduct our dividends and will be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates, thereby reducing cash available for distributions. In such event, all distributions to stockholders (to the extent of our current and accumulated earnings and profits), will be taxable as ordinary income. This "double taxation" results from our failure to qualify as a REIT. Unless entitled to relief under specific statutory provisions, we will not be eligible to elect REIT status for the four taxable years following the year during which qualification was lost.

PROHIBITED TRANSACTIONS. As discussed above, we will be subject to a 100% federal income tax on any net income derived from "prohibited transactions." Net income derived from prohibited transactions arises from the sale or exchange of property held for sale to customers in the ordinary course of our business which is not foreclosure property. There is an exception to this rule for sales of property that:

- is a real estate asset under the 75% Asset Test;
- has been held for at least four years;
- has aggregate expenditures which are includable in the basis of the property not in excess of 30% of the net selling price;
- in certain cases, was held for production of rental income for at least four years;
- when combined with other sales in the year, either does not cause the REIT to have made more than seven sales of property during the taxable year, or occurs in a year when the REIT disposes of less than 10% of its assets (measured by federal income tax basis and ignoring involuntary dispositions and sales of foreclosure property); and
- in certain cases, substantially all of the marketing and

development expenditures were made through an independent contractor.

Although we may eventually sell some or all of our properties, our primary intention in acquiring and operating the properties is the production of rental income and we do not expect to hold any property for sale to customers in the ordinary course of our business.

AMERICAN JOBS CREATION ACT OF 2004. The recently enacted American Jobs Creation Act of 2004, or the 2004 Act, which, except as described below, is effective for tax years beginning in 2005, contains a number of relief provisions applicable to REITs.

First, the 2004 Act expands significantly the number and nature of securities that are no longer subject to testing under a 10% value test. The 10% value test will not apply to (a) any loan made to an individual or an estate, (b) certain rental agreements in which one or more payments are to be made in subsequent years (other than agreements between a REIT and certain persons related to the REIT), (c) any obligation to pay rents from real property, (d) securities issued by governmental entities that are not dependent in whole or in part on the profits of (or payments made by) a non-governmental entity, and (e) any security issued by another REIT. The 2004 Act also modifies the definition of "straight debt" effective for taxable years beginning after December 31, 2000, to provide that certain contingency features do not result in an obligation failing to qualify as straight debt. The 2004 Act does, however, limit the definition of "straight debt" by providing that no securities issued by a corporation or partnership shall qualify as straight debt if the REIT (or a "taxable REIT subsidiary" in which the REIT owns a greater than 50% interest, as measured by vote or value) owns non-straight debt securities of such issuer that represent more than 1% of the total value of all securities of such issuer.

Second, the 2004 Act provides that, for taxable years beginning after December 31, 2000, certain debt instruments issued by a partnership that do no qualify as "straight debt" are not subject to testing under the 10% value test to the extent of the REIT's interest as a partner in that partnership. In addition, such debt instruments are excluded from testing under the 10% value test if at least 75% of the partnership's gross income (excluding income from "prohibited transactions") consists of income described in the 75% gross income test discussed above.

Third, the 2004 Act excludes from the 95% REIT income test any income arising from "clearly identified" hedging transactions that are entered into by the REIT, either directly or through certain subsidiary entities, to manage the risk of interest rate movements, price changes, or currency fluctuations with respect to borrowings incurred or to be incurred by the REIT to acquire or carry real estate assets. In general for a hedging transaction to be "clearly identified," (a) the transaction must be identified as a hedging transaction before the end of the day on which it is entered into, and (b) the items or risks being hedged must be identified "substantially contemporaneously" with the hedging transaction, meaning that the identification of the items or risks being hedged must generally occur within 35 days after the date the transaction is entered into.

Fourth, the 2004 Act contains provisions for REITs which own one or more assets that cause a violation of the 5% value and 10% vote or value tests described above. A REIT that fails the 5% value or the 10% vote or value tests is excused if the failure was (a) de minimis (generally, if the value of the assets causing the failure does not exceed the lesser of 1% of the REIT's total assets, and $10,000,000), and (b) either the REIT disposes of the assets causing

the failure within 6 months after the last day of the quarter in which the REIT identifies the failure, or the 5% value or the 10% vote and value tests are otherwise satisfied within that time frame. There is an additional provision pursuant to which a REIT that fails the asset tests in a taxable year may still qualify as a REIT if (a) the REIT provides the IRS with a description of each asset causing the failure, (b) the failure was due to reasonable cause and not willful neglect, (c) the REIT pays a tax equal to the greater of $50,000 and the highest rate of corporate tax imposed on the net income generated by the assets causing the failure and (d) either the REIT disposes of the assets causing the failure within six months after the last day of the quarter in which the REIT identifies the failure, or otherwise satisfies the asset tests within that time frame.

In addition to the relief provisions described above, the 2004 Act provides that capital gain dividends received by a foreign holder will be treated in the same manner as ordinary income dividends,

provided that (1) the capital gain dividends are received with respect to a class of stock that is regularly traded on an established securities market located in the United States and (2) the foreign holder does not own more than 5% of that class of stock at any time during the taxable year in which the capital gain dividends are received.

FEDERAL INCOME TAXATION OF STOCKHOLDERS

TAXATION OF TAXABLE DOMESTIC STOCKHOLDERS. As long as we qualify as a REIT, distributions paid to our domestic stockholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) will be ordinary dividend income. Distributions in excess of current and accumulated earnings and profits are treated first as a tax-deferred return of capital to the stockholder, reducing the stockholder's tax basis in his or her common stock by the amount of such distribution, and then to the extent such a distribution exceeds a stockholder's tax basis, as capital gain. Because earnings and profits are reduced for depreciation and other noncash items, it is possible that a portion of each distribution will constitute a tax-deferred return of capital. Additionally, because distributions in excess of earnings and profits reduce the stockholder's basis in our stock, this will increase the stockholder's gain on any subsequent sale of the stock.

Dividend income is characterized as "portfolio" income under the passive loss rules and cannot be offset by a stockholder's current or suspended passive losses. Corporate stockholders cannot claim the dividends received deduction for such dividends unless we lose our REIT status. Distributions that are designated as capital gain dividends will be taxed as long-term capital gains to the extent they do not exceed our actual net capital gain for the taxable year. However, corporate stockholders may be required to treat up to 20% of some types of capital gain dividends as ordinary income. Although stockholders generally recognize taxable income in the year that a distribution is received, any distribution we declare in October, November or December of any year and is payable to a stockholder of record on a specific date in any such month will be treated as both paid by us and received by the stockholder on December 31 of the year it was declared even if paid by us during January of the following calendar year. Because we are not a pass-through entity for federal income tax purposes, stockholders may not use any of our operating or capital losses to reduce their tax liabilities. We may also decide to retain, rather than distribute, our net long-term capital gains and pay any tax thereon. In this case, stockholders would include their proportionate shares of such gains in income and receive a credit on their returns for their proportionate share of our tax payments.

In general, the sale of common stock held for more than 12 months will produce long-term capital gain or loss. All other sales of common stock generally will produce short-term gain or loss. In each case, the gain or loss is equal to the difference between the amount of cash and fair market value of any property received from the sale and the stockholder's basis in the common stock sold. However, any loss from a sale or exchange of common stock by a stockholder who has held such stock for six months or less will be treated as a long-term capital loss, to the extent of our distributions that the stockholder treated as long-term capital gains.

We will report to our domestic stockholders and to the Internal Revenue Service the amount of dividends paid during each calendar year, and the amount (if any) of federal income tax we withhold. A stockholder may be subject to backup withholding (the current rate of which is 30%) with respect to dividends paid unless such stockholder: (a) is a corporation or comes within other exempt categories; or (b) provides us with a taxpayer identification number, certifies as to no loss of exemption, and otherwise complies with applicable requirements. A stockholder that does not provide us with its correct taxpayer identification number may also be subject to penalties imposed by the Internal Revenue Service. Any amount paid as backup withholding can be credited against the stockholder's federal income tax liability.

In addition, we may be required to withhold a portion of distributions made to any stockholders who fail to certify their nonforeign status to us. See "--Taxation of Foreign Stockholders" in this section.

TAXATION OF TAX EXEMPT STOCKHOLDERS. Our distributions to a stockholder that is a tax-exempt entity should not constitute unrelated business taxable income, or UBTI, unless the stockholder borrows funds (or otherwise incurs acquisition indebtedness within the meaning of the Internal Revenue Code) to acquire its common shares, or the common shares are otherwise used in an unrelated trade or business of the tax-exempt entity.

Special rules apply to the ownership of REIT shares by certain tax-exempt pension trusts. If we would fail to satisfy the "five or fewer" share ownership test (discussed above with respect to the Share Ownership tests) because the stock held by tax-exempt pension trusts was viewed as being held by the trusts rather than by their respective beneficiaries, tax-exempt pension trusts owning more than 10% by value of our stock may be required to treat a percentage of our dividends as UBTI. This rule applies if: (1) at least one tax-exempt pension trust owns more than 25% by value of our shares, or (2) one or more tax-exempt pension trusts (each owning more than 10% by value of our shares) hold in the aggregate more than 50% by value of our shares. The percentage treated as UBTI is our gross income (less direct expenses) derived from an unrelated trade or business (determined as if we were a tax-exempt pension trust) divided by our gross income from all sources (less direct expenses). If this percentage is less than 5%, however, none of the dividends will be treated as UBTI. Because of the restrictions in our articles of incorporation of incorporation regarding the ownership concentration of our common stock, we believe that a tax-exempt pension trust should not become subject to these rules. However, because our common shares may be publicly traded, we can give no assurance of this.

Prospective tax-exempt purchasers should consult their own tax advisors as to the applicability of these rules and consequences to their particular circumstances.

TAXATION OF FOREIGN STOCKHOLDERS. The following discussion is intended

only as a summary of the rules governing federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships, and foreign trusts and estates. These rules are quite complex and prospective foreign stockholders should consult with their own tax advisors to determine the impact of federal, state, and local income tax laws including any reporting requirements with respect to their investment in our REIT.

In general, foreign stockholders will be subject to regular U.S. income tax with respect to their investment if such investment is "effectively connected" with the conduct of a trade or business in the U.S. A corporate foreign stockholder that receives (or is deemed to have received) income that is effectively connected with a U.S. trade or business may also be subject to the 30% "branch profits tax" under Code Section 884, which is payable in addition to regular federal corporate income tax. The following discussion applies to foreign stockholders whose investment is not considered "effectively connected."

Generally, any dividend that constitutes ordinary income for federal income tax purposes will be subject to a U.S. tax equal to the lesser of 30% of the gross amount of dividends or the rate in an applicable tax treaty. Generally, a distribution that does not exceed our earnings and profits will be treated as a dividend taxable as ordinary income. A distribution in excess of our earnings and profits is treated first as a nontaxable return of capital that will reduce a foreign stockholder's basis in its common stock (but not below zero) and then as gain from the disposition of such common stock, subject to the rules discussed below for dispositions.

Our distributions that are attributable to gain from the sale or exchange of a "U.S. real property interest" are taxed to a foreign stockholder as if the distributions were gains "effectively connected" with

a United States trade or business conducted by such foreign shareholder. As a result, a foreign stockholder will be taxed on these amounts at the capital gain rates applicable to a U.S. stockholder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). In addition, such dividends may also be subject to a 30% branch profits tax when made to a corporate foreign stockholder that is not entitled to treaty exemptions.

We will report to our foreign stockholders and the Internal Revenue Service the amount of dividends paid during each calendar year, and the amount (if any) of federal income tax we withhold. These information reporting requirements apply regardless of whether withholding was reduced or eliminated in any applicable tax treaty. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement with the tax authorities in the country in which the foreign stockholder resides. As discussed below, withholding tax rates of 30% and 35% may apply to distributions on common stock to foreign stockholders.

Although tax treaties may reduce our withholding obligations, we will generally be required to withhold from dividends to foreign stockholders, and remit to the Internal Revenue Service, 35% of any distribution that could be designated as a capital gain dividend (regardless of the amount actually designated as a capital gain dividend) and 30% of ordinary dividends paid out of earnings and profits. In addition, if we designate prior dividends as capital gain dividends, subsequent dividends, up to the amount of such prior dividends, will be treated as capital gain dividends for withholding purposes. The amount of federal income tax withheld is creditable against the foreign stockholder's federal income tax liability, and if the amount of tax we withhold exceeds the U.S. tax liability, the foreign stockholder may file for a refund of such excess

from the Internal Revenue Service. (Note that the 35% withholding tax rate on capital gain dividends currently corresponds to the maximum income tax rate applicable to corporations, but is higher than the 20% maximum rate on long-term capital gains of individuals.)

Applicable Treasury regulations provide certain presumptions under which a foreign stockholder would be subject to backup withholding and information reporting until we receive certification from these stockholders of their foreign status. The regulations generally require a foreign stockholder to provide us with federal Form W-8BEN referred to as a Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, Form W-8ECI referred to as a Certificate of Foreign Person's Claim for Exemption From Withholding on Income Effectively Connected With the Conduct of a Trade or Business in the United States, or Form W-8EXP referred to as a Certificate of Foreign Government or Other Foreign Organization for United States Tax Withholding certifying the foreign stockholder's entitlement to the benefits of any treaty.

Unless the common shares constitute a "U.S. real property interest" under Section 897 of the Internal Revenue Code, gain on a sale of common stock by a foreign stockholder generally will not be subject to U.S. income taxation unless (i) investment in the common stock is effectively connected with the foreign stockholder's U.S. trade or business, in which case, as discussed above, the foreign shareholder would be subject to the federal income tax, or (ii) the foreign stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year, in which case the nonresident alien individual may be subject to a 30% tax on such gain.

The common shares will not constitute a "U.S. real property interest" if we are a "domestically controlled REIT." A domestically controlled REIT is a REIT, which at all times during the preceding five-year period, had less than 50% in value of its common stock held directly or indirectly by foreign stockholders. We (or, if shorter, the period during which the REIT is in existence) expect to be a domestically controlled REIT, and, therefore, the sale of common stock should not be subject to such taxation for foreign stockholders, except as discussed above. However, because the common shares may be (but are not guaranteed to be) publicly traded, we can not assure you that we will continue to be a

domestically controlled REIT. If we do not constitute a domestically controlled REIT, whether a foreign stockholder's gain on the sale of stock is subject to federal income tax as a sale of a U.S. real property interest depends primarily on whether the common shares are "regularly traded" on an established securities market and on the size of the selling stockholder's interest. If the gain on the sale of common shares is subject to federal income tax under these rules, the foreign stockholder would be subject to the same treatment as a U.S. stockholder with respect to the gain (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). In any event, a purchaser of common stock from a foreign stockholder will not be required to withhold on the purchase price if the purchased shares are "regularly traded" on an established securities market or if we are a domestically controlled REIT. Otherwise, the purchaser of stock may be required to withhold 10% of the purchase price and remit this amount to the Internal Revenue Service.

If the proceeds of a disposition of common stock are paid by or through a U.S. office of a broker-dealer, the payment is generally subject to information reporting and to backup withholding (the current rate of which is 30%) unless the disposing foreign stockholder certifies as to his name, address

and non-U.S. status or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding may not apply to a payment of disposition proceeds if the payment is made outside the U.S. through a foreign office of a foreign broker-dealer. Prospective foreign purchasers should consult their tax advisers concerning these rules.

OTHER TAX CONSIDERATIONS

DISTRIBUTION REINVESTMENT PROGRAM. Stockholders who participate in the distribution reinvestment program will recognize taxable dividend income in the amount they would have received had they elected not to participate, even though they receive no cash. These deemed dividends will be treated as actual dividends from us to the participating stockholders and will retain the character and federal income tax effects applicable to all dividends. See "--Taxation of Stockholders" in this section. Stock received under the program will have a holding period beginning with the day after purchase, and a federal income tax basis equal to its cost, which is the gross amount of the deemed distribution.

STATE AND LOCAL TAXES. We and you may be subject to state or local taxation in various jurisdictions, including those in which we transact business or reside. Our and your state and local tax treatment may not conform to the federal income tax consequences discussed above. Consequently, you should consult your own tax advisors regarding the effect of state and local tax laws on an investment in the common shares.

LEGISLATIVE PROPOSALS. You should recognize that our and your present federal income tax treatment may be modified by legislative, judicial or administrative actions at any time, which may be retroactive in effect. The rules dealing with federal income taxation are constantly under review by Congress, the Internal Revenue Service and the Treasury Department, and statutory changes as well as promulgation of new regulations, revisions to existing statutes, and revised interpretations of established concepts occur frequently. We are not currently aware of any pending legislation that would materially affect our or your taxation as described in this prospectus. You should, however, consult your advisors concerning the status of legislative proposals that may pertain to a purchase of common shares. New legislation exempts certain dividend payments made by certain corporations from federal taxation. We cannot be sure what impact, if any, this or other legislation could have on us or you as a stockholder.

ERISA CONSIDERATIONS

The following is a summary of material considerations arising under ERISA, including the prohibited transaction provisions of ERISA, and of Section 4975 of the Internal Revenue Code that may be relevant to a prospective purchaser of the shares where such prospective purchaser is an employee benefit plan, IRA or other tax-exempt entity under the Internal Revenue Code. This discussion does not deal with all aspects of ERISA or Section 4975 of the Internal Revenue Code or, to the extent not preempted, state law that may be relevant to particular employee benefit plan stockholders (including plans subject to Title I of ERISA, other employee benefit plans and IRAs subject to the prohibited transaction provisions of Section 4975 of the Internal Revenue Code, and governmental plans and church plans that are exempt from ERISA and Section 4975 of the Internal Revenue Code but that may be subject to state law and other Internal Revenue Code requirements) in light of their particular circumstances.

A FIDUCIARY MAKING THE DECISION TO INVEST IN SHARES ON BEHALF OF A PROSPECTIVE INVESTOR WHICH IS A PENSION, PROFIT-SHARING, RETIREMENT, IRA OR

OTHER EMPLOYEE BENEFIT PLAN IS ADVISED TO CONSULT ITS OWN LEGAL ADVISOR REGARDING THE SPECIFIC CONSIDERATIONS ARISING UNDER ERISA, SECTION 4975 OF THE INTERNAL REVENUE CODE, AND (TO THE EXTENT NOT PREEMPTED) STATE LAW WITH RESPECT TO THE PURCHASE, OWNERSHIP, OR SALE OF SHARES BY SUCH BENEFIT PLAN. BENEFIT PLANS SHOULD ALSO CONSIDER THE ENTIRE DISCUSSION UNDER THE PRECEDING SECTION ENTITLED "FEDERAL INCOME TAX CONSIDERATIONS," AS MATERIAL CONTAINED THEREIN IS RELEVANT TO ANY DECISION BY A BENEFIT PLAN TO PURCHASE THE SHARES.

In considering whether to invest a portion of the assets of a benefit plan in shares, fiduciaries of the benefit plan should consider, among other things, whether the investment:

- will be in accordance with the governing documents of the benefit plan and is authorized and consistent with their fiduciary responsibilities under ERISA;

- will allow the benefit plan to satisfy the diversification requirements of ERISA, if applicable;

- will result in UBTI to the benefit plan (see "Federal Income Tax Considerations -- Taxation of Stockholders -- Taxation of Tax-Exempt Stockholders");

- will be sufficiently liquid for the benefit plan after taking this investment into account; and

- is prudent and in the best interests of the benefit plan, its participants and beneficiaries under ERISA standards.

The fiduciary of an IRA or a benefit plan not subject to Title I of ERISA because it is a governmental or church plan or because it does not cover common law employees should consider that such an IRA or non-ERISA plan may be subject to prohibitions against certain related-party transactions under Section 503 of the Internal Revenue Code, which operate similar to the prohibited transaction rules of ERISA and the Internal Revenue Code. In addition, the fiduciary of any governmental or church plan must consider applicable state or local laws, if any, and the restrictions and duties of common law, if any, imposed upon such plan. We express no opinion on whether an investment in shares is appropriate or permissible for any governmental or church plan under Section 503 of the Internal Revenue Code, or under any state, county, local, or other law respecting such plan.

In addition to imposing general fiduciary standards of investment prudence and diversification, ERISA and the corresponding provisions of the Internal Revenue Code prohibit a wide range of transactions involving the assets of the benefit plan and persons who have certain specified relationships to the benefit plan ("parties in interest" under ERISA and "disqualified persons" under the Internal Revenue Code).

Benefit plan fiduciaries may not enter into a prohibited transaction involving "plan assets" and a "party in interest" or "disqualified person" with respect to a plan investor, unless an exemption applies. A prohibited transaction may occur if our assets are deemed to be assets of a benefit plan (i.e., the "look-through rule") which invests in shares and thereafter a "party in interest" or a "disqualified person" deals with the assets in a manner not permitted under ERISA or the Internal Revenue Code. Under such circumstances, any person that exercises authority or control with respect to the management or disposition of benefit plan assets is a benefit plan fiduciary and, therefore, is a "party in interest" and a "disqualified person" capable of participating in

a prohibited transaction with the benefit plan. Thus, the actions of an employee of ours in dealing with our assets could, under certain circumstances, cause a benefit plan which invests in the shares to be a participant in a prohibited transaction. While "plan assets" are not defined in ERISA or the Internal Revenue Code, the United States Department of Labor, or the DOL, has issued regulations that provide guidance on the circumstances under which a benefit plan's investment in shares will be subject to the "look-through rule" and thus result in our assets being deemed benefit plan assets. The DOL regulations provide an exception to the "look-through rule" for a benefit plan which invests in a "publicly-offered security." This exception would apply to the shares, if they are part of a class of securities that is "widely-held," "freely-transferable," and either registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, or sold to the benefit plan pursuant to an effective registration statement under the Securities Act of 1933, provided the class of securities of which the security is a part are registered under the Securities Exchange Act of 1934 within 120 days or such longer period as is allowed by the Securities and Exchange Commission after the end of the fiscal year of the issuer during which the offering occurred. The shares are being sold in an offering registered under the Securities Act of 1933 and we represent that the class of securities of which the shares are a part have been registered under the Securities Exchange Act within the applicable time limits.

The DOL regulations indicate that a security is "widely-held" only if it is part of a class of securities that is owned by 100 or more investors independent of the issuer and of one another. A security will not fail to be "widely-held" because the number of independent investors falls below 100 subsequent to the initial offering as a result of events beyond the issuer's control. We expect (although no assurances can be given) that the shares will be held by over 100 independent investors and, therefore, should be considered "widely-held."

The DOL regulations further provide that whether a security is "freely-transferable" is a factual question to be determined on the basis of all relevant facts and circumstances. The DOL regulations state that generally, when a security is part of an offering in which the minimum investment is $10,000 or less, as is the case with this offering, certain restrictions ordinarily will not, alone or in combination, affect the determination of the finding that such securities are "freely-transferable." One such example under the DOL regulations is that a restriction or prohibition against a transfer or assignment which would result in a termination or reclassification of an entity for federal or state income tax purposes will not affect the determination of whether securities are "freely transferable." We believe that the ownership limits imposed under our charter of incorporation on the transfer of the shares are designed to prevent violations of the five or fewer requirement of federal income tax laws (which would cause a termination of REIT status for tax purposes) or are otherwise permitted under the DOL regulations and, therefore, will not cause the shares to not be "freely-transferable."

The DOL regulations are interpretive in nature and, therefore, no assurance can be given that the DOL and the United States Department of the Treasury will not conclude that the shares are not "freely-transferable," or not "widely-held." However, we believe that the shares are "publicly offered securities" for purposes of the DOL regulations and that:

- our assets will not be deemed to be "plan assets" of any benefit plan that invests in the shares; and

- any person who exercises authority or control with respect to our assets should not be treated as a benefit plan fiduciary of any

benefit plan that invests in the shares, for purposes of the prohibited transaction rules of ERISA and Section 4975 of the Internal Revenue Code.

In addition, a prohibited transaction may also occur under ERISA or the Internal Revenue Code where there are circumstances indicating that:

- investment in the shares is made or retained for the purposes of avoiding application of the fiduciary standards of ERISA;

- the investment in the REIT constitutes an arrangement under which it is expected that the REIT will engage in transactions which would otherwise be prohibited if entered into directly by the benefit plan purchasing the shares;

- the investing benefit plan, by itself, has the authority or influence to cause the REIT to engage in such transactions; or

- the person who is prohibited from transacting with the investing benefit plan may, but only with the aid of its affiliates and the investing benefit plan, cause the REIT to engage in such transactions with such person.

In any event, a fiduciary or other person investing "plan assets" of any benefit plan should not purchase shares if we or any of our affiliates either:

- have investment discretion with respect to the investment of such assets; or

- have authority or responsibility to give or regularly gives investment advice with respect to such assets, for a fee, pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions with respect to such assets and that such advice will be based on the particular investment needs of such benefit plan.

Unless an exemption is available for an employer maintaining or contributing to such benefit plans, any such purchase might result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code.

See "Risk Factors -- Employee Benefit Plan Risks -- Annual Statement of Value is an Estimate" for an explanation of the annual statement of value we will provide stockholders subject to ERISA.

PLAN OF DISTRIBUTION

GENERAL

Of the 270,000,000 shares of our common stock offered by this prospectus, we are offering:

- up to 250,000,000 shares at a purchase price of $10.00 per share through Inland Securities Corporation, the managing dealer, to the public on a best-efforts basis. Our managing dealer is one of our affiliates. A "best-efforts" basis means that neither the managing dealer nor the soliciting dealers are under any obligation to purchase any of the shares being offered. Therefore, no specified

number of shares are guaranteed to be sold and no specified amount of money is guaranteed to be raised from this offering.

- up to 20,000,000 shares at a purchase price of $9.50 per share for issuance through our distribution reinvestment program which will provide you with an opportunity to purchase additional shares of our common stock at a reduced rate by reinvesting your distributions.

The offering price of our stock is subjective and was determined by our board of directors. Our board of directors determined the offering price based on the offering price in our initial public offering, the offering price of earlier REITs organized by our sponsor, the range of offering prices of other REITs that do not have a public trading market and the recommendation of the managing dealer based on its consultations with likely soliciting dealers. This offering will commence as of the date of this prospectus. The offering will terminate on or before, December 21, 2005, unless we elect to extend it to a date no later than December 21, 2006 in states that permit an extension. We reserve the right to terminate this offering at any time.

Our dealer manager is a wholly owned subsidiary of our sponsor, Inland Real Estate Investment Corporation. Our dealer manager was also the dealer manager for the offerings for Inland Real Estate Corporation and Inland Retail Real Estate Trust, Inc. Inland Real Estate Corporation raised approximately $696,827,000 in its offerings. Inland Retail Real Estate Trust, Inc. raised approximately $2,262,000,000 in its offerings.

Our sponsor is an affiliate of our dealer manager.

ESCROW CONDITIONS

If you are qualified to participate in this offering, the proceeds from your subscription will be deposited in a segregated escrow account with the escrow agent, LaSalle Bank National Association, 120 South LaSalle Street, Chicago, Illinois, and will be held in trust for your benefit, pending release to us. Your investment will not be commingled with any other funds.

We will accept or reject subscriptions within 10 days after our receipt of a fully completed copy of the subscription agreement and payment for the number of shares of common stock subscribed for. You will not be entitled to interest earned on our funds or to receive interest on your investment.

The escrow agreement provides that the escrow agent will be appointed as an investment manager by a named fiduciary of any ERISA plan that is providing money to the escrow. The escrow agreement among us, the managing dealer, and the escrow agent also provides (1) that until all the conditions precedent for transferring the monies held in escrow are met, the escrow property may be considered plan assets under ERISA and the escrow holder shall act as a fiduciary to any benefit plan with respect to those

assets, and (2) that the property will be returned to the benefit plan if the conditions precedent are not met in a reasonable period of time.

SUBSCRIPTION PROCESS

We are offering up to 250,000,000 shares of our common stock to the public through the managing dealer and the soliciting dealers. The agreement between our managing dealer and the soliciting dealers requires the soliciting dealers to make diligent inquiries of you in order to determine whether a

purchase of our common stock is suitable for you, and to transmit promptly to us the completed subscription documentation and any supporting documentation we may reasonably require.

The managing dealer or a soliciting dealer is also required to deliver to you a copy of this prospectus and its appendices. We plan to make this prospectus and the appendices available electronically to the managing dealer and the soliciting dealers, as well as to provide them paper copies. As a result, if the managing dealer or a soliciting dealer chooses, with your prior consent, it may provide you with the option of receiving this prospectus and the appendices electronically. In any case, however, you may always receive a paper copy upon request. For at least six years, we shall maintain records of the information we have to determine that an investment in our shares is suitable and appropriate for a stockholder.

Our common stock is being sold as subscriptions for the common stock are received and accepted by us, subject to the satisfaction by us of the conditions described in the section immediately above. We have the unconditional right to accept or reject your subscription within 10 days after our receipt of a fully completed copy of the subscription agreement and payment for the number of shares of common stock subscribed for. If we accept your subscription, a confirmation will be mailed to you not more than three business days after our acceptance. No sale of our common stock may be completed until at least five business days after the date you receive this prospectus and, if required by state regulatory authorities, a copy of our organizational documents. If for any reason your subscription is rejected, your funds and your subscription agreement will be returned to you, without interest or deduction, within 10 days after receipt.

We no longer issue paper stock certificates for all subscriptions for common stock accepted by us. We also are responsible for all stock books and records and serve as our own stock transfer agent, processing stock transfers. We are currently moving to a "book entry" system for our stock records. Under a book entry system, we would no longer issue paper stock certificates. Using this system would eliminate the need for safekeeping by you to protect against loss, theft or destruction of stock certificates. We are currently interviewing firms to serve as our stock transfer agent. When we hire a third party stock transfer agent, we may need to modify our distribution reinvestment program and some of our other stock holding processs. For example, it is likely that we will no longer issue fractional shares. Further, it is likely we will ask all stockholdesr to remit currently outstanding stock certificates so that they may be held in book entry form. In order to transition into the book entry form, effective October 1, 2004 we stopped issuing stock certificates for new subscriptions or for shares earned through participation in the distribution reinvestment program. All shares issued in this offering will be held in book entry form.

REPRESENTATIONS AND WARRANTIES IN THE SUBSCRIPTION AGREEMENT

The subscription agreement requires you to make the following factual representations:

- Your tax identification number set forth in the subscription agreement is accurate and you are not subject to backup withholding;

- You received a copy of this prospectus not less than five business days prior to signing the subscription agreement (unless your state requires otherwise);

- You meet the minimum income, net worth and any other applicable suitability standards established for you, as described in "Who May Invest," which appears earlier in this prospectus;

- You are purchasing our common stock for your own account; and

- You acknowledge that our common stock cannot be readily sold.

Each of the above representations is included in the subscription agreement in order to help satisfy our responsibility to make every reasonable effort to determine that the purchase of our common stock is a suitable and appropriate investment for you and that appropriate income tax reporting information is obtained. We will not sell any common stock to you unless you are able to make the above factual representations by executing the subscription agreement.

By executing the subscription agreement, you will not be waiving any rights under the federal securities laws.

DETERMINATION OF YOUR SUITABILITY AS AN INVESTOR

We, our managing dealer, each soliciting dealer and our sponsor will make reasonable efforts to determine that you satisfy the suitability standards set forth herein and that an investment in our common stock is an appropriate investment for you. The soliciting dealers must determine whether you can reasonably benefit from this investment. In making this determination, the soliciting dealers will consider whether:

- you have the capability of understanding fundamental aspects of our business based on your employment experience, education, access to advice from qualified sources such as attorneys, accountants and tax advisors and prior experience with investments of a similar nature;

  - you have an apparent understanding of:

  - the fundamental risks and possible financial hazards of this type of investment;

  - that the shares cannot be readily sold;

  - the role of our business manager/advisor in directing or managing your investment in us; and

  - the tax consequences of your investment; and

- you have the financial capability to invest in our common stock.

By executing the subscription agreement, each soliciting dealer acknowledges its determination that our common stock is a suitable investment for you. Each soliciting dealer is required to represent and warrant that it has complied with all applicable laws in determining the suitability of our common stock as an investment for you. We and our affiliates will coordinate the processes and procedures used by the

managing dealer and the soliciting dealers and, where necessary, implement additional reviews and procedures to determine that you meet the suitability standards set forth in this prospectus.

COMPENSATION WE WILL PAY FOR THE SALE OF OUR SHARES

Except for the special sales described later in this section, we will pay the managing dealer cash selling commissions of 7.5% on all of the up to 250,000,000 shares of common stock sold on a best-efforts basis. Of this 7.5% selling commissions, the managing dealer will reallow up to 7% to soliciting dealers as compensation for their services in soliciting and obtaining subscriptions from you and other investors. Except for the special sales described later in this section, we will pay an additional 2.5% of the gross proceeds from this offering to the managing dealer as a marketing allowance in lieu of reimbursement of expenses associated with marketing, and we may reimburse the managing dealer for its bona fide due diligence expenses and for those of the soliciting dealers. The maximum reimbursement, however, will not exceed 0.5% of the gross proceeds from the up to 250,000,000 shares sold. The managing dealer may, at its discretion, retain or give all or any portion of the marketing allowance and due diligence expense allowance to soliciting dealers. Generally, the managing dealer will not give any portion of the marketing allowance to soliciting dealers unless they have a prescribed minimum annual sales volume of our common stock. Marketing and due diligence costs paid by the managing dealer on behalf of, or to, the soliciting dealers will be deducted from any marketing allowance or due diligence expense allowance otherwise payable to the soliciting dealers.

The following table shows the compensation payable to our dealer manager.

Type of Compensation	Amount	Estimated Maximum Amount
Selling commissions	7.5% of sale price for each share	$ 187,500,000
Marketing allowance	2.5% of gross offering proceeds	$ 62,500,000
Due diligence allowance	0.5% of gross offering proceeds	$ 12,500,000

We will not pay selling commissions, marketing allowances or due diligence expense allowances in connection with the following special sales:

- the sale of common stock in connection with the performance of services to our employees, directors and associates and our affiliates, our business manager/advisor, affiliates of our business manager/advisor, the managing dealer or their respective officers and employees and some of their affiliates; and

- the purchase of common stock under the distribution reinvestment program.

- No selling commissions will be paid in connection with the following special sales:

- the sale of our common stock to one or more soliciting dealers and to their respective officers and employees and some of their respective affiliates who request and are entitled to purchase common stock net of selling commissions;

- the sale of common stock to investors whose contracts for investment advisory and related brokerage services include a fixed or "wrap" fee feature; and

- the common stock credited to an investor as a result of a volume discount.

It is illegal for us to pay or award any commissions or other compensation to any person engaged by you for investment advice as an inducement to such advisor to advise you to purchase our common stock; however, nothing herein will prohibit a registered broker dealer or other properly licensed person from earning a sales commission in connection with a sale of the common stock.

We will not pay any registered investment advisory fees in connection with any purchase by you of our common stock, although you may elect to have your registered investment advisory fees deducted from your account with us and paid directly to your registered investment advisor. See "How to Subscribe."

VOLUME DISCOUNTS

Investors making an initial purchase of at least $250,010 of common stock (25,001 shares) through the same soliciting dealer will receive a reduction of the reallowable 7.0% selling commission payable in connection with the purchase of those shares in accordance with the following schedule:

	AMOUNT OF PURCHASER'S INVESTMENT		
AMOUNT OF SELLING VOLUME DISCOUNT	FROM	TO	MAXIMUM COMMISSION PER SHARE
1%	$ 250,010	$ 500,000	6%
2%	$ 500,010	$ 1,000,000	5%
3%	$ 1,000,010	$ 2,500,000	4%
4%	$ 2,500,010	$ 5,000,000	3%
5%	$ 5,000,010	$ 10,000,000	2%
6%	$ 10,000,010	and over	1%

Any reduction in the amount of the selling commissions in respect of volume discounts received will be credited to the investor in the form of additional whole shares or fractional shares. Selling commissions will not be paid on any such whole shares or fractional shares issued for a volume discount.

Some purchases may be combined for the purpose of qualifying for a volume discount, and for determining commissions payable to the managing dealer or the soliciting dealers, so long as all the combined purchases are made through the same soliciting dealer. Subscriptions made in this offer will be combined with other subscriptions in this offering for the purposes of computing amounts invested. Purchases by spouses will also be combined with other purchases by you and will be combined with other purchases of common stock to be held as a joint tenant or as tenants-in-common by you with others for purposes of computing amounts invested. Purchases by entities not required to pay federal income tax may only be combined with purchases by other entities not required to

pay federal income tax for purposes of computing amounts invested if investment decisions are made by the same person. If the investment decisions are made by an independent investment advisor, that investment adviser may not have any direct or indirect beneficial interest in any of the entities not required to pay federal income tax whose purchases are sought to be combined. You must mark the "Additional Investment" space on the subscription agreement signature page in order for purchases to be combined. We are not responsible for failing to combine purchases if you fail to mark the "Additional Investment" space.

If the subscription agreements for the purchases to be combined are submitted at the same time, then the additional common stock to be credited to you as a result of such combined purchases will be credited on a pro rata basis. If the subscription agreements for the purchases to be combined are not submitted at the same time, then any additional common stock to be credited as a result of the combined purchases will be credited to the last component purchase, unless we are otherwise directed in writing at the time of the submission. However, the additional common stock to be credited to any entities not required to pay federal income tax whose purchases are combined for purposes of the volume discount will be credited only on a pro rata basis based on the amount of the investment of each entity not required to pay federal income tax and their combined purchases.

Notwithstanding the preceding paragraphs, you may not receive a discount greater than 5% on any purchase of shares if you already own, or may be deemed to already own, any shares. This restriction may limit the amount of the volume discount available to you after your initial purchase and the amount of additional shares that you may be credited as a result of the combination of purchases.

In the case of subsequent investments or combined investments, a volume discount will be given only on the portion of the subsequent or combined investment that caused the investment to exceed the breakpoint. For example, if you are investing $50,000 with us today, but had previously invested $240,000, these amounts can be combined to reach the $250,010 breakpoint, which will entitle you to a lower sales commission on your current $50,000 investment.

DEFERRED COMMISSION OPTION

DETERMINATION OF THE NUMBER OF SHARES TO BE ISSUED AND THE AMOUNT OF THE DEFERRED SELLING COMMISSIONS. You may agree with the participating soliciting dealer and the managing dealer to have selling commissions due with respect to the purchase of your shares paid over a period of up to six years pursuant to a deferred commission option arrangement. Our net proceeds from this offering will not be affected by the election of the deferred commission option. Under this arrangement and based upon a $10 per share deemed value to each share issued, if you elect the deferred commission option, you will pay a 1.5% selling commission upon subscription, of which 1% will be reallowed upon subscription, rather than the 7.5% selling commission, of which 7% is reallowable, and we will deduct an amount equal to up to 1% selling commission per year thereafter for up to the next six years from cash distributions otherwise payable to you. For example, if you elect the deferred commission option, you will be required to pay a total of $9.40 per share purchased upon subscription, rather than $10 per share, with respect to which $0.15 per share will be payable as selling commissions due upon subscription, of which $0.10 per share will be reallowed (based on the number of shares that would have been issued if the deferred commission option had not been elected). For example, for a $100,000 initial investment, we will issue 10,638.298 shares ($100,000 divided by $9.40), and you would pay maximum selling commissions of $1,500 upon subscription ($0.15 times the 10,000 shares which would have been issued for $100,000 if the deferred

commission option had not been elected), of which $1,000 is reallowable. For each of the up to six years following the subscription, on a date or dates to be determined from time to time by the managing dealer (initially contemplated to be monthly as of when distributions are paid), we will deduct $0.10 per share (based on the number of shares that would have been issued if the deferred commission option had not been elected) on an annual basis from cash distributions otherwise payable to you. This amount will be used to pay deferred commission obligations. In the example of an initial cash investment of $100,000, $1,000 would be deducted on an annual basis and used in the above described manner for each of the six years following the subscription. The managing dealer will pay the selling commissions paid upon subscription and in each of the following up to six years, which selling commissions may be reallowed to the soliciting dealer by the managing dealer and the deferred commission obligations would be satisfied.

365

As in any volume discount situation, selling commissions are not paid on any shares issued for a volume discount. Therefore, when the deferred commission option is used, we will not make deductions for deferred commission obligations from cash distributions payable on the shares issued for a volume discount, because there will not be any deferred commission obligation as to those particular shares. The number of shares issued, if any, for a volume discount, will be determined as provided above under "Plan of Distribution--Volume Discounts."

TAXES. If you elect the deferred commission option and you are subject to federal income taxation, you will incur tax liability for cash distributions payable to them with respect to their shares even though we will withhold such cash distributions and will instead pay third parties to satisfy deferred commission obligations.

SUBSCRIPTION AGREEMENT. If you wish to elect the deferred commission option, you must make the election on the subscription agreement/signature page. In addition, the broker-dealer must also complete and sign the subscription agreement/signature page to acknowledge its agreement to the deferred commission option.

AUTHORIZATION TO WITHHOLD CASH DISTRIBUTIONS. If you elect the deferred commission option you will be authorizing us to withhold cash distributions otherwise payable to you for the purpose of paying selling commissions due under the deferred commission option; provided, however, that in no event may we withhold in excess of $0.60 per share in the aggregate (lower when the volume discount provisions are also applicable and less than 6% of the selling commissions are deferred) under the deferred commission option.

ACCELERATION OF DEFERRED COMMISSION OBLIGATION. If our shares become listed for trading on a national securities exchange or included for quotation on a national market system, or such listing or inclusion is reasonably anticipated to occur at any time prior to the satisfaction of the remaining deferred commission obligations, we will accelerate the remaining selling commissions due under the deferred commission option. In such event, we will provide notice of such acceleration to stockholders who have elected the deferred commission option. The amount of the remaining selling commissions due will be deducted and paid by us out of cash distributions otherwise payable to such stockholders during the time period prior to any such listing of the shares for trading on a national securities exchange or inclusion for quotation on a national market system. However, in no event may we withhold in excess of $0.60 per share in the aggregate during the six-year period following the subscription. The maximum amount that we may withhold and the maximum number of years for which we may offer selling commissions will be lower when the volume

discount provisions are also applicable and less than 6% of the selling commissions are deferred. To the extent that the cash distributions during such time period are insufficient to satisfy the remaining deferred selling commissions due, the obligation of us and our stockholders to make any further payments of deferred selling commissions under the deferred commission option shall terminate and the managing dealer (and participating soliciting dealers if the deferred selling commissions are reallowed to them by the managing dealer) will not be entitled to receive any further portion of the unpaid deferred selling commissions following any such listing for trading or inclusion for quotation of our shares.

In addition, if you elect the deferred commission option and subsequently elect to participate in our share repurchase program or request that we transfer your shares for any other reason prior to the time that the remaining deferred selling commissions have been deducted from cash distributions otherwise payable to you during the mentioned period of up to six years, then we will accelerate the remaining selling commissions due under the deferred commission option. In such event, we shall provide notice of such acceleration to you, and:

- in the case of an election to sell the shares under our share repurchase program, you will be required to pay to us the unpaid portion of the remaining deferred commission obligation prior to or concurrently with our purchase of your shares pursuant to our share repurchase program or we may deduct such unpaid portion of the remaining deferred commission obligation from the amount otherwise due to you for our purchase of your shares under our share repurchase program; or

- if you request that we transfer the shares for any other reason, you will not be entitled to effect any such transfer until you first either:

  - pay to us the unpaid portion of the remaining deferred commission obligation; or

  - provide a written instrument in form and substance satisfactory to us, and appropriately signed by the transferee, to the effect that the proposed transferee agrees to have the unpaid portion of the remaining deferred commission obligation deducted from cash distributions otherwise payable to the transferee during the remaining portion of the specified up to six year period.

LEGEND. All certificates or book entries representing any shares that elect the deferred commission option (including any shares issued for the volume discount in connection with the election of the deferred commission option) will be noted with a legend referring to the fact that such shares are subject to the terms of the deferred commission option including the withholding of cash distributions otherwise payable to the stockholders for the purpose of paying the deferred selling commission obligation.

MARKETING ALLOWANCE AND DUE DILIGENCE EXPENSE ALLOWANCE. The marketing allowance of 2.5% and the due diligence expense allowance of 0.5% will be payable by us on the gross offering proceeds for all of the shares issued based on an assumed price of $10 per share. We will pay those amounts due from the proceeds we receive at the time of the initial investment.

INDEMNIFICATION

We will indemnify the managing dealer and the soliciting dealers against liabilities, including liabilities under the Securities Act of 1933, if one or more of the following conditions are met:

- there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and a court of competent jurisdiction has approved indemnification of the litigation costs; or

- the claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court has approved indemnification of the litigation costs; or

- a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and approves indemnification of the settlement and related costs after being advised of the position of the Securities and Exchange Commission and the published opinions of any state securities regulatory authority in which our common stock was offered and sold respecting the availability and/or propriety of indemnification for securities law violations. The soliciting dealer will be required to indemnify us and our business manager/advisor against such liabilities.

In the opinion of the Securities and Exchange Commission, indemnification for liabilities arising under the Securities Act of 1933 is against public policy and, therefore, unenforceable. The managing dealer and each of the soliciting dealers may be deemed to be an "underwriter" as that term is defined in the Securities Act of 1933.

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HOW TO SUBSCRIBE

Investors who meet the suitability standards described above may purchase shares of common stock. See "Who May Invest" and "Plan of Distribution -- Determination of Your Suitability as an Investor," above, for the suitability standards. Investors who want to purchase shares must proceed as follows:

- Read the entire prospectus and the current supplement(s), if any, accompanying the prospectus.

- Complete the execution copy of the subscription agreement. A specimen copy of the subscription agreement, including instructions for completing it, is included in the prospectus as APPENDIX C.

- Deliver a check for the full purchase price of the shares being subscribed for, payable to "LBNA/Escrow Agent for IWRRETI", along with the completed subscription agreement to the soliciting dealer. If you are qualified to participate in this offering, for administrative convenience, the proceeds from your subscription will be deposited in a segregated escrow account with the escrow agent, LaSalle Bank National Association, 120 South LaSalle

Street, Chicago, Illinois, and will be held in trust for your benefit, pending release to us. Your investment will not be commingled with any other funds. Subscription proceeds are expected to be released to us as subscriptions are accepted. We will accept or reject subscriptions within ten days after we receive them. The name of your soliciting dealer appears on your subscription agreement.

- By executing the subscription agreement and paying the full purchase price for the shares subscribed for, each investor attests that he or she meets the suitability standards as stated in the subscription agreement and agrees to be bound by all of its terms.

In addition, if a subscriber elects the deferred commission option, he or she must do so by completing and signing the subscription agreement/signature page of the form of subscription agreement. The soliciting dealer must also complete and sign the subscription agreement/signature page to acknowledge its agreement to the deferred commission option. This is more fully explained under "Plan of Distribution - Deferred Commission Option."

A sale of the shares may not be completed until at least five business days after the subscriber receives the prospectus. Within 10 days, and generally within 24 hours, of our receipt of each completed subscription agreement, we will accept or reject the subscription. If we accept the subscription, we will mail a confirmation within three days. If for any reason we reject the subscription, we will promptly return the check and the subscription agreement, without interest or deduction, within 10 days after we received it.

An approved trustee must process through us and forward to us subscriptions made through individual retirement accounts, Keogh plans and 401(k) plans. In the case of individual retirement accounts, Keogh plans and 401(k) plan stockholders, we will send the confirmation to the trustee.

You have the option of placing a transfer on death, or TOD, designation on your shares purchased in this offering. A TOD designation transfers ownership of the shares to your designated beneficiary upon your death. This designation may only be made by individuals, not entities, who are the sole or joint owners with right of survivorship of the shares. This option, however, is not available to residents of the States of Louisiana, New York and North Carolina. If you would like to place a transfer on death

designation on your shares, you must check the TOD box on the subscription agreement and you must complete and return the transfer on death form included as APPENDIX D to this prospectus in order to effect the designation.

You may elect to have any registered investment advisory fees deducted from your account with us and paid directly to your registered investment advisor by completing and signing a letter of instruction (in the form attached as APPENDIX E1 to this prospectus). The letter of instruction will authorize us to deduct a specified dollar amount or percentage of distributions paid by us as advisory fees payable to your registered investment advisor on a periodic basis.

The letter of instruction will be irrevocable and we will continue to pay advisory fees payable from your account until such time as you provide us with a notice (in the form attached as APPENDIX E2 to this prospectus) of your election to terminate deductions from your account for the purposes of such advisory fees.

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SALES LITERATURE

In addition to and apart from this prospectus, we may use certain supplemental sales material in connection with the offering. This material, prepared by our business manager/advisor, may consist of a brochure describing the business manager/advisor and its affiliates and our objectives. The material may also contain pictures and summary descriptions of properties similar to those we intend to acquire that our affiliates have previously acquired. This material may also include audiovisual materials and taped presentations highlighting and explaining various features of the offering, properties of prior real estate programs and real estate investments in general; and articles of incorporation and publications concerning real estate. Business reply cards, introductory letters and seminar invitation forms may be sent to the dealer members of the National Association of Securities Dealers designated by Inland Securities Corporation and prospective investors. No person has been authorized to prepare for, or furnish to, a prospective investor any sales literature other than that described herein and "tombstone" newspaper advertisements or solicitations of interest that are limited to identifying the offering and the location of sources of further information.

The use of any sales materials is conditioned upon filing with, if required, and, if required, clearance by appropriate regulatory agencies. Such clearance (if provided), however, does not indicate that the regulatory agency allowing the use of the materials has passed on the merits of the offering or the adequacy or accuracy of the materials.

This offering is made only by means of this prospectus. Except as described herein, we have not authorized the use of other supplemental literature or sales material in connection with this offering.

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DISTRIBUTION REINVESTMENT AND SHARE REPURCHASE PROGRAMS

DISTRIBUTION REINVESTMENT PROGRAM

Our distribution reinvestment program provides our stockholders with an opportunity to purchase additional shares of common stock by reinvesting distributions. A copy of the form of our distribution reinvestment plan is attached as EXHIBIT B to this prospectus. Stockholders who elect to participate in the distribution reinvestment program will authorize us to use distributions payable to them to purchase additional shares of common stock. A participant will not be able to acquire common stock under the program if the purchase would cause it to exceed the 9.8% ownership limit or would violate any of the other share ownership restrictions imposed by our articles of incorporation.

As further explained below, purchases under the distribution reinvestment program are made at a price, $9.50 per share at first, equal to 95% of the market price of a share of common stock on the date of purchase until such time as our shares are listed on a national stock exchange or included for quotation on a national market system. This reduced price reflects a decrease in costs associated with these issuances. Participants in the distribution reinvestment program may also purchase fractional shares of common stock, so that 100% of distributions will be used to acquire common stock. Common stock

will be purchased under the distribution reinvestment program on the record date for the distribution used to purchase the common stock. Distributions on common stock acquired under the distribution reinvestment program will be paid at the same time as distributions are paid on common stock purchased outside the program and are calculated with a daily record and distribution declaration date. Each participant agrees that if, at any time prior to listing the common stock on a national stock exchange or inclusion of them for quotation on a national market system, he or she fails to meet the suitability requirements for making an investment in us or cannot make the other representations or warranties set forth in the subscription agreement, he or she will promptly notify us in writing.

Beginning with the first distribution paid after the effective date of the offering, participants will acquire our shares at a fixed price of $9.50 per share. This will continue until the earlier of (1) the increase of the public offering price per share of common stock in the offering from $10 per share, if there is an increase, and (2) the termination of the offering. Thereafter, participants may acquire our shares at a price equal to 95% of the market price of a share on the date of purchase until our shares are listed on a national stock exchange or included for quotation on a national market system. In the event of listing or inclusion, we will purchase shares for the distribution reinvestment program on the exchange or market at the prevailing market price. We will then sell the shares to stockholders at that price. The discount from the public offering price per share will not exceed 5% of the market price of a share on the date of purchase. It is possible that a secondary market will develop for the shares, and that the prices on the secondary market will be lower or higher than the price of shares purchased through the distribution reinvestment program. Neither we nor our affiliates will receive a fee for selling shares through the distribution reinvestment program. We do not warrant or guarantee that participants will acquire shares at the lowest possible price through the program.

A participant may stop participating in the distribution reinvestment program at any time without penalty, by delivering written notice to us. Prior to listing the shares on a national securities exchange or including them for quotation on a national market system, any transfer of shares by a participant to a non-participant will terminate participation in the distribution reinvestment program with respect to the transferred shares. Within 90 days after the end of our fiscal year, we will:

- issue shares purchased through the distribution reinvestment program during the prior fiscal year, ownership of these shares will be in book-entry form prior to the issuance of certificates; and

- provide each participant with an individualized report on his or her investment, including the purchase date(s), purchase price and number of shares owned, as well as the dates of distribution and amount of distributions received during the prior fiscal year.

The individualized statement to participants will include receipts and purchases relating to each participant's participation in the distribution reinvestment program including the tax consequences relative thereto. The directors, including a majority of independent directors, by majority vote may amend or terminate the distribution reinvestment program upon 30 days notice to participants.

Stockholders who participate in the distribution reinvestment program will recognize dividend income, taxable to the extent of our current or

accumulated earnings and profits, in the amount and as though they had received the cash rather than purchased shares through the distribution reinvestment program. These deemed dividends will be treated as actual dividends and will retain the character and tax effects applicable to all dividends. In addition, the 5% discount applicable to shares purchased under the dividend reinvestment program will itself be treated as a deemed distribution to the purchaser. Shares received under the distribution reinvestment program will have a holding period, for tax purposes, beginning with the day after purchase, and a tax basis equal to their cost, which is the gross amount of the deemed distribution. See "Federal Income Tax Considerations -- Federal Income Taxation of Stockholders" for a full discussion of the tax effects of dividend distributions.

As explained under "Description of Securities -- Restrictions on Ownership and Transfer," the shares purchased through the distribution reinvestment program will bear a legend referring to the restrictions on their ownership and transfer.

SHARE REPURCHASE PROGRAM

The share repurchase program may, subject to certain restrictions discussed below, provide eligible stockholders with limited, interim liquidity by enabling them to sell shares back to us. The prices at which shares may be sold back to us are as follows:

- One year from the purchase date, at $9.25 per share;
- Two years from the purchase date, at $9.50 per share;
- Three years from the purchase date, at $9.75 per share; and
- Four years from the purchase date, at the greater of: $10.00 per share; or a price equal to 10 times our "funds available for distribution" per weighted average share outstanding for the prior calendar year.

During any offering, the repurchase price shall be equal to or below the price of the shares offered in any offering. A stockholder must have beneficially held the shares for at least one year prior to offering them for sale to us through the share repurchase program. However, if a stockholder dies, we may waive this one-year holding period for the beneficiaries or heirs, as appropriate.

We will make repurchases under the share repurchase program, if requested by a stockholder, monthly. Subject to funds being available, we will limit the number of shares repurchased during any calendar year to five percent (5%) of the weighted average number of shares outstanding during the prior calendar year. Funding for the share repurchase program will come exclusively from proceeds we receive from the sale of shares under our distribution reinvestment plan and other operating funds, if any, as the board, at its sole discretion, may reserve for this purpose.

A stockholder may request that his or her shares be repurchased by submitting a written request, and then generally within one week an assignment form is sent for execution by the stockholder or his custodian/trustee along with a request to return the shares.

At the end of each month, the completed requests are reviewed. It is possible that a stockholder may not have his or her entire request honored due to the funds available. If that were to occur, the shares would then be

purchased on a "pro rata basis" and the portion of his or her request unfulfilled would then be held until the next month, unless withdrawn.

We accept shares on a pro rata basis. Consequently, a stockholder might not be able to have us repurchase his or her shares. Therefore, that stockholder might not be able to sell or otherwise liquidate his or her shares and might have to hold his or her shares for an indeterminate period of time.

Following commencement of our offering, we will be subject to the reporting requirements of the Securities Exchange Act of 1934. In this regard, we will prepare and file with the SEC annual reports on SEC Form 10-K and quarterly reports on SEC Form 10-Q; we will provide copies of these filings to our stockholders regularly following our filing with the SEC. Additionally, we will amend on a quarterly basis the registration statement of which this prospectus is a part; we will distribute to our stockholders the updated prospectus regularly.

Any stockholder who wishes us to repurchase his or her shares must beneficially own the shares for at least one year. Our obligation to repurchase any shares under the program is conditioned upon our having sufficient funds available for repurchase of shares and the other conditions of the plan. The stockholder should direct a written request to Ms. Roberta S. Matlin, Vice President of Administration, Inland Western Retail Real Estate Trust, Inc., 2901 Butterfield Road Oak Brook, Illinois 60523. The request must state the name of the person/entity who owns the shares, the date of purchase of the subject shares and the number of shares to be repurchased. We will forward an assignment form to the owner of record of the subject shares for execution. The requesting stockholder must properly execute and return the form along with the shares to be repurchased and evidence that no lien or encumbrance is on the shares. Upon receipt of the form, if satisfactory evidence is not provided, we will conduct a Uniform Commercial Code (UCC) search to ensure that no liens are held against the shares at the cost of $100 to the stockholder, which will be deducted from the proceeds of the repurchase. We use a third party to conduct this UCC search. The repurchase will occur on a pro rata basis each month assuming all documentation is complete, including a negative response from a UCC search. If the UCC search determines that a lien exists against the shares, we will charge the requesting stockholder for the UCC search. If we do not have sufficient funds available for repurchase of the entire request or we exceed the share limitation, we will purchase only those shares for which we have sufficient funds available or are below the limitation; and we will place the requesting stockholder's request into the next month until funds become available sufficient to complete the transaction or we do not exceed the limitation.

If a stockholder wishes to withdraw his or her request to have his or her shares repurchased, the stockholder must notify us in writing. We will not repurchase that stockholder's shares so long as we receive the written request to withdraw prior to the date we send payment to the applicable stockholder. The requesting stockholder will be responsible for payment of the $100 UCC search fee even if that stockholder withdraws his or her request, if we have conducted a UCC search.

There is no limit on the number of shares that an individual stockholder may request to be repurchased, subject to the limitations regarding availability of funds and the aggregate amount of stock that we are permitted to purchase under the program.

Payment for repurchased shares from the time of the initial request to receipt of the funds is usually three to four weeks dependent upon receipt of the executed assignment form and shares, and

completion of a UCC search to ensure that no liens are held against the stock or other satisfactory evidence.

The board, at its sole discretion, may choose to terminate the share repurchase program after the end of the offering period, or reduce the number of shares purchased under the program, if it determines that the funds allocated to the share repurchase program are needed for other purposes, such as the acquisition, maintenance or repair of properties, or for use in making a declared distribution. A determination by the board to eliminate or reduce the share repurchase program will require the unanimous affirmative vote of the independent directors.

We cannot guarantee that the funds set aside for the share repurchase program will be sufficient to accommodate all requests made each year. If no funds are available for the program when repurchase is requested, the stockholder may withdraw the request, or ask that we honor the request when funds are available. Pending requests would be pro rated, depending upon availability of funds.

Stockholders are not required to sell their shares to us. The share repurchase program is only intended to provide interim liquidity for stockholders until a liquidity event occurs, such as the listing of the shares on a national securities exchange, inclusion of the shares for quotation on a national market system, or our merger with a listed company. The share repurchase plan will be terminated if the shares become listed on a national securities exchange or included for quotation on a national market system. We cannot guarantee that a liquidity event will occur.

Shares we purchase under the share repurchase program will be canceled, and will have the status of authorized but unissued shares. Shares we acquire through the share repurchase program will not be reissued unless they are first registered with the Securities and Exchange Commission under the Securities Act of 1933 and under appropriate state securities laws or otherwise issued in compliance with such laws.

If we terminate, reduce or otherwise change the share repurchase program, we will send a letter to stockholders informing them of the change at least 30 days in advance, and we will disclose the changes in quarterly reports filed with the Securities and Exchange Commission on Form 10-Q.

See "Plan of Distribution -- Deferred Commission Option" for an explanation of what will be required of the stockholder if the stockholder has elected the deferred commission option and subsequently elects to participate in our share repurchase program while there is an unpaid portion of the remaining deferred commission obligation.

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REPORTS TO STOCKHOLDERS

Our business manager/advisor will keep, or cause to be kept, full and true books of account on an accrual basis of accounting, in accordance with generally accepted accounting principles. All of these books of account, together with a copy of our articles of incorporation, will at all times be maintained at our principal office, and will be open to inspection, examination and duplication at reasonable times by the stockholders or their agents.

The business manager/advisor will submit to each stockholder our

audited annual reports within 120 days following the close of each fiscal year. The annual reports will contain the following:

- audited financial statements;
- the ratio of the costs of raising capital during the period to the capital raised;
- the aggregate amount of advisory fees and the aggregate amount of fees paid to the business manager/advisor and any affiliate of the business manager/advisor, including fees or charges paid to the business manager/advisor and to any affiliate of the business manager/advisor by third parties doing business with us;
- our total operating expenses, stated as a percentage of the average assets and as a percentage of net income;
- a report from the independent directors that the policies we follow are in the best interests of our stockholders and the basis for such determination; and
- separately stated, full disclosure of all material terms, factors and circumstances surrounding any and all transactions involving us, the directors, the business manager/advisor and any of their affiliates occurring in the year for which the annual report is made. Independent directors are specifically charged with the duty to examine and comment in the report on the fairness of such transactions.

In addition, unaudited quarterly reports containing the information required by Form 10-Q will be submitted to each stockholder within 60 days after the end of the first three fiscal quarters.

At the same time as any distribution, we will provide stockholders with a statement disclosing the source of the funds distributed. If the information is not available when the distribution is made, we will provide a statement setting forth the reasons why the information is not available. In no event will the information be provided to stockholders more than 60 days after we make the distribution.

Within 60 days following the end of any calendar quarter during the period of the offering in which we have closed an acquisition of a property, we will submit a report to each stockholder containing:

- the location and a description of the general character of the property acquired during the quarter;
- the present or proposed use of the property and its suitability and adequacy for that use;
- the terms of any material leases affecting the property;

- the proposed method of financing, if any, including estimated down payment, leverage ratio, prepaid interest, balloon payment(s), prepayment penalties, "due-on-sale" or encumbrance clauses and possible adverse effects thereof and similar details of the proposed financing plan; and
- a statement that title insurance has been or will be obtained on

the property acquired.

- In addition, we will send a report to each stockholder and submit to prospective investors when the business manager/advisor believes a property will probably be acquired:

- on specified terms, i.e., upon completion of due diligence which includes review of the title insurance commitment, appraisal and environmental analysis; and

- involving the use of 10% or more, on a cumulative basis, of the net proceeds of the offering.

After the completion of the last acquisition, the business manager/advisor will, upon request, send a schedule to the Commissioner of Corporations of the State of California. The schedule, verified under the penalty of perjury, reflects: each acquisition made; the purchase price paid; the aggregate of all acquisition expenses paid on each transaction; and a computation showing compliance with our articles of incorporation. We will, upon request, submit to the Commissioner of Corporations of the State of California or to any of the various state securities administrators, any report or statement required to be distributed to stockholders pursuant to our articles of incorporation or any applicable law or regulation.

The accountants we regularly retain will prepare our federal tax return and any applicable state income tax returns. We will submit appropriate tax information to the stockholders within 30 days following the end of each of our fiscal years. We will not provide a specific reconciliation between generally accepted accounting principles and income tax information to the stockholders. However, the reconciling information will be available in our office for inspection and review by any interested stockholder. Annually, at the same time as the dissemination of appropriate tax information to stockholders, we will provide each stockholder with an individualized report on his or her investment, including the purchase date(s), purchase price and number of shares owned, as well as the dates of distribution and amounts of distributions received during the prior fiscal year. The individualized statement to stockholders will include any purchases of shares under the distribution reinvestment program. Stockholders requiring individualized reports on a more frequent basis may request these reports. We will make every reasonable effort to supply more frequent reports, as requested, but we may, at our sole discretion, require payment of an administrative charge either directly by the stockholder, or through pre-authorized deductions from distributions payable to the stockholder making the request.

See "Risk Factors -- Employee Benefit Plan Risks" for an explanation of the annual statement of value we provide to stockholders subject to ERISA.

PRIVACY POLICY NOTICE

To help you understand how we protect your personal information, we have included our Privacy Policy Notice as APPENDIX G to this Prospectus. This Notice describes our current privacy policy and practices. Should you decide to establish or continue a shareholder relationship with us, we will advise you of our policy and practices at least once annually, as required by law.

LITIGATION

We are not subject to any material pending legal proceedings.

