

NEW PLAN EXCEL REALTY TRUST INC  
Form 10-K  
March 06, 2006

# SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

## FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-12244

## NEW PLAN EXCEL REALTY TRUST, INC.

(Exact Name of Registrant as Specified in Its Charter)

**Maryland**  
(State of Incorporation)  
**420 Lexington Avenue**  
**New York, NY 10170**  
(Address of Principal Executive Offices) (Zip Code)

**33-0160389**  
(I.R.S. Employer Identification No.)  
**(212) 869-3000**  
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class                            | Name of Each Exchange on Which Registered |
|------------------------------------------------|-------------------------------------------|
| Common Stock, \$0.01 par value per share       | New York Stock Exchange                   |
| Series E Cumulative Redeemable Preferred Stock | New York Stock Exchange                   |

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES  NO

## Edgar Filing: NEW PLAN EXCEL REALTY TRUST INC - Form 10-K

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the Registrant's shares of common stock held by non-affiliates was approximately \$2,731,921,965 as of June 30, 2005, based on the closing price of \$27.17 on the New York Stock Exchange on that date.

As of March 1, 2006, the number of shares of common stock of the Registrant outstanding was 104,384,612.

Documents incorporated by reference: Portions of the Proxy Statement for the 2006 Annual Meeting of Stockholders of the Registrant to be filed subsequently with the SEC are incorporated by reference into Part III of this report.

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## PART I

### Forward-Looking Statements

This Annual Report on Form 10-K, together with other statements and information publicly disseminated by New Plan Excel Realty Trust, Inc. ( we or the Company ), contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements are based on assumptions and expectations which may not be realized and are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, performance, transactions or achievements, financial and otherwise, may differ materially from the results, performance, transactions or achievements expressed or implied by the forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to:

- national or local economic, business, real estate and other market conditions, including the ability of the general economy to recover timely from economic downturns;
- the competitive environment in which we operate;
- property ownership and management risks;
- financial risks, such as the inability to obtain debt or equity financing on favorable terms;
- possible future downgrades in our credit rating;
- the level and volatility of interest rates and changes in the capitalization rates with respect to the acquisition and disposition of properties;
- financial stability of tenants, including the ability of tenants to pay rent, the decision of tenants to close stores and the effect of bankruptcy laws;
- the ability to maintain our status as a REIT for federal income tax purposes;
- governmental approvals, actions and initiatives;
- environmental/safety requirements and costs;
- risks of real estate acquisition and development, including the failure of pending developments and redevelopments to be completed on time and within budget and the failure of newly acquired or developed properties to perform as expected;
- risks of disposition strategies, including the failure to complete sales on a timely basis and the failure to reinvest sale proceeds in a manner that generates favorable returns;
- risks of joint venture activities; and
- other risks identified in this Annual Report on Form 10-K and, from time to time, in other reports we file with the Securities and Exchange Commission (the SEC ) or in other documents that we publicly disseminate.

We undertake no obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.



**Item 1.**            *Business*

**General**

We are one of the nation's largest owners, managers and developers of community and neighborhood shopping centers. As of December 31, 2005, we owned interests in 476 properties in 39 states, including 311 wholly-owned properties and 165 properties held through unconsolidated joint ventures. The 476 properties include 458 community and neighborhood shopping centers with approximately 66.1 million square feet of gross leasable area ( GLA ), and 18 other related retail assets with approximately 1.1 million square feet of GLA. Our wholly-owned properties include 295 community and neighborhood shopping centers with approximately 41.5 million square feet of GLA, and 16 other related retail assets with approximately 1.2 million square feet of GLA. At December 31, 2005, the GLA for our total portfolio, excluding our pro rata share of joint venture properties, was approximately 89.9% leased and the GLA for our total portfolio, including our pro rata share of joint venture properties, was approximately 90.2% leased.

We are a self-administered and self-managed equity real estate investment trust, which we refer to as a REIT, that was formed in 1972 and is incorporated in Maryland. We maintain our principal executive offices at 420 Lexington Avenue, New York, New York 10170, where our telephone number is (212) 869-3000.

**Focused Product Strategy**

Our strategy is to own and manage a quality portfolio of commercial retail properties, primarily community and neighborhood shopping centers, which will provide increasing cash flow while protecting investor capital and providing potential for capital appreciation. We seek to implement this strategy by:

- aggressively managing, and where appropriate, redeveloping and upgrading our properties;
- selectively pursuing new development opportunities;
- selectively acquiring well-located commercial retail properties, primarily community and neighborhood shopping centers, either on an individual basis, in portfolio or corporate transactions, or through joint venture arrangements;
- effecting strategic asset dispositions and recycling the capital created by those transactions;
- providing retail real estate advisory services;
- seeking to reduce risk through geographic, tenant and retail format diversification of our portfolio; and
- continuing to maintain a strong and flexible financial position.

By focusing our portfolio primarily on community and neighborhood shopping centers with anchors and other tenants providing everyday necessities, we believe that our risk due to economic cycles is minimized.

Our ownership interests in real estate consist of our consolidated portfolio, which includes wholly-owned properties and properties consolidated in accordance with the provisions of Financial Accounting Standards Board Interpretation No. 46, *Consolidation of Variable Interest Entities* ( FIN 46 ), and our unconsolidated joint venture portfolio, which includes properties owned by joint ventures in which we have an economic interest. By entering into strategic joint ventures with institutional investors and other partners, we are able to generate capital sources for redevelopment, new development and acquisitions, as well as creating an opportunity to earn fees for property management, leasing and other related services. Our joint ventures may grow through acquisitions from third parties or direct purchases from us. We,

together with our joint venture partners, apply similar operating, investing and capital strategies to the portfolios owned by our joint ventures as we do with respect to our consolidated portfolio.

### **Aggressive Management**

We aggressively manage our properties, with an emphasis on maintaining high occupancy rates and a strong base of nationally and regionally recognized anchor tenants, as well as local specialty tenants, that generate substantial daily traffic. In connection with these efforts, we have six regional offices and 12 satellite field offices throughout the country, each of which is responsible for managing the leasing, property management and maintenance of properties in its area. We regularly monitor the physical condition of our properties and the financial condition of our tenants. We continually use our leasing and management capabilities to seek opportunities for tenant expansions, renovations and refurbishments to preserve and increase the value of our properties. We are currently improving the general appearance of certain of our properties by upgrading existing facades and roofs, updating signage, resurfacing parking lots and improving parking lot and exterior building lighting. In addition, we remain focused on enhancing our property management skills and our internal capabilities, systems and infrastructure.

We seek to increase the cash flow and portfolio value of our existing properties primarily through contractual rent increases during the lease term, re-letting of existing space at increased rents, expansion and redevelopment of existing properties, development of undeveloped outparcels and the minimization of overhead and operating costs.

### **Redevelopment and Outparcel Development of Properties**

During 2005, we completed –24 redevelopment projects in our consolidated portfolio, the aggregate cost of which, including costs incurred in prior years on these projects, was approximately \$75.4 million. Our current redevelopment pipeline in our consolidated portfolio is comprised of 32 projects, the aggregate cost of which, including costs incurred in prior years on these projects, is expected to be approximately \$184.2 million. In addition, during 2005, we completed –two outparcel development projects in our consolidated portfolio, the aggregate cost of which, including costs incurred in prior years on these projects, was approximately \$2.5 million. Our current outparcel development pipeline in our consolidated portfolio is comprised of six projects, the aggregate cost of which, including costs incurred in prior years on these projects, is expected to be approximately \$11.2 million. We intend on financing these redevelopment and outparcel development projects through cash from operations or draws on our \$350.0 million unsecured revolving credit facility (the Revolving Facility ).

We also redevelop properties in our joint venture portfolios and during 2005, we completed– six redevelopment projects, the aggregate cost of which, including costs incurred in prior years on these projects, was approximately \$14.2 million. Our current redevelopment pipeline for such projects is comprised of six projects, the aggregate cost of which, including costs incurred in prior years, is expected to be approximately \$81.3 million. In addition, we also develop outparcels at properties in our joint venture portfolios and our current pipeline for such projects is comprised of two projects, the aggregate cost of which, including costs incurred in prior years on these projects, is expected to be approximately \$7.1 million. We intend on financing our redevelopment and outparcel development projects in our joint venture portfolios with a variety of financing vehicles as determined from time to time by the joint venture.

### **New Development of Properties**

We selectively enter into new development opportunities. These projects are driven by tenant demand, and as such, we generally have a lease executed with the anchor tenant prior to investing substantial capital. Such activity enhances our relationships with our anchor tenants by demonstrating our ability to serve their growth needs.

During 2005, we completed two new development projects in our consolidated portfolio, the aggregate cost of which, including costs incurred in prior years on these projects, was approximately \$26.1 million. Our current new development pipeline in our consolidated portfolio is comprised of five projects, the aggregate cost of which, including costs incurred in prior years on these projects, is expected to be approximately \$29.8 million. We intend on financing these new development projects through cash from operations or draws on the Revolving Facility.

In the future, we also may enter into new development projects with our joint venture partners. We intend on financing any potential new development projects with our joint venture partners through a variety of financing vehicles as determined from time to time by the joint venture.