RELATIONSHIPS AND RELATED TRANSACTIONS

We have entered into agreements to pay our business manager/advisor and its affiliates certain fees or other compensation for providing services to us. The compensation arrangements between us and our business manager/advisor, The Inland Group and its affiliates, were not determined by arm's-length negotiations. See "Conflicts of Interest." The following table discloses the compensation which we may pay our business manager/advisor and its affiliates. In those instances in which there are maximum amounts or ceilings on the compensation which may be received, our business manager/advisor and its affiliates may not recover any excess amounts for those services by reclassifying them under a different compensation or fee category.

We define net income as total revenues less expenses other than additions to reserves for depreciation or bad debts or other similar non-cash reserves. When we use the term "net income" for purposes of calculating some expenses and fees, it excludes the gain from the sale of our assets. This definition of net income is prescribed by the Statement of Policy Regarding REITs adopted by the North American Securities Administrators Association, Inc., or NASAA; but it is not in accordance with generally accepted accounting principles in the United States, because depreciation and other non-cash reserves are not deducted in determining net income under the NASAA REIT Statement. Excluding depreciation will result in not reimbursing our business manager/advisor for a non-cash expenditure and not excluding the gain from the sale of our assets could result in greater net income on which the 25% reimbursement to our business manager/advisor is allowed.

NONSUBORDINATED PAYMENTS

The following aggregate amounts of compensation, allowances and fees we may pay to our business manager/advisor and its affiliates are not subordinated to the returns on net investments that we are required to pay to our stockholders.

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	ESTIMATE DOLLAR
	OFFERING STAGE	
Selling commissions payable to the managing dealer and dealers designated by the managing dealers referred to as soliciting dealers.	We will pay a selling commission of 7.5% of the sale price for each share (and reallow 7%), subject to reduction for special sales under the circumstances as described in the "Plan of Distribution - Compensation - We Will Pay For the Sale of Our Shares." We will permit the managing dealer and its respective officers and employees and certain of its affiliates to purchase shares net of sales commissions and the marketing allowance and due diligence expense allowance or for $8.95 per share; however, any subsequent purchases of shares by any such persons are limited to a maximum discount of 5%. Also, soliciting dealers and their respective officers and employees and certain of their	Through September incurred $135,587 commissions in co initial public of to sell 250,000,0 common stock at $ our initial publi actual amount we offering depends shares sold. A to $187,500,000 in s will be paid if t offering is sold special sales.

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	ESTIMATE DOLLAR
	respective affiliates who request and are entitled to purchase shares net of selling commissions may make an initial purchase of shares net of sales commissions or for $9.30 per share; however, any subsequent purchases of shares by any such persons are limited to a maximum discount of 5%.	
Marketing allowance and due diligence expense allowance paid to the managing dealer and soliciting dealers.	We will pay an amount equal to 2.5% of the gross offering proceeds to the managing dealer, all or a portion of which may be passed on to soliciting dealers, in lieu of reimbursement of specific expenses associated with marketing. We may pay an additional 0.5% of the gross offering proceeds to the managing dealer, which may be passed on to the soliciting dealers, for due diligence expenses. We will not pay the marketing allowance and due diligence expense allowance in connection with any special sales, except those receiving volume discounts and those described in "Plan of Distribution - Volume Discounts."	Through September incurred $16,811, allowance and due allowance in conn initial public of amount of marketi due diligence exp connection with t depend on the num sold. If there ar and we sell the m shares offered, a $75,000,000 will marketing allowan diligence expense
Reimbursable expenses and other expenses of issuance and distribution	We expect to incur the following expenses in connection with this offering: Securities and Exchange Commission registration fee $ 340,823 NASD filing fee $ 30,500 Printing and mailing expenses $4,250,000 Blue Sky fees and expenses $ 136,000 Legal fees and expenses $ 900,000 Accounting fees and expenses $ 650,000 Advertising and sales literature $5,500,000 Transfer Agent fees $ 800,000 Data processing fees $ 500,000 Bank fees and other administrative expenses $ 200,000	All amounts other Securities and Ex registration fee filing fee are es actual amounts of cannot be determi time. We estimate of the issuance a expenses to be ap $13,307,323. Thro 2004, we have inc reimbursable expe business manager/ connection with o offering. In addi December 31, 2003 manager/advisor h aggregate of appr $1,763,306 for th offering expenses third parties in our initial publi which has been re
	If the aggregate of all offering expenses, including selling commissions, the marketing allowance and due diligence expense allowance, exceeds 15% of the gross offering proceeds, of if the aggregate of all offering expenses, excluding the selling expenses,	Our sponsor has n reimbursable expe with this offerin reimburse up to $

	exceeds 5.5% of the gross offering proceeds, our business manager/advisor or its affiliates will promptly pay the excess and we will have	offering expenses sell the maximum offered in this o

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	ESTIMATE DOLLAR
	no liability for these expenses at any time afterward.	If this offering then our sponsor responsible for t expenses to the e been reimbursed.
	ACQUISITION STAGE	
Acquisition expenses paid to our business manager/advisor's affiliates, Inland Real Estate Acquisitions, Inc. and The Inland Real Estate Group, Inc.	We will pay an amount, estimated to be up to 0.5% of the total of (1) the gross offering proceeds from the sale of 250,000,000 shares, (2) the gross proceeds from the sale of up to 20,000,000 shares pursuant to the distribution reinvestment programs. The acquisition expenses for any particular property will not exceed 6% of the gross purchase price of the property. However, if we request additional services, the compensation will be provided on separate agreed-upon terms and the rate will be approved by a majority of disinterested directors, including a majority of the disinterested independent directors, as fair and reasonable for us.	We may pay no mor for the reimburse acquisition expen number of shares of the 20,000,000 pursuant to the d reinvestment prog actual amounts ca at the present ti
Interest expenses paid to our business manager/advisor and Inland Mortgage Corporation in connection with loans.	We may borrow money from our business manager/advisor and its affiliates in order to acquire properties. In such instances, we will pay our business manager/advisor and its affiliates interest at prevailing market rates.	The actual amount actual borrowings amounts cannot be present time.
	OPERATIONAL STAGE	
Property management fee paid to our property managers, Inland US Management LLC, Inland Southwest Management LLC and Inland Pacific Management LLC. We will pay the fee for services in connection with the rental, leasing, operation and management of the properties.	We will pay a monthly fee of 4.5% of the gross income from the properties. We will also pay a monthly fee for any extra services equal to no more than 90% of that which would be payable to an unrelated party providing the services. The property managers may subcontract their duties for a fee that may be less than the fee provided for in the management services agreements.	For the year ende 2003, and the nin September 30, 200 and paid property of $16,627 and $2 16,627 and $2,847 by Inland US Mana Southwest Managem Pacific Managemen acquire the busin business manager/

		property managers management fees w actual amounts we future are depend of operations and cannot be determi time.

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	ESTIMATE DOLLAR
Reimbursable expenses to our business manager/advisor. These may include costs of goods and services, administrative services and non-supervisory services performed directly for us by independent parties.	We will reimburse some expenses of the business manager/advisor. The compensation and reimbursements to our business manager/advisor will be approved by a majority of our directors and a majority of our independent directors as fair and reasonable for us.	The actual amount results of operat cannot be determi time.
We will reimburse some expenses of the Inland Risk and Insurance Management Services for insurance coverage.	Inland Risk and Insurance Management Services charges us $50 per hour for assistance in obtaining insurance coverage. Any commissions they receive are credited against this hourly rate. We believe this hourly rate is approximately 90% of the rate charged by unaffiliated third parties. The compensation to this company will be approved by a majority of our directors and a majority of our independent directors as fair and reasonable for us.	The actual amount results of operat cannot be determi time.
We will compensate the Inland Mortgage Servicing Corporation and Inland Mortgage Investment Corporation for purchase, sale and servicing of mortgages.	Inland Mortgage Servicing Corporation charges us .03% per year on the first billion dollars of mortgages serviced and .01% thereafter. Inland Mortgage Investment Corporation charges us .02% of the principal amount of each loan placed. The compensation to these companies will be approved by a majority of our directors and a majority of our independent directors as fair and reasonable for us.	For the year ende and the nine mont 2004 we have incu $63,978, respecti Servicing Corpora ended December 31 months ended Sept incurred and paid $2,241,986, respe Mortgage Investme The actual amount the future are de results of operat determined at the
	LIQUIDATION STAGE	
Property disposition fee payable to our business manager/advisor's affiliates, Inland Real Estate Sales, Inc. and Inland Partnership	We may pay a property disposition fee to our business manager/advisor and its affiliates if we sell any of our real property in an amount equal to the lesser of: - 3% of the contract sales price of the	The actual amount depend upon the s properties and, t be determined at If we acquire the

Property Sales Corp.	property; or - 50% of the customary commission which would be paid to a third party broker for the sale of a comparable property. The amount paid, when added to the sums	manager/advisor, disposition fee w

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	ESTIMATE DOLLAR
	paid to unaffiliated parties, will not exceed either the customary commission or an amount equal to 6% of the contracted for sales price. Payment of such fees will be made only if the business manager/advisor provides a substantial service in connection with the sale of the property. See "Management -- Our Advisory Agreement."	

SUBORDINATED PAYMENTS

We may pay the following additional fees to our business manager/advisor after returns on net investment have been paid to the stockholders:

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	ESTIMATE DOLLAR
	OPERATIONAL STAGE	
Advisor asset management fee payable to our business manager/advisor.	We pay an annual advisor asset management fee of not more than 1% of our average assets. Our average assets means the average of the total book value including acquired intangibles of our real estate assets plus the total value of our loans receivables secured by real estate, before reserves for depreciation or bad debts or other similar non-cash reserves. We will compute our average assets by taking the average of these values at the end of each month during the quarter for which we are calculating the fee. The fee is payable quarterly in an amount equal to 1/4 of 1% of average assets as of the last day of the immediately preceding quarter. For any year in which we qualify as a REIT, our business manager/advisor must reimburse us for the following amounts if any:	The actual amount depend upon the s properties and, t be determined at If we acquire the manager/advisor, management fee wi

	(1) the amounts by which our total operating expenses, the sum of the advisor asset management fee plus other operating expenses, paid during the previous fiscal year exceed the greater of: - 2% of our average assets for that fiscal year, or - 25% of our net income for that fiscal year. (2) plus an amount, which will not exceed the advisor asset management fee for that year, equal to any difference between the total amount of distributions to stockholders for that year and the 6% annual return on the	

net investment of stockholders.

Items such as organization and offering expenses, property expenses, interest payments, taxes, non-cash expenditures, the incentive advisory fee and acquisition expenses are excluded from the definition of total operating expenses.

See "Management -- Our Advisory Agreement" for an explanation of circumstances where the excess amount specified in clause (1) may not need to be reimbursed.

LIQUIDATION STAGE

Incentive advisory fee payable to our business manager/advisor.	We will pay to the business manager/advisor an amount equal to 15% of the net proceeds from the sale of a property after the stockholders have first received: (1) a cumulative non-compounded return equal to 10% a year on their net investment; and (2) their net investment.	The actual amount depend upon the s properties and, t be determined at If we acquire or the business cond business manager/ incentive advisor terminate.

LEGAL MATTERS

Duane Morris LLP, Washington, D.C., has passed upon the legality of the common stock and Duane Morris LLP, Philadelphia, Pennsylvania, has passed upon legal matters in connection with our status as a REIT for federal income tax

purposes. Duane Morris LLP is generally referred to in this prospectus as Duane Morris. Duane Morris does not purport to represent our stockholders or potential investors, who should consult their own counsel. Duane Morris also provides legal services to affiliates of our business manager/advisor.

Duane Morris has reviewed the statements in the section in the prospectus titled "Federal Income Tax Considerations" and elsewhere as they relate to federal income tax matters and the statements in the section in the prospectus titled "ERISA Considerations."

EXPERTS

The following financial statements have been included herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing:

- the consolidated balance sheet of Inland Western Retail Real Estate Trust, Inc. as of December 31, 2003 and the related consolidated statements of operations, stockholders' equity and cash flows for the period from March 5, 2003 (inception) through December 31, 2003 and related financial statement schedule,
- the historical summary of gross income and direct operating expenses of Shops at Park Place for the year ended December 31, 2002,
- the combined historical summary of gross income and direct operating expenses of Properties Acquired from Thomas Enterprises for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of CorWest Plaza for the period from May 29, 2003 through December 31, 2003,
- the historical summary of gross income and direct operating expenses of Larkspur Landing for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Darien Towne Center for the year ended December 31, 2002,
- the historical summary of gross income and direct operating expenses of Hickory Ridge for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Metro Square Center (SuperValue) for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of North Ranch Pavilion for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of MacArthur Crossing for the year ended December 31, 2003,

- the historical summary of gross income and direct operating expenses of La Plaza Del Norte for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Promenade at Red Cliff for the year ended December 31,
- the historical summary of gross income and direct operating expenses of Peoria Crossing for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Heritage Towne Crossing for the year ended December 31,

2003

- the historical summary of gross income and direct operating expenses of Dorman Centre for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Paradise Valley Marketplace for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Bluebonnet Parc for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Arvada Marketplace and Connection for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses fo Watauga Pavilion for the period of August 15, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Plaza Santa Fe II for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Huebner Oaks center for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Lakewood Town Center for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Davis Towne Crossing for the period from July 18, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Cranberry Square for the year ended December 31, 2003,
- the historical summary of gross

2003,

- the historical summary of gross income and direct operating expenses of Best on the Boulevard for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of North Rivers Town Center for the period of October 1, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Eastwood Town Center for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Northpointe Plaza for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Pine Ridge Plaza for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of John's Creek Village for the period from September 21, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Fullerton Metrocenter for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Northgate North for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Gateway Plaza Shopping Center for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expensse of Forks Town Center for the year ended December 31, 2003,
- the historical summary of gross

income and direct operating expenses of Safeway Plaza at Marysville for the year ended December 31, 2003,

- the combined historical summary of gross income and direct operating expenses of the Properties owned by Capital Centre, LLC, Gateway Village Limited Partnership, Bel Air Square Joint Venture, Towson Circle Joint Venture LLP, and Reisterstown Plaza Holdings, LLC for the year ended December 31, 2003,
- the historical summary of gross income and direct operating epenses of Manchester Meadows for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Mitchell Ranch Plaza for the period from June 30, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Saucon Valley Square for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Azalea Square for the period from July 4, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Denton Crossing for the period from August 11, 2003 (commencement of operations) to December 31, 2003,

income and direct operating expenses of The Shops at Boardwalk for the period from May 30, 2003 (commencement of operations) to December 31, 2003,

- the historical summary of gross income and direct operating expenses of Governor's Marketplace for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of The Columns for the period from October 8, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Lincoln Park for the year ended December 31, 2003,
- the combined historical summary of gross income and direct operating expenses of The Properties Acquired from Bayer Properties, Inc. for the year ended December 31, 2003,
- the combined historical summary of gross income and direct operating expenses of The Properties Acquired from Donahue Schriber for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Winchester Commons for the year ended December 31, 2003,

- the historical summary of gross income and direct operating expenses of Gurnee Town Center for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expenses of Mansfield Town Center for the period from July 23, 2003 (commencement of operations) to
- the historical summary of gross income and direct operating expenses of Fox Creek Village for the period from November 12, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Northwoods Center for the year ended December 31, 2003,

December 31, 2003,

- the historical summary of gross income and direct operating expenses of Gateway Pavilions for the period from February 15, 2003 (commencement of operations) to December 31, 2003,
- the historical summary of gross income and direct operating expenses of Southlake Town Square for the year ended December 31, 2003,
- the historical summary of gross income and direct operating expensse of Oswego Commons for th year ended December 31, 2003,
- and the combined historical summary of gross income and direct operating expenses of The Properties Acquired from Eastern Retail Holdings, L.P. for the year ended December 31, 2003.

WHERE YOU CAN FIND MORE INFORMATION

We are filing this registration statement on Form S-11 with the Securities and Exchange Commission in connection with our initial public offering. We are required to file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission.

This prospectus is part of the registration statement and does not contain all of the information included in the registration statement and all of its exhibits, certificates and schedules. Whenever a reference is made in this prospectus to any contract or other document of ours, the reference may not be complete and you should refer to the exhibits that are a part of the registration statement for a copy of the contract or document.

You can read our registration statement and our future SEC filings over the Internet at www.sec.gov. You may also read and copy any document we file with the SEC at its Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549.

You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1 800 SEC-0330 or e-mail at publicinfo@sec.gov for further information on the operation of the public reference facilities.

INDEX TO FINANCIAL STATEMENTS

1. INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.:

(a) Report of Independent Registered Public Accounting Firm

(b) Consolidated Balance Sheet at December 31, 2003 (audited)

(c) Consolidated Statement of Operations for the period from March 5, 2003 (inception) through December 31, 2003 (audited)

(d) Consolidated Statement of Stockholders' Equity for the period from March 5, 2003 (inception) December 31, 2003 (audited)

(e) Consolidated Statement of Cash Flows for the period from March 5, 2003 (inception) to Decembe 31, 2003 (audited)

(f) Notes to Consolidated Financial Statements (audited)

(g) Consolidated Balance Sheets at September 30, 2004 (unaudited) and December 31, 2003 (audited)

(h) Consolidated Statements of Operations for the three and nine months ended September 30, 2004, three months ended September 30, 2003, and the period from March 5, 2003 (inception) through September 30, 2003 (unaudited)

(i) Consolidated Statement of Stockholders' Equity for the nine month period ended September 30, 2004 (unaudited)

(j) Consolidated Statements of Cash Flows for nine months ended September 30, 2004, and the perio from March 5, 2003 (inception) to September 30, 2003 (unaudited)

(k) Notes to Consolidated Financial Statements (unaudited)

(l) Pro Forma Consolidated Balance Sheet (unaudited) at September 30, 2004

(m) Notes to Pro Forma Consolidated Balance Sheet (unaudited) at September 30, 2004

(n) Pro Forma Consolidated Statement of Operations (unaudited) for the nine months ended Septembe 30, 2004

(o) Notes to Pro Forma Consolidated Statement of Operations (unaudited) for the nine months ended September 30, 2004

(p) Pro Forma Consolidated Statements of Operations (unaudited) for the year ended December 31, 2

(q) Notes to Pro Forma Consolidated Statements of Operations (unaudited) for the year ended Decem 31, 2003

2. SHOPS AT PARK PLACE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2002 and the nine months ended September 30, 2003 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2002 and the nine months ended September 30, 2003 (unaudited)

3. DARIEN TOWN CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2002

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2002

4. PROPERTIES ACQUIRED FROM THOMAS ENTERPRISES IN 2003:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for th year ended December 31, 2003

5. STONY CREEK MARKETPLACE:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 (unaudited)

6. HICKORY RIDGE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 (unaudited)

7. CORWEST PLAZA:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from May 29, 2003 through December 31, 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from May 29, 2003 through December 31, 2003

8. METRO SQUARE CENTER (SUPERVALUE):

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003

9. LARKSPUR LANDING:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003

10. NORTH RANCH PAVILION:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003

11. LA PLAZA DEL NORTE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003

12. MACARTHUR CROSSING:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003

13. PROMENADE AT RED CLIFF:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 (unaudited)

14. PEORIA CROSSING:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en
December 31, 2003

15. DORMAN CENTRE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December
2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en
December 31, 2003

16. HERITAGE TOWNE CROSSING:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December
2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en
December 31, 2003

17. PARADISE VALLEY MARKETPLACE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December
2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en
December 31, 2003 and the three months ended March 31, 2004 (unaudited)

18. BEST ON THE BOULEVARD:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December
2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en
December 31, 2003 and the three months ended March 31, 2004 (unaudited)

19. BLUEBONNET PARC:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December
2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en
December 31, 2003 and the three months ended March 31, 2004 (unaudited)

20. NORTH RIVERS TOWN CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period of October 1, 2003 (commencement of operations) to December 31, 2003 and the three months ended March 31, (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period October 1, 2003 (commencement of operations) to December 31, 2003 and the three months ended March 31, 2004 (unaudited)

21. ARVADA MARKETPLACE AND CONNECTION:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the three months ended March 31, 2004 (unaudited)

22. EASTWOOD TOWNE CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the three months ended March 31, 2004 (unaudited)

23. WATAUGA PAVILION:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period of August 15, 2003 (commencement of operations) to December 31, 2003 and the three months ended March 31, (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period August 15, 2003 (commencement of operations) to December 31, 2003 and the three months ended March 31, 2004 (unaudited)

24. NORTHPOINTE PLAZA:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the three months ended March 31, 2004 (unaudited)

25. PLAZA SANTA FE II:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the three months ended March 31, 2004 (unaudited)

26. PINE RIDGE PLAZA:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the three months ended March 31, 2004 (unaudited)

27. HUEBNER OAKS CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the three months ended March 31, 2004 (unaudited)

28. JOHN'S CREEK VILLAGE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from Septembe 21, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the period from September 21, 2003 (commencement of operations) to December 31, 2003 and the six months ende June 30, 2004 (unaudited)

29. LAKEWOOD TOWN CENTER

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

30. FULLERTON METROCENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

31. DAVIS TOWNE CROSSING:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from July 18, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 200 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the period from July 18, 2003 (commencement of operations) to December 31, 2003 and the six months ended Jun 30, 2004 (unaudited)

32. NORTHGATE NORTH:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

33. CRANBERRY SQUARE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

34. GATEWAY PLAZA SHOPPING CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

35. SAFEWAY PLAZA AT MARYSVILLE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

36. FORKS TOWN CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

37. CAPITAL CENTRE, LLC, GATEWAY VILLAGE LIMITED PARTNERSHIP, BEL AIR SQUARE JOINT VENTURE, TOWSO CIRCLE JOINT VENTURE LLP AND REISTERSTOWN PLAZA HOLDINGS, LLC:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for th year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

38. THE SHOPS AT BOARDWALK:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from May 30, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 200 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from May 30, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

39. MANCHESTER MEADOWS:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the six months ended June 30, 2004 (unaudited)

40. GOVERNOR'S MARKETPLACE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the six months ended June 30, 2004 (unaudited)

41. MITCHELL RANCH PLAZA:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from June 30, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 200 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from June 30, 2003 (commencement of operations) to December 31, 2003 and the six months ende June 30, 2004 (unaudited)

42. THE COLUMNS:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from October 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 200 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from October 8, 2003 (commencement of operations) to December 31, 2003 and the six months en June 30, 2004 (unaudited)

43. SAUCON VALLEY SQUARE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the six months ended June 30, 2004 (unaudited)

44. LINCOLN PARK:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the six months ended June 30, 2004 (unaudited)

45. SHOPPES AT PROMINENCE POINT:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from March 1, 2004 (commencement of operations) to June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period

from March 1, 2004 (commencement of operations) to June 30, 2004 (unaudited)

46. LOW COUNTRY VILLAGE:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from February 2004 (commencement of operations) to June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from February 1, 2004 (commencement of operations) to June 30, 2004 (unaudited)

47. SHOPPES AT DALLAS:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from March 1, 2004 (commencement of operations) to June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from March 1, 2004 (commencement of operations) to June 30, 2004 (unaudited)

48. DORMAN CENTRE - PHASE II:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from March 15 2004 (commencement of operations) to June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from March 15, 2004 (commencement of operations) to June 30, 2004 (unaudited)

49. VILLAGE SHOPPES AT SIMONTON:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from May 1, 2 (commencement of operations) to June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from May 1, 2004 (commencement of operations) to June 30, 2004 (unaudited)

50. HARVEST TOWN CENTER:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the six months ended June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the six months ended June 30, 2004 (unaudited)

51. BED, BATH & Beyond Plaza:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from March 3, 2004 (commencement of operations) to June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from March 3, 2004 (commencement of operations) to June 30, 2004 (unaudited)

52. AZALEA SQUARE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from July 4,

2004 (commencement of operations) to December 31, 2003 and the nine months ended September 3
2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period
from July 4, 2003 (commencement of operations) to December 31, 2003 and the nine months ende
September 30, 2004 (unaudited)

53. THE PROPERTIES ACQUIRED FROM BAYER PROPERTIES, INC.:

(a) Independent Auditor's Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended
December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for th
year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

54. DENTON TOWN CROSSING:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from August 1
2003 to December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period
from August 11, 2003 to December 31, 2003 and the nine months ended September 30, 2004
(unaudited)

55. THE PROPERTIES ACQUIRED FROM DONAHUE SCHRIBER:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended
December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for th
year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

56. GURNEE TOWN CENTRE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December
2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en
December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

57. WINCHESTER COMMONS:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December

2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

58. MANSFIELD TOWNE CENTRE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from July 23, 2003 (commencement of operations) to December 31, 2003 and the nine months ended September 3 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from July 23, 2003 (commencement of operations) to December 31, 2003 and the nine months end September 30, 2004 (unaudited)

59. FOX CREEK VILLAGE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from November 12, 2003 (commencement of operations) to December 31, 2003 and the nine months ended Septemb 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from November 12, 2003 to December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

60. GATEWAY PAVILION:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

61. NORTHWOODS SHOPPING CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

62. OSWEGO COMMONS:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

63. LAKE MARY POINTE:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December

31, 2003 and the nine months ended September 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

64. PUBLIX CENTER - MT. PLEASANT:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from April 18 2004 (commencement of operations) to September 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from April 18, 2004 (commencement of operations) to September 30, 2004 (unaudited)

65. FIVE FORKS:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the nine months ended September 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

66. GATEWAY STATION:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from June 21, 2004 (commencement of operations) to September 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from June 21, 2004 (commencement of operations) to September 30, 2004 (unaudited)

67. SHOPS AT FOREST COMMONS:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the nine months ended September 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

68. SOUTHLAKE TOWN SQUARE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year en
December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

69. THE PROPERTIES ACQUIRED FROM EASTERN RETAIL HOLDINGS, LP:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended
December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for th
year ended December 31, 2003 and the nine months ended September 30, 2004

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Inland Western Retail Real Estate Trust, Inc.:

We have audited the consolidated financial statements of Inland Western Retail Real Estate Trust, Inc. (the Company) as listed in the accompanying index. In connection with our audit of the consolidated financial statements, we also have audited the financial statement schedule as listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Inland Western Retail Real Estate Trust, Inc. as of December 31, 2003 and the results of their operations and their cash flows for the period from March 5, 2003 (inception) to December 31, 2003, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

Chicago, Illinois
February 13, 2004

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

Consolidated Balance Sheet

December 31, 2003

ASSETS

Investment properties:	
Land	$ 36,280,244
Building and other improvements	86,439,670
	122,719,914
Less accumulated depreciation	(140,497)
Net investment properties	122,579,417
Cash and cash equivalents	64,381,134
Accounts and rents receivable	1,147,551
Due from affiliates	918,750
Note receivable	7,552,155
Acquired in-place lease intangibles (net of accumulated amortization of $51,773)	8,753,908
Acquired above market lease intangibles (net of accumulated amortization of $5,227)	1,590,446
Loan fees (net of accumulated amortization of $24,835)	1,434,160
Other assets	3,744,642
Total assets	$ 212,102,163

See accompanying notes to consolidated financial statements.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

Consolidated Balance Sheet
(continued)

December 31, 2003

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	
Accounts payable	$ 505,448
Accrued offering costs due to affiliates	1,369,366
Accrued real estate taxes	1,392,069
Distributions payable	927,539

Security deposits	108,189
Mortgages payable	29,627,000
Line of credit	5,000,000
Prepaid rental and recovery income	104,756
Advances from sponsor	1,202,519
Acquired below market lease intangibles (net of accumulated amortization of $15,386)	5,910,413
Other liabilities	71,927
Due to affiliates	2,154,158
Total liabilities	48,373,384
Stockholders' equity:	
Preferred stock, $.001 par value, 10,000,000 shares authorized, none outstanding	-
Common stock, $.001 par value, 250,000,000 shares authorized, 18,737,141 shares issued and outstanding	18,737
Additional paid in capital (net of offering costs of $22,144,814 of which $1,369,366 was paid or accrued to affiliates)	165,168,650
Accumulated distributions in excess of net loss	(1,458,608)
Total stockholders' equity	163,728,779
Commitments and contingencies (Note 11)	
Total liabilities and stockholders' equity	$ 212,102,163

See accompanying notes to consolidated financial statements.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

Consolidated Statement of Operations

For the period from March 5, 2003 (inception) through December 31, 2003

Income:	
Rental income	$ 606,645
Real estate tax recovery income	95,654
Common area costs recovery income	42,334
Interest income	37,648
Total income	782,281
Expenses:	
Professional services	88,058
General and administrative expenses to affiliates	104,259
General and administrative expenses to non-affiliates	127,896

Property operating expenses to affiliates	16,627
Property operating expenses to non-affiliates	30,963
Real estate tax	95,654
Interest	135,735
Depreciation	140,497
Amortization	76,608
Acquisition cost expenses to affiliates	7,563
Acquisition cost expenses to non-affiliates	131,700
Total expenses	955,560
Net loss	$ (173,279)
Net loss per common share, basic and diluted	$ (.07)
Weighted average number of common shares outstanding, basic and diluted	2,520,986

See accompanying notes to consolidated financial statements

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

Consolidated Statement of Stockholders' Equity

For the period from March 5, 2003 (inception) to December 31, 2003

	NUMBER OF SHARES	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL
Balance at March 5, 2003 (inception)	-	-	-
Net loss	-	-	-
Distributions declared ($.15 per weighted average number of common shares outstanding)	-	-	-
Proceeds from offering	18,718,092	18,718	187,127,565
Offering costs		-	(22,144,814)
Proceeds from DRP	19,049	19	180,949
Common stock option expense	-	-	4,950
Balance at December 31, 2003	18,737,141	$ 18,737	$ 165,168,650

See accompanying notes to consolidated financial statements.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

STATEMENT OF CASH FLOWS

For the period from March 5, 2003 (inception) through December 31, 2003

Cash flows from operations:	
Net loss	$ (173,279)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	140,497
Amortization	76,608
Amortization on acquired above market leases	5,227
Amortization on acquired below market leases	(15,386)
Stock option expense	4,950
Changes in assets and liabilities:	
Accounts and rents receivable	(1,147,551)
Accrued real estate taxes	1,240,567
Accounts payable	306,996
Prepaid rental and recovery income	104,756
Other liabilities	71,927
Security deposits	108,189
Net cash flows provided by operating activities	723,501
Cash flows from investing activities:	
Purchase of investment properties	(122,719,914)
Acquired above market leases	(1,595,673)
Acquired in place lease intangibles	(8,805,681)
Acquired below market leases	5,925,799
Other assets	(830,697)
Funding of note receivable	(7,552,155)
Due to affiliates	2,154,158
Net cash flows used in investing activities	(133,424,163)
Cash flows from financing activities:	
Proceeds from offering	187,146,283
Proceeds from the DRP	180,968
Payment of offering costs	(20,775,448)
Loan proceeds	29,627,000
Proceeds from unsecured line of credit	5,000,000
Loan fees	(4,022,986)
Distributions paid	(357,790)
Due from affiliates	(918,750)
Advances from sponsor	1,202,519
Net cash flows provided by financing activities	197,081,796

See accompanying notes to financial statements

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

STATEMENT OF CASH FLOWS
(continued)

For the period from March 5, 2003 (inception) through December 31, 2003

Net increase in cash and cash equivalents	$ 64,381,134
Cash and cash equivalents, at beginning of period	-
Cash and cash equivalents, at end of period	$ 64,381,134
Supplement disclosure of cash flow information:	
Cash paid for interest	$ 135,735
Supplement schedule of non-cash financing activities:	
Distributions payable	$ 927,539
Accrued offering costs payable	$ 1,369,366

See accompanying notes to financial statements

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2003
(unaudited)

(1) Organization

Inland Western Retail Real Estate Trust, Inc. (the "Company") was formed on March 5, 2003 to acquire and manage a diversified portfolio of real estate, primarily multi-tenant shopping centers. The Advisory Agreement provides for Inland Western Retail Real Estate Advisory Services, Inc. (the "Advisor"), an Affiliate of the Company, to be the Advisor to the Company. On September 15, 2003, the Company commenced an initial public offering of up to 250,000,000 shares of common stock at $10 each and the issuance of 20,000,000 shares at $9.50 each which may be distributed pursuant to the Company's distribution reinvestment program.

The Company is qualified and has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended, for federal

income tax purposes commencing with the tax year ending December 31, 2003. Since the Company qualifies for taxation as a REIT, the Company generally will not be subject to federal income tax to the extent it distributes at least 90% of its REIT taxable income to its stockholders. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax on its taxable income at regular corporate tax rates. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state and local taxes on its income and property and federal income and excise taxes on its undistributed income.

The Company provides the following programs to facilitate investment in the Company's shares and to provide limited liquidity for stockholders.

The Company allows stockholders who purchase shares in the offering to purchase additional shares from the Company by automatically reinvesting distributions through the distribution reinvestment program ("DRP"), subject to certain share ownership restrictions. Such purchases under the DRP are not be subject to selling commissions or the marketing contribution and due diligence expense allowance, and are made at a price of $9.50 per share.

The Company will repurchase shares under the share repurchase program ("SRP"), if requested, at least once quarterly on a first-come, first-served basis, subject to certain restrictions. Subject to funds being available, the Company will limit the number of shares repurchased during any calendar year to 5% of the weighted average number of shares outstanding during the prior calendar year. Funding for the SRP will come exclusively from proceeds that the Company receives from the sale of shares under the DRP and such other operating funds, if any, as the Company's board of directors, at its sole discretion, may reserve for this purpose. The board, at its sole discretion, may choose to terminate the share repurchase program after the end of the offering period, or reduce the number of shares purchased under the program, if it determines that the funds allocated to the SRP are needed for other purposes, such as the acquisition, maintenance or repair of properties, or for use in making a declared distribution. A determination by the board to eliminate or reduce the share repurchase program will require the unanimous affirmative vote of the independent directors. As of December 31, 2003, no shares have been repurchased by the Company.

The accompanying Consolidated Financial Statements include the accounts of the Company, as well as all wholly owned subsidiaries. Wholly owned subsidiaries generally consist of limited liability companies ("LLC's"). The effects of all significant intercompany transactions have been eliminated.

(2) Summary of Significant Accounting Policies

The preparation of the financial statements in conformity with accounting principles generally accepted in the United State of America ("GAAP") requires management of the Company to make estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results

could differ from those estimates.

Highly liquid investments with a maturity of three months or less when purchased are classified as cash equivalents.

Costs associated with the offering are deferred and charged against the gross proceeds of the offering upon closing. Formation and organizational costs are expensed as incurred. As of December 31, 2003, $7,500 of organizational costs were expensed.

The Company applies the fair value method of accounting as prescribed by SFAS No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION for its stock options granted. Under this method, the Company will report the value of granted options as a charge against earnings ratably over the vesting period.

Real estate acquisitions are recorded at costs less accumulated depreciation. Ordinary repairs and maintenance are expensed as incurred.

Depreciation expense is computed using the straight line method. Building and improvements are depreciated based upon estimated useful lives of 30 years for building and improvements and 15 years for site improvements.

The Company performed an impairment analysis for its long-lived assets in accordance with Statement of Financial Accounting Standards No. 144 ("SFAS 144") to ensure that the investment property's carrying value does not exceed its fair value. The valuation analysis performed by the Company was based upon many factors which require difficult, complex or subjective judgments to be made. Such assumptions include projecting vacancy rates, rental rates, operating expenses, lease terms, tenant financial strength, economy, demographics, property location, capital expenditures and sales value among other assumptions to be made upon valuing each property. This valuation is sensitive to the actual results of any of these uncertain factors, either individually or taken as a whole. Based upon the Company's judgment, no impairment was warranted as of December 31, 2003.

Tenant improvements are amortized on a straight line basis over the life of the related lease as a component of amortization expense.

Leasing fees are amortized on a straight-line basis over the life of the related lease.

Loan fees are amortized on a straight-line basis over the life of the related loans.

The Company allocates the purchase price of the each acquired investment property between land, building and improvements, acquired above market and below market leases, in-place lease value, customer relationship value, and any assumed financing that is determined to be above or below market terms. The allocation of the purchase price is an area that requires judgment and significant estimates. The Company uses the information contained in the independent appraisal obtained at acquisition as the primary basis for the

allocation to land and building and improvements. The aggregate value of intangibles is measured based on the difference between the stated price and the property value as if vacant. The Company determines whether any financing assumed is above or below market based upon comparison to similar financing terms for similar investment properties. The Company also allocates a portion of the purchase price to the estimated acquired in-place lease costs based on estimated lease execution costs for similar leases and we consider various factors including geographic location and size of leased space. The Company also evaluates each acquired lease based upon current market rates at the acquisition date and we consider various factors including geographical location, size and location of leased space within the investment property, tenant profile, and the credit risk of the tenant in determining whether the acquired lease is above or below market lease costs. After an acquired lease is determined to be above or below market lease costs, the Company allocates a portion of the purchase price to such above or below acquired lease costs based upon the present value of the difference between the contractual lease rate and the estimated market rate. The determination of the discount rate used in the present value calculation is based upon the "risk free rate." This discount rate is a significant factor in determining the market valuation which requires our judgment of subjective factors such as market knowledge, economic, demographics, location, visibility, location, age and physical condition of the property.

The application of SFAS 141 and SFAS 142 resulted in the recognition upon acquisition of additional intangible assets and liabilities relating to the 2003 real estate acquisitions. The portion of the purchase price allocated to acquired above market lease costs and acquired below market lease costs are amortized on a straight line basis over the life of the related lease as an adjustment to rental income. Amortization pertaining to the above market lease costs of $5,227 was applied as a reduction to rental income for the period from March 5, 2003 (inception) to December 31, 2003. Amortization pertaining to the below market lease costs of $15,386 was applied as an increase to rental income for the period from March 5, 2003 (inception) to December 31, 2003. The table below presents the amortization during the next five years related to the acquired above market lease costs and the below market lease costs for properties owned at December 31, 2003:

Amortization of:	2004	2005	2006	2007	2008	T
Acquired above market lease costs	(431,185)	(431,185)	(429,043)	(37,016)	(37,016)	
Acquired below market lease costs	582,355	582,355	582,355	561,053	531,230	
Net rental income increase / (decrease)	151,170	151,170	153,312	524,037	494,214	
Acquired in place lease intangibles	963,821	963,821	963,821	963,821	963,821	

The portion of the purchase price allocated to acquired in-place lease intangibles are amortized on a straight line basis over the life of the related lease. We incurred amortization expense pertaining to acquired in-place lease intangibles of $51,773 for the period from March 5, 2003 (inception) to December 31, 2003.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

December 31, 2003

Rental income is recognized on a straight-line basis over the term of each lease. The difference between rental income earned on a straight-line basis and the cash rent due under the provisions of the lease agreements is recorded as deferred rent receivable and is included as a component of accounts and rents receivable in the accompanying consolidated balance sheets.

The carrying amount of the Company's debt approximates fair value. The carrying amount of the Company's other financial instruments approximate fair value because of the relatively short maturity of these instruments.

Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements" ("SAB 101"), determined that a lessor should defer recognition of contingent rental income (i.e. percentage/excess rent) until the specified target (i.e. breakpoint) that triggers the contingent rental income is achieved. The Company records percentage rental revenue in accordance with the SAB 101.

(3) Transactions with Affiliates

The Advisor contributed $200,000 to the capital of the Company for which it received 20,000 shares of common stock.

As of December 31, 2003, the Company had incurred $22,144,814 of offering costs. Pursuant to the terms of the offering, the Advisor has guaranteed payment of all public offering expenses (excluding sales commissions and the marketing contribution and the due diligence expense allowance) in excess of 5.5% of the gross proceeds of the offering or all organization and offering expenses (including selling commissions) which together exceed 15% of gross proceeds. As of December 31, 2003, offering costs did not exceed the 5.5% and 15% limitations. The Company anticipates that these costs will not exceed these limitations upon completion of the offering.

Certain compensation and fees payable to the Advisor for services to be provided to the Company are limited to maximum amounts.

Nonsubordinated payments:

Offering stage:		
	Selling commissions	7.5% of the sale price for each share
	Marketing contribution and due diligence allowance	3.0% of the gross offering proceeds
	Reimbursable expenses and other expenses of issuance	We will reimburse our sponsor for actual costs incurred, behalf, in connection with the offering
Acquisition stage:		
	Acquisition expenses	We will reimburse an affiliate of our Advisor for costs

on our behalf, in connection with the acquisition of pro

Operational stage:		
	Property management fee THIS FEE TERMINATES UPON A BUSINESS COMBINATION WITH THE PROPERTY MANAGEMENT COMPANY.	4.5% of the gross income from the properties. (cannot exceed 90% of the fee which would be payable to an unrelated third party)
	Loan servicing fee	.03% of the total principal amount of the loans being serviced For each full year, up to the first $100 million and a lesser percentage on a sliding scale thereafter
	Other property level services	Compensation for these services will not exceed 90% of that which would be paid to any third party for such services
	Reimbursable expenses relating to administrative services	The compensation and reimbursements to our Advisor and its affiliates will be approved by a majority of our directors
Liquidation stage:		
	Property disposition fee THIS FEE TERMINATES UPON A BUSINESS COMBINATION WITH THE ADVISOR	Lesser of 3% of sales price or 50% of the customary commission which would be paid to a third party
Subordinated payments:		
Operational stage:		
	Advisor asset management fee THIS FEE TERMINATES UPON A BUSINESS COMBINATION WITH THE ADVISOR	Not more than 1% per annum of our average assets; Subordinated to a non-cumulative, non-compounded return, equal to 6% per annum
Liquidation stage:		
	Incentive advisory fee THIS FEE TERMINATES UPON A BUSINESS COMBINATION WITH THE ADVISOR	After the stockholders have first received a 10% cumulat non-compounded return per year and a return of their net an incentive advisory fee equal to 15% on net proceeds from the sale of a property will be paid to the Advisor

On October 31, 2003, the Company acquired an existing shopping center known as

The Shops at Park Place through the purchase of all of the membership interests of the general partner and the membership interests of the limited partner of the limited partnership holding title to this property. The center contains approximately 116,300 gross leasable square feet and is located in Plano, Texas. An affiliate of our Advisor, Inland Park Place Limited Partnership, acquired this property on September 30, 2003 from CDG Park Place LLC, an unaffiliated third party for $23,868,000. Inland Park Place Limited Partnership agreed to sell this property to the Company when sufficient funds from the sale of shares to acquire

this property were raised. Inland Park Place Limited Partnership agreed to sell this property to the Company for the price the affiliate paid to the unaffiliated third party, plus any actual costs incurred. The Company's board of directors unanimously approved acquiring this property, including a unanimous vote of the independent directors. The total acquisition cost to the Company was $24,000,000, which included $132,000 of costs incurred by the affiliate.

The Advisor and its affiliates are entitled to reimbursement for salaries and expenses of employees of the Advisor and its affiliates relating to the offering. In addition, an affiliate of the Advisor is entitled to receive selling commissions, and the marketing contribution and due diligence expense allowance from the Company in connection with the offering. Such costs are offset against the Stockholders' equity accounts. Such costs totaled $16,859,779 for the period from March 5, 2003 (inception) to December 31, 2003, of which $1,369,366 was unpaid at December 31, 2003.

The Advisor and its affiliates are entitled to reimbursement for general and administrative costs of the Advisor and its affiliates relating to our administration. Such costs are included in general and administrative expenses to affiliates, professional services to affiliates, and acquisition cost expenses to affiliates, in addition to costs that were capitalized pertaining to property acquisitions. During the period from March 5, 2003 (inception) to December 31, 2003, the Company incurred $194,017 of these costs, of which $40,703 remained unpaid as of December 31, 2003.

An affiliate of the Advisor provides loan servicing to the Company for an annual fee. The agreement allows for annual fees totaling .05% of the first $100,000,000 in mortgage balance outstanding and .03% of the remaining mortgage balance, payable monthly. Such fees totaled $328 in the period from March 5, 2003 (inception) to December 31, 2003.

The Company used the services of an affiliate of the Advisor to facilitate the mortgage financing that the Company obtained on some of the properties purchased. Such costs are capitalized as loan fees and amortized over the respective loan term. During the period from March 5, 2003 (inception) to December 31, 2003, the Company paid loan fees totaling $59,523 to this affiliate.

The property managers, entities owned principally by individuals who are affiliates of the Advisor, are entitled to receive property management fees totaling 4.5% of gross operating income, for management and leasing services.

The Company incurred and paid property management fees of $16,627 for the period from March 5, 2003 (inception) to December 31, 2003. None remained unpaid as of December 31, 2003.

The Company established a discount stock purchase policy for affiliates of the Company and the Advisor that enables the affiliates to purchase shares of common stock at a discount at either $8.95 or $9.50 per share depending when the shares are purchased. The Company sold 59,497 shares to affiliates and recognized an expense related to these discounts of $62,472 for the period from March 5, 2003 (inception) to December 31, 2003.

As of December 31, 2003 the Company was due funds from affiliates in the amount of $918,750 which is comprised of $73,750 due from an affiliate for costs paid on their behalf by the Company and $845,000 which is due from the sponsor for reimbursement of December distributions paid in January by the Company. The sponsor has agreed to advance funds to the Company for distributions paid to our shareholders until funds from operations are adequate to cover the distributions. As of December 31, 2003 the Company owed funds to the sponsor in the amount of $1,202,517 for repayment of these funds.

As of December 31, 2003 the Company owed funds to an affiliate in the amount of $2,154,158 for the reimbursement of costs paid by the affiliate on behalf of the Company.

(3) Stock Option Plan

The Company has adopted an Independent Director Stock Option Plan which, subject to certain conditions, provides for the grant to each independent director of an option to acquire 3,000 shares following their becoming a director and for the grant of additional options to acquire 500 shares on the date of each annual stockholders' meeting. The options for the initial 3,000 shares are exercisable as follows: 1,000 shares on the date of grant and 1,000 shares on each of the first and second anniversaries of the date of grant. The subsequent options will be exercisable on the second anniversary of the date of grant. The initial options will be exercisable at $8.95 per share. The subsequent options will be exercisable at the fair market value of a share on the last business day preceding the annual meeting of stockholders. As of December 31, 2003, we have issued 3,000 options to acquire shares to each of our independent directors, for a total of 15,000 options, of which none have been exercised or expired.

The per share weighted average fair value of options granted was $0.60 on the date of the grant using the Black Scholes option-pricing model with the following assumptions: expected dividend yield of 8%, risk free interest rate of 2.0%, expected life of five years and expected volatility rate of 18.0%. The Company has recorded $3,000 as expense for the 5,000 options (1,000 options per director) vesting upon the date of grant as of December 31, 2003 and will record the remaining $6,000 in expense ratably over the remaining two-year vesting period.

(4) New Accounting Pronouncements

In January 2003, FASB ISSUED INTERPRETATION 46, Consolidation of Variable Interest Entities or Interpretation 46, which addresses the consolidation of certain entities in which a company has a controlling financial interest through means other than voting rights. This interpretation was revised in December 2003. For calendar year companies, Interpretation 46 contains an effective date of December 31, 2003 for special purpose entities and periods ending after March 15, 2004 for all other entities. The Company does not own interests in special purpose entities and management does not believe that the adoption of Interpretation 46 will have a material impact on the Company's financial statements.

On May 15, 2003, the Financial Accounting Standards Board issued Statement No. 150, ACCOUNTING FOR CERTAIN FINANCIAL INSTRUMENTS WITH CHARACTERISTICS OF BOTH LIABILITIES AND EQUITY. The Statement requires issuers to classify as liabilities (or assets in some circumstances) three classes of freestanding financial instruments that embody obligations for the issuer. Generally, the Statement is effective for financial instruments entered into or modified after May 31, 2003 and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003. The Company adopted the provisions of the Statement on July 1, 2003.

The Company did not enter into any financial instruments within the scope of the Statement during the period from March 5, 2003 (inception) to December 31, 2003. To the extent stockholders request shares to be repurchased by the Company under the Share Repurchase Program, the Company's obligation to repurchase such shares will be classified as a liability at the redemption amount at the date documentation is complete and accepted by the Company in accordance with the plan documents.

(5) Leases

Minimum lease payments to be received in the future under operating leases, assuming no expiring leases are renewed, are as follows:

	Minimum Lease Payments
2004	$ 10,053,640
2005	9,758,805
2006	9,684,354
2007	9,273,557
2008	9,033,324
Thereafter	78,836,462
Total	$ 126,640,142

The remaining lease terms range from one year to 56 years. Pursuant to the lease agreements, tenants of the property are required to reimburse the Company for some or all of their pro rata share of the real estate taxes, operating expenses and management fees of the properties. Such amounts are included in additional rental income.

(6) Note Receivable

The note receivable balance of $7,552,155 as of December 31 2003 consists of an installment note from Fourth Quarter Properties XIV, LLC (Fourth) that matures on January 15, 2004. This installment note is secured by a 49% interest in Fourth, which owns the remaining portion of the Newnan Crossing shopping center and is also guaranteed personally by the owner of Fourth. Interest only at a rate of 7.6192% per annum is due on the note.

The installment note was advanced to Fourth in contemplation of the Company purchasing the remaining portions of Newnan Crossing. The Company did not call the note on January 15, 2004 and subsequently purchased the property on February 13, 2004 at which time the note was paid in full by Fourth.

(7) Mortgages Payable

Mortgages payable consist of the following at December 31, 2003:

FIXED RATE MORTGAGES PAYABLE	INTEREST RATE AT	MATURITY DATE	BALANCE AT DECEMBER 31, 2003
Property as collateral:			
Darien Commons	4.65%	06/01/10	$ 16,500,000
Park Place	4.71%	11/01/08	13,127,000
Total Fixed Rate Mortgages Payable			$ 29,627,000

The following table shows the mortgage debt maturing during the next five years as of December 31, 2003.

2004	$ -
2005	-
2006	-
2007	-

2008	13,127,000
Thereafter	16,500,000
	$ 29,627,000

All of the Company's mortgage loans require monthly payments of interest only. The fixed-rate loans may be prepaid with a penalty after specific lockout periods.

On February 9, 2004, the Company entered into a rate lock agreement with Bear Stearns and paid a rate lock deposit of $1,200,000 to lock the interest rate at 4.372% for a period of 90 days on $60,000,000. The rate lock was entered into to secure the interest rate on mortgage debt to be identified as debt is placed on properties the Company currently owns or will acquire in the future.

(8) Line of Credit

On December 24, 2003, the Company entered into a $150,000,000 unsecured line of credit arrangement with KeyBank N.A. for a period of one year. The funds from this line of credit will be used to provide liquidity from the time a property is purchased until permanent debt is place on the property. The Company is required to pay interest only on the outstanding balance from time to time under the line at the rate equal to LIBOR plus 175 basis points. The Company is also required to pay, on a quarterly basis, an amount ranging from .15% to .30%, per annum, on the average daily undrawn funds remaining under this line. The line of credit requires compliance with certain covenants, such as debt service rations, minimum net worth requirements, distribution limitations and investment restrictions. As of December 31, 2003, the Company was in compliance with such covenants. In connection with obtaining this line of credit, the Company paid fees in an amount totaling approximately $1,044,000 (which includes a .65% commitment fee). The outstanding balance on the line of credit was $5,000,000 as of December 31, 2003 with an effective interest rate of 2.9375% per annum.

(9) Segment Reporting

The Company owns and seeks to acquire multi-tenant shopping centers primarily in the western United States. All of the Company's shopping centers are currently located in Connecticut, Georgia, Illinois, Indiana, North Carolina, Oklahoma, and Texas. The Company's shopping centers are typically anchored by grocery and drugstores complemented with additional stores providing a wide range of other goods and services to shoppers.

The Company assesses and measures operating results on an individual property basis for each of its properties based on net property operations. Since all of the Company's properties exhibit highly similar economic characteristics, cater to the day-to-day living needs of their respective surrounding communities, and offer similar degrees of risk and opportunities for growth, the properties have been aggregated and reported as one operating segment.

Net property operations are summarized in the following table for the period from March 5, 2003 (inception) to December 31, 2003, and a reconciliation to net loss.

Property rental and additional rental income	$ 744,633
Total property operating expenses	(143,244)
Mortgage interest	(132,471)
Net property operations	468,918
Interest income	37,648
Less non-property expenses:	
Professional services	(88,058)
General and administrative expenses	(235,419)
Acquisition cost expenses	(139,263)
Depreciation and amortization	(217,105)
Net loss	$ (173,279)

The following table summarizes property asset information as of December 31, 2003.

Total assets:	
Shopping centers	$ 142,804,128
Non-segment assets	69,298,035
	$ 212,102,163

The Company does not derive any of it's consolidated revenue from foreign countries and does not have any major customer that individually account for 10% or more of the Company's consolidated revenues

(10) Earnings (loss) per Share

Basic and diluted earnings (loss) per share ("EPS") is computed by dividing income by the weighted average number of common shares outstanding for the

period (the "common shares"). As a result of the net loss incurred in 2003, diluted weighted average shares outstanding do not give effect to common stock equivalents as to do so would be anti-dilutive.

The basic and diluted weighted average number of common shares outstanding were 2,520,986 for the period from March 5, 2003 (inception) to December 31, 2003.

(11) Commitments and Contingencies

On December 10, 2003, in connection with the purchase of Stony Creek Market Place, the Company entered into an earnout agreement with the seller of the property. The earnout agreement stipulates that the seller shall retain the right, for a 48 month period after the date of purchase, to purchase the development and leasing rights to a vacant 50,000 square foot padsite included in the purchase of the property. If the seller develops and leases the padsite within the 48 month period, the Company is required to purchase the seller's interest in the leases based on an agreed upon base rent divider stipulated in the purchase and sale agreement. If the base rent divider should fall above or below certain limits, then the seller and purchaser have certain rights to terminate this agreement.

On December 31, 2003, in connection with the purchase of Pavilion at King's Grant, the purchase and sale contract stipulates that if anytime during the period from January 1, 2004 through December 31, 2007 the tenant, Toys R Us located in the shopping center, should increase their base rent up to a maximum amount of $250,000 and no decrease occurs in their requirement to pay for a certain percentage of expenses at the property, then the Company would be obligated to pay the seller additional funds related to the purchase based on a income capitalization formula stipulated in the purchase and sale agreement. After December 31, 2007 the Company is no longer obligated to pay the seller additional funds.

As part of the purchase and sale agreement for Newnan Crossing, the Company is obligated to purchase the remaining portion of the shopping center that is currently under construction (approximately 28,000 square feet to be occupied by Linen's N Things) after construction is complete and the tenant has moved in and is paying rent. The purchase price for this portion of the center will be based on an income capitalization formula.

(12) Subsequent Events

The Company issued 12,698,273 shares of common stock from January 1, 2004 through February 13, 2004 in connection with the offering, resulting in gross proceeds of $126,917,854.

The Company is currently considering acquiring seven properties for an estimated purchase price of $167,000,000. Our decision to acquire each property will generally depend upon no material adverse change occurring relating to the property, the tenants or in the local economic conditions and our receipt of satisfactory due diligence information including appraisals, environmental reports and lease an information prior to purchasing the property.

The Company has signed an application for an addition of $75,000,000 to the line of credit with Key Bank. Fundings under the line of credit will require interest only payments based on the provisions of the existing line of credit with Key Bank. As of February 13, 2004, the Company's outstanding balance owed on the line of credit is $70,000,000.

(A Maryland Corporation)

Notes to Consolidated Financial Statements
(continued)

December 31, 2003

The Company has acquired the following properties during the period January 1 to February 13, 2004. The respective acquisitions are summarized in the table below.

DATE ACQUIRED	PROPERTY	YEAR BUILT	APPROXIMATE PURCHASE PRICE ($)	GROSS LEASABLE AREA (SQ. FT.)	M
01/06/04	CorWest Plaza New Britain, CT	2000/ 2001	33,000,000	115,011	Sto CVS Liq
01/09/04	Hickory Ridge Hickory, NC	1999	41,900,000	310,360	Bes Koh Mar Lin Old Par Sho A.C
01/14/04	Larkspur Landing Larkspur, CA	1978/ 2001	61,100,000	173,814	Bed 24
01/15/04	North Ranch Pavilions Thousand Oaks, CA	1992	18,468,000	62,812	Ban
01/20/04	Metro Square Center Severn, MD	1999	11,031,000	61,817	Sho W
01/21/04	La Plaza Del Norte San Antonia, TX	1996/ 1999	59,100,000	320,362	Bes Bea Ros Off Osh Cos DSW Dav Pet
02/05/04	MacArthur Crossing Los Colinas, TX	1995/ 1996	23,100,000	110,975	Ste
02/13/04	Promenade at Red Cliff St. George, UT	1999/ 1998	19,618,000	94,936	Old Sta Big
02/13/04	Newnan Crossing, Phase II Newnan, GA	1997	22,362,000	153,798	TJ Off Old Mic Par

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

Notes to Consolidated Financial Statements
(continued)

December 31, 2003

The mortgage debt and financings obtained subsequent to December 31, 2003, are detailed in the list below.

DATE FUNDED	MORTGAGE PAYABLE	ANNUAL INTEREST RATE	MATURITY DATE	PRINCI
2/04/04	La Plaza Del Norte San Antonio, TX	4.61%	03/01/10	
1/30/04	Larkspur Landing Larkspur, CA	4.45%	02/01/09	
1/28/04	Shaw's - New Britain (A) New Britain, CT	4.684%	11/01/33	
1/21/04	Hickory Ridge Hickory, NC	4.531%	02/01/09	
1/07/04	Cor West Plaza New Britain, CT	4.56%	02/01/09	
1/05/04	Stony Creek Marketplace Noblesville, IN	4.77%	01/01/11	

(A) In connection with the financing of Shaw's - New Britain on January 28, 2004, the Park Place mortgage debt was modified to be cross-collateralized with the Shaw's - New Britain mortgage debt. All other terms of the Park Place debt generally remained the same.

(13) Supplemental Financial Information (unaudited)

The following represents the results of operations, for the each quarterly period, during 2003.

	2003		
	Dec. 31	Sept. 30	June 30
Total income	$ 782,281	-	
Net loss	(123,235)	(32,794)	(9,7
Net loss, per common share, basic and diluted:	(.01)	(1.64)	(.

Weighted average number of common shares outstanding, basic and diluted	8,319,975	20,000	20,0

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INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A MARYLAND CORPORATION)

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2003

		Initial Costs (A)			Gross amount at which
	Encumbrance	Land	Buildings And Improvements	Adjustments to Basis	Land
Darien Commons	16,500,000	7,000,000	22,468,408	-	7,000,00
Eckerd Drug Store - Edmund	-	975,000	2,400,249	-	975,00
Eckerd Drug Store - Norman	-	932,000	4,369,730	-	932,00
Newnan Crossing	-	4,542,244	12,188,579	-	4,542,24
Park Place	13,127,000	9,096,000	13,174,867	-	9,096,00
Pavilion at King's Grant	-	4,300,000	2,741,212	-	4,300,00
Shaw's Supermarket	-	2,700,000	11,532,191	-	2,700,00
Stony Creek Market Place	-	6,735,000	17,564,434	-	6,735,00
Total:	$ 29,627,000	$ 36,280,244	$ 86,439,670	-	$ 36,280,24

	Accumulated Depreciation (D)	Date Constructed	Date Acquired
Darien Commons	56,280	1994	12/03
Eckerd Drug Store			

- Edmund	-	2003	12/03
Eckerd Drug Store - Norman	-	2003	12/03
Newnan Crossing	84,217	1999	12/03
Park Place	-	2001	10/03
Pavilion at King's Grant	-	2002/2003	12/03
Shaw's Supermarket	-	1995	12/03
Stony Creek Market Place	-	2003	12/03
Total:	$ 140,497		

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

Schedule III (continued)
Real Estate and Accumulated Depreciation

December 31, 2003

Notes:

(A) The initial cost to the Company represents the original purchase price of the property, including amounts incurred subsequent to acquisition which were contemplated at the time the property was acquired.

(B) The aggregate cost of real estate owned at December 31, 2003 for Federal income tax purposes was approximately $127,195,000 (unaudited).

(C) Reconciliation of real estate owned:

Balance at March 5, 2003 (inception)	$ -
Purchases of property	127,195,469
Acquired in-place lease intangibles	(8,805,681)
Acquired above market lease intangibles	(1,595,673)
Acquired below below market lease intangibles	5,925,799
Balance at December 31, 2003	$ 122,719,914

(D) Reconciliation of accumulated depreciation:

Balance at March 5, 2003 (inception)	$ -
Depreciation expense	140,497
Balance at December 31, 2003	$ 140,497

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

CONSOLIDATED BALANCE SHEETS

September 30, 2004 and December 31, 2003
(Dollars in thousands, except per share amounts)

ASSETS

	September 30, 2004 (unaudited)	Dec
Investment properties:		
Land	$ 376,290	$
Building and other improvements	1,614,585	
	1,990,875	
Less accumulated depreciation	(19,441)	
Net investment properties	1,971,434	
Cash and cash equivalents (including cash held by management company of $0 and $239 as of September 30, 2004 and December 31, 2003, respectively)	280,414	
Restricted cash (Note 2)	80,094	
Investment in marketable securities and treasury contracts (Note 2)	1,566	
Investment in unconsolidated joint venture (Note 9)	5,782	
Restricted escrows (Note 2)	67,874	
Accounts and rents receivable (net of allowance of $146 and $0 as of September 30, 2004 and December 31, 2003, respectively)	11,683	
Due from affiliates (Note 3)	1,572	
Notes receivable (Note 6)	28,419	
Acquired in-place lease intangibles (net of accumulated amortization of $5,545 and $52 as of September 30, 2004 and December 31, 2003, respectively)	148,597	
Acquired above market lease intangibles (net of accumulated amortization of $1,852 and $5 as of September 30, 2004 and December 31, 2003, respectively)	37,578	
Loan fees, leasing fees and loan fee deposits (net of accumulated amortization of $1,235 and $25 as of September 30, 2004 and December 31, 2003, respectively)	14,118	
Other assets	23,021	
Total assets	$ 2,672,152	$

See accompanying notes to consolidated financial statements.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

CONSOLIDATED BALANCE SHEETS
(continued)

September 30, 2004 and December 31, 2003
(Dollars in thousands, except per share amounts)

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2004 (unaudited)	Dec
Liabilities:		
Mortgages and notes payable (Note 7)	$ 1,141,248	$
Accounts payable	1,352	
Accrued offering costs due to affiliates	3,502	
Accrued interest payable	2,947	
Tenant improvements payable	3,605	
Accrued real estate taxes	10,529	
Distributions payable	7,187	
Security deposits	2,195	
Line of credit (Note 8)	-	
Prepaid rental income and other liabilities	3,717	
Advances from sponsor (Note 3)	2,869	
Acquired below market lease intangibles (net of accumulated amortization of $2,660 and $15 as of September 30, 2004 and December 31, 2003, respectively)	70,356	
Restricted cash liability (Note 2)	80,094	
Due to affiliates	778	
Total liabilities	1,330,379	
Minority interests	68,783	
Stockholders' equity:		
Preferred stock, $.001 par value, 10,000 shares authorized, none outstanding	-	
Common stock, $.001 par value, 250,000 shares authorized, 146,284 and 18,737 shares issued and outstanding as of September 30, 2004 and December 31, 2003, respectively	146	
Additional paid-in capital (net of offering costs of $159,234 and $22,145 as of September 30, 2004 and December 31, 2003, respectively, of which $119,656 and $16,860 was paid or accrued to affiliates as of September 30, 2004 and December 31, 2003, respectively)	1,304,817	
Accumulated distributions in excess of net income(loss)	(32,177)	
Accumulated other comprehensive income	204	

Total stockholders' equity	1,272,990	
Commitments and contingencies (Note 12)		
Total liabilities and stockholders' equity	$ 2,672,152	$

See accompanying notes to consolidated financial statements.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

CONSOLIDATED STATEMENTS OF OPERATIONS

For the three and nine months ended September 30, 2004, three months ended September 30, 2003 and the period from March 5, 2003 (inception) through September 30, 2003
(Dollars in thousands, except per share amounts)
(unaudited)

	Three months ended September 30, 2004	Three months ended September 30, 2003	Nine months ended September 30, 2004	Period fro March 5, 20 (inception through September 3 2003
Revenues:				
Rental income	$ 33,519	$ -	$ 56,405	$
Tenant recovery income	7,002	-	12,802	
Other property income	265	-	560	
Total revenues	40,786	-	69,767	
Expenses:				
General and administrative expenses to affiliates	449	12	1,304	
General and administrative expenses to non-affiliates	539	21	1,540	
Property operating expenses to affiliates	1,693	-	2,848	
Property operating expenses to non-affiliates	4,116	-	6,612	
Real estate taxes	4,495	-	7,509	
Depreciation and amortization	15,575	-	26,003	
Total expenses	26,867	33	45,816	
Operating income (loss)	$ 13,919	$ (33)	$ 23,951	$ (

Other income	1,413	-	1,886	
Interest expense	(10,954)	-	(17,964)	
Realized loss on sale of treasury contracts	(2,004)	-	(3,352)	
Minority interests	(107)	-	(107)	
Net income (loss)	$ 2,267	$ (33)	$ 4,414	$ (

See accompanying notes to consolidated financial statements.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

CONSOLIDATED STATEMENTS OF OPERATIONS

For the three and nine months ended September 30, 2004, three months ended September 30, 2003 and the period from March 5, 2003 (inception) through September 30, 2003

(Dollars in thousands, except per share amounts)
(unaudited)

	Three months ended September 30, 2004	Three months ended September 30, 2003	Nine months ended September 30, 2004	Period fro March 5, 20 (inception through September 3 2003
Other comprehensive income:				
Unrealized gain on investment securities	157	-	204	
Comprehensive income (loss)	$ 2,424	$ (33)	$ 4,618	$ (
Net income(loss) per common share, basic and diluted	$ .02	$ (1.65)	$ .06	$ (2.
Weighted average number of common shares outstanding, basic and diluted	112,887	20	70,052	

See accompanying notes to consolidated financial statements

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the nine month period ended September 30, 2004
(Dollars in thousands, except per share amounts)
(unaudited)

	NUMBER OF SHARES	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULAT DISTRIBUTI IN EXCESS NET INCO (LOSS)
Balance at December 31, 2003	18,737	$ 19	$ 165,169	$ (1,
Net income	-	-	-	4,
Unrealized gain on investment securities	-	-	-	
Distributions declared	-	-	-	(35,
Proceeds from offering	125,930	126	1,258,654	
Offering costs	-	-	(137,089)	
Proceeds from dividend reinvestment program	1,617	1	15,360	
Forgiveness of affiliate debt	-	-	2,369	
Issuance of stock options and discounts on shares issued to affiliates	-	-	354	
Balance at September 30, 2004	146,284	$ 146	$ 1,304,817	(32,

See accompanying notes to consolidated financial statements.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2004 and the period from March 5, 2003 (inception) through September 30, 2003.
(Dollars in thousands, except per share amounts)
(unaudited)

	Nine months ended September 30, 2004	Pe 5, Sep
Cash flows from operations:		
Net income (loss)	$ 4,414	$
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	19,300	

Amortization	6,703
Amortization of acquired above market leases	1,847
Amortization of acquired below market leases	(2,645)
Rental income under master leases	892
Straight line rental income	(1,970)
Straight line lease expense	301
Minority interests	107
Issuance of stock options and discount on shares issued to affiliates	354
Realized loss on sale of treasury contracts	3,352
Changes in assets and liabilities:	
Accounts and rents receivable net of change in allowance of $146 and $0 for September 30, 2004 and September 30, 2003, respectively.	(8,565)
Other assets	(2,791)
Accounts payable	1,202
Accrued interest payable	2,947
Accrued real estate taxes	9,189
Security deposits	2,087
Prepaid rental and recovery income and other liabilities	3,237
Net cash flows provided by (used in) operating activities	39,961
Cash flows used in investing activities:	
Purchase of investment securities and treasury contracts	(4,714)
Restricted escrows	(67,874)
Purchase of investment properties	(1,843,474)
Acquired in-place lease intangibles	(145,336)
Acquired above market leases	(37,835)
Acquired below market leases	67,091
Contributions from minority interest-joint ventures	68,676
Purchase of unconsolidated joint ventures	(5,782)
Payment of leasing fees	(623)
Tenant improvements payable	3,079
Other assets	(19,049)
Funding of notes receivable	(28,419)
Due to affiliates	(1,724)
Net cash flows (used in) provided by investing activities	(2,015,984)

See accompanying notes to financial statements

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2004 and the period from March 5, 2003 (inception) through September 30, 2003.
(Dollars in thousands, except per share amounts)
(unaudited)

	Pe 5,
Nine months ended September 30, 2004	Sep

Cash flows from financing activities:		
Proceeds from offering	$ 1,258,780	$
Proceeds from the dividend reinvestment program	15,361	
Payment of offering costs	(134,956)	
Proceeds from mortgage debt and notes payable	1,094,146	
Principal payments on mortgage debt	(77)	
Proceeds from unsecured line of credit	165,000	
Payoff of unsecured line of credit	(170,000)	
Loan fees and deposits	(10,707)	
Distributions paid	(28,873)	
Due from affiliates	1,013	
Advances from advisor	-	
Forgiveness of affiliate debt	2,369	
Net cash flows provided by financing activities	2,192,056	
Net increase in cash and cash equivalents	216,033	
Cash and cash equivalents, at beginning of period	64,381	
Cash and cash equivalents, at end of period	$ 280,414	$
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 15,017	$
Restricted cash	$ (80,094)	$
Restricted cash liability	80,094	
Due from sponsor	$ (1,567)	
Due to sponsor	1,567	
Supplemental schedule of non-cash investing and financing activities:		
Purchase of investment properties	$ (1,872,247)	$
Assumption of mortgage debt	17,552	
Write-off of acquisition reserve	521	
Purchase price adjustments	3,148	
Conversion of mortgage receivable to investment property	7,552	
	$ (1,843,474)	$
Distributions payable	$ 7,187	$
Accrued offering costs payable	$ 3,502	$

See accompanying notes to financial statements

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(UNAUDITED)

(1) Organization and Basis of Accounting

Inland Western Retail Real Estate Trust, Inc. (the "Company") was formed on March 5, 2003 to acquire and manage a diversified portfolio of real estate, primarily multi-tenant shopping centers. The Advisory Agreement provides for Inland Western Retail Real Estate Advisory Services, Inc. (the "Business Manager" or "Advisor"), an Affiliate of the Company, to be the Business Manager or Advisor to the Company. On September 15, 2003, the Company commenced an initial public offering of up to 250,000,000 shares of common stock at $10 each and the issuance of 20,000,000 shares at $9.50 each which may be distributed pursuant to the Company's distribution reinvestment program. The Company has also registered with the Securities and Exchange Commission for another public offering of up to 250,000,000 shares of common stock at $10 each and up to 20,000,000 shares at $9.50 each pursuant to the distribution reinvestment program which is not effective as of November 5, 2004.

The Company is qualified and has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended, for federal income tax purposes commencing with the tax year ending December 31, 2003. Since the Company qualifies for taxation as a REIT, the Company generally will not be subject to federal income tax to the extent it distributes at least 90% of its REIT taxable income to its stockholders. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax on its taxable income at regular corporate tax rates. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state and local taxes on its income and property and federal income and excise taxes on its undistributed income.

The Company provides the following programs to facilitate investment in the Company's shares and to provide limited liquidity for stockholders.

The Company allows stockholders who purchase shares in the offering to purchase additional shares from the Company by automatically reinvesting distributions through the distribution reinvestment program ("DRP"), subject to certain share ownership restrictions. Such purchases under the DRP are not subject to selling commissions or the marketing contribution and due diligence expense allowance, and are made at a price of $9.50 per share.

The Company will repurchase shares under the share repurchase program ("SRP"), if requested, at least once quarterly on a first-come, first-served basis, subject to certain restrictions. Subject to funds being available, the Company will limit the number of shares repurchased during any calendar year to 5% of the weighted average number of shares outstanding during the prior calendar year. Funding for the SRP will come exclusively from proceeds that the Company receives from the sale of shares under the DRP and such other operating funds, if any, as the Company's board of directors, at its sole discretion, may reserve for this purpose. The board, at its sole discretion, may choose to terminate the share repurchase program after the end of the offering period, or reduce the number of shares purchased under the program, if it determines that the funds allocated to the SRP are needed for other purposes, such as the acquisition, maintenance or repair of properties, or for use in making a declared distribution. A determination by the board to eliminate or reduce the share repurchase program will require the unanimous affirmative vote of the independent directors. As of September 30, 2004, no shares have been repurchased by the Company.

The accompanying Consolidated Financial Statements include the accounts of the Company, as well as all wholly owned subsidiaries and consolidated joint venture investments. Wholly owned subsidiaries generally consist of limited liability companies (LLC's) and limited partnerships (LP's). The effects of all significant intercompany transactions have been eliminated.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

The Company would consolidate certain property holding entities and other subsidiaries that it owns less than a 100% equity interest if the entity is a variable interest entity ("VIE") and it is the primary beneficiary (as defined in FASB Interpretation 46(R) CONSOLIDATION OF VARIABLE INTEREST ENTITIES, an Interpretation of ARB No. 51, as revised ("FIN 46(R)")). For joint ventures that are not variable interest entities (VIE's) of which the Company owns less than 100% of the equity interest, the Company consolidates the property if it receives substantially all of the economics or has the direct or indirect ability to make major decisions. Major decisions are defined in the respective joint venture agreements and generally include participating and protective rights such as decisions regarding major leases, encumbering the entities with debt and whether to dispose of the entities.

The Company has a 95% ownership interest in the LLC's which own Gateway Village, Boulevard at the Capital Centre, Towson Circle, Reisterstown Road Plaza and Tollgate Marketplace, however, the Company shares equally in major decisions. These entities are considered VIE's as defined in FIN 46(R) and the Company is considered the primary beneficiary. Therefore these entities are consolidated by the Company and the 5% outside ownership interest is reflected as minority interest in the accompanying Consolidated Financial Statements.

(2) Summary of Significant Accounting Policies

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. Readers of this Quarterly Report should refer to the audited financial statements of Inland Western Retail Real Estate Trust, Inc. for the fiscal year ended December 31, 2003, which are included in the Company's 2003 Annual Report, as certain footnote disclosures contained in such audited financial statements have been omitted from this Report.

Certain reclassifications have been made to the 2003 financial statements to conform to the 2004 presentations.

The Company classifies its investment in securities in one of three categories: trading, available-for-sale, or held-to-maturity. Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity securities are those securities in which the Company has the ability and intent to hold the security until maturity. All securities not included in trading or held-to-maturity are classified as available for sale. Investment in securities at September 30, 2004 consists of common stock investments and is classified as available-for-sale securities and is recorded at fair value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported as a separate component of other comprehensive income until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific identification basis. A decline in the market value of any available-for-sale security below cost that is deemed to be other than temporary, results in a

reduction in the carrying amount to fair value. The impairment is charged to earnings and a new costs basis for the security is established. To determine whether an impairment is other than temporary, the Company considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year end and forecasted performance of the investee. Of the investment securities held on September 30, 2004, the Company has accumulated other comprehensive income of $204,393. The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents and are carried at cost, which approximates market.

The Company enters into interest rate futures contracts or treasury contracts as a means of reducing exposure to rising interest rates. At inception, contracts are evaluated in order to determine if they will qualify for hedge accounting treatment and will be accounted for either on a deferral, accrual or market value basis depending on the nature of the hedge strategy and the method used to account for the hedged item. Hedge criteria include demonstrating the manner in

which the hedge will reduce risk, identifying the specific asset, liability or firm commitment being hedged, and citing the time horizon being hedged.

During the third quarter of 2004, the Company entered into treasury contracts with a futures commission merchant with yields ranging from 3.27% to 3.40% for 5 year treasury contracts and 4.0% to 4.3% for 10 year treasury contracts. The amount on deposit for these treasury contracts was $3,712,900. On September 30, 2004, the treasury contracts had a liquidation value of $361,186 resulting in a loss of $3,351,714. As these treasury contracts are not offsetting future commitments and therefore do not qualify as hedges, the net loss is recognized currently in earnings. On October 29, 2004, these treasury contracts were liquidated for a liquidation value of $126,213 resulting in a cumulative realized net loss of $3,586,687.

The Company allocates the purchase price of each acquired investment property between land, building and improvements, acquired above market and below market leases, in-place lease value, and any assumed financing that is determined to be above or below market terms. In addition, we allocate a portion of the purchase price to the value of the customer relationships and as of September 30, 2004, no cost has been allocated to such relationships. The allocation of the purchase price is an area that requires judgment and significant estimates. The Company uses the information contained in the independent appraisal obtained at acquisition as the primary basis for the allocation to land and building and improvements. The aggregate value of intangibles is measured based on the difference between the stated price and the property value calculated as if vacant. The Company determines whether any financing assumed is above or below market based upon comparison to similar financing terms for similar investment properties. The Company also allocates a portion of the purchase price to the estimated acquired in-place lease costs based on estimated lease execution costs for similar leases as well as lost rent payments during assumed lease-up period when calculating as if vacant fair values. The Company considers various factors including geographic location and size of leased space. The Company also

evaluates each acquired lease based upon current market rates at the acquisition date and considers various factors including geographical location, size and location of leased space within the investment property, tenant profile, and the credit risk of the tenant in determining whether the acquired lease is above or below market lease costs. After an acquired lease is determined to be above or below market lease costs, the Company allocates a portion of the purchase price to such above or below acquired lease costs based upon the present value of the difference between the contractual lease rate and the estimated market rate. However, for below market leases with fixed rate renewals, renewal periods are included in the calculation of below market in-place lease values. The determination of the discount rate used in the present value calculation is based upon the "risk free rate." This discount rate is a significant factor in determining the market valuation which requires the Company's judgment of subjective factors such as market knowledge, economics, demographics, location, visibility, age and physical condition of the property.

The application of the Financial Accounting Standards Board's Statement of Financial Accounting Standards or SFAS Nos. 141 and 142 resulted in the recognition upon acquisition of additional intangible assets and liabilities relating to real estate acquisitions during the quarter ended September 30, 2004. The portion of the purchase price allocated to acquired above market lease costs and acquired below market lease costs are amortized on a straight line basis over the life of the related lease as an adjustment to rental income and over the respective renewal period for below market lease costs with fixed rate renewals. Amortization pertaining to the above market lease costs of $1,033,930 was applied as a reduction to rental income for the three months ended September 30, 2004 and $1,847,107 for the nine months ended September 30, 2004. Amortization pertaining to the below market lease costs of $1,742,220 was applied as an increase to rental income for the three months ended September 30, 2004 and $2,644,833 for the nine months ended September 30, 2004.

The portion of the purchase price allocated to acquired in-place lease intangibles is amortized on a straight line basis over the life of the related lease. The Company incurred amortization expense pertaining to acquired in-place lease intangibles of $3,198,593 for the three month period ended September 30, 2004 and $5,492,587 for the nine month period ended September 30, 2004.

The following table presents the amortization during the next five years related to the acquired in-place lease intangibles, acquired above market lease costs and the below market lease costs for properties owned at September 30, 2004.

Amortization of:	October 1, 2004 through December 31, 2004	2005	2006	2007	2008
Acquired above market lease costs	$ (1,248,545)	(4,978,152)	(4,796,242)	(3,982,664)	(3,737,86
Acquired below					

market lease costs	1,958,637	7,650,263	7,056,626	6,459,045	5,818,70
Net rental income increase	$ 710,092	2,672,111	2,260,384	2,476,381	2,080,84
Acquired in-place lease intangibles	$ 3,832,781	15,331,125	15,331,125	15,331,125	15,331,12

In conjunction with certain acquisitions, the Company receives payments under master lease agreements pertaining to certain, non-revenue producing spaces either at the time of, or subsequent to, the purchase of some of the Company's properties. Upon receipt of the payments, the receipts are recorded as a reduction in the purchase price of the related properties rather than as rental income. These master leases were established at the time of purchase in order to mitigate the potential negative effects of loss of rent and expense reimbursements. Master lease payments are received through a draw of funds escrowed at the time of purchase and may cover a period from three months to three years. These funds may be released to either the Company or the seller when certain leasing conditions are met. Restricted cash includes funds received by third party escrow agents from sellers pertaining to master lease agreements. The Company records the third party escrow funds as both an asset and a corresponding liability, until certain leasing conditions are met.

The Company accrues lease termination income if there is a signed termination agreement, all of the conditions of the agreement have been met, and the tenant is no longer occupying the property.

Restricted escrows primarily consist of lenders' restricted escrows and earnout escrows. Earnout escrows are established upon the acquisition of certain investment properties for which the funds may be released to the seller when certain leasing conditions have been met.

Notes receivable relate to real estate financing arrangements and bear interest at a market rate based on the borrower's credit quality and are recorded at face value. Interest is recognized over the life of the note. The Company requires collateral for the notes.

A note is considered impaired pursuant to SFAS No. 114, Accounting by Creditors for Impairment of a Loan. Pursuant to SFAS No. 114, a note is impaired if it is probable that the Company will not collect all principal and interest contractually due. The impairment is measured based on the present value of expected future cash flows discounted at the note's effective interest rate. The Company does not accrue interest when a note is considered impaired. When ultimate collectibility of the principal balance of the impaired not is in doubt, all cash receipts on impaired notes are applied to reduce the principal amount of such notes until the principal has been recovered and are recognized as interest income, thereafter.

The carrying amount of the Company's debt approximates fair value. The carrying amount of the Company's other financial instruments approximate fair value

because of the relatively short maturity of these instruments.

(3) Transactions with Affiliates

The Business Manager or Advisor contributed $200,000 to the capital of the Company for which it received 20,000 shares of common stock.

As of September 30, 2004 and December 31, 2003, the Company had incurred $159,233,813 and $22,144,814 of offering costs, of which $119,656,429 and $16,859,779, respectively, were paid or accrued to affiliates. Pursuant to the terms of the offering, the Business Manager or Advisor has guaranteed payment of all public offering expenses (excluding sales commissions and the marketing contribution and the due diligence expense allowance) in excess of 5.5% of the gross proceeds of the offering or all organization and offering expenses (including selling commissions) which together exceed 15% of gross proceeds. As of September 30, 2004 and December 31, 2003, offering costs did not exceed the 5.5% and 15% limitations. The Company anticipates that these costs will not exceed these limitations upon completion of the offering.

The Company pays an advisor asset management fee of not more than 1% of the average assets. Average asset value is defined as the average of the total book value, including acquired intangibles, of the Company's real estate assets plus the Company's loans receivable secured by real estate, before reserves for depreciation, reserves for bad debt or other similar non-cash reserves. The Company computes the average assets by taking the average of these values at the end of each month for which the fee is being calculated. The fee is payable quarterly in an amount equal to 1/4 of 1% of average assets as of the last day of the immediately preceding quarter. For any year in which the Company qualifies as a REIT, the advisor must reimburse the Company for the following amounts if any: (1) the amounts by which total operating expenses, the sum of the advisor asset management fee plus other operating expenses, paid during the previous fiscal year exceed the greater of: (i) 2% of average assets for that fiscal year, or (ii) 25% of net income for that fiscal year; plus (2) an amount, which will not exceed the advisor asset management fee for that year, equal to any difference between the total amount of distributions to stockholders for that year and the 6% minimum annual return on the net investment of stockholders. The Company neither paid nor accrued such fees because the Advisor agreed to forego such fees for the nine months ended September 30, 2004.

The Business Manager or Advisor and its affiliates are entitled to reimbursement for salaries and expenses of employees of the Business Manager or Advisor and its affiliates relating to the offering. In addition, an affiliate of the Business Manager or Advisor is entitled to receive selling commissions, and the marketing contribution and due diligence expense allowance from the Company in connection with the offering. Such costs are offset against the stockholders' equity accounts. Such costs totaled $119,656,429 as of September 30, 2004, of which $3,502,335 was unpaid at September 30, 2004.

The Business Manager or Advisor and its affiliates are entitled to reimbursement for general and administrative costs relating to the Company's administration. Such costs are included in general and administrative expenses to affiliates, in addition to costs that were capitalized pertaining to property acquisitions. For the three month period ended September 30, 2004 and the nine month period ended

September 30, 2004, the Company incurred $466,359 and $1,103,717 of these costs, respectively, of which $778,277 remained unpaid as of September 30, 2004 and are included in due to affiliates on the Consolidated Balance Sheets.

An affiliate of the Business Manager or Advisor provides loan servicing to the Company for an annual fee. The agreement allows for annual fees totaling .03% of the first $1 billion in mortgage balance outstanding and .01% of the remaining mortgage balances, payable monthly. Such fees totaled $42,703 for the three months ended September 30, 2004 and $63,978 for the nine months ended September 30, 2004, respectively.

The Company used the services of an affiliate of the Business Manager or Advisor to facilitate the mortgage financing that the Company obtained on some of the properties purchased. The Company pays the affiliate .02% of the principal amount of each loan obtained on the Company's behalf. Such costs are capitalized as loan fees and amortized over the respective loan term. For the three months ended September 30, 2004 and for the nine months ended September 30, 2004, the Company paid loan fees totaling $1,119,944 and $2,241,986 to this affiliate, respectively.

The property managers, entities owned principally by individuals who are affiliates of the Business Manager or Advisor, are entitled to receive property management fees totaling 4.5% of gross operating income, for management and leasing services. The Company incurred property management fees of $1,693,155 and $2,847,427 for the three and nine months ended September 30, 2004, respectively. None remained unpaid as of September 30, 2004.

The Company established a discount stock purchase policy for affiliates of the Company and the Business Manager or Advisor that enables the affiliates to purchase shares of common stock at a discount at either $8.95 or $9.50 per share depending on when the shares are purchased. The Company sold 19,735 and 530,574 shares of common stock to affiliates and recognized an expense related to these discounts of $16,174 and $352,303 for the three and nine months ended September 30, 2004, respectively.

As of September 30, 2004 and December 31, 2003 the Company was due funds from affiliates in the amount of $1,571,960 and $918,750, respectively which is comprised of $1,567,481 and $845,000, respectively, which is due from the sponsor for reimbursement of a portion of distributions paid in 2004. The remaining $4,479 and $73,750 as of September 30, 2004 and December 31, 2003, respectively is due from an affiliate for costs paid on their behalf by the Company. The sponsor has agreed to advance funds to the Company for a portion of distributions paid to the Company's shareholders until funds available for distributions are sufficient to cover the distributions. The sponsor forgave $2,369,139 of these amounts during the second quarter of 2004 and these funds are no longer due and are recorded as a contribution to capital in the accompanying Consolidated Financial Statements. As of September 30, 2004 the Company owed funds to the sponsor in the amount of $2,868,666 for repayment of the funds advanced for payment of distributions.

As of September 30, 2004 and December 31, 2003 the Company owed funds to an affiliate in the amount of $0 and $2,154,158, respectively, for the reimbursement of costs paid by the affiliate on behalf of the Company. The

amount due at December 31, 2003 was repaid during 2004.

(4) Stock Option Plan

The Company has adopted an Independent Director Stock Option Plan which, subject to certain conditions, provides for the grant to each independent director of an option to acquire 3,000 shares following their becoming a director and for the grant of additional options to acquire 500 shares on the date of each annual stockholders' meeting. The options for the initial 3,000 shares are exercisable as follows: 1,000 shares on the date of grant and 1,000 shares on each of the first and second anniversaries of the date of grant. The subsequent options will be exercisable on the second anniversary of the date of grant. The initial options will be exercisable at $8.95 per share. The subsequent options will be exercisable at the fair market value of a share on the last business day preceding the annual meeting of stockholders. As of September 30, 2004 and December 31, 2003 we have issued 3,500 and 3,000 options, respectively, to acquire shares to each of our independent directors, for a total of 17,500 and 15,000 options, of which none have been exercised or expired.

(5) Leases

Master Lease Agreements

In conjunction with certain acquisitions, the Company received payments under master lease agreements pertaining to certain non-revenue producing spaces at the time of purchase, for periods ranging from three months to three years after the date of purchase or until the spaces are leased. As these payments are received, they are recorded as a reduction in the purchase price of the respective property rather than as rental income. The cumulative amount of such payments was $891,982 as of September 30, 2004.

Operating Leases

Minimum lease payments to be received under operating leases, excluding rental income under master lease agreements and assuming no expiring leases are renewed, are as follows:

	Minimum Lease Payments
2004	$ 91,591,315*
2005	146,904,527
2006	140,787,601
2007	133,105,552
2008	125,444,736
Thereafter	766,271,796
Total	$ 1,404,105,527

* For the twelve month period from January 1, 2004 through December 31, 2004.

The remaining lease terms range from one year to 55 years. Pursuant to the lease agreements, tenants of the property are required to reimburse the Company for some or all of their pro rata share of the real estate taxes, operating expenses and management fees of the properties. Such amounts are included in tenant recovery income.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

Ground Leases

The Company leases land under noncancelable operating leases at certain of the properties expiring in various years from 2028 to 2096. For the three months and the nine months ended September 30, 2004, ground lease rent was $478,995 and $510,245, respectively. Minimum future rental payments to be paid under the ground leases are as follows:

	Minimum Lease Payments
2004	$ 1,021,807
2005	2,661,464
2006	2,662,605
2007	2,663,811
2008	2,665,086
Thereafter	286,655,032
Total	$ 298,329,805

* For the twelve month period from January 1, 2004 through December 31, 2004.

(6) Notes Receivable

The notes receivable balance of $28,419,189 as of September 30, 2004 consisted of two installment notes, one from Newman Development Group of Gilroy, LLC (Gilroy) and one from Newman Development Group of Richland, LLC (Richland) that mature on July 15, 2005 and August 15, 2005, respectively. These notes are secured by first mortgages on Pacheco Pass Shopping Center and Quakertown Shopping Center, respectively and are guaranteed personally by the owners of Gilroy and Richland. Interest only is due in advance on the first of each month at a rate of 6.993% per annum for Gilroy and 7.5572% per annum for Richland. Upon closing, an interest reserve escrow totaling three months of interest payments was established for both notes.

The notes receivable balance of $7,552,155 as of December 31 2003 consisted of an installment note from Fourth Quarter Properties XIV, LLC (Fourth) that matured on January 15, 2004. This installment note was secured by a 49% interest in Fourth, which owned the remaining portion of the Newnan Crossing shopping center and was also guaranteed personally by the owner of Fourth. Interest only at a rate of 7.6192% per annum was due on the note. The installment note was advanced to Fourth in contemplation of the Company purchasing the remaining portions of Newnan Crossing. The Company did not call the note on January 15, 2004 and subsequently purchased the property on February 13, 2004 at which time the note was paid in full by Fourth as a credit to the purchase price of the property.

(7) Mortgages and Note Payable

Mortgage loans outstanding as of September 30, 2004 were $1,140,741,763, of which $1,014,708,763 had fixed rates ranging from 3.96% to 6.20% and a weighted average interest rate of 4.68% at September 30, 2004. The remaining $126,033,000 represented variable rate loans with a weighted average interest rate of 2.85% at September 30, 2004. Retail properties with a net carrying value of $1,861,465,315 at September 30, 2004 and related tenant leases are pledged as collateral.

As of September 30, 2004, scheduled maturities for the Company's outstanding mortgage indebtedness have various due dates through August 2027. At September 30, 2004, the weighted average interest rate on the Company's mortgage debt was 4.48%. With the exception of the mortgage loan on Plaza Santa Fe II, all of the Company's mortgage loans as of

September 30, 2004 require monthly payments of interest only and may be prepaid with a penalty after specific lockout periods. The mortgage loan on Plaza Santa Fe II, which was assumed as part of the acquisition of the property on June 1, 2004, requires monthly payments of principal and interest, as well as payments into tax, insurance, and replacement reserve escrows. The loan has no prepayment privileges.

As part of the Plaza Santa Fe II loan assumption, a promissory note approximating $414,000 was executed between the Company and the seller for the total amount that the seller had paid into escrows under the loan agreement as of the acquisition date. The note bears interest at the rate of prime less 3.00%, payable to the seller upon maturity of the note in 2006. The seller also agreed to fund the Company's monthly required payments into this escrow for a period of two years. Each monthly payment funded by the seller increases the principal balance of the note payable. The outstanding note payable balance at September 30, 2004 is approximately $507,000.

(8) Line of Credit

The Company has an unsecured line of credit arrangement with KeyBank N.A. which matures on December 24, 2004 in the amount of $225,000,000. The funds from this line of credit may be used to provide liquidity from the time a property is purchased until permanent debt is placed on that property. The line of credit requires interest only payments monthly at the rate equal to the London InterBank Offered Rate or LIBOR plus 175 basis points which ranged from 2.94% to 3.56% during the quarter ended September 30, 2004. The Company is also required to pay, on a quarterly basis, an amount ranging from .15% to .30%, per annum, on the average daily undrawn funds under this line. The line of credit requires compliance with certain covenants, such as debt service ratios, minimum net worth requirements, distribution limitations and investment restrictions. In addition to, and in conjunction with these financial covenants, the Company maintains a cash collateral account. Amounts deposited in the cash collateral account provide that loan to value covenants required under the line are not exceeded. Funds may be deposited into and withdrawn from the cash collateral account as the Company's properties are purchased without debt. On September 27, 2004, the outstanding balance of $110,000,000 on this line was repaid resulting in no outstanding balance as of September 30, 2004. As of September 30, 2004, the Company was in compliance with such covenants and no amounts were required

to be deposited in the cash collateral account.

(9) Investment in Unconsolidated Joint Venture

On August 11, 2004, CR Investors, LLC, a 100% owned LLC of Reisterstown Plaza Holdings, LLC (a joint venture consolidated by the Company), purchased a 36.5% tenancy in common interest in an apartment complex known as Courthouse Square located in Towson, MD. This investment is accounted for utilizing the equity method of accounting. Under the equity method of accounting, the net equity investment of the Company is reflected on the Consolidated Balance Sheet and the Consolidated Statement of Operations includes the Company's share of net income or loss from the unconsolidated entity.

(10) Segment Reporting

The Company owns and seeks to acquire single-tenant buildings and multi-tenant shopping centers primarily in the western United States. The Company's shopping centers are typically anchored by discount retailers, home improvement retailers, grocery and drugstores complemented with additional stores providing a wide range of other goods and services to shoppers.

The Company assesses and measures operating results on an individual property basis for each of its properties based on net property operations. Since all of the Company's properties exhibit highly similar economic characteristics, cater to the day-to-day living needs of their respective surrounding communities, and offer similar degrees of risk and opportunities for growth, the properties have been aggregated and reported as one operating segment.

Net property operations are summarized in the following table for the three and nine months ended September 30, 2004, along with a reconciliation to net income.

	Nine months ended September 30, 2004	Three months ende September 30, 200
Property rental income and additional property income	$ 69,766,553	$ 40,786,02
Total property operating expenses	(16,968,381)	(10,304,03
Interest expense	(21,315,926)	(12,958,47
Net property operations	31,482,246	17,523,51
Other income	1,885,751	1,413,35
Less non-property expenses:		
General and administrative expenses	(2,843,943)	(988,30
Depreciation and amortization	(26,003,202)	(15,574,85
Minority interests	(107,054)	(107,05
Net income	$ 4,413,798	$ 2,266,65

The following table summarizes property asset information as of September 30, 2004 and December 31, 2003.

	September 30, 2004	December 31, 2003
Total assets:		
Shopping centers	$ 2,301,440,049	$ 142,804,128
Non-segment assets	370,711,987	69,298,035
	$ 2,672,152,036	$ 212,102,163

The Company does not derive any of its consolidated revenue from foreign countries and does not have any major customers that individually account for 10% or more of the Company's consolidated revenues.

(11) Earnings (loss) per Share

Basic earnings (loss) per share ("EPS") is computed by dividing income by the weighted average number of common shares outstanding for the period (the "common shares"). Diluted EPS is computed by dividing net income (loss) by the common shares plus shares issuable upon exercising options or other contracts. As a result of the net loss incurred in 2003, diluted weighted average shares outstanding do not give effect to common stock equivalents as to do so would be anti-dilutive. As of September 30, 2004, options to purchase 17,500 shares of common stock at an exercise price of $8.95 per share were outstanding. These options were not included in the computation of basic or diluted EPS as the effect would be immaterial.

The basic and diluted weighted average number of common shares outstanding were 112,887,491 for the three months ended September 30, 2004 and 70,051,926 for the nine months ended September 30, 2004.

(12) Commitments and Contingencies

The purchase and sale contract for Pavilion at King's Grant, provides that if anytime during the period from January 1, 2004 through December 31, 2007 the tenant Toys R' Us should increase its base rent up to a maximum amount of $250,000 and no decrease has occurred in their requirement to pay for a certain percentage of expenses at the property, then the Company would be obligated to pay the seller additional funds related to the purchase based upon an agreed income capitalization formula. The Company has not reserved any funds for this contingency.

In connection with the purchase of Stony Creek Market Place, the Company is

obligated to purchase the seller's interest in the leases if the seller exercises the right to develop and lease a vacant 50,000 square foot pad site within 48 months after the closing date. In connection with the purchase of Newnan Crossing, the Company is obligated to purchase the remaining portion of the shopping center that is currently under construction (Phase III) once construction has been completed and a major tenant has moved in and commenced payment of rent, with the additional purchase price based upon an agreed income capitalization formula. In connection with the purchase of Low Country Village, the Company is obligated to purchase a portion of the shopping center that is currently under construction once construction has been completed and the respective tenants have moved in and commenced payment of rent, with the additional purchase price of the center based upon an agreed income capitalization formula. As part of the commitment to purchase this remaining portion of the shopping center, the Company had deposited $300,000 of earnest money with an escrow agent. In connection with the purchase of Wilshire Plaza III, the Company is obligated to pay the remainder of the purchase price in the amount of $2,967,088 when Kohl's department store has moved in and commenced payment of rent. Also, in conjunction with this purchase, the Company is obligated to fund to Kohl's a second construction payment in the amount $1,164,874 when they have moved in and commenced payment of rent. In connection with the purchase of an interest in the entity that owns Reisterstown Road Plaza, the Company is obligated to pay the remaining purchase price of $11,546,674 if the unfinished space has been built and rented within 24 months of the closing date. In connection with the purchase of Governor's Marketplace, the Company is obligated to pay the remaining purchase price of $4,846,152 if the seller completes the construction and leasing of additional components within 24 months of the closing date. In connection with the purchase of an interest in the entity that owns Boulevard at the Capital Centre, the Company is required to pay the remaining purchase price of $6,947,764 upon completion of the construction and satisfaction of tenant conditions of certain units of the shopping center. The Company has not reserved any funds for these contingencies.

In connection with the purchase of Eastwood Towne Center, the Company is obligated to pay the remaining purchase price of $3,836,317 once a major tenant's base rent increases upon two shadow anchors' commencement of operations. In connection with the purchase of John's Creek Village, the Company is obligated to pay the remaining purchase price of $13,385,390 if the vacancies have been leased and the respective tenants have moved in and commenced payment of rent within 18 months of the closing date. In connection with the purchase of Davis Towne Crossing, the Company is obligated to pay the remaining purchase price of $1,604,304 if the vacancies have been leased and respective tenants have moved in and commenced payment of rent within 24 months of the initial closing date. In connection with the purchase of Towson Circle, the Company is obligated to pay an additional amount to be determined based upon an agreed income capitalization formula if two spaces that were vacant at closing have been leased within 24 months of the closing date. In connection with the purchase of Forks Town Center, if a certain tenant has moved into its space and is paying rent within 12 months of the original closing, the Company is obligated to pay the remaining purchase of $701,299. The Company has not reserved any funds for these contingencies.

In conjunction with the financing of Dorman Center on April 20, 2004, the Company was required to obtain a $3.65 million irrevocable letter of credit for a one year period. Once the Company purchases the remaining portion of Dorman Center, and meets certain occupancy requirements, the letter of credit will be released. On July 16, 2004, the Company purchased the remaining portion of Dorman Center. The irrevocable letter of credit is still outstanding as the occupancy requirements had not been met as of November 5, 2004. In conjunction with the financing of John's Creek Village on July

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2, 2004, the Company was required to obtain a $5.7 million irrevocable letter of credit for a one year period. Once the Company purchases the remaining portion of John's Creek Village, and meets certain occupancy requirements, the letter of credit will be released. The irrevocable letter of credit is still outstanding as the remaining portion of the center had not been purchased as of November 5, 2004.

In connection with the purchase of Larkspur Landing, the Company assumed a liability in the amount of $1,982,504 for tenant improvements and leasing commission obligations. As of September 30, 2004, the remaining liability after disbursements is $1,303,530.

The Company is currently considering acquiring 10 properties for an estimated purchase price of $244 million. The Company's decision to acquire each property will generally depend upon no material adverse change occurring relating to the property, the tenants or in the local economic conditions and the Company's receipt of satisfactory due diligence information including appraisals, environmental reports and lease information prior to purchasing the property.

(13) Subsequent Events

The Company issued 29,541,198 shares of common stock from October 1, 2004 through November 5, 2004 in connection with the offering, resulting in gross proceeds of $294,964,519.

The Company paid distributions of $7,186,753 to its stockholders in October 2004.

On October 15, 2004, CR Investors, LLC, a 100% owned LLC of Reisterstown Plaza Holdings, LLC (a joint venture consolidated by the Company), purchased a 60.94% interest in an apartment complex known as Cardiff Hall East located in Towson, MD for approximately $2.7 million.

As of October 31, 2004, Cordish Power Plant Management, LLC, a Maryland limited liability company ("CPP") admitted two new members in exchange for the capital contributions described below that were made on November 5, 2004. CRP Power Plant Investors, LLC, a Maryland limited liability company that is wholly owned by Reisterstown Plaza Holdings, LLC, contributed capital in the amount of $15 million in exchange for a 37.5% member interest in CPP. CGW Power Plant Investors, LLC, a Maryland limited liability company that is wholly owned by Gateway Village Holdings, LLC contributed capital in the amount of $5 million in exchange for a 12.5% member interest in CPP. CPP owns a 99.5% interest in Cordish Power Plant Limited Partnership. Cordish Power Plant Limited Partnership owns a ground lease interest in a mixed use retail/office complex located in the Inner Harbor area of Baltimore, Maryland that is known as The Power Plant. The Power Plant contains approximately 180,000 square feet of space and is 100% leased and occupied.

As of October 31, 2004, Cordish Power Plant Management Number Two, LLC, a Maryland limited liability company ("CPP2") admitted two new members in exchange for the capital contributions described below that were made on November 5, 2004. CTC Pier IV Investors, LLC, a Maryland limited liability company that is wholly owned by Towson Circle Holdings, LLC contributed capital in the amount of $5 million in exchange for a 16.67% member interest in CPP2. CTOLL Pier IV Investors, LLC, a Maryland limited liability company that is wholly owned by

Tollgate Marketplace Holding Company, LLC contributed capital in the amount of $15 million in exchange for a 50.0% member interest in CPP2. CPP2 owns all of the membership interest in Cordish Power Plant Number Two, LLC. Cordish Power Plant Number Two, LLC owns a ground lease interest in a mixed use retail/office complex located in the Inner Harbor area of Baltimore, Maryland that is known as Pier IV Office Building. The Pier IV Office Building contains approximately 120,000 square feet of space and is 100% leased and occupied.

The Company has acquired the following properties or joint venture interests in properties during the period October 1 to November 5, 2004. The respective acquisitions are summarized in the table below.

DATE ACQUIRED	PROPERTY	YEAR BUILT	APPROXIMATE PURCHASE PRICE ($)	GROSS LEASABLE AREA (SQ. FT.)	MAJOR TENAN
10/05/04	Bed, Bath & Beyond Plaza Miami, FL	2004	20,350,000	97,496	Bed, Bath & Beyo Office Depot, Pier 1 Imports, Party City
10/12/04	The Columns - Phase II Jackson, TN	2004	5,740,596	44,987	Ross Dress for L Old Navy
10/18/04	Denton Town Crossing Denton, TX	2003/ 2004	51,236,687	272,722	Oshman's Sportin
10/19/04	Azalea Square Summerville, SC	2004	30,012,525	181,942	T.J. Maxx, Linens 'N Things Ross Dress for L Cost Plus World PETsMART
10/21/04	Lake Mary Pointe Orlando, FL	1999	6,620,000	51,052	Publix
10/25/04	Plaza at Riverlakes Bakersville, CA	2001	17,000,000	102,836	Ralph's Grocery
10/26/04	Academy Sports Port Arthur, TX	2004	5,000,000	61,001	Academy Sports
10/28/04	Gurnee Town Center Gurnee, IL	2002	44,256,387	179,840	Linens 'N Things Old Navy, Borders Books &
10/29/04	CVS Pharmacy Sylacauga, AL	2004	3,066,241	10,055	CVS Pharmacy
10/29/04	Academy Sports	2004	4,250,000	61,654	Academy Sports

	Midland, TX				
11/03/04	Mansfield Towne Center Mansfield, TX	2004	16,055,074	111,898	Ross Dress for L Staples
11/05/04	Winchester Commons Memphis, TN	1999	13,022,687	93,024	Kroger

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
(A Maryland Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

The mortgage debt and financings obtained during the period October 1, 2004 to November 5, 2004, are detailed in the list below.

DATE FUNDED	MORTGAGE PAYABLE	ANNUAL INTEREST RATE	MATURITY DATE	PRINCIPAL B ($)
10/05/04	The Columns	4.910%	05/01/09	11,
10/06/04	Low Country Village	4.960%	05/01/09	5,
10/08/04	Lincoln Park	4.610%	11/01/09	26,
11/01/04	Academy Sports - Port Arthur, TX	5.120%	11/01/09	2,
11/01/04	Harris Teeter - Wilmington, NC	4.915%	11/01/09	3,
11/04/04	The Columns - Phase II	4.950%	11/01/09	3,

Inland Western Retail Real Estate Trust, Inc.
Pro Forma Consolidated Balance Sheet
September 30, 2004
(unaudited)

The following unaudited Pro Forma Consolidated Balance Sheet is presented as if the acquisitions of the properties and the issuance of the notes receivable had occurred on September 30, 2004.

This unaudited Pro Forma Consolidated Balance Sheet is not necessarily indicative of what the actual financial position would have been at September 30, 2004, nor does it purport to represent our future financial position. No pro forma adjustments have been made for any potential property acquisitions identified as of December 17, 2004. The Company does not consider these properties as probable under Rule 3-14 of Regulation S-X as the Company has not completed the due diligence process on these properties. Additionally, the Company has not received sufficient offering proceeds or obtained firm financing commitments to acquire all of these properties as of December 17, 2004. The Company believes it will have sufficient cash from offering proceeds raised and

from additional financing proceeds to acquire these properties if and when the Company is prepared to acquire these properties.

Inland Western Retail Real Estate Trust, Inc.
Pro Forma Consolidated Balance Sheet
September 30, 2004
(unaudited)

	Historical (A)	Pro Forma Adjustment
ASSETS		
Net investment properties (B)	$ 1,971,434,000	1,050,892,0
Cash and cash equivalents	280,414,000	(76,440,0
Restricted cash	80,094,000	
Investment in marketable securities and treasury contracts	1,566,000	
Investment in unconsolidated joint venture	5,782,000	
Restricted escrows	67,874,000	
Accounts and rents receivable	11,683,000	
Due from affiliates	1,572,000	
Note receivable	28,419,000	3,400,0
Acquired in-place lease intangibles (B) (D)	148,597,000	79,648,0
Acquired above market lease intangibles (B) (D)	37,578,000	997,0
Loan fees, leasing fees and loan fee deposits (G)	14,118,000	(2,182,0
Other assets (G)	23,021,000	(19,378,0
Total assets	$ 2,672,152,000	1,036,937,0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Mortgage and notes payable (B) (E)	1,141,248,000	488,942,0
Accounts payable	1,352,000	
Accrued offering costs to affiliates	3,502,000	
Accrued interest payable	2,947,000	
Tenant improvement payable	3,605,000	
Accrued real estate taxes	10,529,000	
Distributions payable	7,187,000	
Security deposits	2,195,000	
Line of credit	-	
Prepaid rent and other liabilities	3,717,000	
Advances from sponsor	2,869,000	
Acquired below market lease intangibles (B) (D)	70,356,000	2,399,0
Restricted cash liability	80,094,000	
Due to affiliates	778,000	
Total liabilities	1,330,379,000	491,341,0
Minority interests	68,783,000	
Common stock (C)	146,000	62,0
Additional paid-in capital (net of offering costs) (C)	1,304,817,000	545,534,0

Accumulated distributions in excess of net loss (F)	(32,177,000)	
Accumulated other comprehensive income	204,000	
Total stockholders' equity	1,272,990,000	545,596,0
Total liabilities and stockholders' equity	$ 2,672,152,000	1,036,937,0

See accompanying notes to pro forma consolidated balance sheet.

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Balance Sheet
September 30, 2004
(unaudited)

(A) The historical column represents our Consolidated Balance Sheet as of September 30, 2004 as filed with the Securities Exchange Commission on Form 10-Q. As of September 30, 2004, the Company had sold 144,628,000 shares to the public and 1,636,000 shares were issued pursuant to the Company's distribution reinvestment program. As a result, the Company received $1,461,206,000 of gross offering proceeds. In addition, the Company received the Advisor's capital contribution of $200,000 for which the Advisor was issued 20,000 shares.

(B) The pro forma adjustments reflect the acquisition of the following properties. The mortgages payable represent mortgages obtained from a third party, either assumed as part of the acquisition or subsequent to acquisition. No pro forma adjustment has been made for prorations or other closing costs as the amounts are not significant:

	Acquisition Price	Mortgage Payable
Bed, Bath & Beyond Plaza	$ 20,350,000	11,193,000
The Columns - Phase II	5,741,000	3,442,000
Denton Crossing	53,112,000	35,200,000
Azalea Square	30,013,000	16,535,000
Lake Mary Pointe	6,620,000	3,658,000
Plaza at Riverlakes	17,000,000	-
Academy Sports - Port Arthur	5,000,000	2,775,000
Gurnee Town Centre	44,256,000	-
CVS Pharmacy - Sylacauga	3,066,000	-
Academy Sports - Midland	4,250,000	2,338,000
Mansfield Towne Crossing	16,055,000	10,982,000
Winchester Commons	13,023,000	7,235,000
Kohl's - Wilshire (Final Construction Funding)	4,132,000	-
Publix Center	12,047,000	-
Fox Creek Village	20,883,000	-
Oswego Commons	35,022,000	19,262,000
Zurich Towers	138,000,000	81,420,000
University Town Center	10,569,000	-
Edgemont Town Center	15,639,000	-
Five Forks	8,086,000	-

Placentia Town Center	24,865,000	-
Gateway Station	6,300,000	-
Northwoods Center	13,964,000	-
Shops at Forest Commons	7,505,000	5,250,000
Gateway Pavilions	65,141,000	-
American Express Portfolio	390,000,000	230,100,000
Southlake Town Square	136,519,000	-
Evans Towne Center	8,880,000	-
Irmo Station	13,100,000	-
Total	$ 970,639,000	429,390,000

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Balance Sheet
September 30, 2004
(unaudited)

Allocation of net investments in properties:

Land	$ 219,270,000
Building and improvements	831,622,000
Acquired in-place lease intangibles	79,648,000
Acquired above market lease intangibles	997,000
Acquired below market lease intangibles	(2,399,000)
Total	$ 1,129,138,000

(C) Additional offering proceeds of $620,000,000, net of additional offering costs of $74,404,000 are reflected as received as of September 30, 2004, prior to the purchase of the properties and are limited to offering proceeds necessary to acquire the properties and offering proceeds actually received as of December 17, 2004. Offering costs consist principally of registration costs, printing and selling costs, including commissions.

(D) Acquired intangibles represent above and below market leases and the difference between the property valued with the existing in-place leases and the property valued as if vacant. The value of the acquired leases will be amortized over the lease term.

(E) Additional mortgages payable of $488,942,000, reflected as funded as of September 30, 2004, includes $429,390,000 of mortgages payable obtained subsequent to the acquisition of the properties described in (B) and $59,552,000 of new financing placed on previously acquired properties.

(F) No pro forma assumptions have been made for the additional payment of distributions resulting from the additional proceeds raised.

(G) Change in loan fees, leasing fees and loan fee deposits of $2,182,000 represents prepaid loan fees applied to mortgage payables obtained as described in (E). Change in other assets of $19,378,000 represents advance purchase deposits on properties purchased as described in (B) and loan proceeds due from title companies.

Inland Western Retail Real Estate Trust, Inc.
Pro Forma Consolidated Statement of Operations
For the nine months ended September 30, 2004
(unaudited)

The following unaudited Pro Forma Consolidated Statement of Operations is presented to give effect the acquisition of the properties indicated in Note B of the Notes to the Pro Forma Consolidated Statement of Operations as though they occurred on January 1, 2003 or the date significant operations commenced. No pro forma adjustments have been made for any potential property acquisitions identified as of December 17, 2004. The Company does not consider these properties as probable under Rule 3-14 of Regulation S-X as the Company has not completed the due diligence process on these properties. Additionally, the Company has not received sufficient offering proceeds or obtained firm financing commitments to acquire all of these properties as of December 17, 2004. The Company believes it will have sufficient cash from offering proceeds raised and from additional financing proceeds to acquire these properties if and when the Company is prepared to acquire these properties. No pro forma adjustments were made for Eckerd - Greer, Eckerd - Kill Devil Hills, Eckerd - Columbia, Eckerd - Crossville, Kohl's - Wilshire Plaza III, Academy Sports - Houma, The Columns - Phase II, Academy Sports - Port Arthur or Academy Sports - Midland, as the properties were completed in 2004 and there were no significant operations prior to our acquisition. No pro forma adjustments were made related to the Pacheco Pass and Quakertown notes receivable as the properties were completed in 2004 and there were no significant operations prior to our funding of the notes receivable.

This unaudited Pro Forma Consolidated Statement of Operations is not necessarily indicative of what the actual results of operations would have been for the nine months ended September 30, 2004, nor does it purport to represent our future results of operations.

Inland Western Retail Real Estate Trust, Inc.
Pro Forma Consolidated Statement of Operations
For the nine months ended September 30, 2004 (unaudited)

	Historical (A)	Pro Forma Adjustments (B)
Rental income	$ 56,405,000	109,850,0
Tenant recovery income	12,802,000	19,641,0
Other property income	560,000	
Total revenues	69,767,000	129,491,0
General and administrative expenses	2,844,000	
Advisor asset management fee (C)	-	
Property operating expenses (F)	16,969,000	33,340,0
Depreciation and amortization (D) (G)	26,003,000	49,870,0

Total expenses	45,816,000	83,210,0
Operating income	23,951,000	46,281,0
Other income	1,886,000	
Interest expense (H)	(17,964,000)	(35,824,0
Realized loss on sale of treasury contacts	(3,352,000)	
Minority interests	(107,000)	
Net income (loss)	$ 4,414,000	10,457,0
Other comprehensive income:		
Unrealized gain/loss on investment securities	204,000	
Comprehensive income (loss)	$ 4,618,000	10,457,0
Weighted average number of shares of common stock outstanding, basic and diluted (E)	70,052,000	
Net income (loss) per share, basic and diluted (E)	.06	

See accompanying notes to pro forma consolidated statement of operations.

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Statement of Operations
For the nine months ended September 30, 2004
(unaudited)

(A) The historical information represents the historical statement of operations of the Company for the period from January 1, 2004 to September 30, 2004 as filed with the Securities Exchange Commission on Form 10-Q.

(B) Total pro forma adjustments for acquisitions consummated as of December 17, 2004 are as though the properties were acquired January 1, 2003. No adjustment was made for Eckerd - Greer, Eckerd - Kill Devil Hills, Eckerd - Columbia, Eckerd - Crossville, Kohl's - Wilshire Plaza III, Academy Sports - Houma, The Columns - Phase II, Academy Sports - Port Arthur or Academy Sports - Midland as the properties were completed in 2004 and there were no significant operations prior to our acquisition. No pro forma adjustments were made related to the Pacheco Pass and Quakertown notes receivable as the properties were completed in 2004 and there were no significant operations prior to our funding of the notes receivable.

	Gross Income & Direct Operating Expenses (1)	Pro Forma Adjustments	Total Pro Forma Adjustments

Rental income	$ 111,653,000	(1,803,000)	109,850,000
Tenant recovery income	19,641,000	-	19,641,000
Total revenues	131,294,000	(1,803,000)	129,491,000
Advisor asset management fee	-	-	-
Property operating expenses	27,554,000	5,786,000	33,340,000
Depreciation and amortization	-	49,870,000	49,870,000
Interest expense	-	35,824,000	35,824,000
Total expenses	27,554,000	91,480,000	119,034,000
Net income (loss)	$ 103,740,000	(93,283,000)	10,457,000

(1) Unaudited combined gross income and direct operating expenses based on information provided by the Seller for the following properties:

Newnan Crossing II, Hickory Ridge, CorWest Plaza, Shoppes at Quarterfield, Larkspur Landing, North Ranch Pavilion, La Plaza Del Norte, MacArthur Crossing, Promenade at Red Cliff, Peoria Crossings, Dorman Center - Phase I, Heritage Towne Crossing, Paradise Valley Marketplace, Best on the Boulevard, Bluebonnet Parc, North Rivers Town Center, Alison's Corner, Arvada Connection and Arvada Marketplace, Eastwood Town Center, Watauga Pavilion, Northpointe Plaza, Plaza Santa Fe II, Pine Ridge Plaza, Huebner Oaks Center, John's Creek Village, Lakewood Towne Center, Shoppes of Prominence Point, Northgate North, Davis Towne Crossing, Fullerton Metrocenter, Low Country Village, The Shops at Boardwalk, Shoppes of Dallas, Cranberry Square, Dorman Center - Phase II, Tollgate Marketplace, Gateway Village, Towson Circle, Gateway Plaza, Plaza at Marysville, Forks Town Center, Reisterstown Road Plaza, Village Shoppes at Simonton, Manchester Meadows, Governor's Marketplace, Mitchell Ranch Plaza, The Columns, Saucon Valley Square, Lincoln Park, Harvest Towne Center, Boulevard at the Capital Centre,, Bed, Bath & Beyond Plaza, Denton Crossing, Azalea Square, Lake Mary Pointe, Plaza at Riverlakes, Gurnee Town Centre, Mansfield Towne Crossing, Winchester Commons, Publix Center, Fox Creek Village, Oswego Commons, University Town Center, Edgemont Town Center, Five Forks, Placentia Town Center, Gateway Station, Northwoods Center, Shops at Forest Commons, Gateway Pavilions Southlake Town Square, Evans Towne Centre and Irmo Station.

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Statement of Operations
For the nine months ended September 30, 2004
(unaudited)

Gross rental income based on information provided by tenant net leases for the following properties:

Wal-Mart Supercenter - Blytheville, Wrangler Company Western Headquarters, Wal-Mart Supercenter - Jonesboro, Harris Teeter - Wilmington, GMAC Insurance, CVS Pharmacy - Sylacauga, Zurich Towers and the American Express portfolio.

(C) The advisor asset management fee is expected to be subordinated to the

shareholders' receipt of a stated return thus no amount is reflected.

(D) Buildings and improvements will be depreciated on a straight line basis based upon estimated useful lives of 30 years for building and improvements and 15 years for site improvements. That portion of the purchase price that is allocated to above or below lease intangibles will be amortized on a straight line basis over the life of the related leases as an adjustment to rental income. Other leasing costs, tenant improvements and in-place lease intangibles will be amortized on a straight line basis over the life of the related leases as a component of amortization expense.

(E) The pro forma weighted average shares of common stock outstanding for the six months ended September 30, 2004 was calculated using the additional shares sold to purchase each of the properties on a weighted average basis plus the 20,000 shares purchased by the Advisor in connection with our organization.

(F) Management fees are calculated as 4.5% of gross revenues pursuant to the management agreement and are included in property operating expenses.

(G) The value of the acquired leases will be amortized over the lease term.

(H) The pro forma adjustments relating to interest expense were based on the following debt terms:

Property	Principal Balance	Interest Rate	Maturity Date
Darien Towne Center	16,500,000	4.650%	06/10
CVS Pharmacy - Edmond	1,850,000	4.374%	06/09
CVS Pharmacy - Norman	2,900,000	4.374%	06/09
Newnan Crossing	23,766,100	4.380%	03/09
Shops at Park Place	13,127,000	4.710%	11/08
Pavilion at King's Grant	5,342,000	4.390%	05/09
Shaw's Supermarket - New Britain	6,450,000	4.680%	11/28
Stony Creek Marketplace	14,162,000	4.770%	01/11
CorWest Plaza	18,150,000	4.560%	02/09
Hickory Ridge	23,650,000	4.531%	02/09
Larkspur Landing	33,630,000	4.450%	02/09
North Ranch Pavilion	10,157,000	4.120%	04/09
Shoppes at Quarterfield	6,067,000	4.280%	04/09
La Plaza Del Norte	32,528,000	4.610%	03/10
MacArthur Crossing	12,700,000	4.290%	05/09
Promenade at Red Cliff	10,590,000	4.290%	05/09
Dorman Center - Phase I and Phase II	27,610,000	4.180%	05/09
Peoria Crossings	20,497,000	4.090%	04/09
Heritage Towne Crossing	8,950,000	4.374%	06/09
Paradise Valley Marketplace	15,681,000	4.550%	05/09
Best on the Boulevard	19,525,000	3.990%	05/09

Property	Principal Balance	Interest Rate	Maturity Date
Bluebonnet Parc	12,100,000	4.372%	05/09
North Rivers Town Center	11,050,000	4.760%	05/09
Alison's Corner	3,850,000	4.272%	06/10
Arvada Marketplace and Arvada Connection	28,510,000	4.130%	07/09
Eastwood Towne Center	46,750,000	4.640%	07/09
Watauga Pavilion	17,100,000	4.140%	06/10
Northpointe Plaza	30,850,000	4.272%	05/09
Plaza Santa Fe II	17,474,500	6.200%	12/12
Eckerds Drug Stores (4)	6,800,000	5.275%	08/09
Pine Ridge Plaza	14,700,000	5.085%	08/09
Huebner Oaks Center (Note A)	31,723,000	4.200%	07/10
Huebner Oaks Center (Note B)	16,277,000	3.960%	07/10
John's Creek Village	23,300,000	5.100%	08/09
Lakewood Towne Center (Note A)	44,000,000	2.680%	06/09
Lakewood Towne Center (Note B)	7,260,000	3.830%	07/05
Shoppes of Prominence Point	9,954,300	5.235%	09/09
Northgate North	26,650,000	4.600%	07/08
Davis Towne Crossing	5,365,200	5.185%	09/09
Fullerton Metrocenter	28,050,000	5.090%	08/09
The Shops at Boardwalk	20,150,000	4.130%	08/09
Shoppes of Dallas	7,179,000	4.960%	04/09
Cranberry Square	10,900,000	4.975%	08/09
Tollgate Marketplace	39,765,000	LIBOR +120	07/09
Gateway Village (Note A)	27,233,000	LIBOR + 113	07/09
Gateway Village (Note B)	4,225,000	LIBOR + 200	08/05
Towson Circle (Note A)	15,647,500	5.100%	07/09
Towson Circle (Note B)	3,550,000	LIBOR + 200	08/05
Wal-Mart Supercenter - Blytheville	7,100,000	4.390%	09/09
Gateway Plaza	18,163,000	5.100%	09/09
Wrangler Company Western Headquarters	11,300,000	5.090%	08/27
Plaza at Marysville	11,800,000	5.085%	08/09
Forks Town Center	10,395,000	4.970%	09/09
Academy Sports - Houma	2,920,000	5.120%	09/09
Wal-Mart Supercenter - Jonesboro	6,088,500	5.085%	09/09
Reisterstown Road Plaza	49,650,000	5.300%	09/09
Village Shoppes at Simonton	7,562,000	4.960%	10/09
Manchester Meadows	31,065,000	4.480%	09/07
Governor's Marketplace	20,625,000	5.185%	09/09
Mitchell Ranch Plaza	18,700,000	4.480%	10/09
Saucon Valley Square	8,851,000	5.115%	10/09
Boulevard at Capital Centre	71,500,000	5.120%	10/09
GMAC Insurance	33,000,000	4.610%	10/09
Low Country Village	5,370,000	4.960%	10/09
The Columns - Phase I	11,423,000	4.910%	11/09
Lincoln Park	26,153,000	4.610%	11/09
Harris Teeter - Wilmington	3,960,000	4.915%	11/09

Property	Principal Balance	Interest Rate	Maturity Date
Kohl's - Wilshire Plaza III	5,418,000	5.120%	12/09
Harvest Town Center	5,005,000	4.935%	01/10
Bed Bath & Beyond Plaza	11,193,000	5.170%	12/09
The Columns - Phase II	3,442,000	4.950%	05/09
Denton Crossing	35,200,000	4.300%	01/10
Azalea Square	16,535,000	5.010%	12/09
Lake Mary Pointe	3,658,000	5.170%	12/09
Academy Sports - Port Arthur	2,775,000	5.120%	11/09
Academy Sports - Midland	2,338,000	5.120%	01/10
Mansfield Towne Crossing	10,982,000	5.215%	12/09
Winchester Commons	7,235,000	5.120%	12/09
Oswego Commons	19,262,000	4.750%	12/09
Zurich Towers	81,420,000	4.247%	12/34
Shops at Forest Commons	5,250,000	6.340%	09/13
American Express Portfolio	230,100,000	4.268%	12/09

Inland Western Retail Real Estate Trust, Inc.
Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2003
(unaudited)

The following unaudited Pro Forma Consolidated Statement of Operations is presented to give effect the acquisition of the properties indicated in Note B of the Notes to the Pro Forma Consolidated Statement of Operations as though they occurred on January 1, 2003 or the date significant operations commenced. No pro forma adjustments have been made for any potential property acquisitions identified as of December 17, 2004. The Company does not consider these properties as probable under Rule 3-14 of Regulation S-X as the Company has not completed the due diligence process on these properties. Additionally, the Company has not received sufficient offering proceeds or obtained firm financing commitments to acquire all of these properties as of December 17, 2004. The Company believes it will have sufficient cash from offering proceeds raised and from additional financing proceeds to acquire these properties if and when the Company is prepared to acquire these properties. No pro forma adjustments were made for CVS Pharmacy-Edmond or CVS Pharmacy-Norman as the properties were completed in 2003 and there were no significant operations prior to our acquisition. No pro forma adjustments were made for Eckerd-Greer, Eckerd-Kill Devil Hills, Eckerd-Columbia, Eckerd-Crossville, Shoppes of Prominence Point, Low Country Village, Shoppes of Dallas, Kohl's - Wilshire Plaza III, Dorman Center - Phase II, Academy Sports - Houma, Village Shoppes at Simonton, Bed, Bath & Beyond Plaza, The Columns - Phase II, Academy Sports - Port Arthur, CVS Pharmacy - Sylacauga, Academy Sports - Midland, Publix Center and Gateway Station as the properties were completed in 2004 and there were no significant operations in 2003. No pro forma adjustments were made related to the Pacheco Pass and Quakertown notes receivable as the properties were completed in 2004 and there were no significant operations prior to our funding of the notes receivable.

This unaudited Pro Forma Consolidated Statement of Operations is not necessarily indicative of what the actual results of operations would have been for the year ended December 31, 2003, nor does it purport to represent our future results of operations.

Inland Western Retail Real Estate Trust, Inc.
Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2003 (unaudited)

	Historical (A)	Pro Forma Adjustments (B)	Pro Adju
Rental income	$ 607,000	130,815,000	4
Tenant recovery income	138,000	36,782,000	
Other property income	38,000	-	
Total revenues	783,000	163,597,000	4
General and administrative expenses	454,000	-	
Advisor asset management fee (D)	-	-	
Property operating expenses (G)	144,000	53,282,000	
Depreciation and amortization (E) (H)	223,000	63,862,000	1
Total expenses	821,000	117,144,000	2
Operating income	(38,000)	46,453,000	2
Other income	-	-	
Interest expense (I)	(136,000)	(41,636,000)	(1
Realized loss on sale of treasury contacts	-	-	
Minority interests	-	-	
Net income (loss)	$ (174,000)	4,817,000	
Weighted average number of shares of common stock outstanding, basic and diluted (F)	2,521,000		
Net income (loss) per share, basic and diluted (F)	(.07)		

See accompanying notes to pro forma consolidated statement of operations.

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2003
(unaudited)

(A) The historical information represents the historical statement of

operations of the Company for the period from March 5, 2003 (inception) to December 31, 2003 as filed with the Securities Exchange Commission on Form 10-K.

(B) Total pro forma adjustments for acquisitions consummated as of December 17, 2004 are as though the properties were acquired January 1, 2003.