### **Acquisition of Properties**

We focus on retail properties, primarily community and neighborhood shopping centers that generate stable cash flows and present the opportunity for value appreciation. We may seek to expand our consolidated and joint venture portfolios by making selective, opportunistic acquisitions of individual properties and portfolios of well-located community and neighborhood shopping centers and other retail properties. Such acquisitions may involve stabilized, income-producing community and neighborhood shopping centers, as well as shopping centers that require significant re-tenanting and redevelopment where our ability to leverage our relationships with retailers and to utilize our management capabilities will allow us to enhance value. We may also consider investments in geographic markets where we do not presently operate should suitable opportunities arise.

During 2005, we expanded our consolidated portfolio by opportunistically acquiring the following: (1) eight shopping centers, (2) two vacant buildings adjacent to shopping centers owned by us and currently under redevelopment, (3) the remaining 90% interests in two shopping centers in which we owned the other 10% interests and (4) six land parcels. The acquisitions were completed in separate transactions during 2005 for an aggregate purchase price of approximately \$234.3 million. The acquired properties were located within our existing regional concentrations.

During 2005, we also expanded our joint venture portfolios by acquiring, together with our joint venture partners, 21 properties for an aggregate purchase price of approximately \$457.8 million.

### **Disposition of Properties**

We generally hold our properties for investment and the production of rental income and not for sale to customers or other buyers in the ordinary course of our business. However, to maximize shareholder value, we continually analyze each asset in our portfolio and identify those properties that can be sold or exchanged given prevailing market conditions and the particular characteristics of each property. Through this strategy, we seek to continually update our core property portfolio by disposing of properties that have limited growth potential or are not a strategic fit within our overall portfolio and redeploying such capital into newer properties or properties where our aggressive management techniques may maximize property values. We may engage from time to time in like-kind property exchanges, which allow us to dispose of properties and redeploy proceeds in a tax efficient manner.

In addition, we may sell and contribute assets to our existing joint ventures or to newly formed joint ventures. Although selling properties to joint ventures reduces our ownership interest in such property, we continue to share in the potential upside of properties that meet our long-term investment strategy, while retaining property management responsibilities, leveraging our infrastructure and generating fee income. In addition, we may facilitate the transfer of an individual asset or portfolio of assets between our joint ventures.



On August 10, 2005, we completed the sale and contribution of 69 community and neighborhood shopping centers (the Galileo Properties ) to Galileo America LLC for approximately \$968.0 million of total consideration, comprised of approximately \$928.2 million in cash and approximately \$39.8 million of equity in Galileo America LLC (the Property Transfer ). As a result of a series of related transactions that occurred simultaneously with the closing of the Property Transfer, we own an approximate 5.0% equity interest in Galileo America LLC, which, as of December 31, 2005, owned 126 properties. In connection with these transactions, we also acquired a recurring asset management fee stream and a minimum 20 year fee stream for all property management, leasing, development, acquisition and disposition fees related to Galileo America LLC.

During 2005, we also generated proceeds with respect to our consolidated portfolio of approximately \$105.6 million through the sale of two properties to a joint venture and the dispositions of nine shopping centers, three miscellaneous properties and four land parcels. In addition, we generated approximately \$17.1 million from our pro rata share of the dispositions of six properties held through our joint ventures.

#### **Retail Real Estate Advisory Services**

In order to capitalize on our asset management expertise and our broad geographic and tenant reach, we also provide retail real estate advisory services, including leasing and disposition strategies, for retailers. Our efforts may include services for our current tenants, as well as for retailers not currently leasing space in our portfolio. For example, during 2005, we formed a partnership with DJM Asset Management, LLC to advise The Great Atlantic & Pacific Tea Company on the sublease, assignment or other disposition of certain surplus Farmer Jack and Food Basics lease locations in the Southeast Michigan and Toledo, Ohio markets.

#### **Portfolio Diversification**

We seek to reduce risk through diversification achieved by the geographic distribution of our properties, the breadth of our tenant base and the balanced mix within our portfolio of both community and neighborhood shopping centers. As a result, excluding our pro rata share of annualized base rent ( ABR ) from joint venture properties, our largest shopping center, as a percent of our total ABR is just 1.9% of our total ABR and our ten largest tenants account for 18.6% of our total ABR. Our properties are strategically located across 39 states and throughout more than 160 metropolitan and micropolitan statistical areas as defined by The United States Office of Management and Budget for application to Census Bureau data. By owning both community shopping centers and neighborhood shopping centers we offer convenience shopping for the day-to-day needs of consumers, as well as a broad range of general merchandise.

#### **Financing Strategy**

We intend to finance redevelopments of existing assets, new developments and future acquisition opportunities with the most advantageous sources of capital available to us at the time, which may include the sale of common stock, preferred stock or debt securities through public offerings or private placements, the incurrence of additional indebtedness through secured or unsecured borrowings, and the reinvestment of proceeds from the disposition of properties or joint venture interests. We also may enter into additional joint ventures with institutions to acquire large properties or portfolios, reducing the amount of capital required by us to make such investments. Our financing strategy is to maintain a strong and flexible financial position by:

- maintaining a prudent level of leverage in order to maintain current investment-grade credit ratings,
- maintaining a large pool of unencumbered properties, and
- managing our exposure to interest rate risk from our floating rate debt.

## Recent Developments

### *Strategic Real Estate Transactions*

#### *Galileo America LLC*

On August 10, 2005, we completed the Property Transfer. The following related transactions occurred simultaneously with the closing of the Property Transfer, which resulted in us owning an approximate 5% equity interest in Galileo America LLC: (i) the redemption by Galileo America LLC of an existing interest in Galileo America LLC held by an affiliate of CBL & Associates Properties, Inc. ( CBL ) for two properties currently owned by Galileo America LLC, (ii) the purchase by us of an asset management fee stream from Galileo America LLC for \$18.5 million and (iii) the acquisition by us of the property management rights of an affiliate of CBL with respect to Galileo America LLC for \$22.0 million (plus an agreement to purchase certain additional property management rights in 2008 for \$7.0 million). All of the foregoing transactions are collectively referred to herein as the Galileo Transactions .

### *Financing Activities*

#### *Issuance of 5.30% Senior Unsecured Notes*

On January 13, 2005, we completed a public offering of \$100.0 million aggregate principal amount of senior unsecured, 10-year fixed rate notes with a coupon of 5.30% (the January 2005 Debt Offering ). The notes are due on January 15, 2015. The notes were priced at 99.930% of par value to yield 5.309%. Net proceeds from the offering were used to repay a portion of the borrowings outstanding under the Revolving Facility. Concurrent with the pricing of the January 2005 Debt Offering, we settled four of our seven 10-year forward starting interest rate swap agreements with an aggregate of approximately \$100.0 million in notional amount for an aggregate cost of approximately \$2.5 million.

#### *New Medium-Term Notes Program*

On January 19, 2005, we established, under our existing shelf registration statement, a new medium-term notes program with Banc of America Securities LLC, BNY Capital Markets, Inc., Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., as agents, pursuant to which we may issue and sell, from time to time, up to \$400.0 million aggregate principal amount of debt securities entitled Medium-Term Notes Due Nine Months or More from Date of Issue. This program replaced the medium-term notes program that we previously had in place. We have not yet issued any medium-term notes under the new program.

#### *New Unsecured Term Loan*

On April 5, 2005, we entered into a \$150.0 million unsecured term loan (the Unsecured Term Loan ). Net proceeds from the Unsecured Term Loan were used to repay all \$100.0 million of our outstanding 7.75% medium-term notes that were scheduled to mature on April 6, 2005, as well as to repay a portion of the borrowings outstanding under the Revolving Facility. On July 13, 2005, we amended the Unsecured Term Loan, increasing the amount that may be borrowed from \$150.0 million to \$200.0 million, and concurrently increased the amount borrowed from \$150.0 million to \$200.0 million. On August 10, 2005, we repaid the \$200.0 million outstanding under the Unsecured Term Loan with a portion of the proceeds generated from the Galileo Transactions, and as a result no further amounts are available for draw under this loan.

#### *Amendments to Credit Agreements*

On July 19, 2005, in anticipation of the Galileo Transactions, we entered into amendments to the Revolving Facility, our \$150 million secured term loan (the Secured Term Loan ) and the Unsecured Term Loan, modifying certain covenants contained in such agreements, including those related to asset

sales, permitted dividends, our minimum net worth, the ratio of our unsecured debt to unencumbered asset value and the capitalization rate used to calculate the value of our assets for purposes of certain ratio tests.