	Gross Income & Direct Operating Expenses (1)	Pro Forma Adjustments	Total Pro Forma Adjustments
Rental income	$ 133,977,000	(3,162,000)	130,815,000
Tenant recovery income	32,782,000	-	32,782,000
Total income	166,759,000	(3,162,000)	163,597,000
Advisor asset management fee	-	-	-
Property operating expenses	46,020,000	7,262,000	53,282,000
Depreciation and amortization	-	63,862,000	63,862,000
Interest expense	-	41,636,000	41,636,000
Total expenses	46,020,000	112,760,000	158,780,000
Net income (loss)	$ 120,739,000	(115,922,000)	4,817,000

(1) Audited combined gross income and direct operating expenses as prepared in accordance with Rule 3-14 of Regulation S-X for the following properties:

Shops at Park Place, Darien Towne Center, Newnan Crossing Phase I and II, Pavilion at Kings Grant, Hickory Ridge, CorWest Plaza, Shoppes at Quarterfield, Larkspur Landing, North Ranch Pavilion, La Plaza Del Norte, MacArthur Crossing, Promenade at Red Cliff, Peoria Crossings, Dorman Center - Phase I, Heritage Towne Crossing, Paradise Valley Marketplace, Best on the Boulevard, Bluebonnet Parc, North Rivers Town Center, Arvada Connection and Arvada Marketplace, Eastwood Town Center, Watauga Pavilion, Northpointe Plaza, Plaza Santa Fe II, Pine Ridge Plaza, Huebner Oaks Center, John's Creek Village, Lakewood Towne Center, Northgate North, Davis Towne Crossing, Fullerton Metrocenter, The Shops at Boardwalk, Cranberry Square, Tollgate Marketplace, Gateway Village, Towson Circle, Gateway Plaza, Plaza at Marysville, Forks Town Center, Reisterstown Road Plaza, Manchester Meadows, Governor's Marketplace, Mitchell Ranch Plaza, The Columns, Saucon Valley Square, Lincoln Park, Boulevard at the Capital Centre, Denton Crossing, Azalea Square, Plaza at Riverlakes, Gurnee Town Centre, Mansfield Towne Crossing, Winchester Commons, Fox Creek Village, Oswego Commons, University Town Center, Edgemont Town Center, Placentia Town Center, Gateway Pavilions, Northwoods Center, Southlake Town Square, Evans Towne Center and Irmo Station.

The following properties did not require audits in accordance with Rule 3-14 of Regulation S-X:

CVS Pharmacy (Eckerds) - Edmond, CVS Pharmacy (Eckerds) - Norman, Shaw's Supermarket - New Britain, Eckerds - Greer, Eckerds - Kill Devil Hills, Eckerds

- Columbia, Eckerds - Crossville, Kohl's - Wilshire Plaza III, Wal-Mart Supercenter - Blytheville, Wrangler Company Western Headquarters, Academy Sports - Houma, Wal-Mart Supercenter - Jonesboro, Harris Teeter - Wilmington, GMAC Insurance, Academy Sports - Port Arthur, CVS - Sylacauga, Academy Sports - Midland, and Zurich Towers did not require 3-14 audits as these are single-tenant properties. Stony Creek Marketplace did not require a 3-14 audit as the property was complete in 2003 and there were no significant operations

prior to our acquisition. Alison's Corner, Shoppes of Prominence Point, Low Country Village, Shoppes of Dallas, Village Shoppes at Simonton, Harvest Town Center, Bed Bath & Beyond Plaza, Lake Mary Pointe, Publix Center, Five Forks, and Gateway Station did not require 3-14 audits as the properties were completed in 2004 and there were no significant operations in 2003. Pacheco Pass and Quakertown did not require 3-14 audits as the properties were completed in 2004 and there were no significant operations prior to our funding of the notes receivables.

(C) Total pro forma adjustments for acquisitions consummated as of December 17, 2004 are as though the properties were acquired January 1, 2003. No pro forma adjustments were made for the CVS Pharmacy - Edmond and the CVS Pharmacy - Norman as the properties were completed in 2003 and there were no significant operations prior to our acquisition. No pro forma adjustments were made for Eckerd - Greer, Eckerd - Kill Devil Hills, Eckerd - Columbia, Eckerd - Crossville, Shoppes of Prominence Point, Low Country Village, Shoppes of Dallas, Kohl's - Wilshire Plaza III, Dorman Center - Phase II, Academy Sports - Houma, Village Shoppes at Simonton, Bed, Bath & Beyond Plaza, The Columns - Phase II, Academy Sports - Port Arthur, CVS Pharmacy - Sylacauga, Academy Sports - Midland, Publix Center and Gateway Station as the properties were completed in 2004 and there were no significant operations in 2003. No pro forma adjustments were made related to the Pacheco Pass and Quakertown notes receivable as the properties were completed in 2004 and there were no significant operations prior to our funding of the notes receivable.

	Gross Income & Direct Operating Expenses (1)	Pro Forma Adjustments	Total Pro Forma Adjustments
Rental income	$ 46,899,000	(120,000)	46,779,000
Tenant recovery income	1,047,000	-	1,047,000

Total revenues	47,946,000	(120,000)	47,826,000
Advisor asset management fee	-	-	-
Property operating expenses	1,135,000	2,158,000	3,293,000
Depreciation and amortization	-	18,603,000	18,603,000
Interest expense	-	17,843,000	17,843,000
Total expenses		38,604,000	39,739,000
Net income (loss)	$ 46,811,000	(38,724,000)	8,087,000

(1) Unaudited combined gross income and direct operating expenses based on information provided by the Seller for the following properties:

Stony Creek Marketplace, Shaw's Supermarket (New Britain), Alison's Corner, Harvest Towne Center, Lake Mary Pointe, Five Forks and Shops at Forest Commons.

Gross rental income based on information provided by tenant net leases for the following properties:

Wal-Mart Supercenter - Blytheville, Wrangler Company Western Headquarters, Wal-Mart Supercenter - Jonesboro, Harris Teeter - Wilmington, GMAC Insurance, Zurich Towers and the American Express portfolio.

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2003
(unaudited)

(D) The advisor asset management fee is expected to be subordinated to the shareholders' receipt of a stated return thus no amount is reflected.

(E) Buildings and improvements will be depreciated on a straight line basis based upon estimated useful lives of 30 years for building and improvements and 15 years for site improvements. That portion of the purchase price that is allocated to above or below lease intangibles will be amortized on a straight line basis over the life of the related leases as an adjustment to rental income. Other leasing costs, tenant improvements and in-place lease intangibles will be amortized on a straight line basis over the life of the related leases as a component of amortization expense.

(F) The pro forma weighted average shares of common stock outstanding for the year ended December 31, 2003 was calculated using the additional shares sold to purchase each of the properties on a weighted average basis plus the 20,000 shares purchased by the Advisor in connection with our organization.

(G) Management fees are calculated as 4.5% of gross revenues pursuant to the management agreement and are included in property operating expenses.

(H) The value of the acquired leases will be amortized over the lease term.

(I) The pro forma adjustments relating to interest expense were based on the following debt terms:

Property	Principal Balance	Interest Rate	Maturity Date
Darien Towne Center	16,500,000	4.650%	06/10
CVS Pharmacy - Edmond	1,850,000	4.374%	06/09
CVS Pharmacy - Norman	2,900,000	4.374%	06/09
Newnan Crossing	23,766,100	4.380%	03/09
Shops at Park Place	13,127,000	4.710%	11/08
Pavilion at King's Grant	5,342,000	4.390%	05/09
Shaw's Supermarket - New Britain	6,450,000	4.680%	11/28
Stony Creek Marketplace	14,162,000	4.770%	01/11
CorWest Plaza	18,150,000	4.560%	02/09
Hickory Ridge	23,650,000	4.531%	02/09
Larkspur Landing	33,630,000	4.450%	02/09
North Ranch Pavilion	10,157,000	4.120%	04/09
Shoppes at Quarterfield	6,067,000	4.280%	04/09
La Plaza Del Norte	32,528,000	4.610%	03/10
MacArthur Crossing	12,700,000	4.290%	05/09
Promenade at Red Cliff	10,590,000	4.290%	05/09
Dorman Center - Phase I and Phase II	27,610,000	4.180%	05/09
Peoria Crossings	20,497,000	4.090%	04/09
Heritage Towne Crossing	8,950,000	4.374%	06/09
Paradise Valley Marketplace	15,681,000	4.550%	05/09
Best on the Boulevard	19,525,000	3.990%	05/09

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2003
(unaudited)

Property	Principal Balance	Interest Rate	Maturity Date
Bluebonnet Parc	12,100,000	4.372%	05/09
North Rivers Town Center	11,050,000	4.760%	05/09
Alison's Corner	3,850,000	4.272%	06/10
Arvada Marketplace and Arvada Connection	28,510,000	4.130%	07/09
Eastwood Towne Center	46,750,000	4.640%	07/09
Watauga Pavilion	17,100,000	4.140%	06/10
Northpointe Plaza	30,850,000	4.272%	05/09
Plaza Santa Fe II	17,474,500	6.200%	12/12
Eckerds Drug Stores (4)	6,800,000	5.275%	08/09
Pine Ridge Plaza	14,700,000	5.085%	08/09
Huebner Oaks Center (Note A)	31,723,000	4.200%	07/10
Huebner Oaks Center (Note B)	16,277,000	3.960%	07/10
John's Creek Village	23,300,000	5.100%	08/09
Lakewood Towne Center (Note A)	44,000,000	2.680%	06/09
Lakewood Towne Center (Note B)	7,260,000	3.830%	07/05
Shoppes of Prominence Point	9,954,300	5.235%	09/09
Northgate North	26,650,000	4.600%	07/08
Davis Towne Crossing	5,365,200	5.185%	09/09

Fullerton Metrocenter	28,050,000	5.090%	08/09
The Shops at Boardwalk	20,150,000	4.130%	08/09
Shoppes of Dallas	7,179,000	4.960%	04/09
Cranberry Square	10,900,000	4.975%	08/09
Tollgate Marketplace	39,765,000	LIBOR +120	07/09
Gateway Village (Note A)	27,233,000	LIBOR + 113	07/09
Gateway Village (Note B)	4,225,000	LIBOR + 200	08/05
Towson Circle (Note A)	15,647,500	5.100%	07/09
Towson Circle (Note B)	3,550,000	LIBOR + 200	08/05
Wal-Mart Supercenter - Blytheville	7,100,000	4.390%	09/09
Gateway Plaza	18,163,000	5.100%	09/09
Wrangler Company Western Headquarters	11,300,000	5.090%	08/27
Plaza at Marysville	11,800,000	5.085%	08/09
Forks Town Center	10,395,000	4.970%	09/09
Academy Sports - Houma	2,920,000	5.120%	09/09
Wal-Mart Supercenter - Jonesboro	6,088,500	5.085%	09/09
Reisterstown Road Plaza	49,650,000	5.300%	09/09
Village Shoppes at Simonton	7,562,000	4.960%	10/09
Manchester Meadows	31,065,000	4.480%	09/07
Governor's Marketplace	20,625,000	5.185%	09/09
Mitchell Ranch Plaza	18,700,000	4.480%	10/09
Saucon Valley Square	8,851,000	5.115%	10/09
Boulevard at Capital Centre	71,500,000	5.120%	10/09
GMAC Insurance	33,000,000	4.610%	10/09
Low Country Village	5,370,000	4.960%	10/09
The Columns - Phase I	11,423,000	4.910%	11/09
Lincoln Park	26,153,000	4.610%	11/09
Harris Teeter - Wilmington	3,960,000	4.915%	11/09

Inland Western Retail Real Estate Trust, Inc.
Notes to Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2003
(unaudited)

Property	Principal Balance	Interest Rate	Maturity Date
Kohl's - Wilshire Plaza III	5,418,000	5.120%	12/09
Harvest Town Center	5,005,000	4.935%	01/10
Bed Bath & Beyond Plaza	11,193,000	5.170%	12/09
The Columns - Phase II	3,442,000	4.950%	05/09
Denton Crossing	35,200,000	4.300%	01/10
Azalea Square	16,535,000	5.010%	12/09
Lake Mary Pointe	3,658,000	5.170%	12/09
Academy Sports - Port Arthur	2,775,000	5.120%	11/09
Academy Sports - Midland	2,338,000	5.120%	01/10
Mansfield Towne Crossing	10,982,000	5.215%	12/09
Winchester Commons	7,235,000	5.120%	12/09
Oswego Commons	19,262,000	4.750%	12/09
Zurich Towers	81,420,000	4.247%	12/34
Shops at Forest Commons	5,250,000	6.340%	09/13
American Express Portfolio	230,100,000	4.268%	12/09

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Shops at Park Place ("the Property") for the year ended December 31, 2002. This Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 1 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Shops at Park Place for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
November 10, 2003

SHOPS AT PARK PLACE
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2002 and the nine months ended
September 30, 2003 (unaudited)

	For the nine months ended September 30, 2003 (unaudited)	For the year ended December 31, 2002
Gross income:		
Base rental income	$ 1,437,200	1,908,061
Operating expense and real estate tax recoveries	379,258	483,930

Total gross income	1,816,458	2,391,991
Direct operating expenses:		
Operating expenses	168,382	266,939
Real estate taxes	269,037	326,106
Insurance	27,897	33,813
Total direct operating expenses	465,316	626,858
Excess of gross income over direct operating expenses	$ 1,351,142	1,765,133

See accompanying notes to historical summary of gross income and direct operating expense.

SHOPS AT PARK PLACE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2002 and the nine months ended
September 30, 2003

(1) Business

Shops at Park Place (the "Property") is located in Plano, Texas. The Property consists of approximately 112,478 square feet of gross leasable retail area which was 100% occupied at December 31, 2002. Three retail tenants account for approximately 44% of the base retail rental revenue. On October 31, 2003, Inland Western Retail Real Estate Trust, Inc. (IWRRETI) acquired the Property.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 1 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2003.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal to options at various periods at various rental rates. Certain of the leases contain provisions for contingent rentals.

The Property has one ground lease which is classified as an operating lease with a term expiring in October 2015. Total ground lease income was $88,297 and is included in base rental income in the accompanying Historical Summary for the year ended December 31, 2002.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exists in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $14,536 for the year ended December 31, 2002.

SHOPS AT PARK PLACE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2002 and the nine months ended
September 30, 2003 (continued)

Minimum rents to be received from tenants under operating leases, which terms range from rive to sixty years, in effect at December 31, 2002, are as follows:

YEAR	TOTAL
2003	$ 1,913,069
2004	1,913,416
2005	1,916,724
2006	1,861,396
2007	1,500,007
Thereafter	23,437,097
Total	$ 32,541,709

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Darien Towne Center ("the Property") for the year ended December 31, 2002. This Historical Summary is the responsibility of management. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted

in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Form 8-K/A of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Darien Towne Center for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Los Angeles, California
December 4, 2003

DARIEN TOWNE CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2002
(in thousands)

	For the year ended December 31, 2002
Gross income:	
rental income	$ 2,051
Tenant reimbursements	449
Total gross income	2,500
Direct operating expenses:	
Utilities, maintenance, and repairs	201
Real estate taxes	344
Insurance	35
Total direct operating expenses	580
Excess of gross income over direct operating expenses	$ 1,920

See accompanying notes to historical summary of gross income and direct operating expense.

DARIEN TOWNE CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2002

(1) Business

Darien Towne Center (the Property) is a shopping center located in Darien, Illinois. The Property consists of 217,505 square feet of gross leasable area and was 95% occupied at December 31, 2002. Approximately 77% of the property's leasable area is leased to three tenants, Home Depot, Circuit City, and PetSmart. Inland Western Retail Real Estate Trust, Inc. (IWRRETI) has signed a purchase and sale agreement for the purchase of the Property from an unaffiliated third-party seller.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Form 8-K/A of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Certain leases contain renewal to options at various periods at various rental rates.

Rental income is recognized using the accrual method based on contractual amounts provided for in the lease agreements. Rental revenue is recognized on a straight-line basis over the term of the respective leases.

The following is a schedule of minimum future rental to be received on noncancelable operating leases as of December 31, 2002 (in thousands):

YEAR	TOTAL
2003	$ 2,089
2004	1,938
2005	1,452
2006	1,440
2007	1,390
Thereafter	9,148
Total	$ 17,457

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DARIEN TOWNE CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2002 (continued)

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Combined Historical Summary of Gross Income and Direct Operating Expenses ("Combined Historical Summary") of the Properties Acquired from Thomas Enterprises ("the Properties") for the year ended December 31, 2003. This Combined Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Combined Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Combined Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Combined Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Combined Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Combined Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Form 8-K/A of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Properties' revenues and expenses.

In our opinion, the Combined Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of the Properties Acquired from Thomas Enterprises for the

year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
February 24, 2004

THE PROPERTIES ACQUIRED FROM THOMAS ENTERPRISES
Combined Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

	For the year ended December 31, 2003
Gross income:	
Base rental income	$ 2,968,855
Operating expense and real estate tax recoveries	529,344
Total gross income	3,498,199
Direct operating expenses:	
Operating expenses	372,962
Real estate taxes	217,447
Insurance	35,600
Total direct operating expenses	626,009
Excess of gross income over direct operating expenses	$ 2,872,190

See accompanying notes to historical summary of gross income and direct operating expense.

PROPERTIES ACQUIRED FROM THOMAS ENTERPRISES
Notes to Combined Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

(1) Business

The Properties Acquired from Thomas Enterprises ("the Properties") consists of the following:

	Gross	Occupancy at

Name	Leasable Area (unaudited)	Location	December 31, 2003 (unaudited)
Pavilion at King's Grant	79,909	Concord, North Carolina	100%
Newnan Crossing I and II	288,284	Newnan, Georgia	100%

Two tenants account for 41% of the Properties' base rental income.

Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Pavilion at King's Grant on December 30, 2003, Newnan Crossing on December 23, 2003 and Newnan Crossing Phase II on February 13, 2004, from Thomas Enterprises, an unaffiliated party. The Historical Summary represents the combination of the Properties described above since the Properties are all owned by Thomas Enterprises.

A portion of Pavilion at King's Grant and Newnan Crossing (representing approximately 71,000 square feet and 275,800 square feet, respectively,) of the Properties' gross leasable area was completed as of December 31, 2002. The remaining portion of the Properties' gross leasable area (representing the remaining approximately 8,000 square feet and 12,400 square feet, respectively,) was under construction and completed during 2003.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Form 8-K/A of IWRRETI and is not intended to be a complete presentation of the Properties' revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Properties to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Properties lease retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Properties are reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

The Properties have five ground leases which are classified as operating leases with terms ranging through February 2014. Total ground lease income was $363,323 and is included in base rental income in the accompanying Historical Summary for the year ended December 31, 2003.

(continued)

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exists in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $294,000 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from five to twenty years in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 3,537,586
2005	3,396,343
2006	3,351,239
2007	3,155,649
2008	3,124,333
Thereafter	22,863,275
Total	$ 39,428,425

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

STONY CREEK MARKETPLACE
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 (unaudited)

	For the year ended December 31, 2003 (unaudited)
Gross income:	
Base rental income	$ 393,702
Operating expense and real estate tax recoveries	130,140
Total gross income	523,842
Direct operating expenses:	
Property operating expenses	98,974

Total direct operating expenses	98,974
Excess of gross income over direct operating expenses	$ 424,868

See accompanying notes to historical summary of gross income and direct operating expense.

STONY CREEK MARKETPLACE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Stony Creek Marketplace to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the year ended December 31, 2003.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Hickory Ridge ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Hickory Ridge for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
March 2, 2004

HICKORY RIDGE
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

	For the year ended December 31, 2003
Gross income:	
Base rental income	$ 3,633,058
Operating expense and real estate tax recoveries	447,314
Total gross income	4,080,372
Direct operating expenses:	
Operating expenses	156,997
Real estate taxes	244,786
Insurance	59,317
Total direct operating expenses	461,100
Excess of gross income over direct operating expenses	$ 3,619,272

See accompanying notes to historical summary of gross income and direct operating expense.

HICKORY RIDGE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

(1) Business

Hickory Ridge (the Property) is located in Hickory, North Carolina. The Property consists of 375,587 square feet of gross leasable area and was 100% occupied at December 31, 2003. The Property is leased to twenty-one tenants of which four tenants account for approximately 51% of base rental revenue for the year ended December 31, 2003. On January 9, 2004, Inland Western Retail Real Estate Trust,

Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal to options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $25,762 was earned during the year ended December 31, 2003.

In addition, rental income includes $95,959 of rent from one tenant that pays monthly rent based upon a percentage of monthly sales in lieu of minimum rents provided in the lease. The minimum rents schedule below excludes such tenant.

The Property has two ground leases that are classified as operating leases with terms extending through January 2013 and January 2021, respectively. Total ground lease income was $311,590 and is included in base rental income in the accompanying Historical Summary for the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increase base rental income by $132,919 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from one to seventeen years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 3,393,768
2005	3,053,077
2006	3,065,441

2007	3,016,833
2008	3,019,568
Thereafter	18,476,329
Total	$ 34,025,016

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of CorWest Plaza ("the Property") for the period from May 29, 2003 through December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of CorWest Plaza for the period from May 29, 2003 through December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
March 3, 2004

CORWEST PLAZA
Historical Summary of Gross Income and Direct Operating Expenses
For the period from May 29, 2003 through December 31, 2003

	For the period from May 29, 2003 through December 31, 2003
Gross income:	
Base rental income	$ 1,425,025
Operating expense and real estate tax recoveries	424,278
Total gross income	1,849,303
Direct operating expenses:	
Operating expenses	54,893
Real estate taxes	347,412
Insurance	16,407
Total direct operating expenses	418,712
Excess of gross income over direct operating expenses	$ 1,430,591

See accompanying notes to historical summary of gross income and direct operating expense.

CORWEST PLAZA
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from May 29, 2003 through December 31, 2003

(1) Business

CorWest Plaza (the Property) is located in New Britain, Connecticut. The Property consists of approximately 115,011 square feet of gross leasable area and was 100% occupied at December 31, 2003. The Property is leased to ten tenants of which four tenants account for approximately 90% of base rental revenue for the period from May 29, 2003 through December 31, 2003. On January 6, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual

basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates As the Property was acquired by the seller on May 29, 2003, financial statements were not available prior to such date. As such, the Historical Summary includes only operations for the period from May 29, 2003 through December 31, 2003.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal to options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned from the period from May 29, 2003 through December 31, 2003.

The Property has 3 ground leases that are classified as operating leases with terms extending through May 2028. Total ground lease income was $1,225,693 and is included in base rental income in the accompanying Historical Summary for the period from May 29, 2003 through December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exists in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $44,806 for the period from May 29, 2003 through December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from 48 months to 25 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 2,612,698
2005	2,594,038
2006	2,464,015
2007	2,416,598
2008	2,433,616
Thereafter	40,960,776
Total	$ 53,481,742

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Metro Square Center (SuperValue) ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Metro Square Center (SuperValue) for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
March 3, 2004

METRO SQUARE CENTER (SUPERVALUE)
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

	For the ye ended December 31,

Gross income:	
Base rental income	$ 94
Operating expense and real estate tax recoveries	12
Total gross income	1,07
Direct operating expenses:	
Operating expenses	5
Real estate taxes	4
Insurance	1
Total direct operating expenses	12
Excess of gross income over direct operating expenses	$ 95

See accompanying notes to historical summary of gross income and direct operating expense.

METRO SQUARE CENTER (SUPERVALUE)
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

(1) Business

Metro Square Center (SuperValue) (the Property) is located in Severn, Maryland. The Property consists of approximately 62,000 square feet of gross leasable area and was 100% occupied at December 31, 2003. The Property is leased to three tenants of which one tenant accounts for approximately 91% of base rental revenue for the year ended December 31, 2003. On January 22, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to

the lease agreements. Certain leases contain renewal to options at various periods at various rental rates. Certain of the leases contain provisions for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exists in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $54,197 for the year ended December 31, 2003.

METRO SQUARE CENTER (SUPERVALUE)
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003
(continued)

Minimum rents to be received from tenants under operating leases, which terms range from five to 20 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 897,786
2005	922,082
2006	902,574
2007	904,327
2008	844,146
Thereafter	10,010,898
Total	$ 14,481,813

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Larkspur Landing, ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on

our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Larkspur Landing, for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
February 26, 2004

LARKSPUR LANDING
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

	For the ye ended December 31,
Gross income:	
Base rental income	$ 4,73
Operating expense and real estate tax recoveries	1,05
Total gross income	5,79
Direct operating expenses:	
Operating expenses	70
Real estate taxes	33
Insurance	23
Total direct operating expenses	1,28
Excess of gross income over direct operating expenses	$ 4,51

See accompanying notes to historical summary of gross income and direct operating expense.

LARKSPUR LANDING
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

(1) Business

Larkspur Landing, (the Property) is located in Larkspur, California. The Property consists of approximately 173,800 square feet of gross leasable area and was approximately 91% occupied at December 31, 2003. The Property is leased to thirty-seven tenants of which four tenants account for approximately 62% of base rental revenue for the year ended December 31, 2003. On January 14, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal to options at various periods at various rental rates. Certain of the leases contain provisions for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $339,129 was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exists in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $171,513 for the year ended December 31, 2003.

LARKSPUR LANDING
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003
(continued)

Minimum rents to be received from tenants under operating leases, which terms

range from 1 to 15 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 4,305,051
2005	3,779,574
2006	3,409,006
2007	2,769,297
2008	2,410,278
Thereafter	13,617,128
Total	$ 30,290,334

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of North Ranch Pavilion ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of North Ranch Pavilion for the year ended December 31, 2003, in

conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
February 25, 2004

NORTH RANCH PAVILION
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

	For the ye ended December 31,
Gross income:	
Base rental income	$ 1,10
Operating expense and real estate tax recoveries	32
Total gross income	1,42
Direct operating expenses:	
Operating expenses	21
Real estate taxes	12
Insurance	3
Total direct operating expenses	37
Excess of gross income over direct operating expenses	$ 1,04

See accompanying notes to historical summary of gross income and direct operating expense.

NORTH RANCH PAVILION
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

(1) Business

North Ranch Pavilion (the Property) is located in Thousand Oaks, California. The Property consists of approximately 63,000 square feet of gross leasable area and was approximately 91% occupied at December 31, 2003. The Property is leased to twenty-seven tenants of which three tenants account for approximately 34% of base rental revenue for the year ended December 31, 2003. On January 15, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal to options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exists in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $39,515 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from three to 14 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,308,503
2005	1,187,162
2006	1,196,362
2007	768,560
2008	665,216
Thereafter	2,245,095
Total	$ 7,370,898

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of La Plaza Del Norte ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of La Plaza Del Norte for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
February 26, 2004

LA PLAZA DEL NORTE
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

	For the ye ended December 31,

Gross income:	
Base rental income	$ 4,00
Operating expense and real estate tax recoveries	1,42
Total gross income	5,42
Direct operating expenses:	
Operating expenses	24
Real estate taxes	1,19
Insurance	8
Total direct operating expenses	1,52
Excess of gross income over direct operating expenses	$ 3,90

See accompanying notes to historical summary of gross income and direct operating expense.

LA PLAZA DEL NORTE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

(1) Business

La Plaza Del Norte (the Property) is located in San Antonio, Texas. The Property consists of approximately 320,000 square feet of gross leasable area and was approximately 96% occupied at December 31, 2003. The Property is leased to eighteen tenants of which two tenants account for approximately 41% of base rental revenue for the year ended December 31, 2003. On January 21, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal to options at various periods at various rental rates. Certain of the leases contain provision for

contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $827 was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exists in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $72,859 for the year ended December 31, 2003.

LA PLAZA DEL NORTE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003
(continued)

Minimum rents to be received from tenants under operating leases, which terms range from five to twenty years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 4,113,332
2005	4,070,499
2006	3,942,489
2007	3,358,048
2008	3,258,479
Thereafter	14,294,929
Total	$ 33,037,776

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of MacArthur Crossing ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted

in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of MacArthur Crossing for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
March 1, 2004

MACARTHUR CROSSING
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

	For the y ended December 31,
Gross income:	
Base rental income	$ 1,76
Operating expense and real estate tax recoveries	60
Total gross income	2,36
Direct operating expenses:	
Operating expenses	24
Real estate taxes	40
Insurance	4
Total direct operating expenses	69
Excess of gross income over direct operating expenses	$ 1,67

See accompanying notes to historical summary of gross income and direct

operating expense.

MACARTHUR CROSSING
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

(1) Business

MacArthur Crossing (the Property) is located in Las Colinas, Texas. The Property consists of 111,035 square feet of gross leasable area and was approximately 98% occupied at December 31, 2003. The Property is leased to twenty-nine tenants of which seven tenants account for approximately 54% of base rental revenue for the year ended December 31, 2003. On February 5, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal to options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $14,807 was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exists in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $4,655 for the year ended December 31, 2003.

MACARTHUR CROSSING
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003
(continued)

Minimum rents to be received from tenants under operating leases, which terms range from five to twenty years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,771,533
2005	1,713,801
2006	1,290,824
2007	809,370
2008	678,292
Thereafter	2,761,095
Total	$ 9,024,915

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Promenade at Red Cliff ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Promenade at Red Cliff for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
March 5, 2004

PROMENADE AT RED CLIFF
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

	For the ye ended December 31,
Gross income:	
Base rental income	$ 1,25
Operating expense and real estate tax recoveries	23
Total gross income	1,48
Direct operating expenses:	
Operating expenses	13
Real estate taxes	11
Insurance	3
Total direct operating expenses	28
Excess of gross income over direct operating expenses	$ 1,19

See accompanying notes to historical summary of gross income and direct operating expense.

PROMENADE AT RED CLIFF
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

(1) Business

Promenade at Red Cliff (the Property) is located in St. George, Utah. The Property consists of 94,947 square feet of gross leasable area and was approximately 97% occupied at December 31, 2003. The Property is leased to twenty-tenants of which four tenants account for approximately 61% of base rental revenue for the year ended December 31, 2003. On February 13, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal to options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $21,297 was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exists in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $1,622 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from 10 months to fifteen years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,468,781
2005	1,513,674
2006	1,526,952
2007	1,149,127
2008	852,421
Thereafter	921,631
Total	$ 7,432,586

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses

are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Peoria Crossings ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Peoria Crossing for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
February 25, 2004

PEORIA CROSSINGS
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

	For the ye ended December 31,
Gross income:	
Base rental income	$ 2,24

Operating expense and real estate tax recoveries	36
Total gross income	2,61
Direct operating expenses:	
Operating expenses	15
Real estate taxes	21
Insurance	
Total direct operating expenses	37
Excess of gross income over direct operating expenses	$ 2,24

See accompanying notes to historical summary of gross income and direct operating expense.

PEORIA CROSSINGS
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

(1) Business

Peoria Crossings (the Property) is located in Peoria, Arizona. The Property consists of approximately 213,500 square feet of gross leasable area and was approximately 97% occupied at December 31, 2003. The Property is leased to twenty-one tenants of which five tenants account for approximately 59% of base rental revenue for the year ended December 31, 2003. Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") has signed a sale and purchase agreement for the purchase of the Property from an unaffiliated third-party ("Seller").

The Property commenced operations in 2002 with a portion of Peoria Crossings (representing approximately 207,500 square feet) of the Properties' gross leasable area complete as of December 31, 2003. The remaining portion of the Properties' gross leasable area (representing the remaining approximately 6, 000 square feet) is under construction and scheduled to be completed during 2004.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate,

and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal to options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exists in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $780,986 for the year ended December 31, 2003.

PEORIA CROSSINGS

Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003
(continued)

Minimum rents to be received from tenants under operating leases, which terms range from five to twenty-one years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 2,584,513
2005	2,606,123
2006	2,613,453
2007	2,623,407
2008	2,245,206
Thereafter	17,152,265
Total	$ 29,824,967

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Dorman Centre ("the Property") for

the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Dorman Centre for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
February 25, 2004

DORMAN CENTRE
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

	For the ye ended December 31,
Gross income:	
Base rental income	$ 1,19
Operating expense and real estate tax recoveries	8
Total gross income	1,27
Direct operating expenses:	
Operating expenses	3
Real estate taxes	5
Insurance	
Total direct operating expenses	9

Excess of gross income over direct operating expenses	$ 1,18

See accompanying notes to historical summary of gross income and direct operating expense.

DORMAN CENTRE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

(1) Business

Dorman Centre (the Property) is located in Spartanburg, South Carolina. The Property consists of approximately 388,000 square feet of gross leasable area and was approximately 90% occupied at December 31, 2003. The Property is leased to twenty-one tenants of which four tenants account for approximately 77% of base rental revenue for the year ended December 31, 2003. On March 4, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

The Property commenced operations on July 1, 2003 with a portion of Dorman Center (representing approximately 348,000 square feet) complete as of December 31, 2003. The remaining portion (representing the remaining approximately 40,000 square feet) is under construction and scheduled to be completed during the first quarter of 2004.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal to options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exists in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $4,778 for the year ended December 31, 2003.

DORMAN CENTRE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003
(continued)

Minimum rents to be received from tenants under operating leases, which terms range from three to twenty years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 3,504,788
2005	3,540,088
2006	3,513,673
2007	3,430,584
2008	3,313,461
Thereafter	30,804,111
Total	$ 48,106,705

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Heritage Towne Crossing ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Heritage Towne Crossing for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
March 3, 2004

HERITAGE TOWNE CROSSING
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

	For the ye ended December 31,
Gross income:	
Base rental income	$ 87
Operating expense and real estate tax recoveries	19
Total gross income	1,07
Direct operating expenses:	
Operating expenses	10
Real estate taxes	21
Insurance	2
Total direct operating expenses	33
Excess of gross income over direct operating expenses	$ 73

See accompanying notes to historical summary of gross income and direct operating expense.

HERITAGE TOWN CROSSING
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003

(1) Business

Heritage Towne Crossing (the Property) is located in Euless, Texas. The Property consists of 80,730 square feet of gross leasable area and was approximately 81% occupied at December 31, 2003. The Property is leased to twenty-five tenants of which five tenants account for approximately 40% of base rental revenue for the year ended December 31, 2003. On March 5, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 3 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal to options at various periods at various rental rates.

The Property has two ground leases that are classified as operating leases with terms extending through September, 2023. Total ground lease income was $44,417 and is included in base rental income int he accompanying Historical Summary for the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exists in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $15,184 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from three to twenty years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,289,587

2005	1,300,384
2006	1,292,499
2007	1,069,311
2008	653,115
Thereafter	2,698,001
Total	$ 8,302,897

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Paradise Valley Marketplace ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No 4 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Paradise Valley Marketplace for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
May 21, 2004

PARADISE VALLEY MARKETPLACE
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

	For th three months March 31,
	(unaudite
Gross income:	
Base rental income	$ 4
Operating expense and real estate tax recoveries	
Total gross income	5
Direct operating expenses:	
Operating expenses	
Real estate taxes	
Insurance	
Total direct operating expenses	
Excess of gross income over direct operating expenses	$ 4

See accompanying notes to historical summary of gross income and direct operating expense.

PARADISE VALLEY MARKETPLACE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

(1) Business

Paradise Valley Marketplace (the Property) is located in Phoenix, Arizona. The Property consists of approximately 138,627 square feet of gross leasable area and was 81% occupied at December 31, 2003. The Property is leased to two tenants that account for approximately 41% of base rental revenue for the year ended December 31, 2003. On April 8, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party seller.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion

in Post-Effective Amendment No. 4 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the three months ended March 31, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $46,680 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases which terms range from five to twenty years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,847,829
2005	1,860,272
2006	1,852,512
2007	1,596,997
2008	1,368,899
Thereafter	10,350,861
	$ 18,877,370

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization,

management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Best on the Boulevard ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No 4 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Best on the Boulevard for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
June 14, 2004

BEST ON THE BOULEVARD
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

	For th three months March 31,
	(unaudite

Gross income:	
Base rental income	$ 7
Operating expense and real estate tax recoveries	
Total gross income	8
Direct operating expenses:	
Operating expenses	
Real estate taxes	
Insurance	
Total direct operating expenses	
Excess of gross income over direct operating expenses	$ 7

See accompanying notes to historical summary of gross income and direct operating expense.

BEST ON THE BOULEVARD
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

(1) Business

Best on the Boulevard (the Property) is located in Las Vegas, Nevada. The Property consists of approximately 204,000 square feet of gross leasable area and was 98% occupied at December 31, 2003. The Property is leased to four tenants that account for approximately 70% of base rental revenue for the year ended December 31, 2003. On April 14, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party seller.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 4 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the three months ended March 31, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate,

and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $152,725 was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $21,111 for the year ended December 31, 2003.

Gross income excludes lease buy-out income as such amounts are not comparable to the proposed future operations of the property.

BEST ON THE BOULEVARD
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(continued) (unaudited)

Minimum rents to be received from tenants under operating leases which terms range from one to eleven years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 2,777,000
2005	2,615,000
2006	2,657,000
2007	2,705,000
2008	2,732,000
Thereafter	10,162,000
	$ 23,648,000

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct

Operating Expenses ("Historical Summary") of Bluebonnet Parc ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No 4 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Bluebonnet Parc for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
June 14, 2004

BLUEBONNET PARC
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

	For th three months March 31,
	(unaudite
Gross income:	
Base rental income	$ 4
Operating expense and real estate tax recoveries	
Total gross income	4
Direct operating expenses:	
Operating expenses	
Real estate taxes	
Insurance	

Total direct operating expenses	
Excess of gross income over direct operating expenses	$ 3

See accompanying notes to historical summary of gross income and direct operating expense.

BLUEBONNET PARC
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

(1) Business

Bluebonnet Parc (the Property) is located in Baton Rouge, Louisiana. The Property consists of approximately 135,000 square feet of gross leasable area and was approximately 89% occupied at December 31, 2003. The Property is leased to two tenants that account for approximately 58% of base rental revenue for the year ended December 31, 2003. On April 22, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party seller.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 4 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the three months ended March 31, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $58,881 for the year ended December 31, 2003.

BLUEBONNET PARC
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(continued) (unaudited)

Minimum rents to be received from tenants under operating leases which terms range from one to seventeen years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,621,138
2005	1,621,138
2006	1,621,138
2007	1,632,710
2008	1,671,590
Thereafter	9,990,092
	$ 18,157,806

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of North Rivers Town Center ("the Property") for the period of October 1, 2003 (commencement of operations) to December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No 4 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in Note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in Note 2 of North Rivers Town Center for the period of October 1, 2003 (commencement of operations) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
May 25, 2004

NORTH RIVERS TOWN CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the period of October 1, 2003 (commencement of operations)
to December 31, 2003 and the three months ended March 31, 2004 (unaudited)

	For the three months ended March 31, 2004	For the Octobe (commen opera Decembe
	(unaudited)	
Gross income:		
Base rental income	$ 475,837	
Operating expense and real estate tax recoveries	41,591	
Total gross income	517,428	
Direct operating expenses:		
Operating expenses	38,133	
Real estate taxes	12,136	
Total direct operating expenses	50,269	
Excess of gross income over direct operating expenses	$ 467,159	

See accompanying notes to historical summary of gross income and direct operating expense.

NORTH RIVERS TOWN CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period of October 1, 2003 (commencement of operations)
to December 31, 2003 and the three months ended March 31, 2004 (unaudited)

(1) Business

North Rivers Town Center (the Property) is located in Charleston, South Carolina. The Property consists of approximately 141,167 square feet of gross leasable area and was 53% occupied at December 31, 2003. The Property is leased to six tenants of which three account for approximately 82% of base rental revenue for the year ended December 31, 2003. On April 27, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party seller.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 4 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the three months ended March 31, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

The Property has one ground lease that is classified as an operating lease with terms extending through January 2014. Total ground lease income was $20,097 and is included in base rental income in the accompanying Historical Summary for the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $3,583 for the year ended December 31, 2003.

NORTH RIVERS TOWN CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period of October 1, 2003 (commencement of operations)
to December 31, 2003 and the three months ended March 31, 2004

(continued) (unaudited)

Minimum rents to be received from tenants under operating leases which terms range from three to ten years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,507,058
2005	1,635,570
2006	1,647,145
2007	1,627,461
2008	1,616,978
Thereafter	7,128,154
	$ 15,162,366

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Arvada Marketplace and Connection ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No 4 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Arvada Marketplace and Connection for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
June 8, 2004

ARVADA MARKETPLACE AND CONNECTION
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

	For the three months March 31, (unaudite
Gross income:	
Base rental income	$ 8
Contingent rent	
Operating expense and real estate tax recoveries	2
Total gross income	1,1
Direct operating expenses:	
Operating expenses	1
Real estate taxes	2
Insurance	
Total direct operating expenses	4
Excess of gross income over direct operating expenses	$ 7

See accompanying notes to historical summary of gross income and direct operating expense.

ARVADA MARKETPLACE AND CONNECTION
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months March ended 31, 2004
(unaudited)

(1) Business

Arvada Marketplace and Connection ("the Property) is located in Arvada, Colorado. The Property consists of approximately 528,000 square feet of gross leasable area and was approximately 67% occupied at December 31, 2003. The Property is leased to four tenants that account for approximately 53% of base rental revenue for the year ended December 31, 2003. On April 29, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party seller.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 4 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the three months ended March 31, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $152,934 was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $482 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases which terms range from three to twenty years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 3,451,409
2005	3,315,310
2006	3,049,468

2007	2,882,800
2008	2,210,180
Thereafter	5,724,575
	$ 20,633,742

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Eastwood Town Center ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No 4 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Eastwood Town Center for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
June 8, 2004

EASTWOOD TOWN CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

	For the three months March 31,
	(unaudite
Gross income:	
Base rental income	$ 1,6
Contingent rent	
Operating expense and real estate tax recoveries	2
Total gross income	1,9
Direct operating expenses:	
Operating expenses	2
Real estate taxes	
Insurance	
Total direct operating expenses	3
Excess of gross income over direct operating expenses	$ 1,5

See accompanying notes to historical summary of gross income and direct operating expense.

EASTWOOD TOWN CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

(1) Business

Eastwood Town Center (the Property) is located in Lansing, Michigan. The Property consists of approximately 334,500 square feet of gross leasable area and was approximately 98% occupied at December 31, 2003. The Property is leased to four tenants that account for approximately 19% of base rental revenue for the year ended December 31, 2003. On May 13, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party seller.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion

in Post-Effective Amendment No. 4 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the three months ended March 31, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $10,123 was earned during the year ended December 31, 2003.

In addition, rental income includes $135,059 of rent from one tenant that pays monthly rent based upon a percentage of monthly sales in lieu of minimum rents provided in the lease. The minimum rents schedule below excludes such tenant.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $236,890 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases which terms range from five to fifteen years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 6,347,034
2005	6,364,074
2006	6,389,942
2007	6,409,218
2008	6,354,825
Thereafter	31,443,155
	$ 63,308,248

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Watauga Pavilion ("the Property") for the period of August 15, 2003 (commencement of operations) to December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No 4 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Watauga Pavilion for the period of August 15, 2003 (commencement of operations) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
May 28, 2004

WATAUGA PAVILION
Historical Summary of Gross Income and Direct Operating Expenses
For the period of August 15, 2003 (commencement of operations)
to December 31, 2003 and the three months ended March 31, 2004
(unaudited)

	For the three months March 31,
	(unaudite
Gross income:	
Base rental income	$ 5
Operating expense and real estate tax recoveries	1
Total gross income	6
Direct operating expenses:	
Operating expenses	
Real estate taxes	1
Insurance	
Total direct operating expenses	1
Excess of gross income over direct operating expenses	$ 5

See accompanying notes to historical summary of gross income and direct operating expense.

WATAUGA PAVILION
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period August 15, 2003 (commencement of operations)
to December 31, 2003 and the three months ended March 31, 2004 (unaudited)

(1) Business

Watauga Pavilion (the Property) is located in Watauga, Texas. The Property consists of approximately 205,575 square feet of gross leasable area and was 93% leased and 43% occupied at December 31, 2003. The Property is leased to three tenants that account for approximately 49% of base rental revenue for the period of August 15, 2003 (commencement of operations) to December 31, 2003. On May 21, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property.

Watauga Pavilion was under construction during 2003 and commenced operations August 15, 2003, with a portion of the Property's gross leasable area (representing approximately 88,300 square feet) complete as of December 31, 2003. The remaining portion of the Property's gross leasable area (representing the remaining approximately 117,275 square feet) is under construction and scheduled to be completed during 2004.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 4 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's

revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the three months ended March 31, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the period from August 15, 2003 (commencement of operations) to December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $157,979 for the period from August 15, 2003 (commencement of operations) to December 31, 2003.

Minimum rents to be received from tenants under operating leases which terms range from five to fifteen years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,778,694
2005	2,311,353
2006	2,311,555
2007	2,312,565
2008	2,308,121
Thereafter	12,657,110
	$ 23,679,398

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to

the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Northpointe Plaza ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No 4 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Northpointe Plaza for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
June 7, 2004

NORTHPOINTE PLAZA
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

	For the three months March 31,
	(unaudite

Gross income:	
Base rental income	$ 1,0
Operating expense and real estate tax recoveries	3
Total gross income	1,3
Direct operating expenses:	
Operating expenses	1
Real estate taxes	1
Insurance	
Total direct operating expenses	3
Excess of gross income over direct operating expenses	$ 9

See accompanying notes to historical summary of gross income and direct operating expense.

NORTHPOINTE PLAZA
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

(1) Business

Northpointe Plaza (the Property) is located in Spokane, Washington. The Property consists of approximately 484,000 square feet of gross leasable area and was approximately 99.8% occupied at December 31, 2003. The Property is leased to four tenants that account for approximately 53% of base rental revenue for the year ended December 31, 2003. On May 28, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party seller.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 4 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the three months ended March 31, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its

tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $554,354 was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $62,126 for the year ended December 31, 2003.

Gross income excludes lease termination income as such amounts are not comparable to the proposed future operations of the Property.

Minimum rents to be received from tenants under operating leases which terms range from one to fourteen years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 4,035,578
2005	3,915,240
2006	3,581,719
2007	3,388,281
2008	3,338,415
Thereafter	18,175,030
	$ 36,434,263

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors

Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Plaza Santa Fe II ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No 4 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Plaza Santa Fe II for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
May 25, 2004

PLAZA SANTA FE II
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

	For the three months March 31,
	(unaudite
Gross income:	
Base rental income	$ 8
Operating expense and real estate tax recoveries	1
Total gross income	9
Direct operating expenses:	
Operating expenses	

Ground rent expense	1
Real estate taxes	
Insurance	
Interest	2
Total direct operating expenses	4
Excess of gross income over direct operating expenses	$ 4

See accompanying notes to historical summary of gross income and direct operating expense.

PLAZA SANTA FE II
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

(1) Business

Plaza Santa Fe II (the Property) is located in Santa Fe, New Mexico. The Property consists of approximately 222,400 square feet of gross leasable area and was approximately 98% occupied at December 31, 2003. The Property is leased to four tenants that account for approximately 49% of base rental revenue for the year ended December 31, 2003. On June 1, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party seller.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 4 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the three months ended March 31, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $81,729 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases which terms range from three to fifteen years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 3,161,371
2005	3,123,383
2006	3,007,686
2007	2,947,969
2008	2,859,712
Thereafter	15,738,974
	$ 30,839,095

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

The property is subject to a ground lease with annual payments, payable to an unaffiliated third party of $375,000 until November 30, 2010, $431,250 until November 30, 2020 and $495,938 until maturity. The ground lease matures in 2023. Although the ground lease provided for increases in minimum rent payments over the term of the lease, ground lease expense accrues on a straight-line basis. The related adjustment increased ground rent expense by approximately $55,000 for the year ended December 31, 2003.

Minimum rents to be paid to the unaffiliated third party under the ground lease in effect at December 31, 2003 are as follows:

YEAR	TOTAL
2004	$ 375,000
2005	375,000
2006	375,000

2007	375,000
2008	375,000
Thereafter	8,998,750
	$ 10,873,750

(5) Interest Expense

Inland Western Retail Real Estate Trust, Inc. assumed a $17,600,000 mortgage loan secured by the Property in connection with the acquisition. The mortgage loan bears a fixed interest rate of 6.2%, payable in monthly installments of principal and interest, and matures on December 1, 2012.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Pine Ridge Plaza ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No 4 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Pine Ridge Plaza for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
June 7, 2004

PINE RIDGE PLAZA

Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

	For the three months March 31,
	(unaudite
Gross income:	
Base rental income	$ 3
Operating expense and real estate tax recoveries	1
Total gross income	4
Direct operating expenses:	
Operating expenses	
Real estate taxes	
Insurance	
Total direct operating expenses	1
Excess of gross income over direct operating expenses	$ 3

See accompanying notes to historical summary of gross income and direct operating expense.

PINE RIDGE PLAZA
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

(1) Business

Pine Ridge Plaza (the Property) is located in Lawrence, Kansas. The Property consists of approximately 275,800 square feet of gross leasable area and was approximately 75% occupied at December 31, 2003. The Property is leased to three tenants that account for approximately 66% of base rental revenue for the year ended December 31, 2003. On June 7, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party seller.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 4 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual

basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the three months ended March 31, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $49,168 for the year ended December 31, 2003.

Gross income excludes condemnation income as such amounts are not comparable to the proposed future operations of the Property.

Minimum rents to be received from tenants under operating leases which terms range from five to twenty years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,408,301
2005	1,414,600
2006	1,330,048
2007	1,167,794
2008	1,061,244
Thereafter	6,934,670
	$ 13,316,657

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization,

management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Huebner Oaks Center ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No 4 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Huebner Oaks Center for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
June 7, 2004

HUEBNER OAKS CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

	For the three months March 31,
	(unaudite

Gross income:	
Base rental income	$ 1,3
Operating expense and real estate tax recoveries	4
Total gross income	1,7
Direct operating expenses:	
Operating expenses	1
Real estate taxes	2
Insurance	
Total direct operating expenses	4
Excess of gross income over direct operating expenses	$ 1,2

See accompanying notes to historical summary of gross income and direct operating expense.

HUEBNER OAKS CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the three months ended March 31, 2004
(unaudited)

(1) Business

Huebner Oaks Center (the Property) is located in San Antonio, Texas. The Property consists of approximately 287,000 square feet of gross leasable area and was approximately 96% occupied at December 31, 2003. The Property is leased to four tenants that account for approximately 24% of base rental revenue for the year ended December 31, 2003. On June 8, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party seller.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 4 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the three months ended March 31, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate,

and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $474,883 was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $48,392 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases which terms range from one to fourteen years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 4,912,549
2005	4,836,548
2006	4,592,763
2007	4,002,328
2008	2,629,263
Thereafter	5,218,634
	$ 26,192,085

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of John's Creek Village ("the Property") for the period from September 21, 2003 (commencement of operations)

to December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of John's Creek Village for the year ended December 31, 2003, in conformity with principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
August 13, 2004

JOHN'S CREEK VILLAGE
Historical Summary of Gross Income and Direct Operating Expenses
For the period from September 21, 2003 (commencement of operations)
to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

	For the six months June 30, 2
	(unaudite
Gross income:	
Base rental income	$ 8
Operating expense and real estate tax recoveries	3
Total gross income	1,1
Direct operating expenses:	
Operating expenses	
Real estate taxes	3
Insurance	

Total direct operating expenses	3
Excess of gross income over direct operating expenses	$ 7

See accompanying notes to historical summary of gross income and direct operating expense.

JOHN'S CREEK VILLAGE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from September 21, 2003 (commencement of operations)
to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(1) Business

John's Creek Village (the Property) is located in Duluth, Georgia. The Property consists of approximately 190,444 square feet of gross leasable area and was 47% leased and occupied at December 31, 2003. The Property is leased to eight tenants of which one tenant accounts for approximately 55% of base rental revenue for the period from September 21, 2003 (commencement of operations) to December 31, 2003. On June 23, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party seller.

John's Creek Village was under construction during 2003 and commenced operations on September 21, 2003 with a portion of the Property's gross leasable area (representing approximately 90,005 square feet) complete as of December 31, 2003. The remaining portion of the Property's gross leasable area (representing the remaining approximately 100,439 square feet) is under construction and scheduled to be completed during 2004.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the period from September 21, 2003 (commencement of operations) to

December 31, 2003.

The Property has two ground leases that are classified as operating leases with terms extending through December 31, 2023 and May 31, 2014. Total ground lease income was $2,054 and is included in base rental income in the accompanying Historical Summary for the period from September 21, 2003 (commencement of operations) to December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $1,473 for the period from September 21, 2003 (commencement of operations) to December 31, 2003.

JOHN'S CREEK VILLAGE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from September 21, 2003(commencement of operations)
to December 31, 2003 and the six months ended June 30, 2004 (unaudited)
(continued)

Minimum rents to be received from tenants under operating leases, which terms range from five to 20 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,668,326
2005	1,743,692
2006	1,754,959
2007	1,763,747
2008	1,759,391
Thereafter	12,090,223
	$ 20,780,338

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Lakewood Towne Center ("the

Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Lakewood Towne Center for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
July 15, 2004

LAKEWOOD TOWNE CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

	For the six months June 30,
	(unaudite
Gross income:	
Base rental income	$ 2,6
Contingent Rent	
Operating expense and real estate tax recoveries	7
Total gross income	3,4
Direct operating expenses:	
Operating expenses	4
Real estate taxes	3
Insurance	

Total direct operating expenses	8
Excess of gross income over direct operating expenses	$ 2,5

See accompanying notes to historical summary of gross income and direct operating expense.

LAKEWOOD TOWNE CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

(1) Business

Lakewood Towne Center (the Property) is located in Lakewood, Washington. The Property consists of approximately 579,000 square feet of gross leasable area and was approximately 93% occupied at December 31, 2003. The Property is leased to twenty-four tenants of which five tenants account for approximately 51% of base rental revenue for the year ended December 31, 2003. On June 25, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $67,758 was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $300,309 for the year ended December 31, 2003.

LAKEWOOD TOWNE CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited) (continued)

Minimum rents to be received from tenants under operating leases which terms range from two to 20 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 5,177,316
2005	5,141,493
2006	5,082,303
2007	5,100,379
2008	5,061,449
Thereafter	25,865,016
	$ 51,427,956

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Fullerton Metrocenter ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Fullerton Metrocenter for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
August 3, 2004

FULLERTON METROCENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

	For the six months June 30,
	(unaudite
Gross income:	
Base rental income	$ 1,6
Operating expense and real estate tax recoveries	5
Total gross income	2,1
Direct operating expenses:	
Operating expenses	3
Ground lease expense	2
Real estate taxes	1
Insurance	
Total direct operating expenses	7
Excess of gross income over direct operating expenses	$ 1,3

See accompanying notes to historical summary of gross income and direct operating expense.

Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

(1) Business

Fullerton Metrocenter (the Property) is located in Fullerton, California. The Property consists of approximately 254,880 square feet of gross leasable area and was approximately 78% occupied at December 31, 2003. The Property is leased to forty-one tenants of which two tenants account for approximately 19% of base rental revenue for the year ended December 31, 2003. On June 30, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $268,823 was earned during the year ended December 31, 2003 and recorded as base rental income in the accompanying Historical Summary.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments decreased base rental income by $143,851 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases which terms range from one to 17 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 3,518,723
2005	3,284,218
2006	2,801,342
2007	2,405,044
2008	1,754,107
Thereafter	2,995,333
	$ 16,758,767

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

The property is subject to a ground lease with annual payments, payable to an unaffiliated third party, of $415,000 until maturity. The ground lease matures in 2050.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Davis Towne Crossing ("the Property") for the period from July 18, 2003 (commencement of operations) to December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Davis Towne Crossing for the period of July 18, 2003 (commencement of operations) to December 31, 2003, in conformity with principles generally

accepted in the United States of America.

KPMG LLP

Chicago, Illinois
July 30, 2004

DAVIS TOWNE CROSSING
Historical Summary of Gross Income and Direct Operating Expenses
For the period from July 18, 2003 (commencement of operations)
to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

	For th six months June 30,
	(unaudit
Gross income:	
Base rental income	$ 3
Operating expense and real estate tax recoveries	
Other income	
Total gross income	3
Direct operating expenses:	
Operating expenses	
Real estate taxes	
Insurance	
Total direct operating expenses	1
Excess of gross income over direct operating expenses	$ 2

See accompanying notes to historical summary of gross income and direct operating expense.

DAVIS TOWNE CROSSING
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from July 18, 2003 (commencement of operations)
to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(1) Business

Davis Towne Crossing (the Property) is located in North Richland Hills, Texas. The Property consists of approximately 41,000 square feet of gross leasable area

and was approximately 83% occupied at December 31, 2003. The Property is leased to thirteen tenants of which two tenants account for approximately 43% of base rental revenue for the period of July 18, 2003 (commencement of operations) to December 31, 2003. On June 30, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

Davis Towne Crossing was under construction during 2003 and commenced operations July 18, 2003, with construction complete as of December 31, 2003.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the period of July 18, 2003 (commencement of operations) to December 31, 2003.

In addition, rental income includes $5,963 of rent from one tenant that pays monthly rent based upon a percentage of monthly sales in lieu of minimum rents provided in the lease. The minimum rents schedule below excludes such tenant.

The Property has one ground lease that is classified as an operating lease with terms extending through August 2028. Total ground lease income was $34,509 and is included in base rental income in the accompanying Historical Summary for the period of July 18, 2003 (commencement of operations) to December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $5,344 for the period of July 18 2003 (commencement of operations) to December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from three to 25 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 653,726
2005	658,033
2006	658,033
2007	631,620
2008	541,343
Thereafter	2,270,444
	$ 5,413,199

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Northgate North ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in

note 2 of Northgate North for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
August 13, 2004

NORTHGATE NORTH
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

	For the six months June 30, (unaudite
Gross income:	
Base rental income	$ 1,6
Operating expense and real estate tax recoveries	7
Total gross income	2,4
Direct operating expenses:	
Operating expenses	5
Real estate taxes	1
Insurance	1
Total direct operating expenses	8
Excess of gross income over direct operating expenses	$ 1,6

See accompanying notes to historical summary of gross income and direct operating expense.

NORTHGATE NORTH
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

(1) Business

Northgate North (the Property) is located in Seattle, Washington. The Property consists of 302,461 square feet of gross leasable area and was approximately 93% occupied at December 31, 2003. The Property is leased to nine tenants of which four tenants account for approximately 86% of base rental revenue for the year

ended December 31, 2003. On June 30, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $353,216 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases which terms range from five to 25 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 3,161,072
2005	3,162,848
2006	3,258,533
2007	3,271,528
2008	3,292,733
Thereafter	38,248,658
	$ 54,395,372

==========

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Cranberry Square ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Cranberry Square for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
August 1, 2004

CRANBERRY SQUARE
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

	For the six months June 30,
	(unaudite
Gross income:	
Base rental income	$ 8
Operating expense and real estate tax recoveries	1
Total gross income	1,0
Direct operating expenses:	
Operating expenses	
Real estate taxes	1
Insurance	
Total direct operating expenses	2
Excess of gross income over direct operating expenses	$ 8

See accompanying notes to historical summary of gross income and direct operating expense.

CRANBERRY SQUARE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

(1) Business

Cranberry Square (the Property) is located in Cranberry Township, Pennsylvania. The Property consists of approximately 195,566 square feet of gross leasable area and was approximately 92% occupied at December 31, 2003. The Property is leased to five tenants of which three tenants account for approximately 76% of base rental revenue for the year ended December 31, 2003. On July 14, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $54,138 for the year ended December 31, 2003.

CRANBERRY SQUARE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited) (continued)

Minimum rents to be received from tenants under operating leases which terms range from ten to 15 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,723,839
2005	1,723,839
2006	1,728,158
2007	1,815,820
2008	1,820,320
Thereafter	5,872,510
	$ 14,684,486

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors

Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Gateway Plaza Shopping Center ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Gateway Plaza Shopping Center for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Dallas, Texas
August 18, 2004

GATEWAY PLAZA SHOPPING CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

	For the six months June 30,
	(unaudite
Gross income:	
Base rental income	$ 2,0
Operating expense and real estate tax recoveries	7
Total gross income	2,7
Direct operating expenses:	
Operating expenses	1

Ground rent expense	1,4
Real estate taxes	5
Insurance	
Total direct operating expenses	2,2
Excess of gross income over direct operating expenses	$ 4

See accompanying notes to historical summary of gross income and direct operating expense.

GATEWAY PLAZA SHOPPING CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

(1) Business

Gateway Plaza Shopping Center (the Property) is located in Southlake, Texas. The Property consists of approximately 358,193 square feet of gross leasable area and was approximately 89% occupied at December 31, 2003. The Property is leased to twenty-five tenants of which one tenant accounts for approximately 13% of base rental revenue for the year ended December 31, 2003. On July 21, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for

which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $83,000 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases, excluding tenant reimbursements of operating expenses, which terms range from five to 20 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 3,961,000
2005	3,870,000
2006	3,126,000
2007	3,127,000
2008	2,990,000
Thereafter	14,635,000
	$ 31,709,000

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

The property is subject to a ground lease with annual payments, payable to an unaffiliated third party. The ground lease matures in 2073. Although the ground lease provides for increases in minimum rent payments over the term of the lease, ground lease expense accrues on a straight-line basis. The straight-line adjustment increased ground rent expense by approximately $1,785,000 for the year ended December 31, 2003.

Minimum rents to be paid to the unafffiliated third party under the ground lease in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,339,368
2005	1,339,368
2006	1,339,368
2007	1,339,368
2008	1,339,368

Thereafter	210,231,145
	$ 216,927,985

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Safeway Plaza at Marysville ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Safeway Plaza at Marysville for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
August 3, 2004

SAFEWAY PLAZA AT MARYSVILLE
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

	For the six months June 30,

	(unaudite
Gross income:	
Base rental income	$ 7
Operating expense and real estate tax recoveries	2
Total gross income	1,0
Direct operating expenses:	
Operating expenses	1
Real estate taxes	
Insurance	
Total direct operating expenses	2
Excess of gross income over direct operating expenses	$ 7

See accompanying notes to historical summary of gross income and direct operating expense.

SAFEWAY PLAZA AT MARYSVILLE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

(1) Business

Safeway Plaza at Marysville (the Property) is located in Marysville, Washington. The Property consists of approximately 116,000 square feet of gross leasable area and was approximately 97% occupied at December 31, 2003. The Property is leased to one tenant that accounts for approximately 39% of base rental revenue for the year ended December 31, 2003. On July 26, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates.

The Property has one ground lease that is classified as an operating lease with terms extending through July 31, 2011. Total ground lease income was $50,000 and is included in base rental income in the accompanying Historical Summary for the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $23,176 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases which terms range from three to 17 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,510,279
2005	1,492,217
2006	1,277,628
2007	1,072,386
2008	1,027,416
Thereafter	8,958,070
	$ 15,337,996

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Forks Town Center ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Forks Town Center for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
August 11, 2004

FORKS TOWN CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

	For the six months June 30,
	(unaudite
Gross income:	
Base rental income	$ 7
Operating expense and real estate tax recoveries	2
Total gross income	1,0
Direct operating expenses:	
Operating expenses	1
Real estate taxes	1
Insurance	

Total direct operating expenses	2
Excess of gross income over direct operating expenses	$ 7

See accompanying notes to historical summary of gross income and direct operating expense.

FORKS TOWN CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

(1) Business

Forks Town Center (the Property) is located in Easton, Pennsylvania. The Property consists of approximately 93,000 square feet of gross leasable area and was approximately 97% occupied at December 31, 2003. The Property is leased to sixteen tenants of which one tenant accounts for approximately 66% of base rental revenue for the year ended December 31, 2003. On July 27, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

A portion of Forks Town Center (representing approximately 75,000 square feet of the Property's gross leasable area) was completed as of December 31, 2002. The remaining portion f the Property (representing the remaining approximately 18, 000 square feet of the Property's gross leasable area) was under construction and completed during 2003.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates.

Although certain leases may provide for tenant occupancy during periods for

which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $53,375 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases which terms range from three to 20 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,488,512
2005	1,493,112
2006	1,480,646
2007	1,438,846
2008	1,158,106
Thereafter	13,467,776
	$ 20,526,998

Base rental income includes $36,000 of rent from one tenant that subsequently terminated its rental agreement in June 2004. The minimum rents schedule above includes $177,000 related to such tenant, as the lease was still valid as of December 31, 2003.

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Combined Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of the Properties owned by Capital Centre, LLC, Gateway Village Limited Partnership, Bel Air Square Joint Venture, Towson Circle Joint Venture LLP, and Reisterstown Plaza Holdings, LLC (collectively the "Properties") for the year ended December 31, 2003. This Combined Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Combined Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Combined Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Combined Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Combined Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Properties' revenues and expenses.

In our opinion, the Combined Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of the Properties owned by Capital Centre, LLC, Gateway Village limited Partnership, Bel Air Square Joint Venture, Towson Circle Joint Venture LLP, and Reisterstown Plaza Holdings, LLC for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
August 6, 2004

CAPITAL CENTRE, LLC, GATEWAY VILLAGE LIMITED PARTNERSHIP, BEL AIR SQUARE JOINT VENTURE, TOWSON CIRCLE JOINT VENTURE LLP, AND REISTERSTOWN PLAZA HOLDINGS, LLC
Combined Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

	For the six months June 30,
	(unaudite
Gross income:	
Base rental income	$ 11,3
Operating expense and real estate tax recoveries	1,9
Other Income	1
Total gross income	13,4
Direct operating expenses:	
Operating expenses	2,4
Real estate taxes	9
Insurance	2
Ground Rent	

Total direct operating expenses	3,8
Excess of gross income over direct operating expenses	$ 9,5

See accompanying notes to combined historical summary of gross income and direct operating expense.

CAPITAL CENTRE, LLC, GATEWAY VILLAGE LIMITED PARTNERSHIP, BEL AIR SQUARE JOINT VENTURE, TOWSON CIRCLE JOINT VENTURE LLP AND REISTERSTOWN PLAZA HOLDINGS, LLC
Notes to Combined Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

(1) Business

The Properties owned by Capital Centre, LLC, Gateway Village Limited Partnership, Bel Air Square Joint Venture, Towson Circle Joint Venture LLP, and Reisterstown Plaza Holdings, LLC (collectively the "Properties") consists of the following:

Entity	Name	Gross Leasable Area (unaudited)	Loc
Capital Centre, LLC	Boulevard at Capital Centre	515,000	Landover
Gateway Village Limited Partnership	Gateway Village	274,000	Annapoli
Bel Air Square Joint Venture	Tollgate Marketplace	393,000	Bel Air,
Towson Circle Joint Venture, LLP	Towson Circle	178,000	Towson,
Reisterstown Plaza Holdings, LLC	Reisterstown Road Plaza	782,000	Baltimor

Thirteen tenants account for 40% or the Properties' base rental income.

Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") through established limited liability companies ("LLC's") entered into contracts to become joint venture partners in the ownership and operation of the Properties with unaffiliated third parties. IWRRETI has contributed into all but Capital Centre LLC.

In each instance IWRRETI owns or will own a 95% profits interest in the LLC's and will control the LLC's management and operation of the Properties. The Combined Historical Summary represents the combination of the Propertes described above prior to IWRRETI's contribution into the LLCs. There were no transactions between the Properties which required elimination in combination.

A portion of Boulevard at Capital Centre and Reisterstown Road Plaza (representing approximately 321,000 and 694,000 square feet, respectively) of the Properties gross leasable area was under construction and completed during 2003. The remaining portion f the Properties' gross leasable area (representing approximately 194,000 and 88,000 square feet, respectively) was under construction as of December 31, 2003. Real estate taxes and ground rent are excluded in the Combined Historical Summary related to the portions of the Properties under construction.

(2) Basis of Presentation

The Combined Historical Summary of Gross Income and Direct Operating Expenses ("Combined Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Combined Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $384,157 was earned during the year ended December 31, 2003 and included in base rental income in the Combined Historical Summary.

In addition, rental income included $51,381 of rent from three tenants that pay monthly rent based upon a percentage of monthly sales in lieu of minimum rents provided in the lease. The minimum rents schedule below excludes such tenants.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $385,193 for the year ended December 31, 2003.

VENTURE, TOWSON CIRCLE JOINT VENTURE LLP AND REISTERSTOWN PLAZA HOLDINGS, LLC
Notes to Combined Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited) (continued)

Minimum rents to be received from tenants under operating leases which terms range from one year to 25 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 23,146,780
2005	25,731,908
2006	25,160,727
2007	24,317,293
2008	23,244,717
Thereafter	160,625,600
	$ 282,227,025

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Combined Historical Summary.

Boulevard at Capital Centre is subject to a ground lease with annual payments, payable to an unaffiliated third party. The ground lease matures in 2070. Although the ground lease provides for increases in minimum rent payments over the term of the lease, ground lease expense accrues on a straight-line basis. The related adjustment increased ground rent expense by approximately $9,078 for the year ended December 31, 2003.

Minimum rents to be paid to the unaffiliated third party under the ground lease in effect at December 31, 2003 are as follows:

YEAR	TOTAL
2004	$ 92,824
2005	94,057
2006	97,433
2007	98,579
2008	99,791
Thereafter	9,477,524
	$ 9,960,208

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of The Shops at Boardwalk ("the Property") for the period from May 30, 2003 (commencement of operations) to December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of The Shops at Boardwalk for the period from May 30, 2003 (commencement of operations) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
August 25, 2004

THE SHOPS AT BOARDWALK
Historical Summary of Gross Income and Direct Operating Expenses
For the period from May 30, 2003 (commencement of operations)
to December 31, 2003, and the six months ended June 30, 2004 (unaudited)

	For the six months June 30, (unaudit
Gross income:	
Base rental income	$ 9
Operating expense and real estate tax recoveries	3

Total gross income	1,3
Direct operating expenses:	
Operating expenses	2
Real estate taxes	2
Insurance	
Total direct operating expenses	5
Excess of gross income over direct operating expenses	$ 8

See accompanying notes to historical summary of gross income and direct operating expense.

THE SHOPS AT BOARDWALK
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from May 30, 2003 (commencement of operations)
to December 31, 2003, and the six months ended June 30, 2004 (unaudited)

(1) Business

The Shops at Boardwalk ("the Property") is located in Kansas City, Missouri. The Property consists of approximately 123,265 square feet of gross leasable area and was approximately 61.97% occupied at December 31, 2003. The Property is leased to 18 tenants of which one tenant that accounts for approximately 16% of base rental revenue for the period from May 30, 2003 (commencement of operations) to December 31, 2003. On July 1, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these

reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the period from May 30, 2003 (commencement of operations) to December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $184,160 for the period from May 30, 2003 (commencement of operations) to December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from five to 20 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,716,081
2005	1,978,726
2006	1,988,182
2007	1,998,578
2008	1,748,381
Thereafter	9,118,444
	$ 18,548,392

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct

Operating Expenses ("Historical Summary") of Manchester Meadows ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 5 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Manchester Meadows for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
September 1, 2004

MANCHESTER MEADOWS
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

	For the six months June 30,
	(unaudite
Gross income:	
Base rental income	$ 2,0
Contingent Rent	
Operating expense and real estate tax recoveries	6
Total gross income	2,6
Direct operating expenses:	
Operating expenses	2
Real estate taxes	3
Insurance	

Total direct operating expenses	6
Excess of gross income over direct operating expenses	$ 2,0

See accompanying notes to historical summary of gross income and direct operating expense.

MANCHESTER MEADOWS
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

(1) Business

Manchester Meadows ("the Property") is located in Town and Country, Missouri. The Property consists of 454,172 square feet of gross leasable area and was approximately 99% occupied at December 31, 2003. The Property is leased to a total of 22 tenants, of which two tenants account for approximately 47% of base rental revenue for the year ended December 31, 2003. On August 12, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 5 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $17,086 was earned during the year ended December 31, 2003.

The Property has one ground lease that is classified as an operating lease with a term extending until August 31, 2005. Total ground lease income was $75,600 and is included in base rental income in the accompanying Historical Summary for the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments decreased base rental income by $10,221 for the year ended December 31, 2003.

MANCHESTER MEADOWS
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited) (continued)

Minimum rents to be received from tenants under operating leases, which terms range from five to 25 years, in effect at December 31, 2003, are as follows:

	TOTAL
	$ 3,790,741
	2,996,909
	2,880,005
	2,766,580
	2,702,438
	18,154,477
	$ 33,291,150

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Governor's Marketplace ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on

our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 5 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Governor's Marketplace for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
September 3, 2004

GOVERNOR'S MARKETPLACE
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

	For the six months June 30,
	(unaudite
Gross income:	
Base rental income	$ 1,4
Operating expense and real estate tax recoveries	1
Total gross income	1,6
Direct operating expenses:	
Operating expenses	1
Real estate taxes	
Insurance	1
Total direct operating expenses	3

Excess of gross income over direct operating expenses	$ 1,2

See accompanying notes to historical summary of gross income and direct operating expense.

GOVERNOR'S MARKETPLACE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

(1) Business

Governor's Marketplace ("the Property") is located in Tallahassee, Florida. The Property consists of approximately 265,541 square feet of gross leasable area and was approximately 83% occupied at December 31, 2003. The Property is leased to 18 tenants of which five tenants account for approximately 53% of base rental revenue for the year ended December 31, 2003. On August 17, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

A portion of Governor's Marketplace was under construction during 2003. Operations commenced on July 28, 2000 with a portion of the Property's gross leasable area (representing 220,850 square feet) completed as of December 31, 2003. Of the remaining portion of the Property's gross leasable area, 16,690 square feet is under construction and scheduled to be completed during 2004. 28,001 square feet is undeveloped land.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 5 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

The Property has one ground lease that is classified as an operating lease with

terms extending through November 30, 2012. Total ground lease income was $63,600 and is included in base rental income in the accompanying Historical Summary for the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $223,324 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from five to 16 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 2,870,026
2005	3,028,732
2006	2,901,670
2007	2,529,017
2008	2,260,420
Thereafter	8,985,450
	$ 22,575,315

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, insurance, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

The property is subject to ground leases with fixed annual payments, payable to an unaffiliated third party, of $270,000 until September 30, 2085, and $60,000 until December 31, 2087. In addition, the property incurred overage rent of $12,876 for the twelve months ended December 31, 2003. The ground leases mature in 2085 and 2087, respectively. A portion of the ground lease expense has been capitalized in 2003 as the Property was under construction.

Fixed minimum rents to be paid to the unaffiliated third party under the ground lease in effect at December 31, 2003 are as follows:

YEAR	TOTAL
2004	$ 330,000

2005	330,000
2006	330,000
2007	330,000
2008	330,000
Thereafter	25,530,000
	$ 27,180,000

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Mitchell Ranch Plaza ("the Property") for the period from June 30, 2003 (commencement of operations) to December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 5 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Mitchell Ranch Plaza for the period from June 30, 2003 (commencement of operations) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
September 1, 2004

MITCHELL RANCH PLAZA
Historical Summary of Gross Income and Direct Operating Expenses
For the period from June 30, 2003 (commencement of operations)
to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

	For the six ended June 30, 2
	(unaudit
Gross income:	
Base rental income	$ 1,1
Operating expense and real estate tax recoveries	1
Total gross income	1,3
Direct operating expenses:	
Operating expenses	
Real estate taxes	
Insurance	
Total direct operating expenses	2
Excess of gross income over direct operating expenses	$ 1,1

See accompanying notes to historical summary of gross income and direct operating expense.

MITCHELL RANCH PLAZA
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from June 30, 2003 (commencement of operations)
to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(1) Business

Mitchell Ranch Plaza ("the Property") is located in New Port Richey, Florida. The Property consists of approximately 200,304 square feet of gross leasable area and was approximately 85% occupied at December 31, 2003. The Property is leased to 33 tenants of which three tenants account for approximately 72% of base rental revenue for the period from June 30, 2003 (commencement of operations) to December 31, 2003. On August 25, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 5 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates

and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the period from June 30, 2003 (commencement of operations) to December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $77,602 for the period from June 30, 2003 (commencement of operations) to December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from three to 20 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 2,237,421
2005	2,279,929
2006	2,253,825
2007	2,127,567
2008	2,058,164
Thereafter	12,355,030
	$ 23,311,936

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and

professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of The Columns ("the Property") for the period from October 8, 2003 (commencement of operations) to December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 5 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of The Columns for the period from October 8, 2003 (commencement of operations) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
September 10, 2004

THE COLUMNS
Historical Summary of Gross Income and Direct Operating Expenses
For the period from October 8, 2003 (commencement of operations) to
December 31, 2003 and the six months ended June 30, 2004 (unaudited)

	For the six ended June 30, 2
	(unaudit

Gross income:	
Base rental income	$ 6
Operating expense and real estate tax recoveries	1
Total gross income	7
Direct operating expenses:	
Operating expenses	
Real estate taxes	
Insurance	
Total direct operating expenses	1
Excess of gross income over direct operating expenses	$ 5

See accompanying notes to historical summary of gross income and direct operating expense.

THE COLUMNS
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from October 8, 2003 (commencement of operations) to
December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(1) Business

The Columns ("the Property") is located in Jackson, Tennessee. The Property consists of approximately 128,600 square feet of gross leasable area and was approximately 78% occupied at December 31, 2003. The Property is leased to five tenants of which two tenants account for approximately 71% of base rental revenue for the period from October 8, 2003 (commencement of operations) to December 31, 2003. On August 25, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

The Columns was under construction during 2003 and commenced operations October 8, 2003, with construction complete as of December 31, 2003.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 5 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent of was earned during the period from October 8, 2003 (commencement of operations) to December 31, 2003.

In addition, rental income includes $9,732 of rent from one tenant that pays monthly rent based upon a percentage of monthly sales in lieu of minimum rents provided in the lease as the cotenancy requirement was not met for the period from October 8, 2003 (commencement of operations) to December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $2,774 for the period from October 8, 2003 (commencement of operations) to December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from five to ten years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 1,346,993
2005	1,480,470
2006	1,482,468
2007	1,485,966
2008	1,489,103
Thereafter	4,900,972
	$ 12,185,972

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Saucon Valley Square ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 5 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Saucon Valley Square for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
September 7, 2004

SAUCON VALLEY SQUARE
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

	For the six ended June 30, (unaudite
Gross income:	
Base rental income	$ 6
Operating expense and real estate tax recoveries	1

Total gross income	7
Direct operating expenses:	
Operating expenses	
Real estate taxes	
Total direct operating expenses	1
Excess of gross income over direct operating expenses	$ 6

See accompanying notes to historical summary of gross income and direct operating expense.

SAUCON VALLEY SQUARE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

(1) Business

Saucon Valley Square ("the Property") is located in Bethlehem, PA. The Property consists of approximately 80,695 square feet of gross leasable area and was approximately 100% occupied at December 31, 2003. The Property is leased to 15 tenants of which one tenant accounts for approximately 73% of base rental revenue for the year ended December 31, 2003. On September 7, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 5 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates.

The Property has one ground lease that is classified as an operating lease with terms extending through July 12, 2008 . Total ground lease income was $3,750 and is included in base rental income in the accompanying Historical Summary for the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $52,248 for the year ended December 31, 2003.

SAUCON VALLEY SQUARE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited) (continued)

Minimum rents to be received from tenants under operating leases, which terms range from three to 15 years, in effect at December 31, 2003, are as follows:

YEAR	TOTAL
2004	$ 910,599
2005	845,071
2006	845,071
2007	845,071
2008	821,160
Thereafter	7,271,335
	$ 11,538,307

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.:

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses (Historical Summary) of Lincoln Park Shopping Center (the Property) for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in Post-Effective Amendment No. 5 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Lincoln Park Shopping Center for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Dallas, Texas
September 13, 2004

LINCOLN PARK SHOPPING CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

	For the s months en June 30, 2
	(unaudite
Gross income:	
Base rental income	$ 1,7
Operating expense and real estate tax recoveries	6
Total gross income	2,3
Direct operating expenses:	
Operating expenses	2
Real estate taxes	4
Insurance	
Total direct operating expenses	7

Excess of gross income over direct operating expenses	$ 1,5

See accompanying notes to historical summary of gross income and direct operating expense.

LINCOLN PARK SHOPPING CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited)

(1) Business

Lincoln Park Shopping Center (the Property) is located in Dallas, Texas. The Property consists of approximately 148,806 square feet of gross leasable area and was 97% occupied at December 31, 2003. The Property is leased to 13 tenants of which 4 tenants account for approximately 68% of base rental revenue for the year ended December 31, 2003. On September 7, 2004, Inland Western Retail Real Estate Trust, Inc. (IWRRETI) acquired the Property from an unaffiliated third-party.

(2) Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses (Historical Summary) has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in Post-Effective Amendment No. 5 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the six months ended June 30, 2004.

(3) Gross Income

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and become billable to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of approximately $19,000 was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by approximately $141,000 for the year ended December 31, 2003.

LINCOLN PARK SHOPPING CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the six months ended June 30, 2004
(unaudited) (continued)

Minimum rents to be received from tenants under operating leases, excluding tenant reimbursements of operating expenses, which terms range from 5 to 25 years, in effect at December 31, 2003, are as follows:

Year	Total
2004	$ 3,342,000
2005	3,299,000
2006	3,203,000
2007	3,207,000
2008	3,005,000
Thereafter	19,704,000
	$ 35,760,000

Tenant reimbursements of operating expenses are included in operating expense and real estate tax recoveries in the accompanying Historical Summary.

(4) Direct Operating Expenses

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

SHOPPES AT PROMINENCE POINT
Historical Summary of Gross Income and Direct Operating Expenses
For the period from March 1, 2004 (commencement of operations) to June 30, 2004
(unaudited)

	For the per March 1, (commencem oepration June 30,
Gross income:	
Base rental income	$
Operating expense and real estate tax recoveries	
Total gross income	

Direct operating expenses:	
Operating expenses	
Real estate taxes	
Insurance	
Total direct operating expenses	
Excess of gross income over direct operating expenses	$

See accompanying notes to historical summary of gross income and direct operating expense.

SHOPPES AT PROMINENCE POINT
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from March 1, 2004 (commencement of operations) to June 30, 2004
(unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the period from March 1, 2004 (commencement of operations) to June 30, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Shoppes at Prominence Point to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates. The property was completed in 2004 and had no significant operations through the date of acquisition.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the period from March 1, 2004 (commencement of operations) to June 30, 2004.

LOW COUNTRY VILLAGE
Historical Summary of Gross Income and Direct Operating Expenses
For the period from February 1, 2004 (commencement of operations) to June 30, 2004 (unaudited)

	For the period from February 1, 2004 (commencement of operations) to June 30, 2004
Gross income:	
Base rental income	$ 301,293
Operating expense and real estate tax recoveries	49,137

Total gross income	350,430
Direct operating expenses:	
Operating expenses	4,715
Real estate taxes	38,184
Insurance	21,110
Total direct operating expenses	64,009
Excess of gross income over direct operating expenses	$ 286,421

See accompanying notes to historical summary of gross income and direct operating expense.

LOW COUNTRY VILLAGE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from February 1, 2004 (commencement of operations) to June 30, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the period from February 1, 2004 (commencement of operations) to June 30, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Low Country Village to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates. The property was completed in 2004 and had no significant operations through the date of acquisition.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the period from February 1, 2004 (commencement of operations) to June 30, 2004.

SHOPPES OF DALLAS
Historical Summary of Gross Income and Direct Operating Expenses
For the period from March 1, 2004 (commencement of operations) to June 30, 2004 (unaudited)

	For the period from March 1, 2004 (commencement of operations) to June 30, 2004
Gross income:	
Base rental income	$ 195,042

Operating expense and real estate tax recoveries	23,198
Total gross income	218,240
Direct operating expenses:	
Operating expenses	11,199
Real estate taxes	3,781
Insurance	4,014
Total direct operating expenses	18,994
Excess of gross income over direct operating expenses	$ 199,246

See accompanying notes to historical summary of gross income and direct operating expense.

SHOPPES OF DALLAS
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from March 1, 2004 (commencement of operations)
to June 30, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the period from March 1, 2004 (commencement of operations) to June 30, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Shoppes of Dallas to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates. The property was completed in 2004 and had no significant operations through the date of acquisition.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the period from March 1, 2004 (commencement of operations) to June 30, 2004.

DORMAN CENTRE - PHASE II
Historical Summary of Gross Income and Direct Operating Expenses
For the period from March 15, 2004 (commencement of operations)
to June 30, 2004 (unaudited)

	For the period from March 15, 2004 (commencement of operations) to June 30, 2004

Gross income:	
Base rental income	$ 78,177
Operating expense and real estate tax recoveries	13,140
Total gross income	91,317
Direct operating expenses:	
Operating expenses	4,518
Real estate taxes	29,016
Insurance	1,403
Total direct operating expenses	34,937
Excess of gross income over direct operating expenses	$ 56,380

See accompanying notes to historical summary of gross income and direct operating expense.

DORMAN CENTER - PHASE II
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from March 15, 2004 (commencement of operations)
to June 30, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the period from March 15, 2004 (commencement of operations) to June 30, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Dorman Center - Phase II to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates. The property was completed in 2004 and had no significant operations through the date of acquisition.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the period from March 15, 2004 (commencement of operations) to June 30, 2004.

VILLAGE SHOPPES AT SIMONTON
Historical Summary of Gross Income and Direct Operating Expenses
For the period from May 1, 2004 (commencement of operations)
to June 30, 2004 (unaudited)

	For the period from May 1, 2004 (commencement of operations) to June 30, 2004

Gross income:	
Base rental income	$ 65,553
Operating expense and real estate tax recoveries	18,393
Total gross income	83,946
Direct operating expenses:	
Operating expenses	4,240
Real estate taxes	17,348
Insurance	3,875
Total direct operating expenses	25,463
Excess of gross income over direct operating expenses	$ 58,483

See accompanying notes to historical summary of gross income and direct operating expense.

VILLAGE SHOPPES AT SIMONTON
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from May 1, 2004 (commencement of operations)
to June 30, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the period from May 1, 2004 (commencement of operations) to June 30, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Village Shoppes at Simonton to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates. The property was completed in 2004 and had no significant operations through the date of acquisition.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the period from May 1, 2004 (commencement of operations) to June 30, 2004.

HARVEST TOWNE CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the
six months ended June 30, 2004 (unaudited)

	For the six months ended June 30, 2004	For th Decem

Gross income:	
Base rental income	$ 348,503
Operating expense and real estate tax recoveries	49,445
Total gross income	397,948
Direct operating expenses:	
Operating expenses	22,463
Real estate taxes	25,957
Insurance	5,311
Total direct operating expenses	53,731
Excess of gross income over direct operating expenses	$ 344,217

See accompanying notes to historical summary of gross income and direct operating expense.

HARVEST TOWNE CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and
the six months ended June 30, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004, respectively, has been prepared from the operating statements provided by the owners of the property during that period and requires management of Harvest Towne Center to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates. The property was completed in 2004 and had no significant operations through the date of acquisition.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the year ended December 31, 2003 and the six months ended June 30, 2004, respectively.

BED, BATH & BEYOND PLAZA
Historical Summary of Gross Income and Direct Operating Expenses
For the period from March 3, 2004 (commencement of operations)
to June 30, 2004 (unaudited)

	For the period from March 3, 2004 (commencement of

	operations) to June 30, 2004
	(unaudited)
Gross income:	
Base rental income	$ 378,432
Operating expense and real estate tax recoveries	45,399
Total gross income	423,831
Direct operating expenses:	
Operating expenses	74,921
Real estate taxes	52,800
Insurance	213
Total direct operating expenses	127,934
Excess of gross income over direct operating expenses	$ 295,897

See accompanying notes to historical summary of gross income and direct operating expense.

BED, BATH & BEYOND PLAZA
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from March 3, 2004 (commencement of operations)
to June 30, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the period from March 3, 2004 (commencement of operations) to June 30, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Bed, Bath & Beyond Plaza to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates. The property was completed in 2004 and had no significant operations during 2003.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the period from March 3, 2004 (commencement of operations) to June 30, 2004.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Azalea Square ("the Property") for the period from July 4, 2003 (commencement of operations) to December 31, 2003. This Historical Summary is the responsibility of management of Inland Western

Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Azalea Square for the period from July 4, 2003 (commencement of operations) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
December 8, 2004

AZALEA SQUARE
Historical Summary of Gross Income and Direct Operating Expenses
For the period from July 4, 2003 (commencement of operations) to December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004	FOR T FROM J (COM OF OPE DEC
	(unaudited)	
Gross income:		
Base rental income	$ 1,410,022	$
Operating expense and real estate tax recoveries	392,542	
Total gross income	1,802,564	
Direct operating expenses:		
Operating expenses	157,724	
Insurance	21,416	
Real estate taxes	251,487	

Total direct operating expenses	430,627	
Excess of gross income over direct operating expenses	$ 1,371,937	$

See accompanying notes to historical summary of gross income and direct operating expenses.

AZALEA SQUARE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from July 4, 2003 (commencement of operations) to
December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(1) BUSINESS

Azalea Square ("the Property") is located in Charleston (Summerville), South Carolina. The Property consists of approximately 117,135 square feet of gross leasable area. The Property is leased to 19 tenants and is approximately 98% occupied as of December 31, 2003. Of those tenants, four tenants account for approximately 76% of base rental revenue for the period from July 4, 2003 (commencement of operations) to December 31, 2003. On October 19, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

Azalea Square was under construction during 2003 and commenced operations July 4, 2003, with construction complete of 117,135 square feet of gross leasable area as of December 31, 2003. An additional 64,000 square feet remained under construction as of December 31, 2003.

(2) BASIS OF PRESENTATION

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) GROSS INCOME

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain

leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the period from July 4, 2003 (commencement of operations) to December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $63,279 for the period from July 4, 2003 (commencement of operations) to December 31, 2003.

AZALEA SQUARE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from July 4, 2003 (commencement of operations)
to December 31, 2003 and the nine months ended
September 30, 2004 (unaudited)

Minimum rents to be received from tenants under operating leases, which terms range from five years to 20 years, as of December 31 2003, are as follows:

YEAR	
2004	$ 1,911,620
2005	2,346,448
2006	2,386,455
2007	2,392,650
2008	2,328,321
Thereafter	10,984,144
	$ 22,349,638

(4) DIRECT OPERATING EXPENSES

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Combined Historical Summary of Gross Income and

Direct Operating Expenses (Combined Historical Summary) of the Properties Acquired from Bayer Properties, Inc. for the year ended December 31, 2003. This Combined Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Combined Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Combined Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Combined Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Combined Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Combined Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Properties' revenues and expenses.

In our opinion, the Combined Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of the Properties Acquired from Bayer Properties, Inc. for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
December 8, 2004

THE PROPERTIES ACQUIRED FROM BAYER PROPERTIES, INC.
Combined Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the nine months ended
September 30, 2004 (unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004	YE DECEM
	(unaudited)	
Gross income:		
Base rental income	$ 1,189,106	$
Operating expense and real estate tax recoveries	181,747	
Total gross income	1,370,853	
Direct operating expenses:		
Operating expenses	140,047	
Real estate taxes	67,620	
Ground rent expense	102,238	

Insurance	17,047	
Total direct operating expenses	326,952	
Excess of gross income over direct operating expenses	$ 1,043,901	$

See accompanying notes to combined historical summary of gross income and direct operating expenses.

THE PROPERTIES ACQUIRED FROM BAYER PROPERTIES, INC.
Notes to Combined Historical Summary of Gross Income
and Direct Operating Expenses
For the year ended December 31, 2003 and the nine months
ended September 30, 2004 (unaudited)

(1) BUSINESS

The Properties acquired from Bayer Properties, Inc. consist of:

Name	Gross Leasable Area	Location	Occupancy At Dece 2003
Edgemont Town Center	71,660	Homewood, Alabama	82%
University Town Center	28,450	Tuscaloosa, Alabama	79%

Three tenants account for 36% of the Properties' base rental income for the year ended December 31, 2003.

Edgemont Town Center's 71,660 square feet of gross leasable area was under construction and completed during 2003. An additional 6,000 square feet was under construction as of December 31, 2003. Real estate taxes are excluded in the Combined Historical Summary related to the portions of the Property under construction.

(2) BASIS OF PRESENTATION

The Combined Historical Summary of Gross Income and Direct Operating Expenses has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc. and is not intended to be a complete presentation of the Properties' revenues and expenses. The Combined Historical Summary has been prepared on the accrual basis of accounting and requires management of the Properties to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates. The Combined Historical Summary is presented on a combined basis since the properties were acquired from the same seller.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) GROSS INCOME

The Properties lease retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Properties are reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $18,860 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from two to 20 years, as of December 31, 2003, are as follows:

YEAR	
2004	$ 1,569,399
2005	1,837,792
2006	1,841,130
2007	1,803,439
2008	1,530,669
Thereafter	14,442,120
	$ 23,024,549

(4) DIRECT OPERATING EXPENSES

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Properties. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded

from the Combined Historical Summary.

University Town Center is subject to two ground leases. One of which is a ground lease with semi-annual payments of $25,000, payable to an unaffiliated third party. This ground lease was subject to abatement periods and terminates in 2039. The other ground lease requires semi-annual payments, payable to an unaffiliated third party, of $ 37,478 until December 31, 2022, $50,492 until December 31, 2027, $51,273 until December 31, 2032, $52,054 until December 31, 2037, and $52,834 until the termination date. This ground lease is subject to abatement periods and terminates in 2043.

Although the ground leases provide for abatement periods or increases in minimum rent payments over the term of the leases, ground rent expense accrues on a straight-line basis. The related adjustment to ground rent increased ground rent expense by $41,368 for the year ended December 31, 2003.

Minimum rents to be paid to the unaffiliated third parties under the ground leases in effect at December 31, 2003 are as follows:

YEAR	
2004	$ 87,479
2005	124,958
2006	124,958
2007	124,958
2008	124,958
Thereafter	4,693,773
	$ 5,281,084

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Denton Crossing ("the Property") for the period from August 11, 2003 (commencement of operations) to December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Denton Crossing for the period from August 11, 2003 (commencement of operations) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
December 8, 2004

DENTON CROSSING
Historical Summary of Gross Income and Direct Operating Expenses
For the period from August 11, 2003 (commencement of operations)
to December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004	FOR TH AUGU (COMM OPER DECEM
	(unaudited)	
Gross income:		
Base rental income	$ 2,446,572	$
Operating expense and real estate tax recoveries	513,330	
Other Income	--	
Total gross income	2,959,902	
Direct operating expenses:		
Operating expenses	240,720	
Real estate taxes	259,517	
Insurance	52,193	
Total direct operating expenses	552,430	
Excess of gross income over direct operating expenses	$ 2,407,472	$

See accompanying notes to historical summary of gross income and direct operating expenses.

DENTON CROSSING
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from August 11, 2003 (commencement of operations) to
December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(1) BUSINESS

Denton Crossing ("the Property") is located in Denton, Texas. The Property consists of approximately 259,470 square feet of gross leasable area and was approximately 89% occupied at December 31, 2003. The Property is leased to 24 tenants of which four tenants accounts for approximately 50% of base rental revenue for the period from August 11, 2003 (commencement of operations) to December 31, 2003. On October 18, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

Denton Crossing had 259,470 square feet that was under construction and completed during 2003. The remaining portion of the Properties' gross leasable area (representing approximately 70,000 square feet) was under construction as of December 31, 2003. Real estate taxes are excluded in the Historical Summary related to the portions of the Properties under construction.

(2) BASIS OF PRESENTATION

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) GROSS INCOME

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned for the period from August 11, 2003 (commencement of operations) to December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full

period of occupancy on a straight-line basis. Related adjustments increased base rental income by $595,495 for the period from August 11, 2003 (commencement of operations) to December 31, 2003.

DENTON CROSSING
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from August 11, 2003 (commencement of operations) to December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

Minimum rents to be received from tenants under operating leases, which terms range from five to 10 years, in effect at December 31, 2003, are as follows:

YEAR	
2004	$ 2,937,465
2005	3,203,931
2006	3,203,931
2007	3,203,931
2008	3,197,065
Thereafter	12,348,490
	$ 28,094,813

(4) DIRECT OPERATING EXPENSES

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Combined Historical Summary of Gross Income and Direct Operating Expenses (Combined Historical Summary) of the Properties Acquired from Donahue Schriber for the year ended December 31, 2003. This Combined Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Combined Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Combined Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in

the Combined Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Combined Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Combined Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Properties' revenues and expenses.

In our opinion, the Combined Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of the Properties Acquired from Donahue Schriber for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
December 9, 2004

THE PROPERTIES ACQUIRED FROM DONAHUE SCHRIBER
Combined Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the nine months ended
September 30, 2004 (unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004	YE DECEM
	(unaudited)	
Base rental income	$ 1,933,199	$
Operating expense and real estate tax recoveries	568,561	
Other Income	--	
Total gross income	2,501,760	
Operating expenses	325,646	
Real estate taxes	266,619	
Insurance	50,545	
Total direct operating expenses	642,810	
Excess of gross income over direct operating expenses	$ 1,858,950	$

See accompanying notes to combined historical summary of gross income and direct operating expenses.

THE PROPERTIES ACQUIRED FROM DONAHUE SCHRIBER
Notes to Combined Historical Summary of Gross Income
and Direct Operating Expenses
For the year ended December 31, 2003 and the nine months
ended September 30, 2004 (unaudited)

(1) BUSINESS

The Properties acquired from Donahue Schriber consist of:

Name	Gross Leasable Area	Location	Occupancy At Dec 2003
Plaza at Riverlakes	102,836	Bakersfield, California	93%
Placentia Town Center	110,962	Placentia, California	89%

Five tenants account for 52% of the Properties' base rental income for the year ended December 31, 2003.

Plaza at Riverlakes had 17,160 of square feet that was under construction and completed during 2003. Real estate taxes are excluded in the Combined Historical Summary related to the portions of the Property under construction.

(2) BASIS OF PRESENTATION

The Combined Historical Summary of Gross Income and Direct Operating Expenses has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc. and is not intended to be a complete presentation of the Properties' revenues and expenses. The Combined Historical Summary has been prepared on the accrual basis of accounting and requires management of the Properties to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates. The Historical Summary is presented on a combined basis since the properties were acquired from the same seller.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) GROSS INCOME

The Properties lease retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Properties are reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals.

Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. Contingent rent of $122,128 was earned for the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $80,433 for the year ended December 31, 2003.

THE PROPERTIES ACQUIRED FROM DONAHUE SCHRIBER
Notes to Combined Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

Minimum rents to be received from tenants under operating leases, which terms range from one to 30 years, as of December 31, 2003, are as follows:

YEAR	
2004	$ 2,532,357
2005	2,594,314
2006	2,212,058
2007	2,018,686
2008	1,844,145
Thereafter	13,463,957
	$ 24,665,517

(4) DIRECT OPERATING EXPENSES

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Properties. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Combined Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Gurnee Town Center ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust,

Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Gurnee Town Center for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
December 8, 2004

GURNEE TOWN CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the nine months ended
September 30, 2004 (unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004	YE DECEM
	(unaudited)	
Gross income:		
Base rental income	$ 2,335,149	$
Operating expense and real estate tax recoveries	512,624	
Total gross income	2,847,773	
Direct operating expenses:		
Operating expenses	156,716	
Real estate taxes	368,762	
Insurance	37,150	
Total direct operating expenses	562,628	

Excess of gross income over direct operating expenses	$ 2,285,145	$

See accompanying notes to historical summary of gross income and direct operating expenses.

GURNEE TOWN CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the nine months ended
September 30, 2004 (unaudited)

(1) BUSINESS

Gurnee Town Center ("the Property") is located in Gurnee, IL. The Property consists of approximately 179,840 square feet of gross leasable area and was approximately 96% occupied at December 31, 2003. The Property is leased to a total of twenty-seven tenants, of which five tenants account for approximately 55% of base rental revenue for the year ended December 31, 2003. On October 28, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) BASIS OF PRESENTATION

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) GROSS INCOME

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full

period of occupancy on a straight-line basis. Related adjustments increased base rental income by $49,806 for the year ended December 31, 2003.

GURNEE TOWN CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

Minimum rents to be received from tenants under operating leases, which terms range from two and a half years to 20 years, in effect at December 31, 2003, are as follows:

YEAR	
2004	$ 3,024,647
2005	3,031,410
2006	2,347,157
2007	2,073,736
2008	2,016,451
Thereafter	10,205,810
	$ 22,699,211

(4) DIRECT OPERATING EXPENSES

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Winchester Commons ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical

Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Winchester Commons for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
November 3, 2004

WINCHESTER COMMONS
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the nine months ended
September 30, 2004 (unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004	YE DECEM
	(unaudited)	
Gross income:		
Base rental income	$ 793,963	$
Operating expense and real estate tax recoveries	279,045	
Total gross income	1,073,008	
Direct operating expenses:		
Operating expenses	85,206	
Real estate taxes	204,490	
Insurance	7,988	
Total direct operating expenses	297,684	
Excess of gross income over direct operating expenses	$ 775,324	$

See accompanying notes to historical summary of gross income and direct operating expenses.

WINCHESTER COMMONS
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the nine months
ended September 30, 2004 (unaudited)

(1) BUSINESS

Winchester Commons ("the Property") is located in Memphis, Tennessee. The Property consists of approximately 93,024 square feet of gross leasable area and was 100% occupied at December 31, 2003. The Property is leased to 16 tenants, of which one tenant accounts for 47% of base rental revenue for the year ended December 31, 2003. On November 5, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) BASIS OF PRESENTATION

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) GROSS INCOME

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments decreased base rental income by $5,784 for the year ended December 31, 2003.

WINCHESTER COMMONS
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and the nine months ended
September 30, 2004 (unaudited)

Minimum rents to be received from tenants under operating leases, which terms range from one to 16 years, in effect at December 31, 2003, are as follows:

YEAR	
2004	$ 1,008,019
2005	946,941
2006	870,713
2007	765,269
2008	744,965
Thereafter	5,197,703
	$ 9,533,610

(4) DIRECT OPERATING EXPENSES

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Mansfield Towne Crossing ("the Property") for the period from July 23, 2003 (commencement of operations) to December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Mansfield Towne Crossing for the period from July 23, 2003 (commencement of operations) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMGLLP

Chicago, Illinois
December 8, 2004

MANSFIELD TOWNE CROSSING
Historical Summary of Gross Income and Direct Operating Expenses
For the period from July 23, 2003 (commencement of operations) to December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004	FOR JUL (COMM OPER DECEM
	(unaudited)	
Gross income:		
Base rental income	$ 462,693	$
Operating expense and real estate tax recoveries	158,753	
Total gross income	621,446	
Direct operating expenses:		
Operating expenses	108,480	
Insurance	5,521	
Real estate taxes	125,868	
Total direct operating expenses	239,869	
Excess of gross income over direct operating expenses	$ 381,577	$

See accompanying notes to historical summary of gross income and direct operating expenses.

MANSFIELD TOWNE CROSSING
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from July 23, 2003 (commencement of operations) to December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(1) BUSINESS

Mansfield Towne Crossing ("the Property") is located in Mansfield, Texas. The Property consists of approximately 111,898 square feet of gross leasable area and was approximately 27% occupied at December 31, 2003. The Property is leased to 20 tenants of whom six tenants occupied the area in 2003. One tenant represented approximately 59% of base rental revenue for the period from July 23, 2003 (commencement of operations) to December 31, 2003. On November 3, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

Mansfield Towne Crossing was under construction during 2003 and commenced operations July 23, 2003.

(2) BASIS OF PRESENTATION

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) GROSS INCOME

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. No contingent rent was earned during the period from July 23, 2003 (commencement of operations) to December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $9,080 for the period from July 23, 2003 (commencement of operations) to December 31, 2003.

MANSFIELD TOWNE CROSSING
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from July 23, 2003 (commencement of operations) to December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

Minimum rents to be received from tenants under operating leases, which terms range from five years to 15 years, in effect at December 31, 2003,

are as follows:

YEAR	
2004	$ 579,467
2005	921,979
2006	921,979
2007	921,979
2008	882,805
Thereafter	5,205,573
	$ 9,433,782

(4) DIRECT OPERATING EXPENSES

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Fox Creek Village ("the Property") for the period from November 12, 2003 (commencement of operations) to December 31, 2003. This Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in

note 2 of Fox Creek Village for period from November 12, 2003 (commencement of operations) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
December 8, 2004

FOX CREEK VILLAGE
Historical Summary of Gross Income and Direct Operating Expenses
For the period from November 12, 2003 (commencement of operations)
to December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004	FOR TH NOVEM (COMM OPER DECEM
	(unaudited)	
Gross income:		
Base rental income	$ 849,779	$
Operating expense and real estate tax recoveries	216,707	
Total gross income	1,066,486	
Direct operating expenses:		
Operating expenses	94,833	
Real estate taxes	163,170	
Insurance	5,168	
Total direct operating expenses	263,171	
Excess of gross income over direct operating expenses	$ 803,315	$

See accompanying notes to historical summary of gross income and direct operating expenses.

FOX CREEK VILLAGE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from November 12, 2003 (commencement of operations)
to December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(1) BUSINESS

Fox Creek Village ("the Property") is located in Longmont, Colorado. The

Property consists of approximately 139,730 square feet of gross leasable area of which approximately 39,600 represents square footage of gross leasable are available for ground leases. The Property was approximately 66% occupied at December 31, 2003. The Property is leased to two tenants that account for 100% of base rental revenue for period from November 12, 2003 (commencement of operations) to December 31, 2003. On November 22, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) BASIS OF PRESENTATION

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) GROSS INCOME

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. No contingent rent was earned during the period from November 12, 2003 (commencement of operations) to December 31, 2003.

The Property has one ground lease that is classified as an operating lease with terms extending through November 12, 2018. Total ground lease income was $2,717 and is included in base rental income in the accompanying Historical Summary for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from five to 20 years, in effect at December 31, 2003, are as follows:

YEAR		
2004	$	988,109

2005	1,051,949
2006	1,056,498
2007	1,061,046
2008	1,065,595
Thereafter	11,020,462
	$ 16,243,659

(4) DIRECT OPERATING EXPENSES

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary. No insurance expense was recorded for the period from November 12, 2003 (commencement of operations) to December 31, 2003 as the tenants that occupied the space during this period incurred and paid their own insurance.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Gateway Pavilions ("the Property") for the period from February 15, 2003 (commencement of operations) to December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Gateway Pavilions for the period from February 15, 2003 (commencement of operations) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
December 9, 2004

GATEWAY PAVILIONS
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from February 15, 2003 (commencement of operations) to
December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004	FOR TH FEBRU (COMM OPER DECEM
	(unaudited)	
Gross income:		
Base rental income	$ 2,317,394	$
Operating expense and real estate tax recoveries	507,792	
Total gross income	2,825,186	
Direct operating expenses:		
Operating expenses	300,936	
Real estate taxes	303,496	
Insurance	45,673	
Total direct operating expenses	650,105	
Excess of gross income over direct operating expenses	$ 2,175,081	$

See accompanying notes to historical summary of gross income and direct operating expenses.

GATEWAY PAVILIONS
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the period from February 15, 2003 (commencement of operations) to
December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(1) BUSINESS

Gateway Pavilions ("the Property") is located in Avondale, Arizona, which when completed will consist of approximately 318,410 square feet of gross leasable area. The Property consists of approximately 197,512 square feet of gross leasable area and was approximately 93% occupied at December 31, 2003. The Property is leased to 22 tenants of which 5 tenants account for approximately 38% of base rental revenue for the

period from February 15, 2003 (commencement of operations) to December 31, 2003. On December 7, 2004 Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

Gateway Pavilions' 197,512 square feet of gross leasable area was under construction and completed during 2003. The remaining portion of the Property's gross leasable area (representing 104,278 square feet) was under construction as of December 31, 2003. Real estate taxes are excluded in the Historical Summary related to the portion of the Property under construction.

(2) BASIS OF PRESENTATION

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) GROSS INCOME

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned for the period from February 15, 2003 (commencement of operations) to December 31, 2003.

The Property has one ground lease that is classified as an operating lease with a term extending until October 1, 2023. Total ground lease income was $19,335 and is included in base rental income in the accompanying Historical Summary for the period from February 15, 2003 (commencement of operations) to December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $50,513 for the period from February 15, 2003 (commencement of operations) to December 31, 2003.

For the period from February 15, 2003 (commencement of operations) to December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

Minimum rents to be received from tenants under operating leases, which terms range from one to 15 years, in effect at December 31, 2003, are as follows:

YEAR	
2004	$ 2,914,743
2005	3,275,666
2006	3,292,521
2007	3,311,622
2008	3,100,049
Thereafter	19,399,071
	$ 35,293,672

(4) DIRECT OPERATING EXPENSES

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Northwoods Center ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in

note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Northwoods Center for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
November 26, 2004

NORTHWOODS CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and
the nine months ended September 30, 2004 (unaudited).

	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004	F YE DECEMB
	(unaudited)	
Gross income:		
Base rental income	$ 904,767	$
Operating expense and real estate tax recoveries	166,042	
Total gross income	1,070,809	
Direct operating expenses:		
Operating expenses	66,253	
Real estate taxes	110,615	
Total direct operating expenses	176,868	
Excess of gross income over direct operating expenses	$ 893,941	$

See accompanying notes to historical summary of gross income and direct operating expenses.

NORTHWOODS CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and
the nine months ended September 30, 2004 (unaudited)

(1) BUSINESS

Northwoods Center ("the Property") is located in Wesley Chapel, Florida. The Property consists of approximately 95,994 square feet of gross leasable area of which approximately 70,647 square feet of gross leasable area was available and occupied at December 31, 2003. The Property is leased to 25 tenants, of which two tenants account for approximately 44% of base rental revenue for the year ended December 31, 2003. On December 7, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third party.

(2) BASIS OF PRESENTATION

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) GROSS INCOME

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned for the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $81,206 for year ended December 31, 2003.

NORTHWOODS CENTER
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and
the nine months ended September 30, 2004 (unaudited)

Minimum rents to be received from tenants under operating leases, which terms range from four years to 20 years, as of December 31, 2003, are as follows:

YEAR

2004	$ 1,104,172
2005	1,405,893
2006	1,438,591
2007	1,446,935
2008	1,388,421
Thereafter	5,189,216
	$ 11,973,228

(4) DIRECT OPERATING EXPENSES

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, insurance and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Oswego Commons ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Oswego Commons for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
December 8, 2004

OSWEGO COMMONS

Historical Summary of Gross Income and Direct Operating Expenses For the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

	FOR TH NINE MONTHS SEPTEMBER 30
	(unaudite
Base rental income	$ 2,0
Operating expense and real estate tax recoveries	6
Total gross income	2,6
Operating expenses	3
Real estate taxes	3
Insurance	
Total direct operating expenses	6
Excess of gross income over direct operating expenses	$ 1,9

See accompanying notes to historical summary of gross income and direct operating expenses.

OSWEGO COMMONS
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and
the nine months ended September 30, 2004 (unaudited)

(1) BUSINESS

Oswego Commons ("the Property") is located in Oswego, Illinois. The Property consists of approximately 186,451 square feet of gross leasable area and was approximately 97% occupied at December 31, 2003. The Property is leased to a total of 18 tenants, of which two tenants account for approximately 60% of base rental revenue for the year ended December 31, 2003. On November 23, 2004, Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") acquired the Property from an unaffiliated third-party.

(2) BASIS OF PRESENTATION

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Post-Effective Amendment No. 7 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) GROSS INCOME

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. There was no contingent rent earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $112,535 for the year ended December 31, 2003.

OSWEGO COMMONS
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and
the nine months ended September 30, 2004 (unaudited)

Minimum rents to be received from tenants under operating leases, which terms range from three to 18 years, in effect at December 31, 2003, are as follows:

YEAR	
2004	$ 2,526,561
2005	2,561,597
2006	2,571,681
2007	2,558,120
2008	2,445,179
Thereafter	18,967,101

	$ 31,630,239

(4) DIRECT OPERATING EXPENSES

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

LAKE MARY POINTE
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003
and the nine months ended September 30, 2004 (unaudited)

	FOR TH NINE MONTHS SEPTEMBER 30
	(unaudite
Gross income:	
Base rental income	$ 4
Operating expense and real estate tax recoveries	
Total gross income	4
Direct operating expenses:	
Operating expenses	
Real estate taxes	
Insurance	
Total direct operating expenses	1
Excess of gross income over direct operating expenses	$ 3

See accompanying notes to historical summary of gross income and direct operating expenses.

LAKE MARY POINTE
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003
and the nine months ended September 30, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004, respectively, has been prepared from the operating statements provided by the owners of the property during that period and requires management of Lake Mary Pointe to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the year ended December 31, 2003 and the nine months ended September 30, 2004, respectively.

PUBLIX CENTER
Historical Summary of Gross Income and Direct
Operating Expenses For the period from April 18, 2004 (commencement
of operations) to September 30, 2004 (unaudited)

	FOR (CO
Gross income:	
Base rental income	$
Operating expense and real estate tax recoveries	
Total gross income	
Direct operating expenses:	
Operating expenses	
Real estate taxes	
Insurance	
Total direct operating expenses	
Excess of gross income over direct operating expenses	$

See accompanying notes to historical summary of gross income and direct operating expenses.

PUBLIX CENTER
Historical Summary of Gross Income and Direct Operating Expenses
For the period from April 18, 2004 (commencement of operations)

to September 30, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the period from April 18, 2004 (commencement of operations) to September 30, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Publix Center to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the period from April 18, 2004 (commencement of operations) to September 30, 2004.

FIVE FORKS
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003
and the nine months ended September 30, 2004 (unaudited)

	FOR TH NINE MONTHS SEPTEMBER 30
	(unaudite
Gross income:	
Base rental income	$ 4
Operating expense and real estate tax recoveries	
Total gross income	5
Direct operating expenses:	
Operating expenses	
Real estate taxes	
Insurance	
Total direct operating expenses	1
Excess of gross income over direct operating expenses	$ 4

See accompanying notes to historical summary of gross income and direct operating expenses.

FIVE FORKS
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003
and the nine months ended September 30, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004, respectively, has been prepared from the operating statements provided by the owners of the property during that period and requires management of Five Forks to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the year ended December 31, 2003 and the nine months ended September 30, 2004, respectively.

GATEWAY STATION
Historical Summary of Gross Income and Direct Operating Expenses
For the period from June 21, 2004 (commencement of operations)
to September 30, 2004 (unaudited)

	FOR THE (COM
Gross income:	
Base rental income	$
Operating expense and real estate tax recoveries	
Total gross income	
Direct operating expenses:	
Operating expenses	
Real estate taxes	
Insurance	
Total direct operating expenses	
Excess of gross income over direct operating expenses	$

See accompanying notes to historical summary of gross income and direct operating expenses.

GATEWAY STATION
Historical Summary of Gross Income and Direct Operating Expenses
For the period from June 21, 2004 (commencement of operations)
to September 30, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the period from June 21, 2004 (commencement of operations) to September 30, 2004 has been prepared from the operating statements provided by the owners of the property during that period and requires management of Gateway Station to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the period from June 21, 2004 (commencement of operations) to September 30, 2004.

SHOPS AT FOREST COMMONS
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003
and the nine months ended September 30, 2004 (unaudited)

	FOR TH NINE MONTHS SEPTEMBER 30
	(unaudite
Gross income:	
Base rental income	$ 3
Operating expense and real estate tax recoveries	1
Total gross income	5
Direct operating expenses:	
Operating expenses	
Real estate taxes	
Insurance	
Total direct operating expenses	1
Excess of gross income over direct operating expenses	$ 3

See accompanying notes to historical summary of gross income and direct operating expenses.

SHOPS AT FOREST COMMONS
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003
and the nine months ended September 30, 2004 (unaudited)

1. Basis of Presentation

The Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004, respectively, has been prepared from the operating statements provided by the owners of the property during that period and requires management of Shops at Forest Commons to make estimates and assumptions that affect the amounts of the revenues and expense during that period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the year ended December 31, 2003 and the nine months ended September 30, 2004, respectively.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") of Southlake Town Square ("the Property") for the year ended December 31, 2003. This Historical Summary is the responsibility of the management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Pre-Effective Amendment No. 2 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Property's revenues and expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of Southlake Town Square for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
December 7, 2004

SOUTHLAKE TOWN SQUARE
Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and

the nine months ended September 30, 2004 (unaudited)

	FOR THE N MONTHS ENDED SEPTEMBER 30
	(unaudit
Gross income:	
Base rental income	$ 7,3
Operating expense and real estate tax recoveries	2,3
Total gross income	9,7
Direct operating expenses:	
Operating expenses	1,0
Real estate taxes	1,6
Insurance	
Total direct operating expenses	2,7
Excess of gross income over direct operating expenses	$ 6,9

See accompanying notes to historical summary of gross income and direct operating expense.

SOUTHLAKE TOWN SQUARE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and
the nine months ended September 30, 2004 (unaudited)

(1) BUSINESS

Southlake Town Square ("the Property") is located in Southlake, Texas. The Property consists of approximately 471,000 square feet of gross leasable area and was approximately 98% occupied at December 31, 2003. As of December 31, 2003 the Property is leased to 139 tenants. Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") is expected to close on the acquisition of the Property from an unaffiliated third party on December 22, 2004.

(2) BASIS OF PRESENTATION

The Historical Summary of Gross Income and Direct Operating Expenses ("Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Pre-Effective Amendment No. 2 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Property's revenues and expenses. The Historical Summary has been prepared on the accrual basis of accounting

and requires management of the Property to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) GROSS INCOME

The Property leases retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Property is reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments increased base rental income by $343,431 for the year ended December 31, 2003.

SOUTHLAKE TOWN SQUARE
Notes to Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and
the nine months ended September 30, 2004 (unaudited)

Minimum rents to be received from tenants under operating leases, which terms range from one to 20 years, in effect as of December 31, 2003, are as follows:

YEAR	
2004	$ 9,649,153
2005	9,887,579
2006	9,186,648
2007	8,394,728
2008	7,599,776
Thereafter	15,943,145
	$ 60,661,029

(4) DIRECT OPERATING EXPENSES

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Property. Repairs

and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Historical Summary.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Inland Western Retail Real Estate Trust, Inc.

We have audited the accompanying Combined Historical Summary of Gross Income and Direct Operating Expenses ("Combined Historical Summary") of the Properties Acquired from Eastern Retail Holdings, L.P. for the year ended December 31, 2003. This Combined Historical Summary is the responsibility of management of Inland Western Retail Real Estate Trust, Inc. Our responsibility is to express an opinion on the Combined Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Combined Historical Summary is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Combined Historical Summary. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Combined Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Combined Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the Pre-Effective Amendment No. 2 to the Registration Statement on Form S-11 of Inland Western Retail Real Estate Trust, Inc., as described in note 2. It is not intended to be a complete presentation of the Properties' revenues and expenses.

In our opinion, the Combined Historical Summary referred to above presents fairly, in all material respects, the gross income and direct operating expenses described in note 2 of the Properties Acquired from Eastern Retail Holdings, L.P. for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Chicago, Illinois
December 3, 2004

THE PROPERTIES ACQUIRED FROM EASTERN RETAIL HOLDINGS, L.P.
Combined Historical Summary of Gross Income and Direct Operating Expenses
For the year ended December 31, 2003 and
the nine months ended September 30, 2004 (unaudited)

FOR THE NI
MONTHS

	ENDED SEPTEMBER 30
	(unaudit
Gross income:	
Base rental income	$ 1,2
Operating expense and real estate tax recoveries	1
Total gross income	1,4
Direct operating expenses:	
Operating expenses	
Real estate taxes	1
Insurance	
Total direct operating expenses	2
Excess of gross income over direct operating expenses	$ 1,2

See accompanying notes to combined historical summary of gross income and direct operating expense.

THE PROPERTIES ACQUIRED FROM EASTERN RETAIL HOLDINGS, L.P.
Notes to Combined Historical Summary of Gross Income and Direct Operating Expenses For the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(1) BUSINESS

The Properties acquired from Eastern Retail Holdings, LP ("the Properties") consist of the following:

NAME	GROSS LEASABLE AREA	LOCATION	OCCUPANCY AT D 2003
Irmo Station	99,619	Irmo, South Carolina	98%
Evans Towne Centre	75,695	Evans, Georgia	95%

The Properties are leased to a total of 35 tenants, of which eight tenants account for approximately 74% of base rental revenue for the year ended December 31, 2003. Inland Western Retail Real Estate Trust, Inc. ("IWRRETI") is expected to close on the acquisition of the Property from an unaffiliated third party on December 23, 2004.

(2) BASIS OF PRESENTATION

The Combined Historical Summary of Gross Income and Direct Operating Expenses ("Combined Historical Summary") has been prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission Regulation S-X and for inclusion in the Pre-Effective Amendment No. 2 to the Registration Statement on Form S-11 of IWRRETI and is not intended to be a complete presentation of the Properties' revenues and expenses. The Combined Historical Summary has been prepared on the accrual basis of accounting and requires management of the Properties to make estimates and assumptions that affect the reported amounts of the revenues and expenses during the reporting period. Actual results may differ from those estimates. The Combined Historical Summary is presented on a combined basis since the properties were acquired from the same seller.

All adjustments necessary for a fair presentation have been made to the accompanying unaudited amounts for the nine months ended September 30, 2004.

(3) GROSS INCOME

The Properties lease retail space under various lease agreements with its tenants. All leases are accounted for as operating leases. The leases include provisions under which the Properties are reimbursed for common area, real estate, and insurance costs. Revenue related to these reimbursed costs is recognized in the period the applicable costs are incurred and billed to tenants pursuant to the lease agreements. Certain leases contain renewal options at various periods at various rental rates. Certain of the leases contain provision for contingent rentals. Recognition of contingent rental income is deferred until the target that triggers the contingent rental income is achieved. No contingent rent was earned during the year ended December 31, 2003.

Although certain leases may provide for tenant occupancy during periods for which no rent is due and/or increases exist in minimum lease payments over the term of the lease, rental income accrues for the full period of occupancy on a straight-line basis. Related adjustments decreased base rental income by $24,923 for the year ended December 31, 2003.

Minimum rents to be received from tenants under operating leases, which terms range from one to 20 years, in effect at December 31, 2003, are as follows:

YEAR	
2004	$ 1,547,749
2005	1,390,016
2006	1,195,315
2007	1,077,948
2008	991,186
Thereafter	8,514,187

$ 14,716,401
==========

(4) DIRECT OPERATING EXPENSES

Direct operating expenses include only those costs expected to be comparable to the proposed future operations of the Properties. Repairs and maintenance expenses are charged to operations as incurred. Costs such as depreciation, amortization, management fees, interest expense related to mortgage debt not assumed, and professional fees are excluded from the Combined Historical Summary.

APPENDIX A
PRIOR PERFORMANCE TABLES

The following prior performance tables contain information concerning real estate programs sponsored by affiliates of our business manager/advisor which have investment objectives similar to ours. This information has been summarized in narrative form under "Prior Performance of Our Affiliates" in the prospectus. The tables provide information on the performance of a number of programs. You can use the information to evaluate the experience of our business manager/advisor's affiliates as sponsors of the programs. The inclusion of these tables does not imply that we will make investments comparable to those reflected in the tables or that investors in our shares will experience returns comparable to those experienced in the programs referred to in these tables. If you purchase our shares, you will not acquire any ownership in any of the programs to which these tables relate. The tables consist of:

Table I	Experience in Raising and Investing Funds
Table II	Compensation to IREIC and Affiliates
Table III	Operating Results of Prior Programs
Table IV	Results of Completed Programs
Table V	Sales or Disposals of Properties
Table VI	Acquisition of Properties by Programs*

Upon written request, any potential investor may obtain, without charge, the most recent annual report on Form 10-K filed with the SEC by any public program sponsored by any of the Inland's affiliated companies which has reported to the SEC within the last 24 months. For a reasonable fee, the affiliated companies will provide copies of any exhibits to such annual reports upon request.

Our investment objectives are to: (i) provide regular distributions to stockholders in amounts which may exceed our taxable income due to the non-cash nature of depreciation expense and, to such extent, will constitute a tax-deferred return of capital, but in no event less than 90% of our taxable income, pursuant to the REIT requirements; (ii) provide a hedge against inflation by

entering into leases which contain clauses for scheduled rent escalations or participation in the growth of tenant sales, permitting us to increase distributions and provide capital appreciation; and (iii) preserve stockholders' capital.

The following programs have investment objectives similar to ours and are included in the tables. Inland Retail Real Estate Trust, Inc. or IRRETI and Inland Real Estate Corporation or IREC are two REITs formed primarily to invest in multi-tenant shopping centers, Inland's Monthly Income Fund, L.P. and Inland Monthly Income Fund II, L.P. are public real estate limited partnerships formed primarily to acquire, operate and sell existing residential and commercial real properties. Inland Mortgage Investors Fund, L.P., Inland Mortgage Investors Fund-II, L.P. and Inland Mortgage Investors Fund III, L.P. were public real estate limited partnerships formed primarily to make or acquire loans secured by mortgages on improved, income producing multifamily residential properties.

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

TABLE I

EXPERIENCE IN RAISING AND INVESTING FUNDS

(000's omitted)

Table I is intended to present information on a dollar and percentage basis showing the experience of Inland Real Estate Investment Corporation ("IREIC"), of which the business manager/advisor is a wholly owned subsidiary, in raising and investing funds in prior programs where the offering closed in the three years prior to December 31, 2003. The table is intended to focus on the dollar amount available for investment in properties expressed as a percentage of total dollars raised. Inland Retail Real Estate Trust, Inc. is the only program that closed in the three years ended December 31, 2003.

	I
Dollar amount offered (A)	$
Dollar amount raised (B)	
Less offering expenses:	
Syndication fees (C)	
Other fees (D)	
Organizational fees	
Reserves (E)	
Available for investment	$
Acquisition costs:	
Cash down payments	$
Repayment of indebtedness	
Investment in securities	

Total acquisition costs	$

Percent leverage
Date offerings commenced
Length of offering
Months to invest 90% of amount available for investment (measured from beginning of offering)

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

TABLE I-(Continued)

EXPERIENCE IN RAISING AND INVESTING FUNDS (A)

NOTES TO TABLE I

(A) This amount does not reflect shares offered for distribution to stockholders participating in Inland Retail Real Estate Trust Inc.'s distribution reinvestment program.

(B) These figures are cumulative and are as of December 31, 2003. The dollar amount raised represents the cash proceeds collected by the program, including shares sold pursuant to our distribution reinvestment program and net of shares repurchased pursuant to our share repurchase program.

(C) Syndication fees are paid by the program to an affiliate, Inland Securities Corporation, or unaffiliated third parties commissions for the sale of shares. All of these syndication fees were used to pay commissions and expenses of the offerings.

(D) Other fees are paid by the program to unaffiliated parties and consist principally of printing, selling and registration costs related to the offering.

(E) Generally, a working capital reserve is established to fund property upgrades and future cash flow deficits, if any, among other things.

(F) On February 11, 1999, the program commenced an initial public offering, on a best effort basis, of 50,000,000 shares of common stock at $10.00 per share. On February 1, 2001, the program commenced an offering of an additional 50,000,000 shares at $10.00 per share, on a best efforts basis. On June 7, 2002, the program commenced an offering of an additional 150,000,000 shares at $10.00 per share, on a best efforts basis. As of December 31, 2003, substantially all proceeds available for investment from the offerings were invested in real properties.

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

TABLE II

COMPENSATION TO IREIC AND AFFILIATES (A)
(000's omitted)

Table II summarizes the amount and type of compensation paid to Inland

Real Estate Investment Corporation and its affiliates during the three years ended December 31, 2003 in connection with the prior programs.

Some partnerships acquired their properties from affiliates of our business manager/advisor which had purchased such properties from unaffiliated third parties.

	Inland Retail Real Estate Trust, Inc.	Inland Real Estate Corporation
Date offering commenced	02/11/99	10/14/94
Dollar amount raised	$ 2,223,010	686,602
Total amounts paid to general partner or affiliates from proceeds of offerings:		
Selling commissions and underwriting fees	194,194(C)	49,869(C)
Other offering expenses (D)	2,762	2,350
Acquisition cost and expense	1,725	925
Dollar amount of cash available from operations before deducting payments to general partner or affiliates (F)	264,442	217,142
Amounts paid to general partner or affiliates related to operations: (J)		
Property management fees (G)	19,526	0
Advisor asset management fee	20,824	0
Accounting services	0	0
Data processing service	0	0
Legal services	0	0
Professional services	162	0
Mortgage servicing fees	495	0
Acquisition costs expensed	309	0
Other administrative services	3,303	0
Dollar amount of property sales and refinancings before payments to general partner and affiliates (H):		
Cash	0	22,978
Notes	0	0
Dollar amounts paid or payable to general partner or affiliates from sales and refinancings (I):		
Sales commissions	0	0
Participation in cash distributions	0	0

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

TABLE II

COMPENSATION TO IREIC AND AFFILIATES (A)

NOTES TO TABLE II

(A) The figures in this Table II relating to proceeds of the offerings are cumulative and are as of December 31, 2003 and the figures relating to cash available from operations are for the three years ending December 31, 2003. The dollar amount raised represents the cash proceeds collected by the partnerships or program. Amounts paid or payable to IREIC or affiliates from proceeds of the offerings represent payments made or to be made to IREIC and affiliates from investor capital contributions.

(B) The selling commissions paid to an affiliate is net of amounts which were in turn paid to third party soliciting dealers.

(C) The selling commissions paid to an affiliate includes amounts which were in turn paid to third party soliciting dealers.

(D) Consists of legal, accounting, printing and other offering expenses, including amounts to be paid to Inland Securities Corporation to be used as incentive compensation to its regional marketing representatives and amounts for reimbursement of the general partner for marketing, salaries and direct expenses of its employees while directly engaged in registering and marketing the Units and other marketing and organization expenses.