*Issuance of 5.125% and 5.25% Senior Unsecured Notes and Redemption of 5.875% Senior Unsecured Notes*

On September 19, 2005, we completed a public offering of \$125.0 million aggregate principal amount of senior unsecured, 7-year fixed rate notes with a coupon of 5.125% (the 5.125% Notes ) and \$125.0 million aggregate principal amount of senior unsecured, 10-year fixed rate notes with a coupon of 5.25% (the 5.25% Notes ) (collectively, the September 2005 Debt Offering ). The 5.125% Notes and the 5.25% Notes are due on September 15, 2012 and 2015, respectively. The 5.125% Notes were priced at 99.919% of par value to yield 5.139%. The 5.25% Notes were priced at 99.372% of par value to yield 5.332%. Net proceeds from the offering were used to redeem all \$250.0 million of our outstanding 5.875% senior unsecured notes that were scheduled to mature on June 15, 2007 and were called for redemption on August 4, 2005 at a redemption price of 100% of their principal amount plus any interest accrued up to, but excluding, the redemption date, and the applicable make-whole premium of approximately \$7.1 million relating to such notes. Concurrent with the pricing of the September 2005 Debt Offering, we settled our three remaining 10-year forward starting interest rate swap agreements with an aggregate of approximately \$100.0 million in notional amount for an aggregate cost of approximately \$7.6 million.

*Special Distribution*

In conjunction with the Galileo Transactions, our Board of Directors declared a special cash distribution of \$3.00 per common share (the Special Dividend ). The distribution was paid on September 27, 2005 to common stockholders of record on August 25, 2005, and aggregated approximately \$310.4 million.

*Other Events*

*Winn-Dixie Stores Bankruptcy*

On February 21, 2005, Winn-Dixie Stores filed for bankruptcy protection under Chapter 11 of the federal bankruptcy laws. On June 21, 2005, Winn-Dixie Stores announced its intention to sell or close approximately 326 store locations. Prior to the bankruptcy filing, Winn-Dixie Stores leased space at 22 of our shopping centers and one shopping center owned by Galileo America LLC, a joint venture in which we obtained a 5% equity interest in connection with the Galileo Transactions. Since the bankruptcy filing, Winn-Dixie Stores has assigned four leases, rejected leases at eight locations, of which two rejected leases have since been re-leased and one location has since been sold, and failed to renew one lease upon its expiration. As a result, we currently have 10 remaining leases with Winn-Dixie Stores (one of which is currently sub-leased) in our portfolio, including five leases at properties held in joint ventures in which we have either a 5% or 10% interest.

The 10 non-rejected lease locations are all currently physically occupied and aggregate (including our pro rata share of the joint venture properties) approximately 0.3 million square feet of GLA and represent approximately \$1.7 million of ABR, or approximately \$6.09 per square foot. This represents approximately 0.5% of our total ABR. The five non-rejected lease locations within our wholly-owned portfolio aggregate approximately 0.3 million square feet of GLA and represent approximately \$1.6 million of ABR, or approximately \$6.07 per square foot.

*NP/I&G Institutional Retail Company II*

On February 2, 2006, we formed a second strategic joint venture with JPMorgan Fleming Asset Management to acquire high-quality institutional grade community and neighborhood shopping centers on a nationwide basis. The joint venture, which is called NP/I&G Institutional Retail Company II, LLC, has a

total equity commitment of \$150.0 million based on a 20 percent / 80 percent contribution split between us and a fund advised by JPMorgan Fleming Asset Management, respectively. Under the terms of this joint venture, we have agreed to contribute \$30.0 million as our pro rata share for property acquisitions, as well as our pro rata share of any additional capital that might be required by the joint venture. As the managing member, we will be responsible for initiating acquisitions, as well as providing management and leasing services.

### **Competition**

We face considerable competition in the leasing of real estate, which is a highly competitive market. We compete with a number of other companies in providing leases to prospective tenants and in re-letting space to current tenants upon expiration of their respective leases. If our tenants decide not to renew or extend their leases upon expiration, we may not be able to re-let the space. Even if the tenants do renew or we can re-let the space, the terms of renewal or re-letting, including the cost of required renovations or concessions to tenants, may be less favorable or more costly than current lease terms or than expectations for the space. We believe that the principal competitive factors in attracting tenants in our market areas are location, price, co-tenants and physical conditions of our properties. In this regard, we aggressively manage and, where appropriate, redevelop and upgrade, our properties, with an emphasis on maintaining high occupancy rates and a strong base of nationally and regionally recognized anchor tenants, as well as local specialty tenants, that generate substantial daily traffic. In addition, we believe that the breadth of our national portfolio of properties, and the local knowledge and market intelligence of our regional operating system, make us attractive to national, regional and local retailers.

In addition, we face significant competition for acquisitions of, and investments in, properties and real estate companies with an indeterminate number of investors, including investors with access to significant capital such as domestic and foreign corporations and financial institutions, publicly traded and privately held REITs, private institutional investment funds, investment banking firms, life insurance companies and pension funds. The current market for acquisitions continues to be highly competitive. Nevertheless, we believe that our experience in operating, acquiring, developing and obtaining financing for community and neighborhood shopping centers, particularly our ability to structure acquisitions, should enable us to compete effectively. Given our operating and capital strategies, we have the capacity to acquire individual properties or portfolios on both our own balance sheet or with joint venture capital, which enables us to allocate risk and increase returns. We can also acquire stabilized, income producing properties or properties that can benefit from our re-tenanting and redevelopment competencies. In addition, because of the breadth of our portfolio, we can acquire properties across the nation and are able to efficiently absorb such properties into our scalable regional operating system.

### **Environmental Exposure**

We are subject to federal, state and local environmental regulations that apply generally to the ownership of real property and the operations conducted on real property. Under various federal, state and local laws, ordinances and regulations, we may be considered an owner or operator of real property or may have arranged for the disposal or treatment of hazardous or toxic substances or petroleum product releases at a property and, therefore, may become liable for the costs of removal or remediation of certain hazardous substances released on or in our property or disposed of by us, as well as certain other potential costs which could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). Such liability may be imposed whether or not we knew of, or were responsible for, the presence of these hazardous or toxic substances. As is common with community and neighborhood shopping centers, many of our properties had or have on-site dry cleaners and/or on-site gasoline facilities. These operations could potentially result in environmental contamination at the properties. The cost of investigation, remediation or removal of such substances may be substantial, and 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 borrow using such property as collateral.

We are aware that soil and groundwater contamination exists at some of our properties. The primary contaminants of concern at these properties include perchloroethylene and trichloroethylene (associated with the operations of on-site dry cleaners) and petroleum hydrocarbons (associated with the operations of on-site gasoline facilities). We also are aware that asbestos-containing materials exist at some of our properties. While we do not expect the environmental conditions at our properties, considered as a whole, to have a material adverse effect on us, there can be no assurance that this will be the case. Further, no assurance can be given that any environmental studies performed have identified or will identify all material environmental conditions, that any prior owner of the properties did not create a material environmental condition not known to us or that a material environmental condition does not otherwise exist with respect to any of our properties.

### **Employees**

As of December 31, 2005, we employed approximately 412 individuals (including executive, administrative and field personnel).

### **Available Information**

Our internet website address is [www.newplan.com](http://www.newplan.com). You can obtain on our website, free of charge, a copy of our annual report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after we electronically file such reports or amendments with, or furnish them to, the SEC. Also available on our website, free of charge, are copies of our Code of Business Conduct and Ethics, our Code of Ethics for Principal Executive Officer and Senior Financial Officers, our Corporate Governance Guidelines, and the charters for each of the committees of our Board of Directors the Audit Committee, the Corporate Governance and Nominating Committee and the Executive Compensation and Stock Option Committee. Copies of our Code of Business Conduct and Ethics, our Code of Ethics for Principal Executive Officer and Senior Financial Officers, our Corporate Governance Guidelines, and our committee charters are also available in print free of charge, upon request by any stockholder. You can obtain such copies in print by contacting our Senior Vice President of Corporate Communications, either by mail at our corporate office or by e-mail at [corporatecommunications@newplan.com](mailto:corporatecommunications@newplan.com).

### **Financial Information about Industry Segments**

Our principal business is the ownership, management and development of community and neighborhood shopping centers. We do not distinguish or group our operations on a geographical basis when measuring performance. All operations are within the United States and no tenant accounts for more than 10% of total revenue. Accordingly, we believe we have a single reportable segment for disclosure purposes in accordance with accounting principles generally accepted in the United States. See the Consolidated Financial Statements and Notes thereto included in Item 8 of this Annual Report on Form 10-K for certain information required by Item 1.

**ITEM 1A. Risk Factors**

**Overview**

Set forth below are the risks that we believe are material to investors who purchase or own our securities that are not otherwise described in this Annual Report on Form 10-K. We have separated the risks into three groups:

- risks related to our properties and business;
- risks related to our organization and structure; and
- tax risks.

The occurrence of any of the following factors or circumstances could adversely affect our cash flows, financial condition, results of operations and/or our ability to meet our operating expenses, including debt service and capital expenditure obligations, and make distributions to our stockholders, any or all of which could in turn cause a decline in the market value of our securities.