(E) Represents acquisition fees paid to IREIC and its affiliates in connection with the acquisition of properties.

(F) See Note (B) to Table III.

(G) An affiliate provides property management services for all properties acquired by the partnerships or program. Management fees have not exceeded 4.5% of the gross receipts from the properties managed.

(H) See Table V and Notes thereto regarding sales and disposals of properties.

(I) Real estate sales commissions and participations in cash distributions are paid or payable to IREIC and/or its affiliates in connection with the sales of properties in the public partnership programs. Payments of all amounts shown are subordinated to the receipt by the limited partners of their original capital investment. See Table V and Notes thereto.

(J) On July 1, 2000, IREC completed the acquisition of Inland Real Estate Advisory Services, Inc., the former advisor, and Inland Commercial Property Management, Inc., the former property manager (the "Merger"). Each of these entities was merged into subsidiaries that are wholly owned by IREC. As a result of the merger, IREC is now "self-administered." IREC no longer pays advisory or property management fees or other expenses to affiliates but instead has hired an internal staff to perform these tasks.

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS

Table III presents operating results for programs, the offerings of which closed during each of the five years ended December 31, 2003. The operating results consist of:

- The components of taxable income (loss);
- Taxable income or loss from operations and property sales;
- Cash available and source, before and after cash distributions to investors; and
- Tax and distribution data per $1,000 invested.

Based on the following termination dates of the offerings, only IRRETI is included in Table III.

- Inland's Monthly Income Fund, L.P. - offering terminated in 1988
- Inland Monthly Income Fund II, L.P. - offering terminated in 1990
- Inland Mortgage Investors Fund, L.P. - offering terminated in 1987
- Inland Mortgage Investors Fund - II, L.P. - offering terminated in 1988
- Inland Mortgage Investors Fund III, L.P. - offering terminated in 1991
- Inland Real Estate Corporation - offering terminated in 1998

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

TABLE III

OPERATING RESULTS OF PRIOR PROGRAMS
(000'S OMITTED, EXCEPT FOR AMOUNTS PRESENTED PER $1,000 INVESTED)

INLAND RETAIL REAL ESTATE TRUST INC.

	2003	2002	2001
Gross revenues	$ 317,828	116,011	37,755
Profit on sale of properties	0	0	0
Less:			
Operating expenses	78,568	27,614	10,178
Interest expense	62,349	23,508	9,712
Program expenses	22,069	7,998	1,219
Depreciation & amortization	85,006	29,395	8,653
Net income (loss)-GAAP basis	$ 69,836	27,496	7,993
Taxable income (loss) (A):	0	0	0
Cash available (deficiency) from operations (B)	147,403	55,250	17,170
Cash available from sales (C)	828	0	0
Total cash available before distributions and special items	148,231	55,250	17,170
Less distributions to investors:			
From operations	152,888	52,156	15,963
From sales and refinancings	0	0	0

Cash available after distributions before special items	(4,657)	3,094	1,207
Special items:	0	0	0
Cash available after distributions and special items	$ (4,657)	3,094	1,207
Tax data per $1,000 invested (A):	0	0	0
Distribution data per $1,000 invested:			
Cash distributions to investors:			
Source (on GAAP basis):			
Investment income	.83	.83	.81
Source (on cash basis):			
Sales	0	0	0
Operations (D)	.83	.83	.81
Percent of properties remaining unsold	100%		

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

TABLE III--(CONTINUED)

OPERATING RESULTS OF PRIOR PROGRAMS

NOTES TO TABLE III

(A) IRRETI qualified as real estate investment trusts ("REITs") under the Internal Revenue Code for federal income tax purposes. Since it qualified for taxation as a REIT, it generally will not be subject to federal income tax to the extent it distributes its REIT taxable income to its stockholders. If IRRETI fails to qualify as a REIT in any taxable year, it will be subject to federal income tax on its taxable income at regular corporate tax rates. However, even if the program qualifies for taxation as a REIT, it may be subject to certain state and local taxes on its income and property and federal income and excise taxes on its undistributed income.

(B) "Cash Available (Deficiency) from Operations," represents all cash revenues and funds received by the programs, including but not limited to operating income less operating expenses, and interest income. These amounts do not include payments made by the programs from offering proceeds nor do they include proceeds from sales or refinancings. These amounts also exclude advances from or repayments to IREIC and affiliates which are disclosed elsewhere in the table and include principal payments on long-term debt. For example:

Inland Retail Real Estate Trust Inc.

(000's omitted)

	2003	2002	2001
Net cash provided by operating activities per the Form 10-K annual report	$ 149,081	55,594	17,427
Principal payments on long-term debt	(1,678)	(344)	(257)
	$ 147,403	55,250	17,170

(C) See Table V and Notes thereto regarding sales and disposals of properties.

(D) Distributions by a REIT to the extent of its current and accumulated earnings and profits for federal income tax purposes are taxable to stockholders as ordinary income. Distributions in excess of these earnings and profits generally are treated as a non-taxable reduction of the stockholder's basis in the shares to the extent thereof, and thereafter as taxable gain (a return of capital). These distributions in excess of earnings and profits will have the effect of deferring taxation of the amount of the distribution until the sale of the stockholder's shares.

Inland Retail Real Estate Trust, Inc.

	2003	2002	2001
% of Distribution representing:			
Ordinary income	60.85	62.65	60.49
Return of Capital	39.15	37.35	39.51
	100.00	100.00	100.00

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

TABLE IV

RESULTS OF COMPLETED PROGRAMS

(000'S OMITTED, EXCEPT FOR AMOUNTS PRESENTED PER $1,000 INVESTED)

Table IV is a summary of operating and disposition results of prior programs sponsored by affiliates of our business manager/advisor, which during the five years ended prior to December 31, 2003 have sold their properties and either hold notes with respect to such sales or have liquidated. One program with investment objectives similar to ours disposed of all of its properties during the five years ended prior to December 31, 2003.

Program Name	Inland Mortgage Investors Fund, L.P.

Dollar amount raised	10,065
Number of properties/loans purchased	15
Date of closing of offering	02/87
Date of first sale of property	12/88
Date of final sale of property	03/99
Tax and distribution data per $1,000 invested (A):	
Federal income tax results:	
Ordinary income (loss):	
Operations	547
Recapture	0
Capital Gain	30
Deferred Gain:	
Capital	0
Ordinary	0
Cash distributions to investors (cash basis):	
Source (on GAAP basis)	
Investment income	624
Return of capital	745
Source (on cash basis)	
Sales	745
Operations	624

(A) Data per $1,000 invested is presented as of December 31, 2003. See Table V and Notes thereto regarding sales and disposals of properties.

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

TABLE V

SALES OR DISPOSALS OF PROPERTIES

Table V presents information on the results of the sale or disposals of properties in programs with investment objectives similar to ours during the three years ended December 31, 2003. Since January 1, 2001, programs sponsored by affiliates of our business manager/advisor had seven sales transactions. The table provides certain information to evaluate property performance over the holding period such as:

- Sales proceeds received by the partnerships in the form of cash down payments at the time of sale after expenses of sale and secured notes received at sale;
- Cash invested in properties;
- Cash flow (deficiency) generated by the property;
- Taxable gain (ordinary and total); and
- Terms of notes received at sale.

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

A-10

TABLE V (CONTINUED)

SALES OR DISPOSALS OF PROPERTIES (A)

(000'S OMITTED)

	Date Acquired	Date of Sale	Cash Received, net of Closing Costs(B)	Selling Commissions Paid or Payable to Inland
IREC - Lincoln Park Place	01/24/97	04/17/01	1,314	0
IREC - Antioch Plaza	12/95	03/28/02	943	0
IREC - Shorecrest Plaza	07/97	06/12/02	3,107	0
IREC - Popeye's	06/97	04/08/03	343	0
IREC - Summit of Park Ridge	12/96	12/24/03	3,578	0
IREC - Eagle Country Market	11/97	12/24/03	5,182	0
IREC - Eagle Ridge Center	04/99	12/30/03	3,185	0

	Mortgage at Time of Sale	Secured Notes Received at Sale	Adjust. Resulting from Application of GAAP	Net Selling Price
IREC - Lincoln Park Place	1,050	0	0	2,364
IREC - Antioch Plaza	875	0	0	1,818
IREC - Shorecrest Plaza	2,978	0	0	6,085
IREC - Popeye's	0	0	0	343
IREC - Summit of Park Ridge	1,600	0	0	5,178
IREC - Eagle Country Market	1,450	0	0	6,632
IREC - Eagle Ridge Center	3,000	0	0	6,185

	Original Mortgage Financing	Partnership Capital Invested (C)	Total
IREC - Lincoln Park Place	0	1,897	1,897
IREC - Antioch Plaza	875	753	1,628
IREC - Shorecrest Plaza	2,978	2,947	5,925
IREC - Popeye's	0	346	346
IREC - Summit of Park Ridge	0	5,181	5,181
IREC - Eagle Country Market	0	6,635	6,635
IREC - Eagle Ridge Center	0	6,187	6,187

	Excess (deficiency) of property operating cash receipts over cash expenditures (D)	Amount of subsidies included in operating cash receipts	Total Taxable Gain (loss) from Sale	Ordin f
IREC - Lincoln Park Place	218	0	467	
IREC - Antioch Plaza	130	0	0(E)	
IREC - Shorecrest Plaza	1,556	0	0(E)	
IREC - Popeye's	241	0	3	
IREC - Summit of Park Ridge	1,399	0	0(E)	
IREC - Eagle Country Market	1,290	0	0(E)	
IREC - Eagle Ridge Center	1,441	0	0(E)	

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

TABLE V - (CONTINUED)

SALES OR DISPOSALS OF PROPERTIES

NOTES TO TABLE V

(A) The table includes all sales of properties by the programs with investment objectives similar to ours during the three years ended December 31, 2003. All sales have been made to parties unaffiliated with the partnerships.

(B) Consists of cash payments received from the buyers and the assumption of certain liabilities by the buyers at the date of sale, less expenses of sale.

(C) Amounts represent the dollar amount raised from the offerings, less sales commissions and other offering expenses plus additional costs incurred on the development of the land parcels.

(D) Represents "Cash Available (Deficiency) from Operations (including subsidies)" as adjusted for applicable "Fixed Asset Additions" through the year of sale.

(E) For tax purposes, this sale qualified as part of a tax-deferred exchange. As a result, no taxable gain will be recognized until the replacement property is disposed of in a subsequent taxable transaction.

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

TABLE VI

ACQUISITION OF PROPERTIES BY PROGRAMS (A)

(000's omitted, except for Square Feet or Acres)

Table VI presents information concerning the acquisition of real properties by programs with similar investment objectives, sponsored by Inland Real Estate Investment Corporation ("IREIC"), in the three years ended December

31, 2003. The detail provided with respect to each acquisition includes the property size, location, purchase price and the amount of mortgage financing. This information is intended to assist the prospective investor in evaluating the property mix as well as the terms involved in acquisitions by programs sponsored by IREIC.

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

TABLE VI- (CONTINUED)

ACQUISITIONS OF PROPERTIES BY PROGRAMS (A)
(000'S OMITTED, EXCEPT FOR NUMBER OF SQUARE FEET)

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	P PL
INLAND REAL ESTATE CORPORATION:			
PETsMART, Gurnee, IL	25,692	04/01	
Eckerd Drug Store, Chattanooga, TN	10,908	05/02	
Michael's, Coon Rapids, MN	24,317	07/02	
Deer Trace, Kohler, WI	149,881	07/02	
Disney, Celebration, FL	166,131	07/02	
Townes Crossing, Oswego, IL	105,989	08/02	
Park Square, Brooklyn Park, MN	137,116	08/02	
Forest Lake Marketplace, Forest Lake, MN	93,853	09/02	
Naper West Ph II, Naperville, IL	50,000	10/02	
Walgreens, Jennings, MO	15,120	10/02	
Four Flaggs Annex, Niles, IL	21,790	11/02	
Four Flaggs, Niles, IL	306,479	11/02	
Brunswick Market Center, Brunswick, OH	119,540	12/02	
Medina Marketplace, Medina, OH	72,781	12/02	
Shakopee Valley, Shakopee, MN	146,436	12/02	
Shops at Orchard Place, Skokie, IL	164,542	12/02	
Cub Foods, Hutchinson, MN	60,208	01/03	
Mankato Heights, Mankato, MN	129,410	04/03	
Caton Crossing, Plainfield, IL	83,792	06/03	
Village Ten, Coon Rapids, MN	211,568	08/03	
Rochester Marketplace, Rochester, MN	69,914	09/03	
University Crossing, Mishawaka, IN	136,422	10/03	
Total for Inland Real Estate Corporation	2,301,889		$

PROPERTY	CASH DOWN PAYMENT	OTHER CASH EXPENDITURES CAPITALIZED (A)	TO
INLAND REAL ESTATE CORPORATION:			
PETsMART, Gurnee, IL	3,304	0	
Eckerd Drug Store, Chattanooga, TN	2,367	2	
Michael's, Coon Rapids, MN	2,808	0	
Deer Trace, Kohler, WI	13,281	0	
Disney, Celebration, FL	13,681	0	

Townes Crossing, Oswego, IL	12,043	319	
Park Square, Brooklyn Park, MN	4,023	160	
Forest Lake Marketplace, Forest Lake, MN	11,856	(41)	
Naper West Ph II, Naperville, IL	3,116	1,298	
Walgreens, Jennings, MO	2,706	6	
Four Flaggs Annex, Niles, IL	3,289	6	
Four Flaggs, Niles, IL	8,788	2,645	
Brunswick Market Center, Brunswick, OH	13,458	247	
Medina Marketplace, Medina, OH	9,511	4	
Shakopee Valley, Shakopee, MN	14,700	12	
Shops at Orchard Place, Skokie, IL	42,752	(129)	
Cub Foods, Hutchinson, MN	5,388	7	
Mankato Heights, Mankato, MN	15,102	(12)	
Caton Crossing, Plainfield, IL	11,165	7	
Village Ten, Coon Rapids, MN	15,104	0	
Rochester Marketplace, Rochester, MN	9,371	(7)	
University Crossing, Mishawaka, IN	14,913	20	
Total for Inland Real Estate Corporation	$ 232,726	$ 4,544	$

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	P PL
INLAND RETAIL REAL ESTATE TRUST, INC.:			
Columbia Promenade, Kissimmee, FL	65,870	01/01	
K-Mart, Macon, GA	102,098	02/01	
Lowe's Home Improvement Center, Warner Robbins, GA	131,575	02/01	
West Oaks, Ocoee, FL	66,539	03/01	
PETsMART - Chattanooga, Chattanooga, TN	26,040	04/01	
PETsMART - Daytona Beach, Daytona Beach, FL	26,194	04/01	
PETsMART - Fredricksburg, Fredricksburg, VA	26,067	04/01	
Sand Lake Corners, Orlando, FL	189,741	05/01	
Jo-Ann Fabrics, Alpharetta, GA	44,418	06/01	
Woodstock Square, Atlanta, GA	218,819	06/01	
Chickasaw Trails Shopping Center, Orlando, FL	75,492	08/01	
Just for Feet - Daytona, Daytona Beach, FL	22,255	08/01	
Skyview Plaza, Orlando, FL	281,247	09/01	
Aberdeen Square, Boynton Beach, FL	70,555	10/01	
Anderson Central, Anderson, SC	223,211	11/01	
Brandon Blvd. Shoppes, Brandon, FL	85,377	11/01	
Creekwood Crossing, Bradenton, FL	227,052	11/01	
Eckerd Drug Store - Greenville, Greenville, SC	10,908	11/01	
Abernathy Square, Atlanta, GA	131,649	12/01	
Citrus Hills, Citrus Hills, FL	68,927	12/01	

Douglasville Pavilion, Douglasville, GA	267,764	12/01
Eckerd Drug Store - Spartanburg, Spartanburg, SC	10,908	12/01
Fayetteville Pavilion, Fayetteville, NC	272,385	12/01
Southlake Pavilion, Morrow, GA	525,162	12/01
Steeplechase Plaza, Ocala, FL	87,380	12/01
Venture Pointev, Duluth, GA	334,620	12/01
Sarasota Pavilion, Sarasota, FL	324,140	01/02

PROPERTY	CASH DOWN PAYMENT	OTHER CASH EXPENDITURES CAPITALIZED (A)	TO
INLAND RETAIL REAL ESTATE TRUST, INC.:			
Columbia Promenade, Kissimmee, FL	7,440	(6)	
K-Mart, Macon, GA	9,031	-	
Lowe's Home Improvement Center, Warner Robbins, GA	9,431	-	
West Oaks, Ocoee, FL	11,221	27	
PETsMART - Chattanooga, Chattanooga, TN	3,103	-	
PETsMART - Daytona Beach, Daytona Beach, FL	3,238	-	
PETsMART - Fredricksburg, Fredricksburg, VA	3,410	-	
Sand Lake Corners, Orlando, FL	22,256	(90)	
Jo-Ann Fabrics, Alpharetta, GA	4,911	-	
Woodstock Square, Atlanta, GA	27,596	(56)	
Chickasaw Trails Shopping Center, Orlando, FL	8,631	14	
Just for Feet - Daytona, Daytona Beach, FL	3,901	4	
Skyview Plaza, Orlando, FL	21,332	624	
Aberdeen Square, Boynton Beach, FL	6,717	(30)	
Anderson Central, Anderson, SC	4,863	(111)	
Brandon Blvd. Shoppes, Brandon, FL	9,482	5	
Creekwood Crossing, Bradenton, FL	23,616	96	
Eckerd Drug Store - Greenville, Greenville, SC	2,828	(17)	
Abernathy Square, Atlanta, GA	24,131	280	
Citrus Hills, Citrus Hills, FL	6,027	191	
Douglasville Pavilion, Douglasville, GA	7,377	(156)	
Eckerd Drug Store - Spartanburg, Spartanburg, SC	2,807	11	
Fayetteville Pavilion, Fayetteville, NC	6,765	1,285	
Southlake Pavilion, Morrow, GA	16,637	7,413	
Steeplechase Plaza, Ocala, FL	8,647	457	
Venture Pointev, Duluth, GA	13,199	(149)	
Sarasota Pavilion, Sarasota, FL	42,100	182	

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	P PL

Turkey Creek Phase I, Knoxville, TN	284,224	01/02
Universal Plaza, Lauderhill, FL	49,816	01/02
Hairston Crossing, Decatur, GA	57,884	02/02
Just for Feet - Augusta, Augusta, GA	22,115	02/02
Just For Feet - Covington, Covington, LA	20,116	02/02
Logger Head Junction, Sarasota, FL	4,711	02/02
Shoppes of Golden Acres, Newport Richey, FL	76,371	02/02
Newnan Pavilion, Newnan, GA	481,004	03/02
Eisenhower Crossing I & II, Macon, GA	403,013	11/01,03/02
Acworth Avenue Retail Shopping Center, Acworth, GA	16,130	12/00,3/02
Crystal Springs Shopping Center, Crystal Springs, FL	67,021	04/02
Eckerd Drug Store - Concord, Concord, NC	10,908	04/02
Eckerd Drug Store - Tega Cay, Tega Cay, SC	13,824	04/02
Melbourne Shopping Center, Melbourne, FL	209,217	04/02
Riverstone Plaza, Canton, GA	302,024	04/02
Target Center, Columbia, SC	79,253	04/02
Hampton Point, Taylors, SC	58,316	05/02
Northpoint Marketplace, Spartanburg, SC	101,982	05/02
Oleander Shopping Center, Wilmington, NC	51,888	05/02
Sharon Greens, Cumming, GA	98,317	05/02
Bass Pro Outdoor World, Dania Beach, FL	165,000	06/02
Chesterfield Crossings, Richmond, VA,	68,898	06/02
Circuit City-Rome, Rome, GA	33,056	06/02
Circuit City-Vero Beach, Vero Beach, FL	33,243	06/02
Hillsboro Square, Deerfield Beach, FL	145,647	06/02
Stonebridge Square, Roswell, GA	160,104	06/02
Ward's Crossing, Lynchburg, VA	80,918	06/02
Circuit City Plaza, Orlando, FL	78,625	07/02
Eckerd Drug Store - Woodruff, Woodruff, SC	13,824	07/02
McFarland Plaza, Tuscaloosa, AL	221,807	07/02

PROPERTY	CASH DOWN PAYMENT	OTHER CASH EXPENDITURES CAPITALIZED (A)	TO
Turkey Creek Phase I, Knoxville, TN	21,762	10,181	
Universal Plaza, Lauderhill, FL	9,872	2	
Hairston Crossing, Decatur, GA	6,630	34	
Just for Feet - Augusta, Augusta, GA	3,054	3	
Just For Feet - Covington, Covington, LA	3,447	-	
Logger Head Junction, Sarasota, FL	665	-	
Shoppes of Golden Acres, Newport Richey, FL	10,831	101	
Newnan Pavilion, Newnan, GA	33,114	2,623	
Eisenhower Crossing I & II, Macon, GA	43,292	(286)	
Acworth Avenue Retail Shopping Center, Acworth, GA	2,834	16	
Crystal Springs Shopping Center, Crystal Springs, FL	7,478	(2)	
Eckerd Drug Store - Concord, Concord, NC	2,039	156	
Eckerd Drug Store - Tega Cay, Tega Cay, SC	2,544	544	
Melbourne Shopping Center, Melbourne, FL	3,893	935	

Riverstone Plaza, Canton, GA	31,943	243
Target Center, Columbia, SC	7,673	20
Hampton Point, Taylors, SC	4,526	55
Northpoint Marketplace, Spartanburg, SC	8,269	(128)
Oleander Shopping Center, Wilmington, NC	2,221	12
Sharon Greens, Cumming, GA	13,062	79
Bass Pro Outdoor World, Dania Beach, FL	18,220	16
Chesterfield Crossings, Richmond, VA,	10,982	723
Circuit City-Rome, Rome, GA	4,476	6
Circuit City-Vero Beach, Vero Beach, FL	5,648	9
Hillsboro Square, Deerfield Beach, FL	18,985	2,565
Stonebridge Square, Roswell, GA	19,529	1,653
Ward's Crossing, Lynchburg, VA	11,100	(76)
Circuit City Plaza, Orlando, FL	11,518	-
Eckerd Drug Store - Woodruff, Woodruff, SC	2,475	374
McFarland Plaza, Tuscaloosa, AL	15,259	21

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	P PL
Sycamore Commons, Matthews, NC	256,523	07/02	
Walk at Highwoods I, Tampa, FL	133,940	07/02	
Eckerd Drug Store - Blackstock, Spartanburg, SC	10,908	08/02	
Forestdale Plaza, Jamestown, NC	53,239	08/02	
Sexton Commons, Fuquay Varina, NC	49,097	08/02	
Shoppes at Lake Mary, Lake Mary, FL	69,843	08/02	
Wakefield Crossing, Raleigh, NC	75,929	08/02	
Circuit City-Cary, Cary, NC	27,891	09/02	
Cox Creek, Florence, AL	173,934	09/02	
Forest Hills Centre, Wilson, NC	73,280	09/02	
Golden Gate, Greensboro, NC	153,114	10/02	
Goldenrod Groves, Orlando, FL	108,944	10/02	
City Crossing, Warner Robins, GA	187,099	11/02	
Clayton Corners, Clayton, NC	125,656	11/02	
CompUSA Retail Center, Newport News, VA	47,134	11/02	
Duvall Village, Bowie, MD	82,522	11/02	
Gateway Plaza - Jacksonville, Jacksonville, NC	101,682	11/02	
Harundale Plaza, Glen Burnie, MD	274,160	11/02	
Jones Bridge Plaza, Norcross, GA	83,363	11/02	
Lakewood Ranch, Bradenton, FL	69,472	11/02	
North Aiken Bi-Lo Center, Aiken, SC	59,204	11/02	
Plant City Crossing, Plant City, FL	85,252	11/02	
Presidential Commons, Snellville, GA	372,149	11/02	
Rainbow Foods - Garland, Garland, TX	70,576	11/02	
Rainbow Foods - Rowlett, Rowlett, TX	63,117	11/02	
River Ridge, Birmingham, AL	158,755	11/02	
Rosedale Shopping Center, Huntersville, NC	94,248	11/02	
Shoppes on the Circle, Dothan, AL	149,085	11/02	

Southlake Shopping Center, Cornelius, NC	131,247	11/02
Village Square at Golf, Boynton Beach, FL	134,894	11/02

PROPERTY	CASH DOWN PAYMENT	OTHER CASH EXPENDITURES CAPITALIZED (A)	TO
Sycamore Commons, Matthews, NC	38,184	3,077	
Walk at Highwoods I, Tampa, FL	23,999	72	
Eckerd Drug Store - Blackstock, Spartanburg, SC	2,723	-	
Forestdale Plaza, Jamestown, NC	6,670	(114)	
Sexton Commons, Fuquay Varina, NC	8,023	(129)	
Shoppes at Lake Mary, Lake Mary, FL	11,140	59	
Wakefield Crossing, Raleigh, NC	10,794	(182)	
Circuit City-Cary, Cary, NC	5,650	4	
Cox Creek, Florence, AL	3,944	31	
Forest Hills Centre, Wilson, NC	6,675	11	
Golden Gate, Greensboro, NC	10,545	23	
Goldenrod Groves, Orlando, FL	9,177	741	
City Crossing, Warner Robins, GA	14,644	3,204	
Clayton Corners, Clayton, NC	5,254	(5)	
CompUSA Retail Center, Newport News, VA	7,324	5	
Duvall Village, Bowie, MD	13,046	369	
Gateway Plaza - Jacksonville, Jacksonville, NC	11,865	(24)	
Harundale Plaza, Glen Burnie, MD	24,752	(40)	
Jones Bridge Plaza, Norcross, GA	7,525	401	
Lakewood Ranch, Bradenton, FL	5,094	39	
North Aiken Bi-Lo Center, Aiken, SC	5,816	13	
Plant City Crossing, Plant City, FL	10,879	(16)	
Presidential Commons, Snellville, GA	18,919	6	
Rainbow Foods - Garland, Garland, TX	5,098	5	
Rainbow Foods - Rowlett, Rowlett, TX	4,604	2	
River Ridge, Birmingham, AL	26,492	79	
Rosedale Shopping Center, Huntersville, NC	6,244	(122)	
Shoppes on the Circle, Dothan, AL	2,803	19	
Southlake Shopping Center, Cornelius, NC	5,671	(15)	
Village Square at Golf, Boynton Beach, FL	18,537	(263)	

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	P PL
Chatham Crossing, Siler City, NC	32,000	12/02	
Columbiana Station, Columbia, SC	270,649	12/02	
Gateway Plaza - Conway, Conway, SC	62,428	12/02	

Lakeview Plaza, Kissimmee, FL	54,788	12/02
Meadowmont Village Center, Chapel Hill, NC	133,471	12/02
Shoppes at Citiside, Charlotte, NC	75,478	12/02
Shoppes at New Tampa, Wesley Chapel, FL	158,342	12/02
Camp Hill Center, Harrisburg, PA	63,350	01/03
Eckerd Drug Store - #5018, Amherst, NY	10,908	01/03
Eckerd Drug Store - #5661, Buffalo, NY	12,732	01/03
Eckerd Drug Store - #5786, Dunkirk, NY	10,908	01/03
Eckerd Drug Store - #5797, Cheektowaga, NY	10,908	01/03
Eckerd Drug Store - #6007, Connelsville, PA	10,908	01/03
Eckerd Drug Store - #6036, Pittsburgh, PA	10,908	01/03
Eckerd Drug Store - #6040, Monroeville,PA	12,738	01/03
Eckerd Drug Store - #6043, Monroeville,PA	10,908	01/03
Eckerd Drug Store - #6062, Harborcreek, PA	10,908	01/03
Eckerd Drug Store - #6089, Weirton, WV	10,908	01/03
Eckerd Drug Store - #6095, Cheswick, PA	10,908	01/03
Eckerd Drug Store - #6172, New Castle,PA	10,908	01/03
Eckerd Drug Store - #6193, Erie, PA	10,908	01/03
Eckerd Drug Store - #6199, Millcreek, PA	10,908	01/03
Eckerd Drug Store - #6257, Millcreek, PA	10,908	01/03
Eckerd Drug Store - #6286, Erie, PA	10,908	01/03
Eckerd Drug Store - #6334, Erie, PA	10,908	01/03
Eckerd Drug Store - #6392, Penn, PA	10,908	01/03
Eckerd Drug Store - #6695, Plum Borough, PA	10,908	01/03
Eckerd Drug Store - Piedmont, Piedmont, SC	10,908	01/03
Market Square, Douglasville, GA	121,774	01/03
Springfield Park, Lawrenceville, GA	105,321	01/03

PROPERTY	CASH DOWN PAYMENT	OTHER CASH EXPENDITURES CAPITALIZED (A)	TO
Chatham Crossing, Siler City, NC	3,964	16	
Columbiana Station, Columbia, SC	46,615	193	
Gateway Plaza - Conway, Conway, SC	6,295	-	
Lakeview Plaza, Kissimmee, FL	2,574	19	
Meadowmont Village Center, Chapel Hill, NC	26,808	(581)	
Shoppes at Citiside, Charlotte, NC	9,706	326	
Shoppes at New Tampa, Wesley Chapel, FL	19,196	(266)	
Camp Hill Center, Harrisburg, PA	7,786	5	
Eckerd Drug Store - #5018, Amherst, NY	1,223	-	
Eckerd Drug Store - #5661, Buffalo, NY	1,368	-	
Eckerd Drug Store - #5786, Dunkirk, NY	815	-	
Eckerd Drug Store - #5797, Cheektowaga, NY	2,120	(1)	
Eckerd Drug Store - #6007, Connelsville, PA	1,867	-	
Eckerd Drug Store - #6036, Pittsburgh, PA	2,204	(1)	
Eckerd Drug Store - #6040,			

Monroeville,PA	3,519	(2)
Eckerd Drug Store - #6043, Monroeville,PA	1,678	-
Eckerd Drug Store - #6062, Harborcreek, PA	1,109	-
Eckerd Drug Store - #6089, Weirton, WV	1,098	-
Eckerd Drug Store - #6095, Cheswick, PA	1,220	-
Eckerd Drug Store - #6172, New Castle,PA	1,241	-
Eckerd Drug Store - #6193, Erie, PA	1,283	-
Eckerd Drug Store - #6199, Millcreek, PA	2,092	(1)
Eckerd Drug Store - #6257, Millcreek, PA	804	-
Eckerd Drug Store - #6286, Erie, PA	2,592	(1)
Eckerd Drug Store - #6334, Erie, PA	1,361	-
Eckerd Drug Store - #6392, Penn, PA	1,313	-
Eckerd Drug Store - #6695, Plum Borough, PA	2,032	-
Eckerd Drug Store - Piedmont, Piedmont, SC	1,968	5
Market Square, Douglasville, GA	4,515	787
Springfield Park, Lawrenceville, GA	10,924	5

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	P PL
Tequesta Shoppes Plaza, Tequesta, FL	109,937	01/03	
Capital Crossing, Raleigh, NC	92,248	02/03	
Colonial Promenade Bardmore Center, Largo, FL	152,667	02/03	
Commonwealth Center II, Richmond, VA	165,382	02/03	
Concord Crossing, Concord, NC	55,930	02/03	
Fountains, Plantation, FL	408,807	02/03	
Marketplace at Mill Creek, Buford, GA	398,407	02/03	
Monroe Shopping Center, Monroe, NC	45,080	02/03	
Oakley Plaza, Asheville, NC	118,727	02/03	
Overlook at King of Prussia, King of Prussia, PA	186,980	02/03	
Paraiso Plaza, Hialeah, FL	61,012	02/03	
Publix Brooker Creek, Palm Harbor, FL	77,596	02/03	
Sheridan Square, Dania, FL	67,425	02/03	
Stonecrest Marketplace, Lithonia, GA	264,447	02/03	
Suwanee Crossroads, Suwanee, GA	69,500	02/03	
Windsor Court Shopping Center, Windsor Court, CT	78,480	02/03	
Downtown Short Pump, Richmond, VA	125,553	03/03	
Valley Park Commons, Hagerstown, MD	89,579	03/03	
Eckerd - Perry Creek, Perry Creek, NC	10,908	09/02	
Village Center, Mt. Pleasant, WI	217,103	03/03	
Watercolor Crossing, Tallahassee, FL	43,200	03/03	
Bi-Lo - Southern Pines, Southern Pines, NC	57,404	04/03	
Creeks at Virginia Center, Richmond, VA	266,266	04/03	
Flamingo Falls, Pembroke Pines, FL	108,565	04/03	
Glenmark Shopping Center, Morgantown, WV	122,167	04/03	
River Run, Miramar, FL	93,643	04/03	
Westside Centre Shopping Center, Huntsville, AL	490,784	04/03	
440 Commons, Jersey City, NJ	162,533	05/03	

Barrett Pavilion, Kennesaw, GA	460,755	05/03
Bi-Lo - Asheville, Asheville, NC	54,319	05/03

PROPERTY	CASH DOWN PAYMENT	OTHER CASH EXPENDITURES CAPITALIZED (A)	TO
Tequesta Shoppes Plaza, Tequesta, FL	11,439	(248)	
Capital Crossing, Raleigh, NC	9,984	14	
Colonial Promenade Bardmore Center, Largo, FL	17,151	45	
Commonwealth Center II, Richmond, VA	22,278	(133)	
Concord Crossing, Concord, NC	5,331	5	
Fountains, Plantation, FL	44,412	-	
Marketplace at Mill Creek, Buford, GA	50,118	50	
Monroe Shopping Center, Monroe, NC	3,548	5	
Oakley Plaza, Asheville, NC	9,469	4	
Overlook at King of Prussia, King of Prussia, PA	27,045	15	
Paraiso Plaza, Hialeah, FL	9,481	26	
Publix Brooker Creek, Palm Harbor, FL	4,251	146	
Sheridan Square, Dania, FL	7,586	23	
Stonecrest Marketplace, Lithonia, GA	34,742	(115)	
Suwanee Crossroads, Suwanee, GA	12,068	(69)	
Windsor Court Shopping Center, Windsor Court, CT	14,639	10	
Downtown Short Pump, Richmond, VA	33,515	(147)	
Valley Park Commons, Hagerstown, MD	11,317	12	
Eckerd - Perry Creek, Perry Creek, NC	2,795	(66)	
Village Center, Mt. Pleasant, WI	23,987	(33)	
Watercolor Crossing, Tallahassee, FL	5,485	-	
Bi-Lo - Southern Pines, Southern Pines, NC	8,127	(62)	
Creeks at Virginia Center, Richmond, VA	11,654	1,608	
Flamingo Falls, Pembroke Pines, FL	23,946	-	
Glenmark Shopping Center, Morgantown, WV	12,982	335	
River Run, Miramar, FL	11,638	(5)	
Westside Centre Shopping Center, Huntsville, AL	6,665	2,035	
440 Commons, Jersey City, NJ	18,046	9	
Barrett Pavilion, Kennesaw, GA	80,183	(51)	
Bi-Lo - Asheville, Asheville, NC	7,727	(1)	

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	P PL
Bi-Lo - Shelmore, Mt. Pleasant, SC	61,705	05/03	
Bi-Lo - Sylvania, Sylvania, GA	36,000	05/03	
Birkdale Village, Charlotte, NC	653,983	05/03	
BJ'S Wholesale Club, Charlotte, NC	99,792	05/03	
Brick Center Plaza, Brick, NJ	114,028	05/03	
East Hanover Plaza, East Hanover, NJ	122,028	05/03	
Eckerd Drug Store - #0234, Marietta, GA	10,880	05/03	
Eckerd Drug Store - #0444, Gainesville, GA	10,594	05/03	
Eckerd Drug Store - #0818, Ft. Worth, TX	10,908	05/03	

Eckerd Drug Store - #0862, Wichita Falls, TX	9,504	05/03
Eckerd Drug Store - #0943, Richardson, TX	10,560	05/03
Eckerd Drug Store - #0963, Richardson, TX	10,560	05/03
Eckerd Drug Store - #0968, Wichita Falls, TX	9,504	05/03
Eckerd Drug Store - #0980, Dallas, TX	9,504	05/03
Eckerd Drug Store - #2320, Snellville, GA	10,594	05/03
Eckerd Drug Store - #2506, Dallas, TX	9,504	05/03
Eckerd Drug Store - #3072, Richland Hills, TX	10,908	05/03
Eckerd Drug Store - #3152, Lake Worth, TX	9,504	05/03
Eckerd Drug Store - #3169, River Oaks, TX	10,908	05/03
Eckerd Drug Store - #3192, Tyler, TX	9,504	05/03
Eckerd Drug Store - #3338, Kissimmee, FL	10,880	05/03
Eckerd Drug Store - #3350, Oklahoma City, OK	9,504	05/03
Eckerd Drug Store - #3363, Ft. Worth, TX	9,504	05/03
Eckerd Drug Store - #3449, Lawrenceville, GA	9,504	05/03
Eckerd Drug Store - #3528, Plano, TX	10,908	05/03
Edgewater Town Center, Edgewater, NJ	77,446	05/03
Goody's Shopping Center, Augusta, GA	22,560	05/03
Heritage Pavilion, Smyrna, GA	262,961	05/03
Hiram Pavilion, Hiram, GA	363,618	05/03
Killearn Shopping Center, Tallahassee, FL	94,547	05/03

PROPERTY	CASH DOWN PAYMENT	OTHER CASH EXPENDITURES CAPITALIZED (A)	TO
Bi-Lo - Shelmore, Mt. Pleasant, SC	11,836	10	
Bi-Lo - Sylvania, Sylvania, GA	4,407	2	
Birkdale Village, Charlotte, NC	96,410	(897)	
BJ'S Wholesale Club, Charlotte, NC	13,025	1	
Brick Center Plaza, Brick, NJ	19,451	13	
East Hanover Plaza, East Hanover, NJ	17,312	5	
Eckerd Drug Store - #0234, Marietta, GA	883	4	
Eckerd Drug Store - #0444, Gainesville, GA	857	4	
Eckerd Drug Store - #0818, Ft. Worth, TX	1,151	4	
Eckerd Drug Store - #0862, Wichita Falls, TX	884	4	
Eckerd Drug Store - #0943, Richardson, TX	1,016	4	
Eckerd Drug Store - #0963, Richardson, TX	997	4	
Eckerd Drug Store - #0968, Wichita Falls, TX	801	4	
Eckerd Drug Store - #0980, Dallas, TX	820	4	
Eckerd Drug Store - #2320, Snellville, GA	959	4	
Eckerd Drug Store - #2506, Dallas, TX	896	4	
Eckerd Drug Store - #3072, Richland Hills, TX	1,142	4	
Eckerd Drug Store - #3152, Lake Worth, TX	784	4	
Eckerd Drug Store - #3169, River Oaks, TX	1,159	4	
Eckerd Drug Store - #3192, Tyler, TX	650	4	
Eckerd Drug Store - #3338, Kissimmee, FL	1,072	4	
Eckerd Drug Store - #3350, Oklahoma City, OK	771	4	
Eckerd Drug Store - #3363, Ft. Worth, TX	720	4	
Eckerd Drug Store - #3449, Lawrenceville, GA	2,061	4	
Eckerd Drug Store - #3528, Plano, TX	1,090	4	
Edgewater Town Center, Edgewater, NJ	27,030	11	
Goody's Shopping Center, Augusta, GA	2,051	-	
Heritage Pavilion, Smyrna, GA	40,013	4	
Hiram Pavilion, Hiram, GA	36,787	1,559	
Killearn Shopping Center, Tallahassee, FL	6,904	80	

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	P PL
Midway Plaza, Tamarac, FL	227,209	05/03	
North Hill Commons, Anderson, SC	42,942	05/03	
Sandy Plains Village, Roswell, GA	175,035	05/03	
Shoppes at Paradise Pointe, Ft Walton Beach, FL	84,070	05/03	
Sony Theatre Complex, East Hanover, NJ	70,549	05/03	
Town & Country, Knoxville, TN	639,135	05/03	
Village Crossing, Skokie, IL	427,722	05/03	
West Falls Plaza, West Paterson, NJ	88,913	05/03	
CostCo Plaza, White Marsh, MD	209,841	06/03	
Denbigh Village Shopping Center, Newport News, VA	311,583	06/03	
Shoppes at Lake Dow, McDonough, GA	73,271	06/03	
Willoughby Hills Shopping Center, Willoughby Hills, OH	359,414	06/03	
Cascades Marketplace, Sterling, VA	98,532	07/03	
Fayette Pavilion III, Fayetteville, GA	619,856	07/03	
Northlake Commons, Palm Beach Gardens, FL	143,955	07/03	
Route 22 Retail Shopping Center, Union, NJ	110,453	07/03	
Vision Works, Plantation, FL	6,891	07/03	
Bellevue Place Shopping Center, Nashville, TN	77,249	08/03	
Camfield Corners, Charlotte, NC	69,887	08/03	
Kensington Place, Murfreesboro, TN	70,624	08/03	
Largo Town Center, Upper Marlboro, MD	270,310	08/03	
Naugatuck Valley Shopping Center, Waterbury, CT	383,332	08/03	
Riverdale Shops, West Springfield, MA	273,928	08/03	
Spring Mall Center, Springfield, VA	56,511	08/03	
Walgreen's, Port Huron, MI	14,998	08/03	
Bank First, Winter Park, FL	3,348	09/03	
Carlisle Commons, Carlisle, PA	393,023	09/03	
Circuit City - Culver City, Culver City, CA	32,873	09/03	
Circuit City - Highland Ranch, Highland Ranch, CO	43,480	09/03	
Circuit City - Olympia, Olympia, WA	35,776	09/03	

PROPERTY	CASH DOWN PAYMENT	OTHER CASH EXPENDITURES CAPITALIZED (A)	TO
Midway Plaza, Tamarac, FL	26,858	265	
North Hill Commons, Anderson, SC	4,541	1	
Sandy Plains Village, Roswell, GA	18,055	84	
Shoppes at Paradise Pointe, Ft Walton Beach, FL	11,591	(94)	
Sony Theatre Complex, East Hanover, NJ	12,068	5	
Town & Country, Knoxville, TN	49,812	1,397	
Village Crossing, Skokie, IL	69,443	6,001	
West Falls Plaza, West Paterson, NJ	20,980	5	
CostCo Plaza, White Marsh, MD	16,857	5	
Denbigh Village Shopping Center, Newport News, VA	20,855	(106)	
Shoppes at Lake Dow, McDonough, GA	11,014	(68)	
Willoughby Hills Shopping Center, Willoughby Hills, OH	23,225	22	
Cascades Marketplace, Sterling, VA	16,840	5	

Fayette Pavilion III, Fayetteville, GA	46,308	2,540
Northlake Commons, Palm Beach Gardens, FL	21,643	523
Route 22 Retail Shopping Center, Union, NJ	7,699	-
Vision Works, Plantation, FL	1,732	6
Bellevue Place Shopping Center, Nashville, TN	10,884	5
Camfield Corners, Charlotte, NC	9,339	2
Kensington Place, Murfreesboro, TN	7,167	-
Largo Town Center, Upper Marlboro, MD	30,947	7
Naugatuck Valley Shopping Center, Waterbury, CT	50,452	8
Riverdale Shops, West Springfield, MA	42,055	34
Spring Mall Center, Springfield, VA	10,481	2
Walgreen's, Port Huron, MI	4,368	9
Bank First, Winter Park, FL	723	8
Carlisle Commons, Carlisle, PA	39,635	10
Circuit City - Culver City, Culver City, CA	8,781	4
Circuit City - Highland Ranch, Highland Ranch, CO	5,628	3
Circuit City - Olympia, Olympia, WA	5,632	3

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	P PL
Fayette Pavilion I & II, Fayetteville, GA	791,373	09/03	
Kroger - Cincinnati, Cincinnati, OH	56,634	09/03	
Kroger - Grand Prairie, Grand Prairie, TX	64,522	09/03	
Kroger - Westchester, Westchester, OH	56,083	09/03	
Lowe's Home Improvement - Baytown, Baytown, TX	125,357	09/03	
Lowe's Home Improvement - Cullman, Cullman, AL	101,287	09/03	
Lowe's Home Improvement - Houston, Houston, TX	131,644	09/03	
Lowe's Home Improvement - Steubenville, Steubenville, OH	130,497	09/03	
Southwood Plantation, Tallahassee, FL	62,700	10/02	
Super Wal-Mart - Alliance, Alliance, OH	200,084	09/03	
Super Wal-Mart - Greenville, Greenville, SC	200,084	09/03	
Super Wal-Mart - Winston-Salem, Winston-Salem, NC	204,931	09/03	
Eckerd - Gaffney, Gaffney, SC	13,813	12/02	
Wal-Mart/Sam's Club, Worcester, MA	107,929	09/03	
Bi-Lo at Northside Plaza, Greenwood, SC	41,581	10/03	
Cedar Springs Crossing, Spartanburg, SC	86,581	10/03	
Clearwater Crossing, Flowery Branch, GA	90,566	10/03	
Cortez Plaza, Bradenton, FL	286,610	10/03	
Houston Square, Warner Robins, GA	60,799	10/03	
Lexington Place, Lexington, SC	83,167	10/03	
Manchester Broad Street, Manchester, CT	68,509	10/03	
Plaza Del Paraiso, Miami, FL	82,442	10/03	
Seekonk Town Center, Seekonk, MA	80,713	10/03	
Shoppes of Ellenwood, Ellenwood, GA	67,721	10/03	
Shoppes of Lithia, Brandon, FL	71,430	10/03	
Crossroads Plaza, Lumberton, NJ	89,627	11/03	
Hilliard Rome, Columbus, OH	110,772	11/03	
Loisdale Center, Springfield, VA	120,742	11/03	
Middletown Village, Middletown, RI	98,161	11/03	
Shoppes at Oliver's Crossing, Winston-Salem, NC	76,512	11/03	

PROPERTY	CASH DOWN PAYMENT	OTHER CASH EXPENDITURES CAPITALIZED (A)	TO
Fayette Pavilion I & II, Fayetteville, GA	88,521	(357)	
Kroger - Cincinnati, Cincinnati, OH	7,431	3	
Kroger - Grand Prairie, Grand Prairie, TX	5,793	7	
Kroger - Westchester, Westchester, OH	4,670	3	
Lowe's Home Improvement - Baytown, Baytown, TX	11,478	7	
Lowe's Home Improvement - Cullman, Cullman, AL	8,960	3	
Lowe's Home Improvement - Houston, Houston, TX	12,050	7	
Lowe's Home Improvement - Steubenville, Steubenville, OH	11,442	3	
Southwood Plantation, Tallahassee, FL	7,738	4	
Super Wal-Mart - Alliance, Alliance, OH	15,879	3	
Super Wal-Mart - Greenville, Greenville, SC	16,971	3	
Super Wal-Mart - Winston-Salem, Winston-Salem, NC	18,721	3	
Eckerd - Gaffney, Gaffney, SC	2,374	502	
Wal-Mart/Sam's Club, Worcester, MA	11,194	3	
Bi-Lo at Northside Plaza, Greenwood, SC	4,069	-	
Cedar Springs Crossing, Spartanburg, SC	10,191	-	
Clearwater Crossing, Flowery Branch, GA	13,303	-	
Cortez Plaza, Bradenton, FL	9,991	1,854	
Houston Square, Warner Robins, GA	5,214	-	
Lexington Place, Lexington, SC	8,481	-	
Manchester Broad Street, Manchester, CT	13,119	-	
Plaza Del Paraiso, Miami, FL	15,417	-	
Seekonk Town Center, Seekonk, MA	11,068	-	
Shoppes of Ellenwood, Ellenwood, GA	10,703	-	
Shoppes of Lithia, Brandon, FL	12,926	-	
Crossroads Plaza, Lumberton, NJ	18,232	-	
Hilliard Rome, Columbus, OH	5,288	231	
Loisdale Center, Springfield, VA	29,051	-	
Middletown Village, Middletown, RI	17,871	-	
Shoppes at Oliver's Crossing, Winston-Salem, NC	10,386	-	

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	P PL
Squirewood Village, Dandridge, TN	46,150	11/03	
Waterfront Marketplace/Town Center, Homestead, PA	755,407	11/03	
Winslow Bay Commons, Mooresville, NC	255,598	11/03	
Albertson's at Bloomingdale Hills, Brandon, FL	78,686	12/03	
Oak Summit, Winston-Salem, NC	142,739	12/03	
Paradise Place, West Palm Beach, FL	69,620	12/03	
Pointe at Tampa Plams, Tampa, FL	20,258	12/03	
Southhampton Village, Tyrone, GA	77,900	11/02	
Shoppes on the Ridge	91,165	12/02	

Total for 2001 through 2003 acquisitions	29,573,733		
DEVELOPMENT PROJECTS			
Fayette Pavilion III, Fayetteville, GA	N/A	07/03	
Fountains, Plantation, FL	N/A	02/03	
Hiram Pavilion, Hiram, GA	N/A	05/03	
Northlake Commons, Palm Beach Gardens, FL	N/A	07/03	
Redbud Commons Gastonia, NC	N/A	06/03	
Shoppes of Golden Acres II, Newport Richey, FL	N/A	02/02	
Southhampton Village, Tyrone, GA	N/A	11/02	
Southlake Pavilion, Morrow, GA	N/A	12/01	
Turkey Creek II, Knoxville, TN	N/A	01/02	
Watercolor Crossing, Tallahassee, FL	N/A	03/03	
Westside Center, Huntsville, AL	N/A	04/03	
Total for Development projects at 12/31/03	-		
GRAND TOTAL	31,875,622		

PROPERTY	CASH DOWN PAYMENT	OTHER CASH EXPENDITURES CAPITALIZED (A)	TO
Squirewood Village, Dandridge, TN	3,442	-	
Waterfront Marketplace/Town Center, Homestead, PA	40,989	4,694	
Winslow Bay Commons, Mooresville, NC	42,132	-	
Albertson's at Bloomingdale Hills, Brandon, FL	5,856	-	
Oak Summit, Winston-Salem, NC	13,666	-	
Paradise Place, West Palm Beach, FL	11,688	-	
Pointe at Tampa Plams, Tampa, FL	5,282	-	
Southhampton Village, Tyrone, GA	10,610	-	
Shoppes on the Ridge	11,422	-	
Total for 2001 through 2003 acquisitions	3,156,199	59,541	
DEVELOPMENT PROJECTS			
Fayette Pavilion III, Fayetteville, GA	203	-	
Fountains, Plantation, FL	2,664	-	
Hiram Pavilion, Hiram, GA	695	-	
Northlake Commons, Palm Beach Gardens, FL	640	-	
Redbud Commons Gastonia, NC	5,101	-	
Shoppes of Golden Acres II, Newport Richey, FL	189	-	
Southhampton Village, Tyrone, GA	62	-	
Southlake Pavilion, Morrow, GA	702	-	
Turkey Creek II, Knoxville, TN	1,317	-	
Watercolor Crossing, Tallahassee, FL	1,028	-	
Westside Center, Huntsville, AL	4,888	-	
Total for Development projects at 12/31/03	17,489	-	
GRAND TOTAL	3,406,414	64,085	

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

A-23

TABLE VL- (CONTINUED)

ACQUISITION OF PROPERTIES BY PROGRAMS

NOTES TO TABLE VI

(A) "Other Cash Expenditures Capitalized" consists of improvements to the property and acquisition expenses which are capitalized and paid or to be paid from the proceeds of the offering. As part of several purchases, rent is received under master lease agreements on the spaces currently vacant for periods ranging from one to two years or until the spaces are leased. As these payments are received, they are recorded as a reduction in the purchase price of the properties and have been netted against other cash expenditures capitalized.

(B) "Total Acquisition Cost" is the sum of columns captioned "Purchase Price Plus Acquisition Fee" and "Other Cash Expenditures Capitalized."

[PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE]

A-24

APPENDIX B

DISTRIBUTION REINVESTMENT PLAN

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
DISTRIBUTION REINVESTMENT PROGRAM

Inland Western Retail Real Estate Trust, Inc., a Maryland corporation (the "Company"), pursuant to its Articles of Incorporation (the "Articles") has adopted a Distribution Reinvestment Program (the "DRP"), the terms and conditions of which are set forth below. Capitalized terms shall have the same meaning as set forth in the Company's Prospectus dated _____ (as the same may be supplemented or modified from time to time) unless otherwise defined herein.

i. Distributions. As agent for the Stockholders who purchase Shares from the Company pursuant to the prospectus dated _____ (the "Offering") and elect to participate in the DRP (the "Participants"), the Company will apply all distributions, paid with respect to the Shares held by each Participant (the "Distributions"), including Distributions paid with respect to any full or fractional Shares acquired under the DRP, to the purchase of the Shares for said Participants directly, if permitted under state securities laws and, if not, through the Dealer Manager or Soliciting Dealers registered in the Participant's state of residence. Neither the Company nor its Affiliates will receive a fee for selling Shares under the DRP.

ii. Procedure for Participation. Any Stockholder who purchases Shares pursuant to the Company's Offering may elect to become a Participant by completing and executing the Subscription Agreement or other appropriate authorization form as may be available from the Company, the Dealer Manager or the Soliciting Dealer. Participation in the DRP will begin with the next Distribution payable after receipt of a Participant's subscription or authorization. Shares will be purchased under the DRP on the record date for the

Distribution used to purchase the Shares. Distributions for Shares acquired under the DRP will be paid at the same time as Distributions are paid on Shares purchased outside the DRP and are calculated with a daily record and Distribution declaration date. Each Participant agrees that if, at any time prior to listing of the Shares on a national stock exchange or inclusion of the Shares for quotation on a national market system, he or she fails to meet the suitability requirements for making an investment in the Company or cannot make the other representations or warranties set forth in the Subscription Agreement, he or she will promptly so notify the Company in writing.

iii. Purchase of Shares. Participants will acquire Shares from the Company at a fixed price of $10.00 per Share until the first to occur of (i) the termination of the Offering, or (ii) the public offering price per Share in the Offering is increased above $10.00 per share. Thereafter, Participants will acquire Shares from the Company at a price equal to 95% of the Market Price of a Share on the date of purchase until such time as the Company's Shares are listed on a national stock exchange or included for quotation on a national market system. In the event of such listing or inclusion, Shares purchased by the Company for the DRP will be purchased on such exchange or market, at the prevailing market price, and will be sold to Stockholders at such price. The discount per Share is never intended to exceed 5% of the current Market Price of a Share on the date of purchase. Participants in the DRP may also purchase fractional Shares so that 100% of the Distributions will be used to acquire Shares. However, a Participant will not be able to acquire Shares under the DRP to the extent such purchase would cause it to exceed the Ownership Limit or other Share ownership restrictions imposed by the Articles.

It is possible that a secondary market will develop for the Shares, and that the Shares may be bought and sold on the secondary market at prices lower or higher than the $10.00 per Share price which will be paid under the DRP.

The Company shall endeavor to acquire Shares on behalf of Participants at the lowest price then available. However, the Company does not guarantee or warrant that the Participant will be acquiring Shares at the lowest possible price.

If the Company's Shares are listed on a national stock exchange or included for quotation on a national market system, the reservation of any Shares from the Offering for issuance under the DRP, which have not been

issued as of the date of such listing or inclusion, will be canceled, and such Shares will continue to have the status of authorized but unissued Shares. Those unissued Shares will not be issued unless they are first registered with the Securities and Exchange Commission (the "Commission") under the Act and under appropriate state securities laws or are otherwise issued in compliance with such laws.

It is understood that reinvestment of Distributions does not relieve a Participant of any income tax liability which may be payable on the Distributions.

iv. Share Certificates. Within 90 days after the end of the Company's fiscal year, the Company will issue certificates evidencing ownership of Shares purchased through the DRP during the prior fiscal year. The ownership of the Shares will be in book-entry form prior to the issuance of such certificates.

v. Reports. Within 90 days after the end of the Company's fiscal year, the Company will provide each Participant with an individualized report on

his or her investment, including the purchase date(s), purchase price and number of Shares owned, as well as the dates of distribution and amounts of Distributions received during the prior fiscal year. The individualized statement to Stockholders will include receipts and purchases relating to each Participant's participation in the DRP including the tax consequences relative thereto.

vi. Termination by Participant. A Participant may terminate participation in the DRP at any time, without penalty, by delivering to the Company a written notice. Prior to listing of the Shares on a national stock exchange or inclusion of the Shares for quotation on a national market system, any transfer of Shares by a Participant to a non-Participant will terminate participation in the DRP with respect to the transferred Shares. If a Participant terminates DRP participation, the Company will provide the terminating Participant with a certificate evidencing the whole shares in his or her account and a check for the cash value of any fractional share in such account. Upon termination of DRP participation, Distributions will be distributed to the Stockholder in cash.

vii. Amendment or Termination of DRP by the Company. The Directors of the Company may by majority vote (including a majority of the Independent Directors) amend or terminate the DRP for any reason upon 30 days' written notice to the Participants.

viii. Liability of the Company. The Company shall not be liable for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims or liability: (a) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death; and (b) with respect to the time and the prices at which Shares are purchased or sold for a Participant's account. To the extent that indemnification may apply to liabilities arising under the Act or the securities laws of a state, the Company has been advised that, in the opinion of the Commission and certain state securities commissioners, such indemnification is contrary to public policy and, therefore, unenforceable.

ix. Governing Law. This DRP shall be governed by the laws of the State of Maryland.

APPENDIX C

[INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.(TM) LOGO]

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
INSTRUCTIONS TO SUBSCRIBERS - NOT VALID FOR RESIDENTS OF AZ, NE, OK, AND TX

Any person desiring to subscribe for our common shares should carefully read and review the Prospectus, as supplemented to date, and if he/she desires to subscribe for shares, complete the Subscription Agreement/Signature Page that follows these instructions. Follow the appropriate instructions listed below for the items indicated. Please print in ballpoint pen or type the information.

A - INVESTMENT

Item (1)a Enter the dollars and cents amount of the purchase and the number of shares to be purchased. Minimum purchase 300 shares ($3,000). Qualified plans 100 shares ($1,000). (lowa requires 300 shares ($3,000) for IRA accounts; Minnesota requires 200 shares

($2,000) for IRA and qualified accounts). Check the box to indicate whether this is an initial or an additional investment. The "Additional Investment" box must be checked in order for this subscription to be combined with another subscription for purposes of a volume discount. A COMPLETED SUBSCRIPTION AGREEMENT IS REQUIRED FOR EACH INITIAL AND ADDITIONAL INVESTMENT.

Item (1)b Deferred Commission Option: Please check the box if you have agreed with your Soliciting Dealer to elect the Deferred Commission Option, as described in the Prospectus, as supplemented to date. By electing the Deferred Commission Option, you are required to pay only $9.40 per share purchased upon subscription. For the next six years, following the year of subscription, you will have a sales commission of $0.10 per share deducted from and paid out of cash distributions otherwise distributable to you. Election of the Deferred Commission Option shall authorize the Company to withhold such amounts from cash distributions otherwise payable to you and to pay them as described in the "Plan of Distribution-Deferred Commission Option" section of the Prospectus, as supplemented to date.

Item (1)c Check the box to indicate whether the Registered Representative chooses to purchase common stock net of selling commissions.

B - TYPE OF OWNERSHIP

FOR NON-CUSTODIAL OWNERSHIP ACCOUNTS, please mail the properly completed and executed Subscription Agreement/Signature Page and your check MADE PAYABLE TO "LBNA/ESCROW AGENT FOR IWRRET" to: Inland Securities Corporation, 2901 Butterfield Road, Oak Brook, Illinois 60523, Attn: Investor Services. If you have questions, please call 800.826.8228. FOR CUSTODIAL OWNERSHIP ACCOUNTS, checks should be MADE PAYABLE TO THE CUSTODIAN AND SET ALONG WITH THIS PROPERLY COMPLETED AD EXECUTED FORM TO THE CUSTODIAN.

Item (2)a Check the appropriate box to indicate the type of entity that is subscribing. (Entities for non-custodial ownership accounts appear on the left side; entities for custodial ownership accounts appear on the right side.) If this is an additional purchase, this should be completed exactly the same as previous investment. If the entity is a pension or profit sharing plan, indicate whether it is taxable or exempt from taxation under Section 501A of the Internal Revenue Code. Note: Pension or profit sharing plan appears under non-custodial ownership as well as custodial ownership -- check non-custodial ownership if the plan has a trustee; custodial ownership if the plan has a custodian. If you check the Individual Ownership box and you wish to designate a Transfer on Death beneficiary, you may check the "TOD" box and you must fill out the Transfer on Death Form in order to effect the designation.

Item (2)b Enter the exact name of the custodian or trustee and mailing address. IF THIS IS AN ADDITIONAL PURCHASE BY A QUALIFIED PLAN, PLEASE USE THE SAME EXACT PLAN NAME AS PREVIOUSLY USED.

Item (2)c The custodian must complete this box by entering its custodian Tax ID number (for tax purposes), custodial account number and its telephone number.

C - SUBSCRIBER INFORMATION

Item (3) For non-custodial ownership accounts, enter the exact name in which the shares are to be held. For co-subscribers enter the names of all subscribers. For custodial ownership accounts, enter FBO the name of the subscriber.

Item (4) Enter mailing address, city, state, and zip code of the

subscriber. Note: The custodian or trustee of custodial ownership accounts is the mailing address or address of record completed in item (2)b.

Item (5) Enter the residence address if different than the mailing address in Item (4). For custodial ownership accounts, enter the residence address of the subscriber.

Item (6) Enter home telephone, business telephone and email address.

Item (7) Enter birth date of subscriber and co-subscriber, if applicable, or date of incorporation.

Item (8) Enter the Social Security number of subscriber and co-subscriber, if applicable. The subscriber is certifying that this number is correct. For custodial ownership accounts, enter the subscriber's Social Security number (for identification purposes). Enter Tax ID number, if applicable.

Item (9) Check the appropriate box. If the subscriber is a non-resident alien, he must apply to the United States Internal Revenue Service for an identification number via Form SS-4 for an individual or SS-5 for a corporation, and supply the number to the Company as soon as it is available.

Item (10) Check this box if the subscriber is an employee of Inland or an individual who has been continuously affiliated with Inland as an independent contractor.

D - DISTRIBUTION OPTIONS

CHECK THE APPROPRIATE BOX TO INDICATE DISTRIBUTION OPTIONS FOR NON-CUSTODIAL OWNERSHIP ACCOUNTS.

Item (11)a Check if you desire distributions to be mailed to address of record in Section C, Item (4) above.

Item (11)b Check if you desire to participate in Distribution Reinvestment Program.

Item (11)c If subscriber desires direct deposit of his/her/their cash distributions to an account or address other than as set forth in the Subscription Agreement/Signature Page, check the preferred option and complete the required information. For ACH, indicate whether it is a checking or savings account, and enter the name of the institution/individual, mailing address, ABA number, and account number. MUST ENCLOSE VOIDED CHECK, if applicable.

CHECK THE APPROPRIATE BOX TO INDICATE DISTRIBUTION OPTIONS FOR CUSTODIAL OWNERSHIP ACCOUNTS.

Item (12)a Check if you desire distributions to be mailed to custodian.

Item (12)b Check if you desire to participate in Distribution Reinvestment Program.

E - SIGNATURE

Item (13) The Subscription Agreement/Signature Page MUST BE EXECUTED by the subscriber(s), and if applicable, the trustee or custodian.

F - BROKER/DEALER REGISTERED REPRESENTATIVE

Item (14) Enter the Registered Representative name, address, B/D Rep ID number, telephone number, and e-mail address. Also, enter the name of the broker/dealer, home office address, and B/D Client Account number. By executing the Subscription Agreement/Signature Page, the Registered Representative substantiates compliance with the conduct rules of the NASD, by certifying that the Registered Representative has reasonable grounds to believe, based on information obtained from the investor concerning his, her or its investment objectives, other investments, financial situation and needs and any other information known by such Registered

Representative, that investment in the Company is suitable for such investor in light of his, her or its financial position, net worth and other suitability characteristics and that the Registered Representative has informed the investor of all pertinent facts relating to the liability, liquidity and marketability of an investment in the Company during its term. The Registered Representative (authorized signature) should sign where provided.

Item (14)a Check the box to indicate whether the broker/dealer agrees to the Deferred Commission Option if the subscriber has elected the deferred Commission Option; the broker/dealer must sign to acknowledge that agreement.

Item (14)b Check the box to indicate whether the Registered Representative chooses to purchase common stock net of selling commissions.