**Risks Related to Our Properties and Business**

*The economic performance and value of our properties are subject to risks associated with real estate assets and with the real estate industry.* As a real estate company, we are subject to all of the risks associated with owning and operating real estate, including:

- changes in the national, regional and local economic climate, particularly in Texas, where 68 of our 311 wholly-owned properties, and 89 of our 476 total properties, are located as of December 31, 2005;
- local conditions, including an oversupply of space in properties similar to those that we own, or a reduction in demand for properties similar to those that we own;
- the attractiveness of our properties to tenants;
- the financial stability of tenants, including the ability of tenants to pay rent;
- competition from other available properties;
- changes in market rental rates;
- the need to periodically fund the costs to repair, renovate and re-let space;
- changes in operating costs, including costs for maintenance, insurance and real estate taxes;
- earthquakes, tornados, hurricanes and other natural disasters, civil unrest, terrorist acts or acts of war, which may result in uninsured or underinsured losses;
- the fact that the expenses of owning and operating properties are not necessarily reduced when circumstances such as market factors and competition cause a reduction in income from the properties; and
- changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

*Downturns in the retailing industry likely will have a direct impact on our performance.* Our properties consist of community and neighborhood shopping centers and other retail properties. Our performance therefore is linked to economic conditions in the market for retail space generally, and a decrease in the demand for retail space may have a greater adverse effect on our business and financial condition than if we owned a more diversified real estate portfolio. The market for retail space has been or could be

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adversely affected by weakness in the national, regional and local economies, the adverse financial condition of some large retailing companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets, and increasing consumer purchases through catalogues and the Internet. To the extent that any of these conditions occur, they are likely to impact market rents for retail space and could adversely affect our business.

***Failure by any anchor tenant with leases in multiple locations to make rental payments to us, because of a deterioration of its financial condition or otherwise, could seriously harm our performance.*** Our performance depends on our ability to collect rent from tenants. At any time, our tenants may experience a downturn in their business that may significantly weaken their financial condition. As a result, our tenants may delay a number of lease commencements, decline to extend or renew a number of leases upon expiration, fail to make rental payments when due under a number of leases, close a number of stores or declare bankruptcy. Any of these actions could result in the termination of the tenant's leases, or expiration of existing leases without renewal, and the loss of rental income attributable to the terminated or expired leases. In addition, lease terminations by an anchor tenant or a failure by that anchor tenant to occupy the premises could result in lease terminations or reductions in rent by other tenants in the same shopping centers under the terms of some leases. In that event, we may be unable to re-lease the vacated space at attractive rents or at all. The occurrence of any of the situations described above, particularly if it involves a substantial tenant with leases in multiple locations, could seriously harm our performance. As of December 31, 2005, our largest tenants were The Kroger Co., Wal-Mart Stores and Sears Holdings Corp., the scheduled ABR for which, including our pro rata share of ABR generated by properties owned by unconsolidated joint ventures, represented 4.1%, 2.5% and 2.4%, respectively, of our total ABR. As of December 31, 2005, The Kroger Co., Wal-Mart Stores and Sears Holdings Corp., represented 4.3%, 2.6% and 2.5%, respectively, of our scheduled ABR, excluding our pro rata share of ABR generated by properties owned by unconsolidated joint ventures.

***We may be unable to collect balances due from any tenants in bankruptcy.*** We cannot assure you that any tenant that files for bankruptcy protection will continue to pay us rent. A bankruptcy filing by or relating to one of our tenants or a lease guarantor would bar all efforts by us to collect pre-bankruptcy debts from that tenant or the lease guarantor, or their property, unless we receive an order permitting us to do so from the bankruptcy court. A tenant or lease guarantor bankruptcy could delay our efforts to collect past due balances under the relevant leases, and could ultimately preclude collection of these sums. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to us in full. However, if a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. Any unsecured claim we hold may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims, and there are restrictions under bankruptcy laws that limit the amount of the claim we can make if a lease is rejected. As a result, it is likely that we will recover substantially less than the full value of any unsecured claims we hold from a bankrupt tenant.

***We face considerable competition in the leasing market and may be unable to renew leases or re-let space as leases expire.*** We compete with a number of other companies in providing leases to prospective tenants and in re-letting space to current tenants upon expiration of their respective leases. If our tenants decide not to renew or extend their leases upon expiration, we may not be able to re-let the space. Even if the tenants do renew or we can re-let the space, the terms of renewal or re-letting, including the cost of required renovations or concessions to tenants, may be less favorable or more costly than current lease terms or than expectations for the space. As of December 31, 2005, and including our pro rata share of properties owned by unconsolidated joint ventures, leases were scheduled to expire on a total of approximately 11.0% of the space at our properties through 2006. We may be unable to promptly renew the leases or re-let this space, or the rental rates upon renewal or re-letting may be significantly lower than expected rates.



*Future acquisitions of properties may not yield the returns we expect, may result in disruptions to our business and may strain management resources.* We intend to continue acquiring select community and neighborhood shopping centers. In deciding whether to acquire a particular property, we make certain assumptions regarding the expected future performance of that property. Newly acquired properties may fail to perform as expected. Our management may underestimate the costs necessary to bring acquired properties up to standards established for their intended market position, which may result in the properties' failure to achieve projected returns.

In particular, we may acquire large portfolios of community and neighborhood shopping centers. Large portfolio acquisitions pose risks for our ongoing operations in that:

- we may not achieve expected cost savings and operating efficiencies;
- management attention may be diverted to the integration of acquired properties;
- the acquired properties may not perform as well as we anticipate due to various factors, including changes in macro-economic conditions and the demand for retail space; and
- we may experience difficulties and incur expenses related to the assimilation and retention of employees that we have hired or intend to hire to manage and operate acquired properties.

*We face significant competition for acquisitions of real properties, which may reduce the number of acquisition opportunities available to us and increase the costs of these acquisitions.* We compete for acquisitions of, and investments in, properties and real estate companies with an indeterminate number of investors, including investors with access to significant capital such as domestic and foreign corporations and financial institutions, publicly traded and privately held REITs, private institutional investment funds, investment banking firms, life insurance companies and pension funds. The current market for acquisitions continues to be extremely competitive. This competition may increase the demand for the types of properties in which we typically invest and, therefore, reduce the number of suitable acquisition opportunities available to us and increase the prices paid for such acquisition properties.

*Current and future development and redevelopment of real estate properties may not yield expected returns and may strain management resources.* We are actively involved in several ongoing redevelopment projects, and have become more actively involved in development projects. We also expect to invest in additional development and redevelopment projects in the future.

Redevelopment and new development of properties are subject to a number of risks, including the following:

- abandonment of development activities after expending resources to determine feasibility;
- construction and/or lease-up delays;
- cost overruns, including construction costs that exceed our original estimates;
- failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; and
- delays in and the inability to obtain necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws.

If any of these problems occur, overall project costs may significantly exceed the costs that were estimated when the project was originally undertaken, which will result in reduced returns, or even losses, from such investments. In addition, delays in the completion of a development or redevelopment project may provide various tenants the right to withdraw from a property.



*Our current and future joint venture investments could be adversely affected by a lack of sole decision-making authority and our reliance on joint venture partners' financial condition.* We have invested in some cases as a co-venturer or partner in the development or redevelopment of new properties, instead of developing projects directly. These investments involve risks not present in a wholly owned development or redevelopment project, including the following:

- in these investments, we do not have exclusive control over the development, financing, leasing, management and other aspects of the project, which may prevent us from taking actions that are opposed by our joint venture partners;
- we may be required to obtain prior consent from our co-venturers or partners for a sale or transfer to a third party of our interests in the joint venture, which restricts our ability to dispose of our interest in the joint venture;
- our co-venturers or partners might have interests or goals that are inconsistent with our interests or goals, and may be in a position to take actions contrary to our interests or otherwise impede our objectives;
- our co-venturers or partners also might become insolvent or bankrupt, which may delay construction or development of a property or increase our financial commitment to the joint venture;
- such investments have the potential risk of impasse on certain major decisions, such as a sale, because neither we nor our partner or co-venturer typically would have full control over the joint venture;
- any disputes that may arise between us and our joint venture partners could result in litigation or arbitration that could increase our expenses and distract our officers and/or directors from focusing their time and effort on our business; and
- we might be liable for the actions of our joint venture partners in certain circumstances, and the activities of a joint venture could adversely affect our ability to qualify as a REIT, even though we do not control the joint venture.

As of December 31, 2005, we had approximately \$95.5 million of investments in and advances to eleven unconsolidated joint ventures that own an aggregate of 165 properties. The largest of these investments is our investment in the Galileo America LLC venture. We have a 5% equity interest in this joint venture, which interest was acquired on August 10, 2005 in conjunction with our sale of an aggregate of 69 community and neighborhood shopping centers to Galileo America LLC. Our investment in this joint venture is subject to the risks described above for jointly owned investments. As of December 31, 2005, this joint venture was comprised of 126 stabilized assets.

*Real estate property investments are illiquid, and therefore we may not be able to dispose of properties when appropriate or on favorable terms.* Real estate property investments generally cannot be disposed of quickly. In addition, the federal tax code imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales or properties that otherwise would be in our best interest. Therefore, we may not be able to vary our portfolio in response to economic or other conditions promptly or on favorable terms, which may adversely affect our financial position.

*Some potential losses are not covered by insurance, so we could lose a significant portion of our investment in a property.* We carry comprehensive liability, fire, extended coverage, rental loss and acts of terrorism insurance on all of our properties. We believe the policy specifications and insured limits of these policies are adequate and appropriate given the relative risk of loss, the cost of the coverage and industry practice.

There are, however, certain types of losses, including lease and other contract claims, acts of war and acts of God, and, in some cases, flooding, that generally are not insured, either because such coverage is not available or is not available at commercially reasonable rates. If we experience a loss which is uninsured or which exceeds policy limits, we could lose a significant portion of the capital we have invested in the damaged property, as well as the anticipated future revenue from the property. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it impractical or undesirable to use insurance proceeds to replace a property after it has been damaged or destroyed. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

*There can be no assurance as to future costs and the scope of coverage that may be available under insurance policies.* Although we believe our properties are adequately covered by insurance, we cannot predict at this time if we will be able to obtain full coverage at a reasonable cost in the future. The costs associated with property and casualty renewals may be higher than anticipated.

*We have substantial scheduled debt payments, which will result in significant debt service obligations, and we may not be able to refinance debt at maturity.* As of December 31, 2005, the total principal amount of our outstanding debt was approximately \$1.6 billion. Therefore, our business is subject to risks normally associated with debt financing, including the risk that our cash flow will be insufficient to pay expected dividends to stockholders and meet required payments of principal and interest. We are also subject to the risk that we may not be able to refinance existing debt, which in virtually all cases requires substantial principal payments at maturity, and, even if we can, the terms of a refinancing might not be as favorable as the terms of existing debt. If principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, including new equity capital, cash flow may not be sufficient in all years to repay all maturing debt at the relevant time(s) and we may be forced to dispose of properties on disadvantageous terms. In addition, prevailing interest rates, our results of operations and financial condition, our senior debt ratings or other factors at the time of refinancing, including the possible reluctance of lenders to make loans, may result in higher interest rates and increased interest expense, which could adversely affect our cash flow and our ability to pay distributions to stockholders.

*Our degree of leverage could limit our ability to obtain additional financing and adversely affect our business and financial condition.* Our organizational documents do not contain any limitation on the incurrence of debt. The degree of our leverage could have important consequences, including:

- requiring us to dedicate a substantial portion of our funds from operations to servicing our debt, thereby reducing the amount available for distributions;
- affecting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general corporate purposes; and
- making us more vulnerable to economic and industry downturns.

In addition, as a result of the financial and operating covenants described below, our leverage could reduce our flexibility in conducting our business and planning for, or reacting to, changes in our business and in the real estate industry.

*We currently have variable rate debt obligations, which could be substantial in the future and may impede our operating performance and put us at a competitive disadvantage.* As of December 31, 2005, we had approximately \$304.3 million of outstanding floating rate debt, including the impact of swaps, maturing at various times up to September 1, 2011. In addition, we could increase the amount of our outstanding variable rate debt in the future in part by borrowing under the Revolving Facility, which bears interest at a variable rate and had approximately \$285.0 million available for draw as of December 31, 2005. The rates on our variable rate indebtedness increase when interest rates increase. Interest rates are currently low relative to historical levels and may increase significantly in the future. Increases in interest rates, or the



loss of the benefits of any hedging agreements that we might have, would increase our interest expense, which would adversely affect cash flow and our ability to service debt and pay dividends to stockholders.

Hedging agreements enable us to convert floating rate liabilities to fixed rate liabilities or fixed rate liabilities to floating rate liabilities. Hedging agreements expose us to the risk that the counterparties to such agreements may not perform, even though the counterparties to hedging agreements that we enter into are major financial institutions, which could increase our exposure to fluctuating interest rates. In addition, hedging agreements may involve costs, such as transaction fees or breakage costs, if we terminate them. As of December 31, 2005, we were a party to two hedging agreements.

As discussed above, we may borrow additional money with floating interest rates in the future. Increases in interest rates, or the loss of the benefits of our existing or future hedging agreements, would increase our interest expense, which would adversely affect cash flow and our ability to service our debt. Future increases in interest rates will increase our interest expense as compared to the fixed rate debt underlying our hedging agreements and could result in our making payments to unwind such agreements.

***Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.*** As of December 31, 2005, we had approximately \$419.8 million of mortgage debt outstanding, excluding the impact of unamortized premiums. If a property or group of properties is mortgaged to secure payment of debt and we are unable to meet mortgage payments, the holder of the mortgage or lender could foreclose on the property, resulting in loss of our investment. Also, certain of these mortgages contain customary negative covenants which, among other things, limit our ability, without the prior consent of the lender, to further mortgage the property, to enter into new leases or materially modify existing leases, and to discontinue insurance coverage.

***Our financial covenants may restrict our operating and acquisition activities.*** The Revolving Facility, the Secured Term Loan and the indentures under which our senior unsecured debt is issued contain certain financial and operating covenants, including, among other things, certain coverage ratios, as well as limitations on our ability to incur secured and unsecured debt, make dividend payments, sell all or substantially all of our assets and engage in mergers and consolidations and certain acquisitions. These covenants may restrict our ability to pursue certain business initiatives or certain acquisition transactions. In addition, failure to meet any of these covenants, including the financial coverage ratios, could cause an event of default under and/or accelerate some or all of our indebtedness, which would have a material adverse effect on us.

***A downgrade in our credit rating could negatively impact us.*** The floating rates of interest applicable to much of our debt, including debt under our credit facilities, are determined based on the credit ratings of our debt provided by independent rating agencies. Thus, if these credit ratings are downgraded, our interest expense will be, and our ability to raise additional debt may be, negatively impacted.

***Environmental problems that exist at some of our properties could result in significant unexpected costs.*** We are subject to federal, state and local environmental regulations that apply generally to the ownership of real property and the operations conducted on real property. Under various federal, state and local laws, ordinances and regulations, we may be considered an owner or operator of real property or may have arranged for the disposal or treatment of hazardous or toxic substances or petroleum product releases at a property and, therefore, may become liable for the costs of removal or remediation of certain hazardous substances released on or in our property or disposed of by us, as well as certain other potential costs which could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). Such liability may be imposed whether or not we knew of, or were responsible for, the presence of these hazardous or toxic substances. As is common with community and neighborhood shopping centers, many of our properties had or have on-site dry cleaners and/or on-site gasoline facilities. These operations could potentially result in environmental contamination at the properties. The cost of



investigation, remediation or removal of such substances may be substantial, and 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 borrow using such property as collateral.

We are aware that soil and groundwater contamination exists at some of our properties. The primary contaminants of concern at these properties include perchloroethylene and trichloroethylene (associated with the operations of on-site dry cleaners) and petroleum hydrocarbons (associated with the operations of on-site gasoline facilities). We also are aware that asbestos-containing materials exist at some of our properties. While we do not expect the environmental conditions at our properties, considered as a whole, to have a material adverse effect on us, there can be no assurance that this will be the case. Further, no assurance can be given that any environmental studies performed have identified or will identify all material environmental conditions, that any prior owner of the properties did not create a material environmental condition not known to us or that a material environmental condition does not otherwise exist with respect to any of our properties.

*Changes in market conditions could adversely affect the market price of our publicly traded securities.* As with other publicly traded securities, the market price of our publicly traded securities depends on various market conditions, which may change from time to time. Among the market conditions that may affect the market price of our publicly traded securities are the following:

- the extent of institutional investor interest in the company;
- the reputation of REITs generally and the reputation of REITs with portfolios similar to ours;
- the attractiveness of the securities of REITs in comparison to securities issued by other entities (including securities issued by other real estate companies);
- our financial condition and performance;
- the market's perception of our growth potential and potential future cash dividends;
- changes in our revenues or earnings estimates or recommendations by securities analysts;
- publication of research reports about us or our industry by securities analysts;
- an increase in market interest rates, which may lead prospective investors to demand a higher distribution rate in relation to the price paid for our shares;
- strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;
- the passage of legislation or other regulatory developments that adversely affect us or our industry;
- speculation in the press or investment community;
- actions by institutional shareholders or hedge funds; and
- general economic and financial market conditions.

Sales of a substantial number of shares of our stock, or the perception that such sales could occur, also could adversely affect prevailing market prices for our stock. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate. In addition to the possibility that we may sell shares of our stock in a public offering at any time, we also may issue shares of common stock upon redemption of units of partnership interest held by third parties in affiliated partnerships that we control, as well as in connection with grants of restricted stock or upon exercise of stock options that we grant to our officers and employees. All of these shares will be available for sale in the public markets from time to time.





**Risks Related to Our Organization and Structure**

*Provisions of the company's charter and bylaws could inhibit changes in control of the company, and could prevent stockholders from obtaining a premium price for our common stock.* A number of provisions of our charter and bylaws may delay, defer or prevent a change in control of the company or other transactions that could provide stockholders with a premium over the then-prevailing market price of our common stock or that might otherwise be in the best interests of the stockholders. These provisions include a staggered board of directors, advance notice requirements for stockholder proposals and our share ownership limit described below. In addition, our charter permits our Board of Directors to issue up to 25,000,000 shares of preferred stock, having those preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications, or terms or conditions of redemption as determined by our Board of Directors. Thus, any future series of our preferred stock may have voting or other provisions that could delay or prevent a change in control or other transaction that might involve a premium over the then-prevailing market price of our common stock or that might otherwise be in the best interests of the stockholders.