G - REGISTERED INVESTMENT ADVISOR (RIA)

Item (15) Check the box to indicate whether this subscription was solicited or recommended by an investment advisor/broker/dealer whose agreement with the subscriber includes a fixed or "wrap" fee feature for advisory and related brokerage services, and, accordingly, may not charge the regular selling commission. NO SALES COMMISSIONS ARE PAID ON THESE ACCOUNTS. This box must be checked in order for such subscriber(s) to purchase shares net of the selling commissions.

SUBMISSION OF SUBSCRIPTION

FOR NON-CUSTODIAL OWNERSHIP ACCOUNTS, the properly completed and executed Subscription Agreement/Signature Page together with a check MADE PAYABLE TO "LBNA/ESCROW AGENT FOR IWRRET" should be mailed to: Inland Securities Corporation, 2901 Butterfield Road, Oak Brook, Illinois 60523. Attn: Investor Services.

FOR CUSTODIAL OWNERSHIP ACCOUNTS, checks should be MADE PAYABLE TO THE CUSTODIAN AND SENT ALONG WITH THIS PROPERLY COMPLETED AND EXECUTED FORM TO THE CUSTODIAN.

NOTE: If a person other than the person in whose name the shares will be held is reporting the income received from the Company, you must notify the Company in writing of that person's name, address and Social Security number.

ALL INVESTORS AND THEIR REGISTERED REPRESENTATIVES MUST SIGN THE SUBSCRIPTION AGREEMENT/ SIGNATURE PAGE PRIOR TO TENDERING ANY FUNDS FOR INVESTMENT IN SHARES.

CALIFORNIA INVESTORS

All Certificates representing shares which are sold in the State of California will bear the following legend conditions: IT IS UNLAWFUL TO CONSUMMATE A SALE OF TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFORE, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

Any subscriber seeking to purchase shares pursuant to a discount offered by the Company must submit such request in writing and set forth the basis for the

request. Any such request will be subject to verification by the Company.

Lack of Liquidity: There is no current market for the shares and the investors may not be able to sell the securities.

SPECIAL SUITABILITY STANDARDS

Certain states have imposed special financial suitability standards for subscribers who purchase shares.

If the subscriber is a resident of Maine, the subscriber must have either: (i) a minimum net worth (excluding home, home furnishings and automobiles) of $200,000; or (ii) a minimum annual gross income of $50,000 and minimum net worth (exclusive of home, home furnishings and automobiles) of $50,000.

If the subscriber is a resident of Arizona, California, Iowa, Massachusetts, Michigan, Missouri, Oregon, or Tennessee, the subscriber must have either: (i) a minimum net worth (excluding home, home furnishings and automobiles) of $225,000; or (ii) a minimum annual gross income of $60,000 and a minimum net worth (exclusive of home, home furnishings and automobiles) of $60,000.

In addition, if the subscriber is a resident of Kansas, Missouri, Ohio or Pennsylvania, the investment may not exceed 10% of the investor's liquid net worth.

We intend to assert the foregoing representations as a defense in any subsequent litigation where such assertion would be relevant. We have the right to accept or reject this subscription in whole or in part, so long as such partial acceptance or rejection does not result in an investment of less than the minimum amount specified in the Prospectus. As used above, the singular includes the plural in all respects if shares are being acquired by more than one person. As used in this Subscription Agreement, "Inland" refers to Inland Real Estate Group, Inc. and its affiliates. This Subscription Agreement and all rights hereunder shall be governed by, and interpreted in accordance with, the laws of the State of Illinois.

By executing this Subscription Agreement, the subscriber is not waiving any rights under the federal securities laws.

ACH LANGUAGE

I (we) hereby authorize Inland Western Retail Real Estate Trust, Inc. ("Company") to deposit distributions from my (our) interest in stock of the Company into the account listed in Section D of Subscription Agreement at the financial institution indicated in Section D of Subscription Agreement. I further authorize the Company to debit my account noted in Section D of Subscription Agreement in the event that the Company erroneously deposits additional funds to which I am not entitled, provided that such debit shall not exceed the original amount of the erroneous deposit. In the event that I withdraw funds erroneously deposited into my account before the Company reverses such deposit, I agree that the Company has the right to retain any future distributions that I am entitled until the erroneously deposited amounts are recovered by the Company.

This authorization is to remain in full force and effect until the Company has received written notice from me of the termination of this authorization in time to allow reasonable opportunity to act on it, until the Company has sent me written notice of termination of this authorization.

[INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.(TM) LOGO]

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
2901 BUTTERFIELD ROAD, OAK BROOK, ILLINOIS 60523 - 800.826.8228
SUBSCRIPTION AGREEMENT/SIGNATURE PAGE FOR PROSPECTUS DATED SEPTEMBER 15, 2003

Please read this Subscription Agreement/Signature Page and the Terms and Conditions before signing.
Subscriber must read the Subscription Instructions. Residents of AZ, NE, OK, and TX should use the specific Subscription Agreement for these states.

A - INVESTMENT

(1)a This subscription is in the amount of $_____ for the purchase of _____ shares of Inland Western Retail Real Estate Trust, Inc. at $10 per share. Minimum initial investment: 300 shares (100 shares for IRA, Keogh and qualified plan accounts-Iowa requires 300 Shares for IRA accounts; Minnesota requires 200 shares for IRA and qualified plan accounts).
THIS IS AN: / / INITIAL INVESTMENT / / ADDITIONAL INVESTMENT A completed Subscription Agreement is required for each initial and additional investment.

(1)b / / CHECK THE BOX TO ELECT THE DEFERRED COMMISSION OPTION. (This election must be agreed to by the broker/dealer listed on the following page)

(1)c / / REGISTERED REPRESENTATIVE NAV PURCHASE

B - TYPE OF OWNERSHIP

NON-CUSTODIAL OWNERSHIP

MAKE CHECK PAYABLE TO: LBNA/ESCROW AGENT FOR IWRRET

(2)a / / INDIVIDUAL OWNERSHIP - one signature required
/ / TOD (FILL OUT TOD FORM TO EFFECT DESIGNATION)
/ / JOINT TENANTS WITH RIGHT OF SURVIVORSHIP - all parties must sign
/ / COMMUNITY PROPERTY - all parties must sign
/ / TENANTS IN COMMON - all parties must sign
/ / TENANTS BY THE ENTIRETY - all parties must sign
/ / CORPORATE OWNERSHIP - authorized signature required
/ / PARTNERSHIP OWNERSHIP - authorized signature required
/ / LLC OWNERSHIP - authorized signature required
/ / UNIFORM GIFTS TO MINORS ACT - custodian signature required
STATE OF _____ A CUSTODIAN FOR _____
/ / PENSION OR PROFIT SHARING PLAN - trustee signature(s) required
/ / TAXABLE / / EXEMPT UNDER Section 501A
NAME OF TRUSTEE OR OTHER ADMINISTRATOR _____
_____
/ / TRUST - trustee or grantor signature(s) required
/ / TAXABLE / / GRANTOR A OR B DATE TRUST ESTABLISHED _____
NAME OF TRUSTEE OR OTHER ADMINISTRATOR _____
_____
/ / ESTATE - personal representative signature required
/ / OTHER (SPECIFY) _____

CUSTODIAL OWNERSHIP

MAKE CHECK PAYABLE TO THE CUSTODIAN LISTED BELOW
AND SEND ALL PAPERWORK DIRECTLY TO THE CUSTODIAN

(2)a / / TRADITIONAL IRA - custodian signature required

/ / ROTH IRA - custodian signature required
/ / KEOGH - trustee signature required
/ / SIMPLIFIED EMPLOYEE PENSION/TRUST (S.E.P) - trustee signature required
/ / PENSION OR PROFIT SHARING PLAN - custodian signature required
/ / TAXABLE / / EXEMPT UNDER Section 501A
NAME OF CUSTODIAN OR OTHER ADMINISTRATOR _____
_____
/ / OTHER (SPECIFY) _____

(2)b

_____
NAME OF CUSTODIAN OR TRUSTEE
_____
MAILING ADDRESS
_____
CITY, STATE, ZIP

(2)c CUSTODIAN INFORMATION TO BE COMPLETED BY CUSTODIAN LISTED ABOVE

CUSTODIAN TAX ID # ____-_____

CUSTODIAN ACCOUNT # _____

CUSTODIAN TELEPHONE _____-_____-_____

C - SUBSCRIBER INFORMATION

(3) SUBSCRIBER
/ / MR. / / MRS. / / MS. _____
CO-SUBSCRIBER
/ / MR. / / MRS. / / MS. _____

(4) MAILING ADDRESS _____

CITY, STATE & ZIP CODE _____

(5) RESIDENCE ADDRESS
(if different from above) _____

CITY, STATE & ZIP CODE _____

(6) HOME TELEPHONE ____-_____-_____ BUSINESS TELEPHONE ____-____-____

EMAIL ADDRESS _____

(7) BIRTH DATE/DATE OF INCORPORATION ___/___/____ MM/DD/YYYY CO-SUBSCRIBER BIRTH DATE ___/___/____ M

(8) SOCIAL SECURITY # ____-____-_____ CO-SUBSCRIBER SOCIAL SECURITY # ____-____-____

TAX ID # ___-_____

(9) PLEASE INDICATE CITIZENSHIP STATUS
/ / U.S. Citizen / / Resident Alien / / Non-Resident Alien

(10) / / Employee of Affiliate

D - DISTRIBUTION OPTIONS

DISTRIBUTION OPTIONS FOR NON-CUSTODIAL ACCOUNTS

(11)a / / MAIL TO ADDRESS OF RECORD

(11)b / / DISTRIBUTION REINVESTMENT PROGRAM: Subscriber elects to participate in the Distribution Reinvestment Program described in the Prospectus.

(11)c / / DISTRIBUTIONS DIRECTED TO:
/ / VIA MAIL COMPLETE INFORMATION BELOW.
/ / VIA ELECTRONIC DEPOSIT (ACH) COMPLETE INFORMATION BELOW. See ACH language on page 2 of the instructions. MUST ENCLOSE VOIDED CHECK
/ / CHECKING / / SAVINGS

_____

NAME OF BANK, BROKERAGE FIRM OR INDIVIDUAL

_____

MAILING ADDRESS

_____

CITY, STATE, ZIP

_____ _____

Bank ABA # (For ACH Only) Account Number-MUST BE FILLED IN
MUST ENCLOSE VOIDED CHECK

DISTRIBUTION OPTIONS FOR CUSTODIAL ACCOUNTS

(12)a / / MAIL TO CUSTODIAL ACCOUNT

(12)b / / DISTRIBUTION REINVESTMENT PROGRAM: Subscriber elects to participate in the Distribution Reinvestment Program described in the Prospectus.

E - SIGNATURE

(13) THE UNDERSIGNED CERTIFIES, under penalties of perjury (i) that the taxpayer identification number shown on the Subscription Agreement/Signature Page is true, correct and complete, and (ii) that he is not subject to backup withholding either because he has not been notified that he is subject to backup withholding as a result of a failure to report all interest or distributions, or the Internal Revenue Service has notified him that he is no longer subject to backup withholding. The undersigned further acknowledges and/or represents (or in the case of fiduciary accounts, the person authorized to sign on such Investor's behalf) the following:

(a) acknowledges receipt, not less than five (5) business days prior to the signing of this Subscription Agreement, of the Prospectus of the COMPANY RELATING TO THE SHARES, WHEREIN THE TERMS AND CONDITIONS OF THE OFFERING OF THE SHARES ARE DESCRIBED, including among other things, the restrictions on ownership and transfer of shares, which require, under certain circumstances, that a holder of shares shall give written notice and provide certain information to the Company. (Does not apply to Minnesota residents.)

(b) represents that I (we) either: (i) have a net worth (excluding home, home furnishings and automobiles) of at least $45,000 and estimate that (without regard to investment in the Company) I (we) have gross income due in the current year of at least $45,000; or (ii) have a net worth (excluding home, home furnishings and automobiles) of at least $150,000 or such higher suitability as may be required by

certain states and set forth on page 2 hereof; IN THE CASE OF SALES TO FIDUCIARY ACCOUNTS, THE SUITABILITY STANDARDS MUST BE MET BY THE BENEFICIARY, THE FIDUCIARY ACCOUNT OR BY THE DONOR OR GRANTOR WHO DIRECTLY OR INDIRECTLY SUPPLIES THE FUNDS FOR THE PURCHASE OF THE SHARES.

(c) represents that the investor is purchasing the shares for his or her own account and if I am (we are) purchasing shares on behalf of a trust or other entity of which I am (we are) trustee(s) or authorized agent(s) I (we) have due authority to execute the Subscription Agreement/Signature Page and do hereby legally bind the trust or OTHER ENTITY OF WHICH I AM (WE ARE) TRUSTEE(S) OR AUTHORIZED AGENT(S).

(d) ACKNOWLEDGES THAT THE SHARES ARE NOT LIQUID; (NOT REQUIRED FOR MINNESOTA OR MAINE RESIDENTS)

(e) IF AN AFFILIATE OF THE COMPANY, REPRESENTS THAT THE SHARES ARE BEING PURCHASED FOR INVESTMENT PURPOSES ONLY AND NOT FOR IMMEDIATE RESALE.

X ----------	----------
SIGNATURE -- REGISTERED OWNER	DATE
X ----------	X ----------
SIGNATURE -- CO-OWNER (IF APPLICABLE)	AUTHORIZED SIGNATURE (CUSTODIAN OR TRUSTEE IF APPLICABLE)

A SALE OF THE SHARES MAY NOT BE COMPLETED UNTIL AT LEAST FIVE BUSINESS DAYS AFTER THE DATE THE SUBSCRIBER RECEIVES THE PROSPECTUS.

F - BROKER/DEALER-REGISTERED REPRESENTATIVE

(14) BROKER/DEALER DATA--COMPLETED BY SELLING REGISTERED REPRESENTATIVE (PLEASE USE REP'S ADDRESS--NOT HOME OFFICE)

NAME OF REGISTERED REPRESENTATIVE
/ / MR. / / MRS. / / MS. _____

MAILING ADDRESS _____
CITY, STATE & ZIP CODE _____
BROKER/DEALER NAME _____
HOME OFFICE MAILING ADDRESS _____
CITY, STATE & ZIP CODE _____
B/D CLIENT ACCOUNT NUMBER # _____
B/D REP ID NUMBER # _____

____-____-_____
REGISTERED REPRESENTATIVE'S TELEPHONE
HAVE YOU CHANGED BROKER/DEALERS? / / YES / / NO

REGISTERED REPRESENTATIVE'S E-MAIL

X

SIGNATURE--REGISTERED REPRESENTATIVE

X

SIGNATURE--BROKER/DEALER (IF APPLICABLE)

(14)a / / DEFERRED COMMISSION OPTION: Requires broker/dealer signature:
----

(14)b / / REGISTERED REPRESENTATIVE NAV PURCHASE

G - REGISTERED INVESTMENT ADVISOR (RIA)

(15) REGISTERED INVESTMENT ADVISOR(RIA) NO SALES COMMISSIONS ARE PAID ON THESE ACCOUNTS. / / CHECK ONLY IF investment is made through the RIA in its capacity as an RIA and not in its capacity as a Registered Representative, if applicable, whose agreement with the subscriber includes a fixed or "wrap" fee feature for advisory and related brokerage services. If an owner or principal or any member of the RIA firm is an NASD licensed Registered Representative affiliated with a broker/dealer, the transaction should be conducted through that broker/dealer, not through the RIA.

APPENDIX D

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.
TRANSFER ON DEATH FORM (T.O.D.)

Use this form to designate a T.O.D. beneficiary(ies).
This form is NOT VALID for IRA accounts.

Please mail this form to:
Inland Securities Corporation
2901 Butterfield Road
Oak Brook, Illinois 60523
Attn: Investor Services

A. INVESTOR INFORMATION

1. Name of registered owner(s), exactly as name(s) appear(s) on stock certificate of subscription agreement:

_____

_____

2. Social Security number(s) of registered owner(s):

_____-_____-_____

_____-_____-_____

3. Daytime phone number:

_____-_____-_____

4. State of Residence:

_____

B. TRANSFER ON DEATH DESIGNATION

I authorize Inland Western Retail Real Estate Trust, Inc. to register all of my shares of its common stock in beneficiary form, assigning ownership on my death to my beneficiary(ies). I understand that if more than one beneficiary is listed, percentages for each must be designated. If percentages are not designated, the shares will be divided equally. Percentages must equal 100%.

1. Name of Primary Beneficiary:

_____

2. Social Security Number:

_____-_____-_____

OR Tax Identification Number:

_____-_____

3. Percentage: _____%

1. Name of Primary Beneficiary:

_____

2. Social Security Number:

_____-_____-_____

OR Tax Identification Number:

_____-_____

3. Percentage: _____%

C. SIGNATURE

By signing below, I (we) authorize Inland Western Retail Real Estate Trust, Inc. to register all of my (our) shares of its common stock in T.O.D. form. The designation(s) will be effective on the date of receipt. Accordingly, I (we) hereby revoke any beneficiary designation(s) made previously with respect to my (our) Inland shares. I (we) have reviewed the information set forth below. I (we) agree on behalf of myself (ourselves) and my (our) heirs, assigns, executors, administrators and beneficiaries to indemnify and hold harmless Inland Western Retail Real Estate, Inc. and any and all of its affiliates, agents, successors and assigns, and their respective directors, officers and employees, from and against any and all claims, liability, damages, actions and expenses arising directly or indirectly but of or resulting from the transfer of my (our) shares in accordance with this T.O.D. designation.

I (we) further understand that Inland Western Retail Estate Trust, Inc. cannot provide any legal advice and I (we) agree to consult with my (our) attorney, if necessary, to make certain that the T.O.D. designation is consistent with my (our) estate and tax planning. Sign exactly as the name(s) appear(s) on the stock certificate or subscription agreement. All registered owners must sign. THIS AUTHORIZATION FORM IS SUBJECT TO THE ACCEPTANCE OF INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.

X X

Signature	Date	Signature	Date

- A Transfer on Death (T.O.D) designation transfers ownership of shares to the registered owner's beneficiary(ies) upon death; provided that Inland Western Retail Estate Trust, Inc. receives proof of death and other documentation it deems necessary or appropriate.

- Until the death of the account owner(s), the T.O.D. beneficiary(ies) has (have) no present interest in, or authority over, the T.O.D. account.

- A T.O.D. designation will be accepted only (1) where shares are owned by a natural person and registered in that individual's name or (2) by two or more natural persons as joint tenants with rights of survivorship.

- Accounts registered to trusts, corporations, charities, and other such entities may not declare a T.O.D. designation because they are considered perpetual. These entities, however, may be listed as a beneficiary on a T.O.D. for accounts registered to a natural person.

- A T.O.D. designation made by joint tenants with rights of survivorship does not take effect until the last of all multiple owners dies. The surviving owners may revoke or change the T.O.D. designation at any time.

- If the beneficiary(ies) does (do) not survive the registered owner(s), the shares will be treated as belonging to the decedent's estate.

- A minor may not be named as a beneficiary.

- A T.O.D. designation will not be accepted from residents of Louisiana, New York, North Carolina or Texas.

- A T.O.D. designation and all rights related thereto shall be governed by the laws of the state of Illinois.

- A T.O.D. designation may be voided at any time by Inland Western Retail Real Estate Trust, Inc., in its sole discretion, if there is any doubt as to the validity or effectiveness of a T.O.D. designation.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.

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APPENDIX E1

LETTER OF DIRECTION

_____, 20__

Inland Real Estate Investment Corporation
2901 Butterfield Road
Oak Brook, Illinois 60523

RE: Registered Investment Advisory Fees

Account No. _____ ("Account")

You are hereby instructed and authorized by me to deduct advisory fees payable to _____, my registered investment advisor, in the following amount from my Account, and to pay such amount by wire transfer in immediately available funds to my registered investment advisor, upon each distribution by Inland Western Retail Real Estate Trust, Inc. (the "Company") on my Account, as payment for my registered investment advisor's advisory fees (select only one).

(1) $_____; OR

(2) _____% Annual Fee (calculated on a monthly basis) of the Asset Value to be paid by the Company on my Account.

I understand and acknowledge that any and all advisory fees payable to my registered investment advisor are my sole responsibility and you are paying the amounts directed by me as an accommodation.

This letter shall serve as an irrevocable instruction to you to pay such advisory fees from my Account until such time as I provide you with written notice of my election to revoke this instruction.

Sincerely,

APPENDIX E2

NOTICE OF REVOCATION

_____, 20__

Inland Real Estate Investment Corporation
2901 Butterfield Road
Oak Brook, Illinois 60523

RE: Revocation of Instruction
Account No. _____ ("Account")

This letter shall serve as notice to you of my revocation of my instruction to you to deduct advisory fees from my Account any pay such fees directly to _____, my registered investment advisor, pursuant to my letter to you dated _____.

I hereby instruct you to cease any and all future deductions from my Account for the purpose of such advisory fee payments. I understand and acknowledge that this revocation will be effective within one business day of receipt by you.

Sincerely,

APPENDIX G

PRIVACY POLICY NOTICE

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.

PRIVACY POLICY

OUR COMMITMENT TO PROTECTING YOUR PRIVACY. We consider customer privacy to be fundamental to our relationship with our shareholders. In the course of servicing your account, we collect personal information about you ("NONPUBLIC PERSONAL information"). We collect this information to know who you are so that we can provide you with products and services that meet your particular financial and investing needs, and to meet our obligations under the laws and regulations that govern us.

Throughout our history we have been, and we remain, committed to maintaining the confidentiality, integrity and security of our shareholders' personal information. It is our policy to respect the privacy of our current and former shareholders and to protect the personal information entrusted to us. This Privacy Policy (the "POLICY") describes the standards we follow for handling your personal information, with the dual goals of meeting your financial needs while respecting your privacy.

This Policy applies to the Inland family of companies, which includes Inland Western Retail Real Estate Trust, Inc.

1. Information We May Collect

We may collect nonpublic personal information about you from three sources:

- Information on applications, subscription agreements or other forms. This category may include your name, address, tax identification number, age, marital status, number of dependents, assets, debts, income, employment history, beneficiary information and personal bank account information.

- Information about your transactions with us, our affiliates and others such as: the types of products you purchase, your account balances, margin loan history and payment history.

- Information obtained from others, such as from consumer credit reporting agencies. This may include information about your creditworthiness, financial circumstances and credit history, including any bankruptcies and foreclosures.

2. Persons to Whom We May Disclose Information

We may disclose all three types of nonpublic personal information about you to the unaffiliated third parties and in the circumstances described below, as permitted by applicable laws and regulations.

- Companies with whom we have contracted to provide account-related services, such as statement preparation, execution services, custodial services, and report preparation. (Every contract with each of these service providers prohibits the service provider from disclosing or using your nonpublic personal information for any purpose except to provide the service for which we have contracted.)

- Our lawyers, accountants, auditors, regulators, advisors, and quality-control consultants.

- If we suspect fraud.

- To protect the security of our records, Web site and telephone customer service center.

- Information you have authorized us to disclose.

3. Protecting Your Information

Our employees are required to follow the procedures we have developed to protect the integrity of your information. These procedures include:

- Restricting physical and other access to your nonpublic personal information to persons with a legitimate business need to know the information in order to service your account.

- Contractually obligating third parties doing business with us to comply with all applicable privacy and security laws.

- Providing information to you only after we have used reasonable efforts to assure ourselves of your identity by asking for and receiving from you information only you should know.

- Maintaining reasonably adequate physical, electronic and procedural safeguards to protect your information.

4. Former Customers

We treat information concerning our former customers the same way we treat information about our current customers.

5. Keeping You Informed

We will send you a copy of this Policy annually. We will also send you all changes to this Policy as they occur. You have the right to "opt out" of this policy by notifying us in writing.

QUESTIONS? If you have any questions about this Policy, please do not hesitate to call Roberta Matlin at 630-218-8000.

[INLAND WESTERN LOGO]

RETAIL REAL ESTATE TRUST, INC.

Up to 270,000,000 shares

Inland Western Retail Real Estate Trust, Inc.

Common Stock

PROSPECTUS

December 21, 2004

Inland Securities Corporation

You should rely only on the information contained in this prospectus. No dealer, salesperson or other person is authorized to make any representations other than those contained in the prospectus and supplemental literature authorized by Inland Western Retail Real Estate Trust, Inc. and referred to in this prospectus, and, if given or made, such information and representations must not be relied upon. This prospectus is not an offer to sell nor is it seeking an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of these securities. You should not assume that the delivery of this prospectus or that any sale made pursuant to this prospectus implies that the information contained in this prospectus will remain fully accurate and correct as of any time subsequent to the date of this prospectus.

Until January 31, 2005 (40 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as soliciting dealers with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 31. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the expenses (other than selling commissions) incurred by us while issuing and distributing the securities registered pursuant to this Registration Statement. All amounts other than the SEC registration fee and NASD filing fee are estimates.

	Initial Offering	Second Of
Securities and Exchange Commission Registration Fee	$ 228,621	$
NASD Filing Fee	$ 31,435	$
Printing and Mailing Expenses	$ 522,749	$
Blue Sky Fees and Expenses	$ 519,779	$
Legal Fees and Expenses	$ 548,878	$
Accounting Fees and Expenses	$ 229,183	$
Advertising and Sales Literature	$ 4,897,657	$
Due Diligence	$ 344,067	$
Transfer agent fees	$ 161,909	$
Data processing fees	$ 67,098	$
Bank fees and other administrative expenses	$ 432,883	$
Total	$ 8,020,259	$

* As December 31, 2004

ITEM 32. SALES TO SPECIAL PARTIES.

Our employees and associates and those of our affiliates are permitted to purchase shares net of sales commissions and the marketing contribution and due diligence expense allowance fee or for $8.95 per share.

ITEM 33. RECENT SALES OF UNREGISTERED SECURITIES.

As of March 17, 2005, we have sold the following securities for the following aggregate offering prices: In March 2003, Inland Western Retail Real Estate Advisory Services, Inc., the advisor, purchased from us 20,000 shares for $10 per share, for an aggregate purchase price of $200,000 in connection with our organization. No sales commissions or other consideration was paid in connection with such sales The sales were consummated without registration under the Act in reliance upon Rule 506 of Regulation D and the exemption from registration in Section 4(2) of the Securities Act as transactions not involving any public offering.

Options to purchase an aggregate of 15,000 shares at an exercise price of $8.95 per share have been granted to the Independent Directors pursuant to the Independent Director Stock Option Plan (options to purchase 3,000 shares as to each of the five independent directors plus options for 500 shares each on the date of the first annual meeting). None of such options have been exercised. Therefore, no shares have been issued in connection with such options.

ITEM 34. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Article XV of our articles of incorporation provides as follows:

SECTION 3. INDEMNIFICATION

(a) Subject to paragraphs (b), (c) and (d) of this Section 3, we shall, to the fullest extent permitted by Maryland statutory or decisional law, as amended or interpreted and, without limiting the generality of the foregoing, in accordance with Section 2-418 of the Maryland General Corporation Law, indemnify and pay, advance, or reimburse reasonable expenses to any Director, officer, employee and agent of the Company and the Advisor and its Affiliates (each an "Indemnified Party").

(b) As long as we qualify as a REIT, it shall not indemnify nor pay, advance or reimburse expenses to an Indemnified Party unless: (i) Directors have determined, in good faith, that the course of conduct which caused the loss or liability was in our best interests; (ii) the Indemnified Party was acting on behalf of or performing services on the part of the Company; (iii) such liability or loss was not the result of negligence or misconduct on the part of the Indemnified Party except that in the event the Indemnified Party is or was an Independent Director, such liability or loss shall not have been the result of gross negligence or willful misconduct; and (iv) such indemnification or agreement to be held harmless is recoverable only out of our Net Assets and not from the Stockholders.

(c) As long as we qualify as a REIT and notwithstanding anything to the contrary in Section 3(b) of this Article XV, the Company shall not indemnify a Director, officer, employee or agent of ours or the Advisor or its Affiliates for losses, liabilities or expenses arising from or out of an alleged violation of federal or state securities laws by such party unless one or more of the following conditions are met: (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular Indemnified Party; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular Indemnified Party; or (iii) a court of competent jurisdiction approves a settlement of the claims and finds that indemnification of the settlement and related costs should be made and the court considering the request has been advised of the position of the Securities and Exchange Commission (the "Commission") and the published opinions of any state securities

regulatory authority in which securities of ours were offered or sold as to indemnification for violations of securities laws.

(d) We may advance amounts to an Indemnified Party for legal and other expenses and costs incurred as a result of any legal action for which indemnification is being sought only in accordance with Section 2-418 of the Maryland General Corporation Law, and, as long as we qualify as a REIT, only if all of the following conditions are satisfied: (i) the legal action relates to acts or omissions with respect to the performance of duties or services by the Indemnified Party for or on our behalf; (ii) the legal action is initiated by a third party who is not a Stockholder or the legal action is initiated by a Stockholder acting in his or her capacity as such and a court of competent jurisdiction specifically approves such advancement; and (iii) the Indemnified Party receiving such advances undertakes in writing to repay the advanced funds to us, together with the applicable legal rate of interest thereon, in cases in which such party is found not to be entitled to indemnification.

(e) We shall have the power to purchase and maintain insurance or provide similar protection on behalf of an Indemnified Party against any liability asserted which was incurred in any such capacity with us or arising out of such status; provided, however, that we shall not incur the costs of any liability insurance which insures any person against liability for which he, she or it could not be indemnified under these Articles. Nothing contained herein shall constitute a waiver by any Indemnified Party of any right which he, she or it may have against any party under federal or state securities laws. We shall also have power to enter into any contract for indemnity and advancement of expenses with an officer, employee or agent who is not a Director to such further extent consistent with law.

Our article of incorporation authorize and direct us to indemnify, and pay or reimburse reasonable expenses to, any director, officer, employee or agent we employ to the fullest extent provided by Maryland law. The Maryland General Corporation Law provides that a Maryland corporation may indemnify a director, officer, employee or agent made a party to any proceeding by reason of service in that capacity unless it has been established that (1) the act or omission was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty; or (2) the individual actually received an improper personal benefit in money, property, or services; or (3) in the case of a criminal proceeding, the individual had reasonable cause to believe that the act or omission was unlawful.

The Bylaws provide that neither the amendment, nor the repeal, nor the adoption of any other provision of the articles of incorporation or the bylaws will apply to or affect, in any respect, the Indemnitee's right to indemnification for actions or failures to act which occurred prior to such amendment, repeal or adoption.

To the extent that the indemnification may apply to liabilities arising under the Act, we have been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is contrary to public policy and, therefore, unenforceable.

We entered into separate indemnification agreements with each of our directors and some of our executive officers. The indemnification agreements require, among other things, that we indemnify the directors and officers to the fullest extent permitted by law, and advance to the directors and officers all related expenses, subject to reimbursement if it is subsequently determined that indemnification is not permitted. We must also indemnify and advance all expenses incurred by directors and officers seeking to enforce their rights

under the indemnification agreements and cover directors and officers under our Directors' and officers' liability insurance, if any. Although the form of indemnification agreement offers substantially the same scope of coverage afforded by provisions in the articles of incorporation and the Bylaws, as a contract, it cannot be unilaterally modified by the board or by the stockholders to eliminate the rights it provides.

ITEM 35. TREATMENT OF PROCEEDS FROM STOCK BEING REGISTERED.

Inapplicable.

ITEM 36. FINANCIAL STATEMENTS AND EXHIBITS.

(a) FINANCIAL STATEMENTS.

The following financial statements were previously filed as part of the registration statement in the prospectus and are incorporated herein by reference:

1. INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.:

(a) Report of Independent Registered Public Accounting Firm

(b) Consolidated Balance Sheet at December 31, 2003 (audited)

(c) Consolidated Statement of Operations for the period from March 5, 2003 (inception) to December 31, 2003 (audited)

(d) Consolidated Statement of Stockholders' Equity for the period from March 5, 2003 (inception) to December 31, 2003 (audited)

(e) Consolidated Statement of Cash Flows for the period from March 5, 2003 (inception) to December 31, 2003 (audited)

(f) Notes to Consolidated Financial Statements (audited)

(g) Consolidated Balance Sheets at September 30, 2004 (unaudited) and December 31, 2003 (audited)

(h) Consolidated Statements of Operations for the three and nine months ended September 30, 2004, three months ended September 30, 2003, and the period from March 5, 2003 (inception) through September 30, 2003 (unaudited)

(i) Consolidated Statement of Stockholders' Equity for the nine month period ended September 30, 2004 (unaudited)

(j) Consolidated Statements of Cash Flows for nine months ended September 30, 2004, and the period from March 5, 2003 (inception) to September 30, 2003 (unaudited)

(k) Notes to Consolidated Financial Statements (unaudited)

(l) Pro Forma Consolidated Balance Sheet (unaudited) at September 30, 2004

(m) Notes to Pro Forma Consolidated Balance Sheet (unaudited) at September 30, 2004

(n) Pro Forma Consolidated Statement of Operations (unaudited) for the

nine months ended September 30, 2004

(o) Notes to Pro Forma Consolidated Statement of Operations (unaudited) for the nine months ended September 30, 2004

(p) Pro Forma Consolidated Statement of Operations (unaudited) for the year ended December 31, 2003

(q) Notes to Pro Forma Consolidated Statement of Operations (unaudited) for the year ended December 31, 2003

2. SHOPS AT PARK PLACE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2002 and nine months ended September 30, 2003 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2002 and nine months ended September 30, 2003 (unaudited)

3. DARIEN TOWNE CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2002

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2002

4. PROPERTIES ACQUIRED FROM THOMAS ENTERPRISES IN 2003:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

5. STONY CREEK MARKETPLACE:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 (unaudited)

6. HICKORY RIDGE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating

Expenses for the year ended December 31, 2003

7. CORWEST PLAZA:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from May 29, 2003 through December 31, 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from May 29, 2003 through December 31, 2003

8. METRO SQUARE CENTER (SUPERVALUE) :

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

9. LARKSPUR LANDING:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

10. NORTH RANCH PAVILION:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

11. LA PLAZA DEL NORTE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

12. MACARTHUR CROSSING:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

13. PROMENADE AT RED CLIFF:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

14. PEORIA CROSSINGS:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

15. DORMAN CENTRE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

16. HERITAGE TOWNE CROSSING:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

17. PARADISE VALLEY MARKETPLACE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

18. BEST ON THE BOULEVARD:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

19. BLUEBONNET PARC:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

20. NORTH RIVERS TOWN CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period of October 1, 2003 (commencement of operations) to December 31, 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the period of October 1, 2003 (commencement of operations) to December 31, 2003 and the three months ended March 31, 2004 (unaudited)

21. ARVADA MARKETPLACE AND CONNECTION:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

22. EASTWOOD TOWNE CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

23. WATAUGA PAVILION:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period of August 15, 2003 (commencement of operations) to December 31, 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period of August 15, 2003 (commencement of operations) to December 31, 2003 and the three months ended March 31, 2004 (unaudited)

24. NORTHPOINTE PLAZA:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

25. PLAZA SANTA FE II:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

26. PINE RIDGE PLAZA:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003

27. HUEBNER OAKS CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the three months ended March 31, 2004 (unaudited)

28. JOHN'S CREEK VILLAGE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from September 21, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 2004 (unaudited) December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the period from September 21, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

29. LAKEWOOD TOWN CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

30. FULLERTON METROCENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

31. DAVIS TOWNE CROSSING:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from July 18, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the period from July 18, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

32. NORTHGATE NORTH:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

33. CRANBERRY SQUARE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

34. GATEWAY PLAZA SHOPPING CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

35. SAFEWAY PLAZA AT MARYSVILLE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

36. FORKS TOWN CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

37. CAPITAL CENTRE, LLC, GATEWAY VILLAGE LIMITED PARTNERSHIP, BEL AIR SQUARE JOINT VENTURE, TOWSON CIRCLE JOINT VENTURE LLP AND REISTERSTOWN PLAZA HOLDINGS, LLC:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

38. THE SHOPS AT BOARDWALK:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from May 30, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from May 30, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

39. MANCHESTER MEADOWS:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

40. GOVERNOR'S MARKETPLACE:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

41. MITCHELL RANCH PLAZA:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from June 30, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from June 30, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

42. THE COLUMNS:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for

the period from October 8, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from October 8, 2003 (commencement of operations) to December 31, 2003 and the six months ended June 30, 2004 (unaudited)

43. SAUCON VALLEY SQUARE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

44. LINCOLN PARK:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the six months ended June 30, 2004 (unaudited)

45. SHOPPES AT PROMINENCE POINT:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period of March 1, 2004 (commencement of operations) through June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period of March 1, 2004 (commencement of operations) through June 30, 2004 (unaudited)

46. LOW COUNTRY VILLAGE:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period of February 1, 2004 (commencement of operations) through June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period of February 1, 2004 (commencement of operations) through June 30, 2004 (unaudited)

47. SHOPPES AT DALLAS:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period of March 1, 2004 (commencement of operations) through June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating

Expenses for the period of March 1, 2004 (commencement of operations) through June 30, 2004 (unaudited)

48. DORMAN CENTRE - PHASE II:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period of March 15, 2004 (commencement of operations) through June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period of March 15, 2004 (commencement of operations) through June 30, 2004 (unaudited)

49. VILLAGE SHOPPES AT SIMONTON:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period of May 1, 2004 (commencement of operations) through June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period of May 1, 2004 (commencement of operations) through June 30, 2004 (unaudited)

50. HARVEST TOWN CENTER:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period of March 15, 2004 (commencement of operations) through June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period of March 15, 2004 (commencement of operations) through June 30, 2004 (unaudited)

51. BED, BATH & BEYOND PLAZA:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period of March 3, 2004 (commencement of operations) through June 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period of March 3, 2004 (commencement of operations) through June 30, 2004 (unaudited)

52. AZALEA SQUARE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period of July 4, 2003 (commencement of operations) through December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period of July 4, 2003 (commencement of operations) through December 31, 2003 and the nine months ended September 30, 2004

(unaudited)

53. PROPERTIES ACQUIRED FROM BAYER PROPERTIES, INC:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

54. DENTON TOWN CROSSING:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period of August 11, 2003 (commencement of operations) through December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period of August 11, 2003 (commencement of operations) through December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

55. THE PROPERTIES ACQUIRED FROM DONAHUE SCHRIBER:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

56. GURNEE TOWN CENTRE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

57. WINCHESTER COMMONS:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

58. MANSFIELD TOWNE CENTRE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period of July 23, 2003 (commencement of operations) through December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the July 23, 2003 (commencement of operations) through December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

59. FOX CREEK VILLAGE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the November 12, 2003 (commencement of operations) through December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the November 12, 2003 (commencement of operations) through December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

60. GATEWAY PAVILION:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the period from February 15, 2003 (commencement of operations) to December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from February 15, 2003 (commencement of operations) to December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

61. NORTHWOODS SHOPPING CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

62. OSWEGO COMMONS:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September

30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

63. LAKE MARY POINTE:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

64. PUBLIX CENTER - MT. PLEASANT:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from April 18, 2004 (commencement of operations) to September 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from April 18, 2004 (commencement of operations) to September 30, 2004 (unaudited)

65. FIVE FORKS:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

66. GATEWAY STATION

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from June 21 2004 (commencement of operations) to September 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from June 21, 2004 (commencement of operations) to September 30, 2004 (unaudited)

67. SHOPS AT FOREST COMMONS:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

68. SOUTHLAKE TOWN SQUARE:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

69. THE PROPERTIES ACQUIRED FROM EASTERN RETAIL HOLDINGS, LP:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

The following financial statements are included as part of Post Effective Amendment No. 1:

1. INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.:

(a) Reports of Independent Registered Public Accounting Firm

(b) Consolidated Balance Sheets at December 31, 2004 and 2003

(c) Consolidated Statements of Operations for the year ended December 31, 2004 and the period from March 5, 2003 (inception) through December 31, 2003

(d) Consolidated Statement of Stockholders' Equity for the year ended December 31, 2004 and for the period from March 5, 2003 (inception) to December 31, 2003

(e) Consolidated Statements of Cash Flows for the year ended December 31, 2004 and the period from March 5, 2003 (inception) to December 31, 2003

(f) Notes to Consolidated Financial Statements

(g) Real Estate and Accumulated Depreciation (Schedule III)

(h) Pro Forma Consolidated Balance Sheet (unaudited) at December 31, 2004

(i) Notes to Pro Forma Consolidated Balance Sheet (unaudited) at December 31, 2004

(j) Pro Forma Consolidated Statement of Operations (unaudited) for the year ended December 31, 2004

(k) Notes to Pro Forma Consolidated Statement of Operations (unaudited) for the year ended December 31, 2004

2. HENRY TOWN CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the

year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2003 and the nine months ended September 30, 2004 (unaudited)

3. THE PROPERTIES ACQUIRED FROM CERUZZI HOLDINGS:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

4. PROPERTIES ACQUIRED FROM FFI AMERICAN MARKET FUND, L.P.:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

5. SHOPPES AT LAKE ANDREW:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

6. MESA FIESTA:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

7. MIDTOWN CENTER:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

8. TRENTON CROSSING:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

9. PROPERTIES ACQUIRED FROM WEBER & COMPANY:

(a) Independent Auditors' Report

(b) Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

(c) Notes to the Combined Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

10. MCALLEN SHOPPING CENTER:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004 (unaudited)

11. 23RD STREET PLAZA:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004 (unaudited)

12. PHENIX CROSSING:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from July 1, 2004 (commencement of operations) through December 31, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from July 1, 2004 (commencement of operations) through December 31, 2004 (unaudited)

13. MAGNOLIA SQUARE:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from February 1, 2004 (commencement of operations) through December 31, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from February 1, 2004 (commencement of operations) through December 31, 2004 (unaudited)

14. COTTAGE PLAZA:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from November 1, 2004 (commencement of operations) through December 31, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from November 1, 2004 (commencement of operations) through December 31, 2004 (unaudited)

15. VILLAGE AT QUAIL SPRINGS:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004 (unaudited)

16. HOLLIDAY TOWN CENTER:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004 (unaudited)

17. HIGH RIDGE CROSSING:

(a) Historical Summary of Gross Income and Direct Operating Expenses for the period from May 17, 2004 (commencement of operations) through December 31, 2004 (unaudited)

(b) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the period from May 17, 2004 (commencement of operations) through December 31, 2004 (unaudited)

18. STATELINE STATION:

(a) Independent Auditors' Report

(b) Historical Summary of Gross Income and Direct Operating Expenses for year ended December 31, 2004

(c) Notes to the Historical Summary of Gross Income and Direct Operating Expenses for the year ended December 31, 2004

(b) EXHIBITS.

EXHIBIT NO.	DESCRIPTION
1.1**********	Form of Dealer Manager Agreement by and between Inland Western Retail Re Securities Corporation.
1.2**********	Form of Soliciting Dealers Agreement by and between Inland Securities Co Dealers.
3.1**********	First Amended and Restated Articles of Incorporation of Inland Western R
3.2*	Bylaws of Inland Western Retail Real Estate Trust, Inc.
3.2. X3	Second Amended and Restated Bylaws of Inland Western Retail Real Estate

2005

4.1*	Specimen Certificate for the Shares.
5**********	Opinion of Duane Morris LLP as to the legality of the Shares being regis
8**********	Opinion of Duane Morris LLP as to tax matters.
10.1**	Form of Escrow Agreement by and among Inland Western Retail Real Estate Corporation and LaSalle Bank National Association.
10.2**	Form of Advisory Agreement by and between Inland Western Retail Real Est Western Retail Real Estate Advisory Services, Inc.
10.2.1 X3	Amended and Restated Advisory Agreement dated December 28, 2004
10.2.2 X3	Second Amended and Restated Advisory Agreement dated December 28, 2004
10.3**	Form of Master Management Agreement, including the form of Management Ag between Inland Western Retail Real Estate Trust, Inc. and Inland Western
10.4**	Property Acquisition Service Agreement by and among Inland Western Retai Inland Western Retail Real Estate Advisory Services, Inc., Inland Real E Estate Advisory Services, Inc., and Inland Real Estate Acquisitions, Inc
10.4.1 X3	Property Acquisition Agreement dated February 10, 2005 by and between In inc, Inland Western Retail Real Estate Trust, Inc., and Inland Western R Services, Inc.
10.5*	Independent Director Stock Option Plan.
10.6*	Indemnification Agreement by and between Inland Western Retail Real Esta and executive officers.
10.7**	Purchase and Sale Agreement (Re: Peoria Station) dated January 31, 2003.
10.8***	Assignment of Purchase and Sale Agreement (Re: Peoria Station) dated Jun
10.9****	Share Repurchase Plan.
10.10*****	Agreement for Purchase and Sale (Re: Stony Creek) dated November 11, 200
10.11*****	Real Property Purchase Agreement (Re: Plaza 205 and Mall 205) dated Dece

EXHIBIT NO.	DESCRIPTION
10.12*****	Amended Real Estate Purchase Contract (Re: Edmond Oklahoma Eckerd Drug S
10.13*****	Amended Real Estate Purchase Contract (Re: Norman Oklahoma Eckerd Drug S
10.14******	Sale-Purchase Agreement Contract (Re: Shops at Park Place) dated Septemb
10.15******	Assignment of Contract (Re: Shops at Park Place) dated September 23, 200
10.16******	Assignment of Membership Interests (Re: Shops at Park Place) dated Octob

10.17******	Promissory Note (Re: Shops at Park Place) dated October 31, 2003.
10.18******	Loan Agreement (Re: Shops at Park Place) dated October 31, 2003.
10.19******	Post Closing Agreement (Re: Shops at Park Place) dated October 31, 2003.
10.20******	Purchase and Sale Agreement (Re: Darien Towne Center) dated November 12,
10.21******	Purchase and Sale Agreement (Re: Shaws Supermarkets- New Britain) dated
10.22******	Agreement Relating to PetsMart Claims (Re: Darien Towne Center) dated De
10.23******	Agreement Relating to Irv's Lease (Re: Darien Towne Center) dated Decemb
10.24******	Amended Purchase Agreement (Re: Newnan Crossing) dated December 18, 2003
10.25******	Mortgage Note $10M (Re: Darien Towne Center) dated December 19, 2003.
10.26******	Mortgage Note $6.5M (Re: Darien Towne Center) dated December 19, 2003.
10.27******	Mortgage, Assignment of Leases, Rents and Contracts, Security Agreement Towne Center) dated December 19, 2003.
10.28******	Related Agreement (Re: Darien Towne Center) dated December 19, 2003.
10.29******	Assignment (Re: Darien Towne Center) dated December 19, 2003.
10.30******	Partial Assignment and Assumption of Purchase and Sale Agreement (Re: Sh dated December 30, 2003.
10.31******	Amended Purchase Agreement (Re: Pavilion at Kings Grant) dated December
10.32******	Post Closing and Indemnity Agreement (Re: Pavilion at Kings Grant) dated
10.33******	Mortgage Note (Re: CorWest Plaza) dated January 1, 2004.
10.34******	Mortgage, Assignment of Leases and Rents and Security Agreement (Re: Cor 2004.
10.35******	Guaranty Agreement (Re: CorWest Plaza) dated January 1, 2004.
10.36******	Letter Agreement (Re: Stoney Creek Marketplace) dated January 5, 2004.
10.37******	Mortgage Note (Re: Stoney Creek Marketplace) dated January 5, 2004.
10.38******	Mortgage, Assignment of Leases and Rents and Security Agreement (Re: Sto January 5, 2004.

EXHIBIT NO.	DESCRIPTION
10.39******	Amended Contract of Sale (Re: La Plaza Del Norte) dated January 16, 2004
10.40******	Promissory Note (Re: Hickory Ridge) dated January 23, 2004.

10.41******	Post Closing Agreement (Re: Hickory Ridge) dated January 2004.
10.42******	Loan Agreement (Re: Hickory Ridge) dated January 23, 2004.
10.43******	Amended and Restated Promissory Noted (Re: Shops at Park Place and Shaws dated January 2004.
10.44******	Promissory Note (Re: Shops at Park Place and Shaws Supermarket - New Bri
10.45******	Open-End Mortgage and Security Agreement (Re: Shops at Park Place and Sh dated January 2004.
10.46******	Loan Agreement (Re: Shops at Park Place and Shaws Supermarket - New Brit
10.47******	Guaranty Agreement Regarding Cross-Collateralization (Re: Shops at Park
10.48******	Guaranty Agreement Regarding Cross-Collateralization (Re: Shaws Supermar January 2004.
10.49******	Notice of Final Agreement (Re: La Plaza Del Norte) dated February 2004.
10.50******	Secured Promissory Note Loan No. 753821 (Re: La Plaza Del Norte) dated F
10.51******	Deed of Trust, Security Agreement and Assignment of Rents Loan No. 75382 dated February 2004.
10.52******	Guaranty Loan No, 753821 (Re: La Plaza Del Norte) dated February 2004.
10.53*******	Amended Purchase and Sale Agreement (Re: CorWest Plaza) dated October 8,
10.54*******	Assignment and Assumption of Purchase and Sale Agreement (Re: CorWest Pl
10.55*******	Amended Purchase and Sale Agreement (Re: Metro Square Center) dated Janu
10.56*******	Assignment and Assumption of Letter Agreement (Re: Metro Square Center)
10.57*******	Reinstatement of and Amendment to Purchase and Sale Agreement (Re: North 14, 2004.
10.58*******	Assignment and Assumption of Purchase and Sale Agreement (Re: North Ranc 2004.
10.59*******	Letter Agreement (Re: MacArthur Crossing) dated November 20, 2003.
10.60*******	Assignment of Contract (Re: MacArthur Crossing) dated February 2004.
10.61*******	Secured Promissory Note Loan No. 753820 (Re: Larkspur Landing) dated Jan
10.62*******	Deed of Trust, Security Agreement and Assignment of Rents (Re: Larkspur
10.63*******	Guaranty Loan No. 753820 (Re: Larkspur Landing) dated January 30, 2004.
10.64*******	Amended Option to Purchase Partnership Interests (Re: Hickory Ridge) dat

EXHIBIT NO.	DESCRIPTION

10.65*******	Assignment (Re: La Plaza Del Norte) dated January 21, 2004.
10.66*******	Purchase and Sale Agreement (Re: Larkspur Landing) dated December 12, 20
10.67*******	Assignment (Re: Larkspur Landing) dated January 14, 2004.
10.68*******	Amended Letter Agreement Offer to Purchase (Re: The Promenade at Red Cli
10.69********	Agreement of Sale (Re: Peoria Crossing) dated January, 2004
10.70********	Letter Agreement to Purchase (Re: Heritage Towne Crossing) dated January
10.71*********	Secured Promissory Note Loan No. 753865 (Re: Pavilion at King's Grant) d
10.72*********	Deed of Trust, Security Agreement and Assignment of Rents Loan No. 75386 dated April 6, 2004.
10.73*********	Guaranty Loan No. 753865 (Re: Pavilion at King's Grant) dated April 6, 2
10.74*********	Guaranty - II Loan No. 753865 (Re: Pavilion at King's Grant) dated Apri
10.75*********	Assignment of Contract (Re: Hickory Ridge) dated January 9, 2004.
10.76*********	Promissory Note Loan No. 6518303 (Re: Metro Square Center) dated March 2
10.77*********	Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fi (Re: Metro Square Center) dated March 26, 2004.
10.78*********	Non-Recourse Guaranty Agreement Loan No. 6518303 (Re: Metro Square Cente
10.79*********	Payment Guaranty Agreement Loan No. 6518303 (Re: Metro Square Center) da
10.80*********	Secured Promissory Note Loan No. 753864 (Re: MacArthur Crossing) dated M
10.81*********	Deed of Trust, Security Agreement and Assignment of Rents Loan No. 75386 March 26, 2004.
10.82*********	Guaranty Loan No. 753864 (Re: MacArthur Crossing) dated March 26, 2004.
10.83*********	Promissory Note Loan No. 57968 (Re: Promenade at Red Cliff) dated April
10.84*********	Exceptions to Non-Recourse Guaranty Agreement Loan No. 57968 (Re: Promen 2004.
10.85*********	Loan Agreement No. 57968 (Re: Promenade at Red Cliff) dated April 8, 200
10.86*********	Post Closing and Indemnity Agreement (Re: Heritage Towne Crossing) dated
10.87*********	Vacancy Escrow Agreement (Re: Heritage Towne Crossing) dated March 5, 20
10.88*********	General Assignment (Re: Heritage Towne Crossing) dated March 5, 2004.
10.89*********	Assignment of Contract (Re: Heritage Towne Crossing) dated March 5, 2004
10.90*********	Assignment of Contract (Re: Dorman Center) dated December 29, 2003.
10.92*********	Dorman Center Pier 1 Escrow (Re: Dorman Center) dated March 4, 2004.

EXHIBIT NO.	DESCRIPTION
10.93*********	Dorman Center Escrow (Re: Dorman Center) dated March 4, 2004.
10.94*********	Mortgage Note Loan No. 6518291 (Re: Dorman Center) dated April 9, 2004.
10.95*********	Mortgage, Assignment of Leases and Rents and Security Agreement (Re: Dor
10.96*********	Transitional Security (Phase II) Reserve Agreement (Re: Dorman Center) d
10.97*********	Guaranty Agreement Loan No. 6518291 (Re: Dorman Center) dated April 9, 2
10.98*********	Promissory Note: (Re: Heritage Towne Crossing) dated April 26, 2004.
10.99*********	Promissory Note: (Re: Eckerds - Edmond, OK.) dated April 26, 2004.
10.100********	Promissory Note: (Re: Eckerds - Norman, OK.) dated April 26, 2004.
10.101********	Loan Agreement (Re: Heritage Towne Crossing, Eckerds - Edmond, OK. And E April 26, 2004.
10.102********	Post-Closing Agreement (Re: Heritage Towne Crossing, Eckerds - Edmond, O dated April 26, 2004.
10.103********	Guaranty Agreement Regarding Cross-Collateralization (Re: Heritage Towne
10.104********	Guaranty Agreement Regarding Cross-Collateralization (Re: Eckerds - Edmo
10.105********	Guaranty Agreement Regarding Cross-Collateralization (Re: Eckerds - Norm
10.106********	Assignment of Contract (Re: Promenade at Red Cliff) dated February 13, 2
10.107********	Assignment of Contract (Re: Peoria Crossings) dated March 3, 2004.
10.108********	Post Closing Agreement (Re: Peoria Crossings) dated March 3, 2004.
10.109********	Master Lease Escrow Agreement (Re: Peoria Crossings) dated February 4, 2
10.110********	Tax Proration Agreement (Re: Peoria Crossings) dated March 3, 2004.
10.111********	Promissory Note Loan No. 10023006 (Re: Peoria Crossings) dated March 5,
10.112********	Loan Agreement -Loan No. 10023006 (Re: Peoria Crossings) dated March 5,
10.113********	Assignment of Contract (Re: Paradise Valley Marketplace) dated April 8,
10.114********	Revised Letter Agreement to Purchase (Re: Paradise Valley Marketplace) d
10.115********	Escrow Agreement (Re: Paradise Valley Marketplace) dated April 8, 2004.
10.116********	Assignment and Assumption of Purchase and Sale Agreement (Re: Best on th 2004.
10.117********	Post-Closing Agreement (Re: Best on the Boulevard) dated April 14, 2004.
10.118********	Amended Purchase and Sale Agreement (Re: Best on the Boulevard) dated Ma

EXHIBIT NO.	DESCRIPTION
10.119********	Assignment and Assumption of Purchase and Sales Agreement (Re: Bluebonne
10.120********	Escrow Agreement (Re: Bluebonnet Parc) dated April 22, 2004.
10.121********	Letter Agreement to Purchase (Re: Bluebonnet Parc) dated February 4, 200
10.122********	Loan Agreement (Re: Bluebonnet Parc) dated May 7, 2004.
10.123********	Assignment and Assumption of Agreement for Purchase and Sale (Re: Alison
10.124********	Post Closing Agreement (Re: Alison's Corner) dated April 28, 2004.
10.125********	Amended Purchase and Sale Agreement (Re: Alison's Corner) dated April 23
10.126********	Promissory Note (Re: Alison's Corner) dated May 10, 2004.
10.127********	Loan Agreement (Re: Alison's Corner) dated May 10, 2004.
10.128********	Letter Agreement Regarding Escrow (Re: Alison's Corner) dated May 10, 20
10.129********	Post-Closing Agreement (Re: Alison's Corner) dated May 10, 2004.
10.130********	Assignment and Assumption of Purchase and Sales Agreement (Re: North Riv 2004.
10.131********	Post-Closing Agreement (Re: North Rivers Town Center) dated April 2004.
10.132********	Amended Agreement for Purchase and Sale (Re: North Rivers Town Center) d
10.133********	Assignment and Assumption of Purchase and Sales Agreement (Re: Eastwood 2004.
10.134********	Revised Letter Agreement (Re: Eastwood Towne Center) dated March 29, 200
10.135********	Master Fund Escrow Agreement (Eastwood Towne Center) dated May 13, 2004.
10.136********	Holdback Agreement (Re: Eastwood Towne Center) dated May 13, 2004.
10.137********	Bill of Sale, Assignment and Assumption of Contracts (Re: Eastwood Towne
10.138********	Assignment and Assumption of Purchase and Sales Agreement (Re: Arvada Co dated April 28, 2004.
10.139********	Bill of Sale, Assignment and Assumption of Contracts (Re: Arvada Connect dated April 29, 2004.
10.140********	Purchase and Sale Agreement (Re: Arvada Connection and Arvada Marketplac
10.141********	Escrow Agreement (Re: Arvada Connection and Arvada Marketplace) dated Ap
10.142********	Redevelopment Agreement (Re: Arvada Connection and Arvada Marketplace) d
10.144********	Assignment of Contract (Re: Watauga Pavilion) dated May 20, 2004.

10.145********	Amended Purchase and Sale Agreement (Re: Watauga Pavilion) dated May 11,

EXHIBIT NO.	DESCRIPTION
10.146********	Post-Closing Escrow and Master Lease Agreement (Re: Watauga Pavilion) da
10.147********	CAM Reconciliation Escrow Agreement (Re: Northpointe Plaza) dated May 20
10.148********	Reinstatement of and First Amendment to Agreement of Purchase and Sale (April 2004.
10.149********	Vacancy Escrow Agreement (Re: Northpointe Plaza) dated May 2004.
10.150********	Promissory Note - Loan No. 58108 (Re: Paradise Valley Marketplace) dated
10.151********	Loan Agreement - Loan No. 58108 (Re: Paradise Valley Marketplace) dated
10.152********	Promissory Note (Re: North Rivers Town Center) dated June 3, 2004.
10.153********	Mortgage and Security Agreement (Re: North Rivers Town Center) dated Jun
10.154********	Post-Closing Agreement (Re: North Rivers Town Center) dated June 3, 2004
10.155********	Real Estate Purchase and Leaseback Agreement (Re: Eckerds - Kill Devil H
10.156********	Real Estate Purchase and Leaseback Agreement (Re: Eckerds - Greer, SC) d
10.157********	Real Estate Purchase and Leaseback Agreement (Re: Eckerds - Columbia, SC
10.158********	Real Estate Purchase and Leaseback Agreement (Re: Eckerds - Crossville,
10.159*******	Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fi (Re: Peoria Crossing) dated June 3, 2004.
10.160*******	Loan Agreement (Re: North Rivers Town) dated June 3, 2004.
10.161*******	Secured Promissory Note Loan No. 753946 (Re: Arvada Marketplace) dated J
10.162*******	Deed of Trust, Security Agreement and Assignment of Rents Loan No. 75394 June 17, 2004.
10.163*******	Guaranty Loan No. 753946 (Re: Arvada Marketplace) dated June 17, 2004.
10.164*******	Mortgage Note Loan No. 6518370 (Re: Eastwood Town Center) dated June 15,
10.165*******	Mortgage - Loan No. 6518370 (Re: Eastwood Town Center) dated June 15, 20
10.166*******	Guaranty Agreement Loan No. 6518370 (Re: Eastwood Town Center) dated Jun
10.167*******	Secured Promissory Note Loan No. 753943 (Re: Watauga Pavilion) dated Jun
10.168*******	Deed of Trust, Security Agreement and Assignment of Rents Loan No. 75394 June 7, 2004.
10.169*******	Notice of Final Agreement Loan No. 753943 (Re: Watauga Pavilion) dated J

10.170*******	Guaranty Loan No. 753943 (Re: Watauga Pavilion) dated June 7, 2004.
10.171*******	General Assignment (Re: Northpointe Plaza) dated May 25, 2004.
10.172*******	Post Closing and Indemnity Agreement (Re: Northpointe Plaza) dated May,

EXHIBIT NO.	DESCRIPTION
10.173*******	Promissory Note (Re: Northpointe Plaza) dated June 4, 2004.
10.174*******	Loan Agreement (Re: Northpointe Plaza) dated June 4, 2004.
10.175*******	Deed of Trust, Security Agreement and Fixture Filing (Re: Northpointe Pl
10.176*******	Revised Letter Agreement to Purchase (Re: Plaza Santa Fe) dated December
10.177*******	Promissory Note Secured By Leasehold Deed of Trust (Re: Plaza Santa Fe)
10.178*******	Leasehold Deed of Trust and Absolute Assignment of Rents and Leases and Filing Loan No. 31-0900141A (Re: Plaza Santa Fe) dated November, 2002.
10.179*******	Assignment of Purchase and Sale Agreement (Re: Pine Ridge Plaza) dated J
10.180********	Assignment and Assumption Agreement Purchase and Sale Agreement (Re: Pin 2004.
10.181*******	Amended Purchase and Sale Agreement (Re: Pine Ridge Plaza) dated March 3
10.182*******	Assignment of Contract (Re: Huebner Oaks Center) dated June 8, 2004.
10.183*******	Agreement of Purchase and Sale (Re: Huebner Oaks Center).
10.184*******	Secured Promissory Note 1 Loan No. 753971 (Re: Huebner Oaks Center) date
10.185*******	Secured Promissory Note 2 Loan No. 753972 (Re: Huebner Oaks Center) date
10.186*******	Deed of Trust, Security Agreement and Assignment of Rents Loan Nos. 7539 Center) dated June 22, 2004.
10.187*******	Guaranty Loan Nos. 753971 and 753972 (Re: Huebner Oaks Center) dated Jun
10.188*******	Notice of Final Agreement Loan Nos. 753971 and 753972 (Huebner Oaks Cent
10.189*******	Amended Letter Purchase Agreement (Re: John's Creek Village) dated June
10.190*******	Earn-out Agreement (Re: John's Creek Village) dated June 23, 2004.
10.191*******	Assignment of Contract (Re: Lakewood Towne Center) dated June, 2004.
10.192*******	Agreement for Purchase and Sale of Real Property and Escrow Instructions dated May 6, 2004.
10.193*******	Escrow and Leasing Agreement (Re: Lakewood Towne Center) dated June, 200

10.194*******	Commitment Letter Loan Nos. 122498 and 122499 (Re: Lakewood Towne Center
10.195*******	Deed of Trust Note A Loan No. 122498 (Re: Lakewood Towne Center) dated J
10.196*******	Deed of Trust Note B Loan No. 122499 (Re: Lakewood Towne Center) dated J
10.197*******	Deed of Trust, Assignment of Leases, Rents and Contracts, Security Agree Lakewood Towne Center) dated June 28, 2004.
10.198*******	First Amendment to Escrow and Leasing Agreement Loan Nos. 122498 and 122 dated June 28, 2004.
10.199*******	Master Lease Escrow Agreement (Re: Paradise Shoppes at Prominence Point)

EXHIBIT NO.	DESCRIPTION
10.200*******	Assignment of Purchase and Sale Agreement (Re: Northgate North) dated Ju
10.201*******	Amended Agreement to Purchase and Sale Agreement (Re: Northgate North) d
10.202*******	Escrow Agreement Regarding July Rents (Re: Northgate North) dated June 3
10.203*******	Escrow Agreement Regarding Bassett TI Work/Leasing Commission (Re: North
10.204*******	Access Agreement (Re: Northgate North) dated June 30, 2004.
10.205*******	Post Closing and Indemnity Agreement (Re: Davis Towne Crossing) dated Ju
10.206*******	Letter Agreement to Purchase (Re: Davis Towne Crossing) dated April 21,
10.207	** NOT USED
10.208*******	Assignment of Purchase and Sale Agreement (Re: Fullerton Metrocenter) da
10.209*******	Post Closing and Indemnity Agreement (Re: Fullerton Metrocenter) dated J
10.210*******	Amended Purchase and Sale Agreement and Joint Escrow Instructions (Re: F June 30, 2004.
10.211*******	Assignment and Assumption of Agreement for Purchase and Sale (Re: Low Co 2004.
10.212*******	Post Closing Agreement (Re: Low Country Village) dated June 30, 2004.
10.213*******	Agreement of Purchase and Sale (Re: Low Country Village) dated May 20, 2
10.214*******	Installment Note (Re: Pacheco Pass) dated June 30, 2004.
10.215*******	Loan Proceeds Holdback Agreement (Re: Pacheco Pass) dated June 30, 2004.
10.216*******	Interest Reserve Holdback Agreement (Re: Pacheco Pass) dated June 30, 20
10.217*******	Loan Guaranty Agreement (Secured Note) (Re: Pacheco Pass) dated June 30,
10.218*******	Escrow Agreement (Re: Shoppes at Boardwalk) dated July 1, 2004.