*Our Board of Directors could adopt the limitations available under Maryland law on changes in control that could prevent transactions in the best interests of stockholders.* Certain provisions of Maryland law may have the effect of inhibiting a third party from making an acquisition proposal or of impeding a change in control under circumstances that otherwise could provide our common stockholders with the opportunity to realize a premium over the then-prevailing market price of our common stock, including the following:

- business combination moratorium/fair price provisions that, subject to limitations, prohibit certain business combinations between us and an interested shareholder (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding shares or an affiliate thereof) for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter a business combination with an interested stockholder must be approved by two super-majority stockholder votes unless, among other conditions, our common stockholders receive a minimum price for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares of common stock; and
- control share provisions that provide that control shares of our company (defined as shares which, when aggregated with other shares controlled by the shareholder, entitle the shareholder to exercise one of three increasing ranges of voting power in electing trustees) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of control shares from a party other than the issuer) have no voting rights except to the extent approved by our shareholders by the affirmative vote of at least two thirds of all the votes entitled to be cast on the matter, excluding all interested shares, and are subject to redemption in certain circumstances.

Our Board of Directors has opted out of these provisions of Maryland law. As a result, these provisions will not apply to a business combination or control share acquisition involving the company. Our Board of Directors may, however, repeal these elections in most cases and cause the company to become subject to these provisions in the future.

*Our share ownership limit may discourage a takeover of the company and depress our stock price.* To facilitate maintenance of our REIT qualification and for other strategic reasons, our charter generally prohibits any person from acquiring or holding shares of our preferred and common stock in excess of 9.8% (by value or by number of shares, whichever is more restrictive) of the outstanding shares of each class or series of our stock. Our Board of Directors may exempt a person from this ownership limit under specified conditions. Absent an exemption or a waiver, shares of stock that are purportedly transferred in excess of the ownership limit will be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries, and the purported transferee will not acquire any rights in such shares. This



ownership limit could delay or prevent a change in control of the company and, therefore, could adversely affect the stockholders' ability to realize a premium over the then-prevailing market price for our shares.

*We are dependent on external sources of capital, which may not be available.* To qualify as a REIT, we must, among other things, distribute to our stockholders each year at least 90% of our REIT taxable income (excluding any net capital gains). In order to eliminate federal income tax, we will be required to distribute annually 100% of our net taxable income (including capital gains). Because of these distribution requirements, we likely will not be able to fund all future capital needs, including capital for property development and acquisitions, with income from operations. We therefore will have to rely on third-party sources of capital, which may or may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of things, including the market's perception of our growth potential and our current and potential future earnings and our ability to continue to qualify as a REIT for federal income tax purposes.

### **Tax Risks**

*Failure of the company to qualify as a REIT would have serious adverse consequences to stockholders.* We believe that the company has qualified for taxation as a REIT for federal income tax purposes since September 28, 1998, the date of the merger of our predecessor companies, New Plan Realty Trust and Excel Realty Trust, Inc., and that our predecessor companies qualified for taxation as REITs for federal income tax purposes since their first elections to be taxed as REITs and for each taxable year where a failure to qualify would adversely affect the company. We plan to continue to operate so that the company meets the requirements for taxation as a REIT. Many of these requirements, however, are highly technical and complex. The determination that the company is a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least 95% of our gross income must come from certain sources that are itemized in the REIT tax laws. We are also required to distribute to stockholders at least 90% of our REIT taxable income (excluding any net capital gains). The fact that we hold certain of our assets through partnerships and their subsidiaries further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize the company's REIT status. Furthermore, Congress and the Internal Revenue Service might make changes to the tax laws and regulations, and the courts might issue new rulings, that make it more difficult, or impossible, for the company to remain qualified as a REIT.

If the company fails to qualify as a REIT and any available relief provisions do not apply, the company would be subject to federal income tax at regular corporate rates. Also, unless the Internal Revenue Service granted the company relief under certain statutory provisions, the company would remain disqualified as a REIT for four years following the year the company first failed to qualify. If the company failed to qualify as a REIT, the company would have to pay significant income taxes and would therefore have less money available for investments, debt service and dividends to stockholders. This likely would have a significant adverse effect on the value of our securities. In addition, we would no longer be required to pay any dividends to stockholders.

Even if the company qualifies as a REIT for federal income tax purposes, we are required to pay certain federal, state and local taxes on our income and property. For example, we will pay tax on any net taxable income or gain that we do not distribute in a taxable year. In addition, if we have net income from prohibited transactions, that income will be subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale is a prohibited transaction depends on the facts and circumstances related to that sale. While we have undertaken a significant number of asset sales in recent years, we do not believe that those sales should be considered prohibited transactions, but there can be no assurance that the Internal Revenue Service would not contend otherwise. Any net taxable income earned directly by our taxable affiliates, including ERT Development Corporation, is subject to federal,

state and local corporate income tax. The taxation of the company at the state and local levels may differ from the federal income tax treatment of the company. To the extent that we and our affiliates are required to pay federal, state and local taxes, we will have less cash available for distributions to our stockholders.

Subject to certain exceptions, including the one discussed in this paragraph, a REIT is generally prohibited from owning securities in any one issuer if the value of those securities exceeds 5% of the value of the REIT's total assets or the securities owned by the REIT represent more than 10% of the issuer's outstanding voting securities or more than 10% of the value of the issuer's outstanding securities. A REIT is permitted to own securities of a subsidiary in an amount that exceeds the 5% value test and the 10% vote or value test if the subsidiary elects to be a taxable REIT subsidiary, which is taxable as a corporation. However, a REIT may not own securities of taxable REIT subsidiaries that represent in the aggregate more than 20% of the value of the REIT's total assets. We currently own 100% of the outstanding securities of ERT Development Corporation, which elected, effective January 1, 2001, to be a taxable REIT subsidiary of ours. Each corporate subsidiary in which ERT Development Corporation owns more than 35% of the outstanding voting securities or more than 35% of the value of the outstanding securities will also be treated as a taxable REIT subsidiary of ours. While we believe that we have satisfied the limitations on the ownership of securities with regard to our ownership of interests in ERT Development Corporation during each of the taxable years that each such limitation applied to us, given the highly complex nature of the rules governing REITs and the ongoing importance of factual determinations, we cannot provide any assurance that the Internal Revenue Service would not disagree with our determination.

Several provisions of the applicable tax laws ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct interest payments made to an affiliated REIT. In addition, the REIT has to pay a 100% penalty tax if the economic arrangements between the REIT, the REIT's tenants, and a taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties.

*The company could be disqualified as a REIT or have to pay taxes if its predecessor companies did not qualify as REITs.* If either New Plan Realty Trust or Excel Realty Trust, Inc., whose businesses were combined in a merger transaction on September 28, 1998 to form the company, failed to qualify as a REIT throughout the duration of its existence, we might have had undistributed C corporation earnings and profits. If that were the case and either of our predecessor companies did not distribute such earnings and profits prior to the merger transaction, the company might not qualify as a REIT. We believe that each of the predecessor companies qualified as a REIT and that, in any event, neither of the predecessor companies had any undistributed C corporation earnings and profits at the time of the merger transaction. If New Plan Realty Trust failed to qualify as a REIT, it would have recognized taxable gain at the time of the merger transaction (and we would be liable for the tax on that gain). This would be the case even though the merger transaction qualified as a tax-free reorganization, unless we made a special election that was available under the law at the time of the merger. We made that election with respect to the assets acquired from New Plan Realty Trust. This election has the effect of requiring us, if New Plan Realty Trust was not qualified as a REIT, to pay corporate income tax on any gain existing at the time of the merger transaction on assets acquired in the transaction if those assets are sold within 10 years after the transaction. Finally, if either of the predecessor companies did not qualify as a REIT, the company could have been precluded from electing REIT status for up to four years after the year in which that predecessor company failed to qualify if the company were determined to be a successor to that predecessor company.

**Item 1B.** *Unresolved Staff Comments*

None.