10.219*******	Secured Promissory Note Loan No. 753948 (Re: Shoppes at Boardwalk) dated
10.220*******	Deed of Trust, Security Agreement and Assignment of Rents (Re: Shoppes a
10.221*******	Guaranty Loan No. 75348 (Re: Shoppes at Boardwalk) dated July 2, 2004.
10.222*******	Property Reserves Agreement Loan No. 753948 (Re: Shoppes at Boardwalk) d
10.223*******	Master Lease Escrow Agreement (Re: Paradise Shoppes at Dallas) dated Jul
10.224*********	Assignment of Purchase Agreement (Re: Plaza Santa Fe II) dated May 25, 2
10.225*********	Assignment of Contract (Re: Eckerds - Greer) dated May 2004
10.226*********	Assignment of Contract (Re: Eckerds - Kill Devil Hills) dated May 2004
10.227*********	Assignment of Contract (Re: Eckerds - Crossville) dated May 2004

EXHIBIT NO.	DESCRIPTION
10.228*********	Assignment of Contract (Re: Eckerds - Columbia) dated May 2004
10.229*********	Promissory Note (Re: Eckerds - Crossville) dated July 21, 2004
10.230*********	Post-Closing Agreement (Re: Eckerds - Crossville) dated July 21, 2004
10.231*********	Guaranty Agreement Regarding Cross-Collateralization (Re: Eckerds- Cross
10.232*********	Promissory Note (Re: Eckerds - Columbia) dated July 21, 2004
10.233*********	Guaranty Agreement Regarding Cross-Collateralization (Re: Eckerds- Colum
10.234*********	Promissory Note (Re: Eckerds - Kill Devil Hills) dated July 21, 2004
10.235*********	Post-Closing Agreement (Re: Eckerds - Kill Devil Hills) dated July 21,
10.236*********	Guaranty Agreement Regarding Cross-Collateralization (Re: Eckerds - Kill 2004
10.237*********	Promissory Note (Re: Eckerds - Greer) dated July 21, 2004
10.238*********	Guaranty Agreement Regarding Cross-Collateralization (Re: Eckerds - Gree
10.239*********	Loan Agreement (Re: Eckerds - Crossville, Columbia, Greer and Kill Devil
10.240*********	Promissory Note (Re: Pine Ridge Plaza) dated July 27, 2004
10.241*********	Loan Agreement (Re: Pine Ridge Plaza) dated July 27, 2004
10.242*********	Earn-Out Agreement (Re: Johns Creek Village) dated June 23, 2004
10.243*********	Transitional Security (Phase II) Reserve Agreement (Re: Johns Creek Vill
10.244*********	Mortgage Note (Re: Johns Creek Village) dated June 28, 2004

10.245*********	Deed to Secure Debt, Assignment of Leases and Rents and Security Agreeme dated June 28, 2004
10.246*********	Guaranty Agreement (Re: Johns Creek Village) dated June 28, 2004
10.247*********	Post-Closing Agreement (Re: Fullerton Metrocenter) dated July 9, 2004
10.248*********	Promissory Note (Re: Fullerton Metrocenter) dated July 9, 2004
10.249*********	Loan Agreement (Re: Fullerton Metrocenter) dated July 9, 2004
10.250*********	Deed of Trust Note (Re: Northgate North) dated July 2004
10.251*********	Letter Agreement (Re: Northgate North) dated July 14, 2004
10.252*********	Closing Certificate (Re: Northgate North) dated July 2004
10.253*********	Limited Payment Guaranty (Re: Northgate North) dated July 2004
10.254*********	Post-Closing Agreement (Re: Cranberry Square) dated July 2004
10.255*********	Loan Agreement (Re: Cranberry Square) dated July 2004
10.256*********	Letter Agreement (Re: Tollgate Marketplace) dated July 21, 2004

EXHIBIT NO.	DESCRIPTION
10.257*********	Closing Certificate (Re: Tollgate Marketplace) dated July 21, 2004
10.258*********	Mortgage Note (Re: Tollgate Marketplace) dated July 21, 2004
10.259*********	Post Closing Delivery Covenant (Re: Tollgate Marketplace) dated July 21,
10.260*********	Indemnity Guaranty (Re: Tollgate Marketplace) dated July 21, 2004
10.261*********	Real Estate Purchase Contract (Re: Wal-Mart Supercenter - Blytheville) d
10.262*********	Letter Agreement (Re: Gateway Village) dated July 21, 2004
10.263*********	Closing Certificate (Re: Gateway Village) dated July 21, 2004
10.264*********	Mortgage Note A (Re: Gateway Village) dated July 21, 2004
10.265*********	Mortgage Note B (Re: Gateway Village) dated July 21, 2004
10.266*********	Indemnity Guaranty (Re: Gateway Village) dated July 21, 2004
10.267*********	Post Closing Delivery Covenant (Re: Gateway Village, Towson Circle, and July 21, 2004
10.268*********	Letter Agreement (Re: Towson Circle) dated July 21, 2004
10.269*********	Closing Certificate (Re: Towson Circle) dated July 21, 2004

10.270*********	Mortgage Note A (Re: Towson Circle) dated July 21, 2004
10.271*********	Mortgage Note B (Re: Towson Circle) dated July 21, 2004
10.272*********	Indemnity Guaranty (Re: Towson Circle) dated July 21, 2004
10.273*********	Letter Agreement (Re: Gateway Plaza Shopping Center) dated May 20, 2004
10.274*********	Promissory Note (Re: Wrangler Company Western Headquarters and Distribut 2004
10.275*********	Loan Agreement (Re: Wrangler Company Western Headquarters and Distributi 2004
10.276*********	Promissory Note (Re: Plaza at Marysville) dated July 30, 2004
10.277*********	Loan Agreement (Re: Plaza at Marysville) dated July 30, 2004
10.278*********	Forks Town Center China Moon Escrow (Re: Forks Town Center) dated July 2
10.279*********	Earn Out Agreement (Re: Forks Town Center) dated July 27, 2004
10.280*********	Promissory Note (Re: Academy Sports and Outdoors - Houma) dated August 4
10.281*********	Loan Agreement (Re: Academy Sports and Outdoors - Houma) dated August 4,
10.282*********	Promissory Note (Re: Reisterstown Plaza) dated August 4, 2004
10.283*********	Letter Agreement (Re: Reisterstown Plaza) dated July 30, 2004
10.284*********	Loan Agreement (Re: Reisterstown Plaza) dated August 4, 2004

EXHIBIT NO.	DESCRIPTION
10.285*********	Guaranty Agreement (Re: Reisterstown Plaza) dated August 4, 2004
10.286*********	Limited Guaranty Agreement (Re: Reisterstown Plaza) dated August 4, 2004
10.287*********	Post-Closing Agreement (Re: Reisterstown Plaza) dated August 4, 2004
10.288*********	Letter Agreement (Re: Wal-Mart Supercenter - Jonesboro) dated June 4, 20
10.289*********	Promissory Note (Re: Wal-Mart Supercenter - Jonesboro) dated August 6, 2
10.290*********	Loan Agreement (Re: Wal-Mart Supercenter - Jonesboro) dated August 6, 20
10.291**********	Promissory Note Loan No. 10024997 (Re: Davis Towne Crossing) dated Augus
10.292**********	Loan Agreement No. 10024997 (Re: Davis Towne Crossing) dated August 9, 2
10.293**********	Promissory Note Loan No. 10024995 (Re: Shoppes of Prominence Point) date
10.294**********	Loan Agreement No. 10024995 (Re: Shoppes of Prominence Point) dated Augu
10.295**********	Assignment of Contract (Re: Shops at Boardwalk) dated July 1, 2004.

10.296**********	Letter Agreement to Purchase (Re: Shops at Boardwalk) dated March 2004.
10.297**********	Amended Agreement of Sale (Re: Shops at Boardwalk) dated April 15, 2004.
10.298**********	Assignment of Contract (Re: Cranberry Square) dated June 23, 2004.
10.299**********	Letter Agreement to Purchase (Re: Cranberry Square) dated April 27, 2004
10.300**********	Construction Agreement (Re: Dorman Center Phase II) dated July 15, 2004.
10.301**********	Escrow Agreement (Re: Dorman Center Phase II) dated July 14, 2004.
10.302**********	Assignment and Assumption of Purchase and Sale Agreement (Re: Gateway Pl
10.303**********	Amended Purchase and Sale Agreement (Re: Gateway Plaza) dated July 15, 2
10.304**********	Letter Agreement to Purchase (Re: Gateway Plaza) dated May 20, 2004.
10.305**********	Assignment of Contract (Re: Plaza at Marysville) dated July 26, 2004.
10.306**********	Reinstated and Amended Purchase and Sale Agreement (Re: Plaza at Marysvi
10.307**********	Purchase and Sale Agreement (Re: Plaza at Marysville) dated May 6, 2004.
10.308**********	Letter Agreement to Purchase (Re: Forks Town Center) dated August 10, 20
10.309**********	Mortgage Note Loan No. 122483 (Re: Forks Town Center) dated August 10, 2
10.310**********	Limited Payment Guarantee Agreement Loan No. 122483 (Re: Forks Town Cent
10.311**********	Post-Closing Agreement (Re: Village Shoppes at Simonton) dated August 9,
10.312**********	Escrow and Guarantee Agreement (Re: Village Shoppes at Simonton) dated A
10.313**********	Assignment and Assumption of Purchase and Sale Agreement (Re: Village Sh 2004.

EXHIBIT NO.	DESCRIPTION
10.314**********	Letter Agreement to Purchase (Re: Village Shoppes at Simonton) dated Apr
10.315**********	Secured Promissory Note Loan No. 754044 (Re: Manchester Meadows) dated A
10.316**********	Deed of Trust, Security Agreement and Assignment of Rents (Re: Mancheste 2004.
10.317**********	Guaranty Agreement Loan No. 754044 (Re: Manchester Meadows) dated August
10.318**********	Escrow and Guarantee Agreement (Re: Manchester Meadows) dated August 200
10.319**********	St. Louis Plays capes Escrow and Guarantee Agreement (Re: Manchester Mea
10.320**********	Assignment and Assumption of Purchase and Sale Agreement (Re: Manchester

10.321**********	Purchase and Sale Agreement (Re: Manchester Meadows) dated July 13, 2004
10.322**********	Amended and Restated Promissory Note Loan No. 10024998 (Re: Governor's M 2004.
10.323**********	Post-Closing Agreement (Re: Governor's Marketplace) dated August 2004.
10.324**********	Loan Agreement No. 10024998 (Re: Governor's Marketplace) dated August 17
10.325**********	Master Lease Escrow Agreement (Re: Mitchell Ranch Plaza) dated August 23
10.326**********	Agreement of Purchase and Sale (Re: Mitchell Ranch Plaza) dated July 20,
10.327**********	Master Lease Escrow Agreement (Re: The Columns) dated August 24, 2004.
10.328**********	Escrow Agreement (Re: The Columns) dated August 24, 2004.
10.329 X1	Assignment (Re: John's Creek Village) dated June 23, 2004.
10.330 X1	Assignment (Re: Shoppes at Prominence Point) dated June 30, 2004.
10.331 X1	Amended Agreement of Purchase and Sale of Shopping Center (Re: Shoppes a 18, 2004.
10.332 X1	Assignment (Re: Shoppes of Dallas) dated July, 2 2004.
10.333 X1	Amended Agreement of Purchase and Sale of Shopping Center (Re: Shoppes o

EXHIBIT NO.	DESCRIPTION
10.334 X1	Letter Agreement (Re: Shoppes of Dallas) dated September 27, 2004.
10.335 X1	Mortgage Note A Loan No. 122533 (Re: Shoppes of Dallas) dated September
10.336 X1	Mortgage Note B Loan No. 122533 (Re: Shoppes of Dallas) dated September
10.337 X1	Deed to Secure Debt and Security Agreement (Re: Shoppes of Dallas) dated
10.338 X2	Contribution Agreement (Re: Boulevard at the Capital Centre) dated July
10.339 X1	Contribution Agreement (Re: Tollgate Marketplace) dated July 19, 2004.
10.340 X1	Contribution Agreement (Re: Gateway Village) dated July 21, 2004.
10.341 X1	Promissory Note (Re: Plaza at Marysville) dated July 30, 2004.
10.342 X1	Loan Agreement (Re: Plaza at Marysville) dated July 30, 2004.
10.343 X1	Assignment of Contract (Re: Forks Town Center) dated June 18, 2004.
10.344 X1	Reinstated and Amended Contract (Re: Forks Town Center) dated July 2, 20
10.345	NOT USED
10.346 X1	Contribution Agreement (Re: Towson Circle) dated July 2004.

10.347 X1	Letter Agreement (Re: Gateway Plaza) dated August 19, 2004.
10.348 X1	Deed of Trust Note Loan No. 122520 (Re: Gateway Plaza) dated August 19,
10.349 X1	Limited Payment Guaranty (Re: Gateway Plaza) dated August 19, 2004.
10.350 X1	Contribution Agreement (Re: Reisterstown Road Plaza) dated July 2004.
10.351 X1	Letter Agreement (Re: Village Shops at Simonton) dated September 27, 200
10.352 X1	Mortgage Note A Loan No. 122532 (Re: Village Shops at Simonton) dated Se
10.353 X1	Mortgage Note A Loan No. 122532 (Re: Village Shops at Simonton) dated Se
10.354 X1	Deed to Secure Debt and Security Agreement (Re: Village Shops at Simonto
10.355 X1	Amendment Agreement (Re: Governor's Marketplace) dated August 12, 2004.
10.356 X1	Master Lease Escrow Agreement (Re: Governor's Marketplace) dated August
10.357 X1	Secured Promissory Note Loan No. 754065 (Re: Mitchell Ranch Plaza) dated
10.358 X1	Mortgage and Security Agreement (Re: Mitchell Ranch Plaza) dated Septemb
10.359 X1	Guaranty (Re: Mitchell Ranch Plaza) dated September 2, 2004.
10.360 X1	Assignment (Re: The Columns) dated August 24, 2004.
10.361 X1	Amendment Agreement (Re: The Columns) dated August 2, 2004.
10.362 X1	Letter Agreement (Re: The Columns) dated October 1, 2004.

EXHIBIT NO.	DESCRIPTION
10.363 X1	Mortgage Note A Loan No. 122534 (Re: The Columns) dated September 27, 20
10.364 X1	Mortgage Note B Loan No. 122534 (Re: The Columns) dated September 27, 20
10.365 X1	Installment Note (Re: Quakertown) dated August 25, 2004.
10.366 X1	Loan Guaranty Agreement (Re: Quakertown) dated August 25, 2004.
10.367 X1	Amended Agreement (Re: Saucon Valley Square) dated September 7, 2004.
10.368 X1	Assignment and Assumption of Purchase and Sale Agreement (Re: Lincoln Pa
10.369 X1	Amended and Restated Purchase and Sale Agreement (Re: Lincoln Park) date
10.369 X1	Promissory Note (Re: Lincoln Park) dated October 8, 2004.
10.370 X1	Loan Agreement (Re: Lincoln Park) dated October 8, 2004.
10.371 X1	Assignment and Assumption of Purchase and Sale Agreement (Re: Harvest To 2004.

10.372 X1	Amended Purchase Agreement (Re: Harvest Towne Center) dated August 2004.
10.373 X1	Easement Indemnity Escrow Agreement (Re: Harvest Towne Center) dated Sep
10.374 X1	Master Lease Agreement (Re: Harvest Towne Center) dated September 8, 200
10.375 X1	Amended and Restated Promissory Note (Re: Boulevard at the Capital Centr
10.376 X1	Loan Agreement (Re: Boulevard at the Capital Centre) dated September 8,
10.377 X1	Amended and Restated Limited Guaranty Agreement (Re: Boulevard at the Ca 2004.
10.378 X1	Post Closing Agreement (Re: Boulevard at the Capital Centre) dated Septe
10.379 X1	Agreement of Sale (Re: GMAC Insurance Building) dated August 2004.
10.380 X1	Escrow Agreement (Re: GMAC Insurance Building) dated September 2004.
10.381 X1	Guaranty (Re: GMAC Insurance Building) dated September 2004.
10.382 X1	Promissory Note (Re: GMAC Insurance Building) dated September 29, 2004.
10.383 X1	Loan Agreement (Re: GMAC Insurance Building) dated September 29, 2004.
10.384 X1	Promissory Note (Re: Saucon Valley Square) dated September 7, 2004.
10.385 X1	Loan Agreement (Re: Saucon Valley Square) dated September 7, 2004.
10.386	NOT USED
10.387 X2	Amended Agreement to Option to Purchase Real Property (Re: Azalea Square
10.388 X2	Amended Agreement to Contract for Sale and Purchase (Re: Edgemont Town C

EXHIBIT NO.	DESCRIPTION
10.389 X2	Assignment (Re: University Town Center) dated November 23, 2004.
10.390 X2	Amended Agreement to Contract for Sale and Purchase (Re: University Town 2004.
10.391 X2	Promissory Note (Re: Azalea Square) dated November 11, 2004.
10.392 X2	Loan Agreement (Re: Azalea Square) dated November 11, 2004.
10..393 X2	Promissory Note (Re: Mansfield Towne Crossing) dated November 12, 2004.
10.394 X2	Loan Agreement (Re: Mansfield Towne Crossing) dated November 12, 2004.
10.395 X2	Amendment to Loan Documents (Re: The Columns) dated November 2, 2004.
10.396 X2	Mortgage Note A Loan No. 122541 (Re: The Columns) dated November 2, 2004
10.397 X2	Mortgage Note B Loan No. 122541 (Re: The Columns) dated November 2, 2004

10.398 X2	Promissory Note (Re: Bed Bath & Beyond Plaza) dated November 12, 2004.
10.399 X2	Loan Agreement (Re: Bed Bath & Beyond Plaza) dated November 12, 2004.
10.400 X2	Promissory Note (Re: Oswego Commons) dated November 23, 2004.
10.401 X2	Loan Agreement (Re: Oswego Commons) dated November 23, 2004.
10.402 X2	Promissory Note (Re: Zurich Towers) dated November 23, 2004.
10.403 X2	Loan Agreement (Re: Zurich Towers) dated November 23, 2004.
10.404 X2	Assignment and Assumption of Purchase and Sale Agreement (Bed, Bath & Be 2004.
10.405 X2	Agreement to Purchase (Re: Bed, Bath & Beyond Plaza) dated March 24, 200
10.406 X2	Amended Ground Lease Agreement (Re: Bed, Bath & Beyond Plaza) dated May
10.407 X2	Letter Agreement to Purchase (Re: Publix - Mt. Pleasant) dated August 27
10.408 X2	Agreement of Purchase and Sale (Re: Denton Crossing) dated August 20, 20
10.409 X2	Escrow Agreement (Re: Denton Crossing) dated October 18, 2004.
10.410 X2	Letter Agreement to Purchase (Re: Oswego Commons) dated July 21, 2004.
10.411 X2	Agreement of Purchase and Sale (Re: Gurnee Town Centre) dated October 5,
10.412 X2	Vacancy Escrow Agreement (Re: Gurnee Town Centre) dated October 29, 2004
10.413 X2	Assignment of Contract (Re: Mansfield Town Crossing) dated November 3, 2
10.414 X2	Amended Letter Agreement to Purchase (Re: Mansfield Town Crossing) dated
10.415 X2	Amended Purchase and Sale Agreement and Joint Escrow Instructions (Re: M October 20, 2004.
10.416 X2	Assignment of Contract (Re: Fox Creek Village) dated November 21, 2004.

EXHIBIT NO.	DESCRIPTION
10.417 X2	Amended Letter Agreement (Re: Fox Creek Village) dated November 15, 2004
10.418 X2	Escrow Agreement (Re: Fox Creek Village) dated November 22, 2004.
10.419 X2	Letter Agreement to Purchase (Re: Winchester Commons) dated September 8,
10.420 X2	Escrow Agreement (Re: Winchester Commons) dated November 5, 2004.
10.421 X2	Assignment of Contract (Re: Zurich Towers) dated November 2, 2004.
10.422 X2	Purchase and Sale Agreement (Re: Zurich Towers) dated November 2, 2004.

10.423 X3	Assignment of Contract (Re: Denton Crossing) dated October 12, 2004.
10.424 X3	Promissory Note (Re: Denton Crossing) dated December 7, 2004.
10.425 X3	Promissory Note (Re: Denton Crossing) dated December 7, 2004.
10.426 X3	Guaranty Agreement (Re: Denton Crossing) dated December 7, 2004.
10.427 X3	Assignment of Purchase Agreement (Re: Plaza at Riverlakes) dated October
10.428 X3	Amended Purchase and Sale Agreement and Joint Escrow Instructions (Re: October 20, 2004.
10.429 X3	Assignment of Contract (Re: Gurnee Town Center) dated October 26, 2004.
10.430 X3	Promissory Note (Re: Gurnee Town Center) dated December 20, 2004.
10.431 X3	Loan Agreement (Re: Gurnee Town Center) dated December 20, 2004.
10.432 X3	Mortgage Note (Re: Fox Creek Village) dated December 23, 2004.
10.433 X3	Loan Letter Agreement (Re: Fox Creek Village) dated December 23, 2004.
10.434 X3	Assignment of Contract (Re: Five Forks) dated December 6, 2004.
10.435 X3	Agreement of Purchase and Sale (Re: Five Forks) dated September 10, 2004
10.436 X3	Assignment of Real Estate Purchase Contract (Re: Placentia Town Center)
10.437 X3	Reinstated and Amended Purchase and Sale Agreement and Joint Escrow Ins Center) dated November 4, 2004.
10.438 X3	Promissory Note (Re: Placentia Town Center) dated December 21, 2004.
10.439 X3	Loan Agreement (Re: Placentia Town Center) dated December 21, 2004.
10.440 X3	Assignment and Assumption of Purchase and Sale Agreement (Re: Gateway St
10.441 X3	Letter Agreement to Purchase (Re: Gateway Station) dated October 22, 200
10.442 X3	Assignment (Re: Northwoods) dated November 7, 2004.

EXHIBIT NO.	DESCRIPTION
10.443 X3	Amended Agreement to Sale (Re: Northwoods) dated November 8, 2004.
10.444 X3	Promissory Note (Re: Northwoods) dated December 29, 2004.
10.445 X3	Loan Agreement (Re: Northwoods) dated December 29, 2004.
10.446 X3	Assignment of Contract (Re: Gateway Pavilions) dated December, 2004.
10.447 X3	Purchase and Sale Agreement and Escrow Instructions (Re: Gateway Pavilio
10.448 X3	Promissory Note (Re: Gateway Pavilions) dated December 30, 2004.

10.449 X3	Loan Agreement (Re: Gateway Pavilions) dated December 30, 2004.
10.450 X3	Assignment and Assumption of Purchase and Sale Agreement (Re: American E AZ) dated December 16, 2004.
10.451 X3	Assignment and Assumption of Purchase and Sale Agreement (Re: American E AZ) dated December 16, 2004.
10.452 X3	Assignment and Assumption of Purchase and Sale Agreement (Re: America dated December 16, 2004.
10.453 X3	Assignment and Assumption of Purchase and Sale Agreement (Re: America December 16, 2004.
10.454 X3	Assignment and Assumption of Purchase and Sale Agreement (Re: American E December 16, 2004.
10.455 X3	Assignment and Assumption of Purchase and Sale Agreement (Re: American E dated December 16, 2004.
10.456 X 3	Purchase and Sale Agreement (Re: American Express - 31st Avenue, Phoen AZ, Minneapolis, MN, De Pere, WI, Greensboro, NC and Fort Lauderdale, FL
10.457 X3	Promissory Note (Re: American Express - 31st Avenue, Phoenix, AZ) dated
10.458 X3	Loan Agreement (Re: American Express - 31st Avenue, Phoenix, AZ) dated D
10.459 X3	Promissory Note (Re: American Express - 19th Avenue, Phoenix, AZ) dated
10.460 X3	Loan Agreement (Re: American Express - 19th Avenue, Phoenix, AZ) dated D
10.461 X3	Promissory Note (Re: American Express - Minneapolis, MN) dated December
10.462 X3	Loan Agreement (Re: American Express - Minneapolis, MN) dated December 1
10.463 X3	Promissory Note (Re: American Express - De Pere, WI) dated December 16,

EXHIBIT NO.	DESCRIPTION
10.464 X3	Loan Agreement (Re: American Express - De Pere, WI) dated December 16, 2
10.465 X3	Promissory Note (Re: American Express - Greensboro, NC) dated December 1
10.466 X3	Loan Agreement (Re: American Express - Greensboro, NC) dated December 16
10.467 X3	Promissory Note (Re: American Express - Fort Lauderdale, FL) dated Decem
10.468 X3	Loan Agreement (Re: American Express - Fort Lauderdale, FL) dated Decemb
10.469 X3	Assignment and Assumption of Purchase and Sale Agreement (Re: Southl 22, 2004.
10.470 X3	Amended and Restated Purchase and Sale Agreement (Re: Southlake Town Squ

10.471 X3	Assignment and Assumption of Agreement to Admit Partners (Re: Southla 22, 2004.
10.472 X3	Agreement to Admit Partner (Re: Southlake Town Square) dated November 5,
10.473 X3	Assignment (Re: Henry Town Center) dated December 23, 2004.
10.474 X 3	Amended Agreement of Purchase and Sale (Re: Henry Town Center) dated Dec
10.475 X3	Promissory Note (Re: Henry Town Center) dated January 8, 2003.
10.476 X3	Deed to Secure Debt and Security Agreement (Re: Henry Town Center) dated
10.477 X3	Assignment (Re: 23rd Street Plaza) dated December 23, 2004.
10.478 X3	Agreement of Sale (Re: 23rd Street Plaza) dated November 19, 2004.
10.479 X3	Assignment (Re: Coram Plaza) dated December 23, 2004.
10.480 X3	Amended Agreement of Purchase and Sale (Re: Coram Plaza) dated October 2
10.481 X3	Assignment (Re: Phenix Crossing) dated December 28, 2004.
10.482 X3	Amended Real Estate Sale Agreement (Re: Phenix Crossing) dated December
10.483 X3	Assignment and Assumption of Purchase and Sale Agreement (Re: Mesa Fiest
10.484 X3	Agreement of Purchase and Sale (Re: Mesa Fiesta) dated December 7, 2004.
10.485 X3	Assignment (Re: Green's Corner, Newton Crossroads and Stilesboro Oaks) d
10.486 X3	Amended Purchase and Sale Agreement (Re: Green's Corner, Newton Cross December 20, 2004.
10.487 X3	Assignment of Contract (Re: Shoppes at Lake Andrew) dated December 30, 2

EXHIBIT NO.	DESCRIPTION
10.488 X3	Letter Agreement to Purchase (Re: Shoppes at Lake Andrew) dated November
10.489 X3	Promissory Note (Re: Shoppes at Lake Andrew) dated October 30, 2002.
10.490 X3	Future Advance and Renewal Note (Re: Shoppes at Lake Andrew) dated Febru
10.491 X3	Notice of Future Advance, Mortgage Modification and Amended and R Agreement (Re: Shoppes at Lake Andrew) dated February 26, 2004.
10.492 X3	Renewal Note (Re: Shoppes at Lake Andrew) dated December 2004.
10.493 X3	Mortgage Modification and Amended and Restated Mortgage and Security Andrew) dated December 30, 2004.
10.494 X3	Assignment of Contract (Re: Pleasant Run Towne Crossing) dated December
10.495 X3	Promissory Note (Re: Pleasant Run Towne Crossing) dated December 30, 200

10.496 X3	Loan Agreement (Re: Pleasant Run Towne Crossing) dated December 30, 2004
10.497 X3	Assignment and Assumption of Purchase and Sale Agreement (Re: Evans Town
10.498 X3	Assignment and Assumption of Purchase and Sale Agreement (Re: Irmo Stati
10.499 X3	Amended Agreement of Purchase and Sale (Re: Evans Town Center and Irmo 2004.
10.500 X3	Assignment and Assumption of Purchase and Sale Agreement (Re: America Canada) dated January 25, 2005.
10.501 X3	Purchase and Sale Agreement (Re: American Express - Markham, Ontario, Ca
10.502 X3	Purchase Agreement (Re: American Express - Markham, Ontario, Canada) dat
10.503 X3	Promissory Note (Re: American Express - Markham, Ontario, Canada) dated
10.504 X3	Loan Agreement (Re: American Express - Markham, Ontario, Canada) dated J
10.505 X3	Amended and Restated Project Promissory Note (Re: Coram Plaza) dated Dec
10.506 X3	Amended and Restated Acquisition Promissory Note (Re: Coram Plaza) dated
10.507 X3	Amended and Restated Building Loan Promissory Note (Re: Coram Plaza) dat

EXHIBIT NO.	DESCRIPTION
10.508 X3	Assignment, Assumption, Modification and Release Agreement (Re: Coram Pl
10.509 X3	Interim Secured Promissory Note Loan No. 754183 (Re: Coram Plaza) dated
10.510 X3	Consolidated, Amended and Restated Secured Promissory Note Loan No. January 26, 2005.
10.511 X3	Loan Agreement Loan No. 754183 (Re: Coram Plaza) dated January 26, 2005.
10.512 X3	Guaranty Loan No. 754183 (Re: Coram Plaza) dated January 26, 2005.
23.1	Consent of KPMG LLP
23.2*********	Consent of Duane Morris LLP (included in Exhibit 5)
23.3**********	Consent of Duane Morris LLP (included in Exhibit 8)
24*	Power of Attorney (included in signature page to the Registration Statem
31.1 X3	Rule 13a-15(e)/15d-15(e) Certification by Chief Executive Officer
31.2 X3	Rule 13a-15(e)/15d-15(e) Certification by Principal Financial Officer
31.3 X3	Rule 13a-15(e)/15d-15(e) Certification by Principal Accounting Officer

32.1 X3	Section 1350 Certification by Chief Executive Officer and Principal Acco Financial Officer
99.1 X2	Code of Business Conduct and Ethics
99.2 X2	Nonretaliation Policy
*	Incorporated by reference to the Company's Registration Statement on For originally filed March 13, 2003.
**	Incorporated by reference to Amendment No. 1 to the Company's Registrati No. 333-103799) originally filed May 8, 2003.
***	Incorporated by reference to Amendment No. 2 to the Company's Registrati No. 333-103799) originally filed June 30, 2003.
****	Incorporated by reference to Amendment No. 3 to the Company's Registrati No. 333-103799) originally filed August 20, 2003.
*****	Incorporated by reference to Post-Effective Amendment No. 1 to the Compa Form S-11 (File No. 333-103799) originally filed December 15, 2003.
******	Incorporated by reference to the Company's Annual Report on Form 10-K fo 2003, originally filed February 27, 2004.
*******	Incorporated by reference to Post-Effective Amendment No. 3 to the Compa Form S-11 (File No. 333-103799) originally filed March 15, 2004.

EXHIBIT NO.	DESCRIPTION
********	Incorporated by reference to the Company's Quarterly Report on Form 10-Q 2004, originally filed July 29, 2004.
*********	Incorporated by reference to Post-Effective Amendment No. 4 to the Compa Form S-11 (File No. 333-103799) originally filed June 15, 2004.
**********	Incorporated by reference to Post-Effective Amendment No. 5 to the Compa Form S-11 (File No. 333-103799) originally filed September 15, 2004.
X1	Incorporated by reference to the Company's Quarterly Report on Form 10-Q 30, 2004, originally filed on November
X2	Incorporated by reference to Post-Effective Amendment No. 7 to the Compa Form S-11 (File No. 333-103799) originally filed.
X3	Incorporated by reference to the Company's Annual Report on Form 10-K fo 2004, originally filed on March 7, 2005

ITEM 37. UNDERTAKINGS.

1. The undersigned Registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i). To include any prospectus required by section 10(a)(3) of the Act;

(ii). To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and

(iii). To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(b) That, for the purpose of determining any liability under the Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

2. The Registrant undertakes to send to each Stockholder at least on annual basis a detailed statement of any transactions with the Advisor or its Affiliates, and of fees, commissions, compensation and other benefits paid or accrued to the Advisor or its Affiliates for the fiscal year completed, showing the amount paid or accrued to each recipient and the services performed.

3. The Registrant undertakes to provide to the Stockholders the financial statements required by Form 10-K for the first full fiscal year of operations of the Company.

4. The Registrant hereby undertakes to send to the Stockholders, within 60 days after the close of each quarterly fiscal period, the information specified by Form 10-Q, if such report is required to be filed with the Commission.

5. The Registrant undertakes to file a sticker supplement pursuant to Rule 424(c) under the Act during the distribution period describing each Property not identified in the Prospectus at such time as there arises a reasonable probability that such Property will be acquired and to consolidate all such stickers into a post-effective amendment filed at least once every three months, with the information contained in such amendment provided simultaneously to the existing Stockholders. Each sticker supplement should also disclose all compensation and fees received by the Advisor and its Affiliates in connection with any such acquisition. The post-effective amendment shall include audited financial statements meeting the requirements of Rule 3-14 of Regulation S-X only for Properties acquired during the distribution period.

The Registrant also undertakes to file, after the end of the distribution period, a current report on Form 8-K containing the financial statements and additional information required by Rule 3-14 of Regulation S-X, to reflect each commitment (i.e., the signing of a binding purchase agreement) made after the end of the distribution period involving the use of 10% or

more (on a cumulative basis) of the net proceeds of the offering and to provide the information contained in such report to the Stockholders at least once each quarter after the distribution period of the offering has ended.

6. Insofar as indemnification for liabilities arising under the Act may be permitted to Directors, officers and controlling persons of the Registrant, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a Director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such Director, officer or controlling person in connection with securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

TABLE VI
ACQUISITION OF PROPERTIES BY PROGRAMS (A)
(000's omitted, except for Square Feet or Acres)

Table VI presents information concerning the acquisition of real properties by programs with similar investment objectives, sponsored by Inland Real Estate Investment Corporation ("IREIC"), in the three years ended December 31, 2003. The detail provided with respect to each acquisition includes the property size, location, purchase price and the amount of mortgage financing. This information is intended to assist the prospective investor in evaluating the property mix as well as the terms involved in acquisitions by programs sponsored by IREIC.

TABLE VI-(CONTINUED)

ACQUISITIONS OF PROPERTIES BY PROGRAMS (A)
(000'S OMITTED, EXCEPT FOR NUMBER OF SQUARE FEET)

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	PURCHASE PRICE PLUS ACQUISITION FEE	MORTGAGE FINANCING AT DATE OF PURCHASE	CASH DOWN PAYMENT
INLAND REAL ESTATE CORPORATION:					
PETsMART, Gurnee, IL	25,692	04/01	3,304	-	3,304
Eckerd Drug Store, Chattanooga, TN	10,908	05/02	2,367	-	2,367
Michael's, Coon Rapids, MN	24,317	07/02	2,808	-	2,808
Deer Trace, Kohler, WI	149,881	07/02	13,281	-	13,281
Disney, Celebration, FL	166,131	07/02	27,281	13,600	13,681
Townes Crossing, Oswego, IL	105,989	08/02	12,043	-	12,043
Park Square, Brooklyn Park, MN	137,116	08/02	9,873	5,850	4,023
Forest Lake Marketplace, Forest Lake, MN	93,853	09/02	11,856	-	11,856

Naper West Ph II, Naperville, IL	50,000	10/02	3,116	-	3,116
Walgreens, Jennings, MO	15,120	10/02	2,706	-	2,706
Four Flaggs Annex, Niles, IL	21,790	11/02	3,289	-	3,289
Four Flaggs, Niles, IL	306,479	11/02	21,298	12,510	8,788
Brunswick Market Center, Brunswick, OH	119,540	12/02	13,458	-	13,458
Medina Marketplace, Medina, OH	72,781	12/02	9,511	-	9,511
Shakopee Valley, Shakopee, MN	146,436	12/02	14,700	-	14,700
Shops at Orchard Place, Skokie, IL	164,542	12/02	42,752	-	42,752
Cub Foods, Hutchinson, MN	60,208	01/03	5,388	-	5,388
Mankato Heights, Mankato, MN	129,410	04/03	15,102	-	15,102
Caton Crossing, Plainfield, IL	83,792	06/03	11,165	-	11,165
Village Ten, Coon Rapids, MN	211,568	08/03	15,104	-	15,104
Rochester Marketplace, Rochester, MN	69,914	09/03	9,371	-	9,371
University Crossing, Mishawaka, IN	136,422	10/03	14,913	-	14,913
Total for Inland Real Estate Corporation	2,301,889		$ 264,686	$ 31,960	$ 232,726

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	PURCHASE PRICE PLUS ACQUISITION FEE	MORTGAGE FINANCING AT DATE OF PURCHASE	CASH DOWN PAYMENT
INLAND RETAIL REAL ESTATE TRUST, INC.:					
Columbia Promenade, Kissimmee, FL	65,870	01/01	7,440	-	7,440
K-Mart, Macon, GA	102,098	02/01	9,031	-	9,031
Lowe's Home Improvement Center, Warner Robbins, GA	131,575	02/01	9,431	-	9,431
West Oaks, Ocoee, FL	66,539	03/01	11,221	-	11,221
PETsMART - Chattanooga, Chattanooga, TN	26,040	04/01	3,103	-	3,103
PETsMART - Daytona Beach, Daytona Beach, FL	26,194	04/01	3,238	-	3,238
PETsMART - Fredricksburg, Fredricksburg, VA	26,067	04/01	3,410	-	3,410
Sand Lake Corners, Orlando, FL	189,741	05/01	22,256	-	22,256
Jo-Ann Fabrics, Alpharetta, GA	44,418	06/01	4,911	-	4,911
Woodstock Square, Atlanta, GA	218,819	06/01	27,596	-	27,596
Chickasaw Trails Shopping Center, Orlando, FL	75,492	08/01	8,631	-	8,631
Just for Feet - Daytona, Daytona Beach, FL	22,255	08/01	3,901	-	3,901
Skyview Plaza, Orlando, FL	281,247	09/01	21,332	-	21,332
Aberdeen Square, Boynton Beach, FL	70,555	10/01	6,717	-	6,717
Anderson Central, Anderson, SC	223,211	11/01	15,863	11,000	4,863
Brandon Blvd. Shoppes, Brandon,					

FL	85,377	11/01	9,482	-	9,482
Creekwood Crossing, Bradenton, FL	227,052	11/01	23,616	-	23,616
Eckerd Drug Store - Greenville, Greenville, SC	10,908	11/01	2,828	-	2,828
Abernathy Square, Atlanta, GA	131,649	12/01	24,131	-	24,131
Citrus Hills, Citrus Hills, FL	68,927	12/01	6,027	-	6,027
Douglasville Pavilion, Douglasville, GA	267,764	12/01	27,377	20,000	7,377
Eckerd Drug Store - Spartanburg, Spartanburg, SC	10,908	12/01	2,807	-	2,807
Fayetteville Pavilion, Fayetteville, NC	272,385	12/01	26,898	20,133	6,765
Southlake Pavilion, Morrow, GA	525,162	12/01	56,377	39,740	16,637
Steeplechase Plaza, Ocala, FL	87,380	12/01	8,647	-	8,647
Venture Pointev, Duluth, GA	334,620	12/01	26,533	13,334	13,199
Sarasota Pavilion, Sarasota, FL	324,140	01/02	42,100	-	42,100

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	PURCHASE PRICE PLUS ACQUISITION FEE	MORTGAGE FINANCING AT DATE OF PURCHASE	CASH DOWN PAYMENT
Turkey Creek Phase I, Knoxville, TN	284,224	01/02	21,762	-	21,762
Universal Plaza, Lauderhill, FL	49,816	01/02	9,872	-	9,872
Hairston Crossing, Decatur, GA	57,884	02/02	6,630	-	6,630
Just for Feet - Augusta, Augusta, GA	22,115	02/02	3,054	-	3,054
Just For Feet - Covington, Covington, LA	20,116	02/02	3,447	-	3,447
Logger Head Junction, Sarasota, FL	4,711	02/02	665	-	665
Shoppes of Golden Acres, Newport Richey, FL	76,371	02/02	10,831	-	10,831
Newnan Pavilion, Newnan, GA	481,004	03/02	33,114	-	33,114
Eisenhower Crossing I & II, Macon, GA	403,013	11/01,03/02	43,292	-	43,292
Acworth Avenue Retail Shopping Center, Acworth, GA	16,130	12/00,3/02	2,834	-	2,834
Crystal Springs Shopping Center, Crystal Springs, FL	67,021	04/02	7,478	-	7,478
Eckerd Drug Store - Concord, Concord, NC	10,908	04/02	2,039	-	2,039
Eckerd Drug Store - Tega Cay, Tega Cay, SC	13,824	04/02	2,544	-	2,544
Melbourne Shopping Center, Melbourne, FL	209,217	04/02	9,842	5,949	3,893
Riverstone Plaza, Canton, GA	302,024	04/02	31,943	-	31,943
Target Center, Columbia, SC	79,253	04/02	7,673	-	7,673
Hampton Point, Taylors, SC	58,316	05/02	4,526	-	4,526
Northpoint Marketplace,					

Spartanburg, SC	101,982	05/02	8,269	-	8,269
Oleander Shopping Center, Wilmington, NC	51,888	05/02	5,221	3,000	2,221
Sharon Greens, Cumming, GA	98,317	05/02	13,062	-	13,062
Bass Pro Outdoor World, Dania Beach, FL	165,000	06/02	18,220	-	18,220
Chesterfield Crossings, Richmond, VA,	68,898	06/02	10,982	-	10,982
Circuit City-Rome, Rome, GA	33,056	06/02	4,476	-	4,476
Circuit City-Vero Beach, Vero Beach, FL	33,243	06/02	5,648	-	5,648
Hillsboro Square, Deerfield Beach, FL	145,647	06/02	18,985	-	18,985
Stonebridge Square, Roswell, GA	160,104	06/02	19,529	-	19,529
Ward's Crossing, Lynchburg, VA	80,918	06/02	11,100	-	11,100
Circuit City Plaza, Orlando, FL	78,625	07/02	11,518	-	11,518
Eckerd Drug Store - Woodruff, Woodruff, SC	13,824	07/02	2,475	-	2,475
McFarland Plaza, Tuscaloosa, AL	221,807	07/02	15,259	-	15,259

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	PURCHASE PRICE PLUS ACQUISITION FEE	MORTGAGE FINANCING AT DATE OF PURCHASE	CASH DOWN PAYMENT
Sycamore Commons, Matthews, NC	256,523	07/02	38,184	-	38,184
Walk at Highwoods I, Tampa, FL	133,940	07/02	23,999	-	23,999
Eckerd Drug Store - Blackstock, Spartanburg, SC	10,908	08/02	2,723	-	2,723
Forestdale Plaza, Jamestown, NC	53,239	08/02	6,670	-	6,670
Sexton Commons, Fuquay Varina, NC	49,097	08/02	8,023	-	8,023
Shoppes at Lake Mary, Lake Mary, FL	69,843	08/02	11,140	-	11,140
Wakefield Crossing, Raleigh, NC	75,929	08/02	10,794	-	10,794
Circuit City-Cary, Cary, NC	27,891	09/02	5,650	-	5,650
Cox Creek, Florence, AL	173,934	09/02	19,231	15,287	3,944
Forest Hills Centre, Wilson, NC	73,280	09/02	6,675	-	6,675
Golden Gate, Greensboro, NC	153,114	10/02	10,545	-	10,545
Goldenrod Groves, Orlando, FL	108,944	10/02	9,177	-	9,177
City Crossing, Warner Robins, GA	187,099	11/02	14,644	-	14,644
Clayton Corners, Clayton, NC	125,656	11/02	14,994	9,740	5,254
CompUSA Retail Center, Newport News, VA	47,134	11/02	7,324	-	7,324
Duvall Village, Bowie, MD	82,522	11/02	13,046	-	13,046
Gateway Plaza - Jacksonville, Jacksonville, NC	101,682	11/02	11,865	-	11,865
Harundale Plaza, Glen Burnie, MD	274,160	11/02	24,752	-	24,752
Jones Bridge Plaza, Norcross, GA	83,363	11/02	7,525	-	7,525

Lakewood Ranch, Bradenton, FL	69,472	11/02	9,494	4,400	5,094
North Aiken Bi-Lo Center, Aiken, SC	59,204	11/02	5,816	-	5,816
Plant City Crossing, Plant City, FL	85,252	11/02	10,879	-	10,879
Presidential Commons, Snellville, GA	372,149	11/02	45,032	26,113	18,919
Rainbow Foods - Garland, Garland, TX	70,576	11/02	5,098	-	5,098
Rainbow Foods - Rowlett, Rowlett, TX	63,117	11/02	4,604	-	4,604
River Ridge, Birmingham, AL	158,755	11/02	26,492	-	26,492
Rosedale Shopping Center, Huntersville, NC	94,248	11/02	19,544	13,300	6,244
Shoppes on the Circle, Dothan, AL	149,085	11/02	15,013	12,210	2,803
Southlake Shopping Center, Cornelius, NC	131,247	11/02	13,633	7,962	5,671
Village Square at Golf, Boynton Beach, FL	134,894	11/02	18,537	-	18,537

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	PURCHASE PRICE PLUS ACQUISITION FEE	MORTGAGE FINANCING AT DATE OF PURCHASE	CASH DOWN PAYMENT
Chatham Crossing, Siler City, NC	32,000	12/02	3,964	-	3,964
Columbiana Station, Columbia, SC	270,649	12/02	46,615	-	46,615
Gateway Plaza - Conway, Conway, SC	62,428	12/02	6,295	-	6,295
Lakeview Plaza, Kissimmee, FL	54,788	12/02	6,187	3,613	2,574
Meadowmont Village Center, Chapel Hill, NC	133,471	12/02	26,808	-	26,808
Shoppes at Citiside, Charlotte, NC	75,478	12/02	9,706	-	9,706
Shoppes at New Tampa, Wesley Chapel, FL	158,342	12/02	19,196	-	19,196
Camp Hill Center, Harrisburg, PA	63,350	01/03	7,786	-	7,786
Eckerd Drug Store - #5018, Amherst, NY	10,908	01/03	2,805	1,582	1,223
Eckerd Drug Store - #5661, Buffalo, NY	12,732	01/03	3,145	1,777	1,368
Eckerd Drug Store - #5786, Dunkirk, NY	10,908	01/03	1,720	905	815
Eckerd Drug Store - #5797, Cheektowaga, NY	10,908	01/03	3,756	1,636	2,120
Eckerd Drug Store - #6007, Connelsville, PA	10,908	01/03	3,503	1,636	1,867
Eckerd Drug Store - #6036, Pittsburgh, PA	10,908	01/03	3,840	1,636	2,204
Eckerd Drug Store - #6040, Monroeville,PA	12,738	01/03	5,430	1,911	3,519
Eckerd Drug Store - #6043,					

Monroeville,PA	10,908	01/03	3,315	1,637	1,678
Eckerd Drug Store - #6062, Harborcreek, PA	10,908	01/03	2,527	1,418	1,109
Eckerd Drug Store - #6089, Weirton, WV	10,908	01/03	2,472	1,374	1,098
Eckerd Drug Store - #6095, Cheswick, PA	10,908	01/03	2,791	1,571	1,220
Eckerd Drug Store - #6172, New Castle,PA	10,908	01/03	2,877	1,636	1,241
Eckerd Drug Store - #6193, Erie, PA	10,908	01/03	2,919	1,636	1,283
Eckerd Drug Store - #6199, Millcreek, PA	10,908	01/03	3,729	1,637	2,092
Eckerd Drug Store - #6257, Millcreek, PA	10,908	01/03	1,444	640	804
Eckerd Drug Store - #6286, Erie, PA	10,908	01/03	4,193	1,601	2,592
Eckerd Drug Store - #6334, Erie, PA	10,908	01/03	2,997	1,636	1,361
Eckerd Drug Store - #6392, Penn, PA	10,908	01/03	2,949	1,636	1,313
Eckerd Drug Store - #6695, Plum Borough, PA	10,908	01/03	3,669	1,637	2,032
Eckerd Drug Store - Piedmont, Piedmont, SC	10,908	01/03	1,968	-	1,968
Market Square, Douglasville, GA	121,774	01/03	12,905	8,390	4,515
Springfield Park, Lawrenceville, GA	105,321	01/03	10,924	-	10,924

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	PURCHASE PRICE PLUS ACQUISITION FEE	MORTGAGE FINANCING AT DATE OF PURCHASE	CASH DOWN PAYMENT
Tequesta Shoppes Plaza, Tequesta, FL	109,937	01/03	11,439	-	11,439
Capital Crossing, Raleigh, NC	92,248	02/03	9,984	-	9,984
Colonial Promenade Bardmore Center, Largo, FL	152,667	02/03	17,151	-	17,151
Commonwealth Center II, Richmond, VA	165,382	02/03	22,278	-	22,278
Concord Crossing, Concord, NC	55,930	02/03	5,331	-	5,331
Fountains, Plantation, FL	408,807	02/03	44,412	-	44,412
Marketplace at Mill Creek, Buford, GA	398,407	02/03	50,118	-	50,118
Monroe Shopping Center, Monroe, NC	45,080	02/03	3,548	-	3,548
Oakley Plaza, Asheville, NC	118,727	02/03	9,469	-	9,469
Overlook at King of Prussia, King of Prussia, PA	186,980	02/03	57,045	30,000	27,045
Paraiso Plaza, Hialeah, FL	61,012	02/03	9,481	-	9,481
Publix Brooker Creek, Palm Harbor, FL	77,596	02/03	8,719	4,468	4,251
Sheridan Square, Dania, FL	67,425	02/03	7,586	-	7,586
Stonecrest Marketplace,					

Lithonia, GA	264,447	02/03	34,742	-	34,742
Suwanee Crossroads, Suwanee, GA	69,500	02/03	12,068	-	12,068
Windsor Court Shopping Center, Windsor Court, CT	78,480	02/03	14,639	-	14,639
Downtown Short Pump, Richmond, VA	125,553	03/03	33,515	-	33,515
Valley Park Commons, Hagerstown, MD	89,579	03/03	11,317	-	11,317
Eckerd - Perry Creek, Perry Creek, NC	10,908	09/02	2,795	-	2,795
Village Center, Mt. Pleasant, WI	217,103	03/03	23,987	-	23,987
Watercolor Crossing, Tallahassee, FL	43,200	03/03	5,485	-	5,485
Bi-Lo - Southern Pines, Southern Pines, NC	57,404	04/03	8,127	-	8,127
Creeks at Virginia Center, Richmond, VA	266,266	04/03	39,458	27,804	11,654
Flamingo Falls, Pembroke Pines, FL	108,565	04/03	23,946	-	23,946
Glenmark Shopping Center, Morgantown, WV	122,167	04/03	12,982	-	12,982
River Run, Miramar, FL	93,643	04/03	11,638	-	11,638
Westside Centre Shopping Center, Huntsville, AL	490,784	04/03	46,015	39,350	6,665
440 Commons, Jersey City, NJ	162,533	05/03	18,046	-	18,046
Barrett Pavilion, Kennesaw, GA	460,755	05/03	80,183	-	80,183
Bi-Lo - Asheville, Asheville, NC	54,319	05/03	7,727	-	7,727

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	PURCHASE PRICE PLUS ACQUISITION FEE	MORTGAGE FINANCING AT DATE OF PURCHASE	CASH DOWN PAYMENT
Bi-Lo - Shelmore, Mt. Pleasant, SC	61,705	05/03	11,836	-	11,836
Bi-Lo - Sylvania, Sylvania, GA	36,000	05/03	4,407	-	4,407
Birkdale Village, Charlotte, NC	653,983	05/03	96,410	-	96,410
BJ'S Wholesale Club, Charlotte, NC	99,792	05/03	13,025	-	13,025
Brick Center Plaza, Brick, NJ	114,028	05/03	19,451	-	19,451
East Hanover Plaza, East Hanover, NJ	122,028	05/03	17,312	-	17,312
Eckerd Drug Store - #0234, Marietta, GA	10,880	05/03	2,044	1,161	883
Eckerd Drug Store - #0444, Gainesville, GA	10,594	05/03	1,986	1,129	857
Eckerd Drug Store - #0818, Ft. Worth, TX	10,908	05/03	2,691	1,540	1,151
Eckerd Drug Store - #0862, Wichita Falls, TX	9,504	05/03	2,087	1,203	884
Eckerd Drug Store - #0943, Richardson, TX	10,560	05/03	2,354	1,338	1,016
Eckerd Drug Store - #0963, Richardson, TX	10,560	05/03	2,313	1,316	997
Eckerd Drug Store - #0968,					

Wichita Falls, TX	9,504	05/03	1,837	1,036	801
Eckerd Drug Store - #0980, Dallas, TX	9,504	05/03	1,917	1,097	820
Eckerd Drug Store - #2320, Snellville, GA	10,594	05/03	2,230	1,271	959
Eckerd Drug Store - #2506, Dallas, TX	9,504	05/03	2,073	1,177	896
Eckerd Drug Store - #3072, Richland Hills, TX	10,908	05/03	2,663	1,521	1,142
Eckerd Drug Store - #3152, Lake Worth, TX	9,504	05/03	1,805	1,021	784
Eckerd Drug Store - #3169, River Oaks, TX	10,908	05/03	2,705	1,546	1,159
Eckerd Drug Store - #3192, Tyler, TX	9,504	05/03	1,495	845	650
Eckerd Drug Store - #3338, Kissimmee, FL	10,880	05/03	2,479	1,407	1,072
Eckerd Drug Store - #3350, Oklahoma City, OK	9,504	05/03	1,776	1,005	771
Eckerd Drug Store - #3363, Ft. Worth, TX	9,504	05/03	1,661	941	720
Eckerd Drug Store - #3449, Lawrenceville, GA	9,504	05/03	2,061	-	2,061
Eckerd Drug Store - #3528, Plano, TX	10,908	05/03	2,535	1,445	1,090
Edgewater Town Center, Edgewater, NJ	77,446	05/03	27,030	-	27,030
Goody's Shopping Center, Augusta, GA	22,560	05/03	2,051	-	2,051
Heritage Pavilion, Smyrna, GA	262,961	05/03	40,013	-	40,013
Hiram Pavilion, Hiram, GA	363,618	05/03	36,787	-	36,787
Killearn Shopping Center, Tallahassee, FL	94,547	05/03	10,945	4,041	6,904

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	PURCHASE PRICE PLUS ACQUISITION FEE	MORTGAGE FINANCING AT DATE OF PURCHASE	CASH DOWN PAYMENT
Midway Plaza, Tamarac, FL	227,209	05/03	26,858	-	26,858
North Hill Commons, Anderson, SC	42,942	05/03	4,541	-	4,541
Sandy Plains Village, Roswell, GA	175,035	05/03	18,055	-	18,055
Shoppes at Paradise Pointe, Ft Walton Beach, FL	84,070	05/03	11,591	-	11,591
Sony Theatre Complex, East Hanover, NJ	70,549	05/03	12,068	-	12,068
Town & Country, Knoxville, TN	639,135	05/03	49,812	-	49,812
Village Crossing, Skokie, IL	427,722	05/03	69,443	-	69,443
West Falls Plaza, West Paterson, NJ	88,913	05/03	20,980	-	20,980
CostCo Plaza, White Marsh, MD	209,841	06/03	16,857	-	16,857
Denbigh Village Shopping Center, Newport News, VA	311,583	06/03	20,855	-	20,855
Shoppes at Lake Dow, McDonough,					

GA	73,271	06/03	11,014	-	11,014
Willoughby Hills Shopping Center, Willoughby Hills, OH	359,414	06/03	37,705	14,480	23,225
Cascades Marketplace, Sterling, VA	98,532	07/03	16,840	-	16,840
Fayette Pavilion III, Fayetteville, GA	619,856	07/03	46,308	-	46,308
Northlake Commons, Palm Beach Gardens, FL	143,955	07/03	21,643	-	21,643
Route 22 Retail Shopping Center, Union, NJ	110,453	07/03	19,054	11,355	7,699
Vision Works, Plantation, FL	6,891	07/03	1,732	-	1,732
Bellevue Place Shopping Center, Nashville, TN	77,249	08/03	10,884	-	10,884
Camfield Corners, Charlotte, NC	69,887	08/03	9,339	-	9,339
Kensington Place, Murfreesboro, TN	70,624	08/03	7,167	-	7,167
Largo Town Center, Upper Marlboro, MD	270,310	08/03	30,947	-	30,947
Naugatuck Valley Shopping Center, Waterbury, CT	383,332	08/03	50,452	-	50,452
Riverdale Shops, West Springfield, MA	273,928	08/03	42,055	-	42,055
Spring Mall Center, Springfield, VA	56,511	08/03	10,481	-	10,481
Walgreen's, Port Huron, MI	14,998	08/03	4,368	-	4,368
Bank First, Winter Park, FL	3,348	09/03	723	-	723
Carlisle Commons, Carlisle, PA	393,023	09/03	39,635	-	39,635
Circuit City - Culver City, Culver City, CA	32,873	09/03	8,781	-	8,781
Circuit City - Highland Ranch, Highland Ranch, CO	43,480	09/03	5,628	-	5,628
Circuit City - Olympia, Olympia, WA	35,776	09/03	5,632	-	5,632

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	PURCHASE PRICE PLUS ACQUISITION FEE	MORTGAGE FINANCING AT DATE OF PURCHASE	CASH DOWN PAYMENT
Fayette Pavilion I & II, Fayetteville, GA	791,373	09/03	88,521	-	88,521
Kroger - Cincinnati, Cincinnati, OH	56,634	09/03	7,431	-	7,431
Kroger - Grand Prairie, Grand Prairie, TX	64,522	09/03	5,793	-	5,793
Kroger - Westchester, Westchester, OH	56,083	09/03	4,670	-	4,670
Lowe's Home Improvement - Baytown, Baytown, TX	125,357	09/03	11,478	-	11,478
Lowe's Home Improvement - Cullman, Cullman, AL	101,287	09/03	8,960	-	8,960
Lowe's Home Improvement - Houston, Houston, TX	131,644	09/03	12,050	-	12,050
Lowe's Home Improvement - Steubenville, Steubenville, OH	130,497	09/03	11,442	-	11,442

Southwood Plantation, Tallahassee, FL	62,700	10/02	7,738	-	7,738
Super Wal-Mart - Alliance, Alliance, OH	200,084	09/03	15,879	-	15,879
Super Wal-Mart - Greenville, Greenville, SC	200,084	09/03	16,971	-	16,971
Super Wal-Mart - Winston-Salem, Winston-Salem, NC	204,931	09/03	18,721	-	18,721
Eckerd - Gaffney, Gaffney, SC	13,813	12/02	2,374	-	2,374
Wal-Mart/Sam's Club, Worcester, MA	107,929	09/03	11,194	-	11,194
Bi-Lo at Northside Plaza, Greenwood, SC	41,581	10/03	4,069	-	4,069
Cedar Springs Crossing, Spartanburg, SC	86,581	10/03	10,191	-	10,191
Clearwater Crossing, Flowery Branch, GA	90,566	10/03	13,303	-	13,303
Cortez Plaza, Bradenton, FL	286,610	10/03	26,819	16,828	9,991
Houston Square, Warner Robins, GA	60,799	10/03	5,214	-	5,214
Lexington Place, Lexington, SC	83,167	10/03	8,481	-	8,481
Manchester Broad Street, Manchester, CT	68,509	10/03	13,119	-	13,119
Plaza Del Paraiso, Miami, FL	82,442	10/03	15,417	-	15,417
Seekonk Town Center, Seekonk, MA	80,713	10/03	11,068	-	11,068
Shoppes of Ellenwood, Ellenwood, GA	67,721	10/03	10,703	-	10,703
Shoppes of Lithia, Brandon, FL	71,430	10/03	12,926	-	12,926
Crossroads Plaza, Lumberton, NJ	89,627	11/03	18,232	-	18,232
Hilliard Rome, Columbus, OH	110,772	11/03	17,171	11,883	5,288
Loisdale Center, Springfield, VA	120,742	11/03	29,051	-	29,051
Middletown Village, Middletown, RI	98,161	11/03	17,871	-	17,871
Shoppes at Oliver's Crossing, Winston-Salem, NC	76,512	11/03	10,386	-	10,386

PROPERTY	NUMBER OF SQUARE FEET	DATE OF PURCHASE	PURCHASE PRICE PLUS ACQUISITION FEE	MORTGAGE FINANCING AT DATE OF PURCHASE	CASH DOWN PAYMENT
Squirewood Village, Dandridge, TN	46,150	11/03	3,442	-	3,44
Waterfront Marketplace/Town Center, Homestead, PA	755,407	11/03	113,024	72,035	40,98
Winslow Bay Commons, Mooresville, NC	255,598	11/03	42,132	-	42,13
Albertson's at Bloomingdale Hills, Brandon, FL	78,686	12/03	5,856	-	5,85
Oak Summit, Winston-Salem, NC	142,739	12/03	13,666	-	13,66
Paradise Place, West Palm Beach, FL	69,620	12/03	11,688	-	11,68
Pointe at Tampa Plams, Tampa, FL	20,258	12/03	5,282	-	5,28

Southhampton Village, Tyrone, GA	77,900	11/02	10,610	-	10,61
Shoppes on the Ridge	91,165	12/02	11,422	-	11,42
Total for 2001 through 2003 acquisitions	29,573,733		3,653,755	497,556	3,156,19
DEVELOPMENT PROJECTS					
Fayette Pavilion III, Fayetteville, GA	N/A	07/03	203	-	20
Fountains, Plantation, FL	N/A	02/03	2,664	-	2,66
Hiram Pavilion, Hiram, GA	N/A	05/03	695	-	69
Northlake Commons, Palm Beach Gardens, FL	N/A	07/03	640	-	64
Redbud Commons Gastonia, NC	N/A	06/03	5,101	-	5,10
Shoppes of Golden Acres II, Newport Richey, FL	N/A	02/02	189	-	18
Southhampton Village, Tyrone, GA	N/A	11/02	62	-	6
Southlake Pavilion, Morrow, GA	N/A	12/01	702	-	70
Turkey Creek II, Knoxville, TN	N/A	01/02	1,317	-	1,31
Watercolor Crossing, Tallahassee, FL	N/A	03/03	1,028	-	1,02
Westside Center, Huntsville, AL	N/A	04/03	4,888	-	4,88
Total for Development projects at 12/31/03	-		17,489	-	17,48
GRAND TOTAL	31,875,622		3,935,930	529,516	3,406,41

TABLE VI- (CONTINUED)

ACQUISITION OF PROPERTIES BY PROGRAMS

NOTES TO TABLE VI

(A) "Other Cash Expenditures Capitalized" consists of improvements to the property and acquisition expenses which are capitalized and paid or to be paid from the proceeds of the offering. As part of several purchases, rent is received under master lease agreements on the spaces currently vacant for periods ranging from one to two years or until the spaces are leased. As these payments are received, they are recorded as a reduction in the purchase price of the properties and have been netted against other cash expenditures capitalized.

(B) "Total Acquisition Cost" is the sum of columns captioned "Purchase Price Plus Acquisition Fee" and "Other Cash Expenditures Capitalized.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all

of the requirements for filing on Form S-11 and has duly caused this Post-Effective Amendment No. 2 to its Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Oak Brook, State of Illinois, on the 18th day of March, 2005.

INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.

By: /s/ Robert D. Parks

Robert D. Parks
President, Chief Executive Officer and
Chief Operating Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Post-Effective Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

NAME	CAPACITY	DAT
/s/ Robert D. Parks Robert D. Parks	Chairman and Director	March 18
/s/ Steven P. Grimes Steven P. Grimes	Treasurer and Principal financial officer	March 18
/s/ Lori J. Foust Lori J. Foust	Principal accounting officer	March 18
/s/ Brenda G. Gujral Brenda G. Gujral	Director	March 18
* Frank Catalano	Independent Director	March 18
* Ken Beard	Independent Director	March 18
* Paul R. Gauvreau	Independent Director	March 18
* Gerald M. Gorski	Independent Director	March 18

*	Independent Director	March 18

Barbara A. Murphy

/s/ Roberta S. Matlin

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* Signed on behalf of the named individuals by Roberta S. Matlin, under power of attorney.