**Item 2. Properties**

As of December 31, 2005, we owned 311 properties, excluding the properties held through our joint ventures. The following table sets forth certain information as of December 31, 2005 regarding our properties on a state-by-state basis, and excludes our pro rata share of joint venture properties:

| State             | Number of Properties | Percent Leased | GLA (1)           | Percent of Scheduled ABR (2) |
|-------------------|----------------------|----------------|-------------------|------------------------------|
| Alabama           | 7                    | 90.0 %         | 759,414           | 1.1 %                        |
| Arizona           | 3                    | 86.7 %         | 596,493           | 1.3 %                        |
| Arkansas          | 1                    | 100.0 %        | 60,842            | 0.1 %                        |
| California        | 11                   | 97.5 %         | 1,723,699         | 6.2 %                        |
| Colorado          | 2                    | 98.9 %         | 363,558           | 1.4 %                        |
| Delaware          | 1                    | 100.0 %        | 30,000            | 0.0 %                        |
| Florida           | 28                   | 86.7 %         | 4,696,954         | 12.2 %                       |
| Georgia           | 26                   | 93.3 %         | 2,862,634         | 6.4 %                        |
| Illinois          | 9                    | 92.8 %         | 1,588,969         | 4.7 %                        |
| Indiana           | 7                    | 86.0 %         | 984,102           | 1.6 %                        |
| Iowa              | 2                    | 81.7 %         | 279,826           | 0.4 %                        |
| Kentucky          | 9                    | 90.4 %         | 1,703,887         | 3.6 %                        |
| Louisiana         | 3                    | 97.5 %         | 345,215           | 0.5 %                        |
| Maryland          | 2                    | 78.3 %         | 282,336           | 0.6 %                        |
| Massachusetts     | 2                    | 92.5 %         | 348,917           | 0.6 %                        |
| Michigan          | 16                   | 94.0 %         | 2,209,129         | 6.0 %                        |
| Minnesota         | 1                    | 93.7 %         | 55,715            | 0.1 %                        |
| Nevada            | 2                    | 74.7 %         | 311,512           | 0.7 %                        |
| New Jersey        | 5                    | 94.0 %         | 821,675           | 2.4 %                        |
| New Mexico        | 2                    | 99.7 %         | 97,684            | 0.3 %                        |
| New York          | 19                   | 84.8 %         | 2,568,155         | 6.0 %                        |
| North Carolina    | 12                   | 92.6 %         | 1,527,431         | 2.5 %                        |
| Ohio              | 27                   | 88.2 %         | 4,567,138         | 9.7 %                        |
| Oklahoma          | 1                    | 100.0 %        | 186,851           | 0.5 %                        |
| Pennsylvania      | 11                   | 85.2 %         | 2,142,738         | 5.2 %                        |
| Rhode Island      | 1                    | 100.0 %        | 148,126           | 0.4 %                        |
| South Carolina    | 7                    | 94.3 %         | 1,054,718         | 2.4 %                        |
| Tennessee         | 14                   | 88.3 %         | 1,674,113         | 3.1 %                        |
| Texas             | 68                   | 89.4 %         | 7,313,492         | 17.0 %                       |
| Utah              | 1                    |                |                   | 0.0 %                        |
| Virginia          | 9                    | 96.5 %         | 1,018,529         | 2.3 %                        |
| Wisconsin         | 1                    | 98.4 %         | 198,419           | 0.4 %                        |
| Wyoming           | 1                    | 90.7 %         | 155,022           | 0.3 %                        |
| <b>Region (3)</b> | <b>311</b>           | <b>89.9 %</b>  | <b>42,677,293</b> | <b>100.0 %</b>               |
| East              | 78                   | 89.6 %         | 11,646,512        | 26.0 %                       |
| Midwest           | 63                   | 90.1 %         | 10,038,320        | 23.2 %                       |
| South             | 148                  | 89.5 %         | 17,899,515        | 40.9 %                       |
| West              | 22                   | 93.3 %         | 3,092,946         | 9.9 %                        |
|                   | <b>311</b>           | <b>89.9 %</b>  | <b>42,677,293</b> | <b>100.0 %</b>               |

(1) GLA represents gross leasable area in square feet.

(2) ABR represents 2005 scheduled ABR based on contractual minimum lease payments as of December 31, 2005.

(3) NCREIF Regions

Of our 311 wholly-owned properties, 307 properties are held in fee simple, and four properties are held pursuant to ground leases, which ground leases constitute an aggregate of 0.5 million rentable square feet and expire between 2031 and 2037.



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As of December 31, 2005, we owned interests in 476 properties, including 165 properties held through joint ventures. The following table sets forth certain information as of December 31, 2005 regarding our properties on a state-by-state basis, and includes our pro rata share of joint venture properties:

| State             | Number of Properties | Percent Leased | GLA (1)    | Percent of Scheduled ABR (2) |
|-------------------|----------------------|----------------|------------|------------------------------|
| Alabama           | 10                   | 90.4 %         | 834,299    | 1.4 %                        |
| Arizona           | 5                    | 86.7 %         | 606,669    | 1.3 %                        |
| Arkansas          | 2                    | 98.1 %         | 69,868     | 0.1 %                        |
| California        | 14                   | 97.5 %         | 1,749,776  | 5.9 %                        |
| Colorado          | 6                    | 99.1 %         | 540,921    | 1.9 %                        |
| Connecticut       | 12                   | 96.4 %         | 147,548    | 0.5 %                        |
| Delaware          | 1                    | 0 %            | 30,000     | 0.0 %                        |
| Florida           | 42                   | 87.1 %         | 4,864,771  | 11.9 %                       |
| Georgia           | 40                   | 93.5 %         | 3,083,908  | 6.6 %                        |
| Illinois          | 10                   | 92.6 %         | 1,615,056  | 4.5 %                        |
| Indiana           | 9                    | 86.0 %         | 993,031    | 1.5 %                        |
| Iowa              | 3                    | 82.2 %         | 293,299    | 0.4 %                        |
| Kansas            | 1                    | 100.0 %        | 5,132      | 0.0 %                        |
| Kentucky          | 14                   | 90.7 %         | 1,753,544  | 3.5 %                        |
| Louisiana         | 6                    | 97.7 %         | 375,057    | 0.5 %                        |
| Maine             | 2                    | 100.0 %        | 13,702     | 0.0 %                        |
| Maryland          | 2                    | 78.3 %         | 282,336    | 0.5 %                        |
| Massachusetts     | 4                    | 92.6 %         | 355,256    | 0.6 %                        |
| Michigan          | 22                   | 93.8 %         | 2,274,946  | 5.8 %                        |
| Minnesota         | 1                    | 93.7 %         | 55,715     | 0.1 %                        |
| Mississippi       | 3                    | 57.2 %         | 13,156     | 0.0 %                        |
| Nevada            | 3                    | 75.5 %         | 325,335    | 0.7 %                        |
| New Hampshire     | 2                    | 100.0 %        | 11,122     | 0.0 %                        |
| New Jersey        | 6                    | 94.0 %         | 824,576    | 2.2 %                        |
| New Mexico        | 3                    | 99.5 %         | 103,985    | 0.3 %                        |
| New York          | 28                   | 85.5 %         | 2,705,752  | 6.1 %                        |
| North Carolina    | 21                   | 92.7 %         | 1,579,912  | 2.5 %                        |
| Ohio              | 38                   | 88.2 %         | 4,717,079  | 9.4 %                        |
| Oklahoma          | 2                    | 100.0 %        | 245,774    | 0.7 %                        |
| Pennsylvania      | 15                   | 85.3 %         | 2,164,748  | 5.0 %                        |
| Rhode Island      | 1                    | 100.0 %        | 148,126    | 0.4 %                        |
| South Carolina    | 12                   | 94.3 %         | 1,074,873  | 2.3 %                        |
| Tennessee         | 24                   | 88.4 %         | 1,711,799  | 3.0 %                        |
| Texas             | 89                   | 89.7 %         | 7,679,164  | 17.2 %                       |
| Utah              | 1                    |                |            | 0.0 %                        |
| Virginia          | 15                   | 96.6 %         | 1,066,908  | 2.3 %                        |
| West Virginia     | 3                    | 93.3 %         | 18,031     | 0.0 %                        |
| Wisconsin         | 3                    | 97.8 %         | 212,189    | 0.4 %                        |
| Wyoming           | 1                    | 90.6 %         | 155,022    | 0.3 %                        |
|                   | 476                  | 90.2 %         | 44,702,385 | 100.0 %                      |
| <b>Region (3)</b> |                      |                |            |                              |
| East              | 138                  | 89.9 %         | 12,176,434 | 26.0 %                       |
| Midwest           | 87                   | 90.0 %         | 10,166,447 | 22.2 %                       |
| South             | 218                  | 89.9 %         | 18,877,796 | 41.4 %                       |
| West              | 33                   | 93.6 %         | 3,481,708  | 10.4 %                       |
|                   | 476                  | 90.2 %         | 44,702,385 | 100.0 %                      |

(1) GLA represents gross leasable area in square feet.

(2) ABR represents 2005 scheduled ABR based on contractual minimum lease payments as of December 31, 2005.

(3) NCREIF Regions





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The following table sets forth a schedule of lease expirations for our leases in place as of December 31, 2005 (excluding our pro rata share of joint venture properties), for each of the next ten years and thereafter, assuming no exercise of renewal options or base rent escalations over the lease term.

|       | Number of<br>Leases Expiring | Leased<br>GLA | Percent of<br>GLA | ABR<br>Per Foot | Percent of<br>Total ABR |
|-------|------------------------------|---------------|-------------------|-----------------|-------------------------|
| 2006  | 1,113                        | 4,310,751     | 11.2 %            | \$ 9.01         | 11.8 %                  |
| 2007  | 936                          | 4,400,719     | 11.5 %            | 9.28            | 12.4 %                  |
| 2008  | 911                          | 4,211,856     | 11.0 %            | 9.46            | 12.0 %                  |
| 2009  | 674                          | 4,196,927     | 10.9 %            | 8.96            | 11.4 %                  |
| 2010  | 608                          | 5,100,276     | 13.3 %            | 8.06            | 12.4 %                  |
| 2011  | 238                          | 2,670,857     | 7.0 %             | 7.06            | 5.7 %                   |
| 2012  | 99                           | 899,163       | 2.3 %             | 10.10           | 2.7 %                   |
| 2013  | 108                          | 1,508,757     | 3.9 %             | 8.57            | 3.9 %                   |
| 2014  | 95                           | 1,746,595     | 4.6 %             | 8.36            | 4.4 %                   |
| 2015  | 113                          | 2,102,201     | 5.5 %             | 9.01            | 5.7 %                   |
| 2016+ | 235                          | 7,238,383     | 18.9 %            | 8.05            | 17.6 %                  |
|       | 5,130                        | 38,386,485    | 100.0 %           | \$ 8.62         | 100.0 %                 |

The following table sets forth a schedule of lease expirations for our leases in place as of December 31, 2005 (including our pro rata share of joint venture properties), for each of the next ten years and thereafter, assuming no exercise of renewal options or base rent escalations over the lease term.

|       | Number of<br>Leases Expiring | Leased<br>GLA | Percent of<br>GLA | ABR<br>Per Foot | Percent of<br>Total ABR |
|-------|------------------------------|---------------|-------------------|-----------------|-------------------------|
| 2006  | 1,553                        | 4,449,507     | 11.0 %            | \$ 9.11         | 11.5 %                  |
| 2007  | 1,390                        | 4,555,821     | 11.3 %            | 9.35            | 12.1 %                  |
| 2008  | 1,381                        | 4,416,961     | 11.0 %            | 9.53            | 12.0 %                  |
| 2009  | 1,047                        | 4,385,712     | 10.9 %            | 9.03            | 11.3 %                  |
| 2010  | 950                          | 5,386,287     | 13.4 %            | 8.22            | 12.6 %                  |
| 2011  | 367                          | 2,796,210     | 6.9 %             | 7.28            | 5.8 %                   |
| 2012  | 185                          | 987,122       | 2.5 %             | 10.37           | 2.9 %                   |
| 2013  | 206                          | 1,610,799     | 4.0 %             | 8.81            | 4.0 %                   |
| 2014  | 189                          | 1,860,501     | 4.6 %             | 8.52            | 4.5 %                   |
| 2015  | 201                          | 2,239,563     | 5.6 %             | 9.13            | 5.8 %                   |
| 2016+ | 425                          | 7,635,047     | 19.0 %            | 8.10            | 17.6 %                  |
|       | 7,894                        | 40,323,530    | 100.0 %           | \$ 8.73         | 100.0 %                 |

**Item 3.** *Legal Proceedings*

We are not presently involved in any material litigation nor, to our knowledge, is any material litigation threatened against us, arising outside the ordinary course of our business. However, we are involved in routine litigation arising in the ordinary course of business, none of which is believed to be material in light of reserves we have taken. In connection with a specific tenant litigation, and based upon certain rulings occurring during the third quarter of 2005, we increased reserves previously taken by an additional \$2.5 million, for an aggregate reserve of approximately \$4.8 million, as of December 31, 2005. Given the increase in the reserve taken, and the current status of the tenant litigation, we believe that any loss in excess of the established reserve would be immaterial.

**Item 4.** *Submission of Matters to a Vote of Security Holders*

No matters were submitted to a vote of our stockholders during the fourth quarter of 2005.

**PART II****Item 5.** *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Our common stock is listed on the New York Stock Exchange under the symbol *NXL*. As of March 1, 2006, there were approximately 8,006 registered record holders of our common stock. The following table shows the high and low sales prices, as reported by the New York Stock Exchange composite tape, and the cash dividends declared each calendar quarter during 2005 and 2004 for our common stock:

|                | High     | Low      | Cash Dividends Declared |     |  |
|----------------|----------|----------|-------------------------|-----|--|
| <b>2004:</b>   |          |          |                         |     |  |
| First quarter  | \$ 27.63 | \$ 24.24 | \$ 0.4125               |     |  |
| Second quarter | 27.80    | 20.69    | 0.4125                  |     |  |
| Third quarter  | 26.66    | 23.09    | 0.4125                  |     |  |
| Fourth quarter | 27.87    | 24.50    | 0.4125                  |     |  |
| <b>2005:</b>   |          |          |                         |     |  |
| First quarter  | \$ 27.35 | \$ 24.83 | \$ 0.4125               |     |  |
| Second quarter | 27.91    | 24.50    | 0.4125                  |     |  |
| Third quarter  | 28.65    | 22.39    | 3.3125                  | (1) |  |
| Fourth quarter | 24.55    | 20.18    | 0.3125                  |     |  |

(1) Dividends declared for the third quarter 2005 include the Special Dividend (\$3.00 per common share), which was paid on September 27, 2005 to common stockholders of record on August 25, 2005. In connection with the payment of the Special Dividend and the closing of the Galileo Transactions, we reduced our regular quarterly dividend from \$0.4125 per share of common stock to \$0.3125 per share of common stock.

We declared dividends of approximately \$473.1 million for the year ended December 31, 2005 (amount does not include non-cash increases to the dividend payable on our Series D depository shares to account for the step-up in the dividend rate).

Distributions to stockholders are usually taxable as ordinary income, although a portion of the dividend may be designated as capital gain or may constitute a tax-free return of capital. Annually, we provide each of our stockholders a statement detailing distributions paid during the preceding year and their characterization as ordinary income, capital gain or return of capital.

We intend to continue to declare quarterly distributions. However, we cannot provide any assurance as to the amount or timing of future distributions. Under our existing credit facility and term loan, we are restricted from paying common stock dividends that would exceed 95% of our funds from operations during any four-quarter period, except as necessary to protect our REIT status.

**Item 6.** *Selected Financial Data*

The financial information included in the following table has been derived from the audited consolidated financial statements for the periods indicated. This information should be read together with our audited financial statements and Management's Discussion and Analysis of the Financial Condition and Results of Operations included elsewhere in this Annual Report on Form 10-K.

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|                                                                                  | <b>Years Ended December 31,</b>                 |                   |                   |                   |                   |
|----------------------------------------------------------------------------------|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                                  | <b>2005</b>                                     | <b>2004</b>       | <b>2003</b>       | <b>2002</b>       | <b>2001</b>       |
|                                                                                  | <b>(In thousands, except per share amounts)</b> |                   |                   |                   |                   |
| <b>Statement of Income Data:</b>                                                 |                                                 |                   |                   |                   |                   |
| Rental revenues:                                                                 |                                                 |                   |                   |                   |                   |
| Rental income                                                                    | \$ 370,447                                      | \$ 379,423        | \$ 354,916        | \$ 282,773        | \$ 214,440        |
| Percentage rents                                                                 | 5,865                                           | 6,061             | 6,436             | 5,596             | 4,062             |
| Expense reimbursements                                                           | 100,425                                         | 95,762            | 95,790            | 75,656            | 55,708            |
| Fee income                                                                       | 10,957                                          | 4,797             | 5,265             | 5,266             | 1,909             |
| <b>Total rental revenues</b>                                                     | <b>487,694</b>                                  | <b>486,043</b>    | <b>462,407</b>    | <b>369,291</b>    | <b>276,119</b>    |
| Expenses:                                                                        |                                                 |                   |                   |                   |                   |
| Operating costs                                                                  | 78,282                                          | 82,128            | 84,751            | 60,843            | 42,208            |
| Real estate taxes                                                                | 66,317                                          | 60,528            | 57,508            | 43,982            | 31,330            |
| Depreciation and amortization                                                    | 91,172                                          | 87,178            | 74,049            | 61,330            | 47,951            |
| Provision for doubtful accounts                                                  | 11,356                                          | 8,898             | 6,983             | 8,653             | 5,045             |
| Severance costs                                                                  |                                                 |                   |                   |                   | 896               |
| General and administrative                                                       | 27,921                                          | 19,385            | 19,807            | 17,841            | 10,282            |
| <b>Total expenses</b>                                                            | <b>275,048</b>                                  | <b>258,117</b>    | <b>243,098</b>    | <b>192,649</b>    | <b>137,712</b>    |
| Income before real estate sales, minority interest and other income and expenses | 212,646                                         | 227,926           | 219,309           | 176,642           | 138,407           |
| Other income and expenses:                                                       |                                                 |                   |                   |                   |                   |
| Interest, dividend and other income                                              | 4,225                                           | 3,525             | 4,133             | 5,734             | 12,511            |
| Equity participation in ERT                                                      |                                                 |                   |                   |                   | (4,313)           |
| Equity in income of unconsolidated ventures                                      | 4,045                                           | 1,513             | 3,438             | 5,245             | 985               |
| Interest expense                                                                 | (118,042)                                       | (106,054)         | (101,005)         | (92,255)          | (77,096)          |
| Foreign currency loss                                                            |                                                 |                   |                   | (13)              | (560)             |
| Impairment of real estate                                                        | (859)                                           | (43)              | (3,536)           | (70,616)          | (13,107)          |
| Minority interest in income of consolidated partnership and joint ventures       | (5,953)                                         | (853)             | (1,555)           | (642)             | (848)             |
| <b>Income from continuing operations</b>                                         | <b>96,062</b>                                   | <b>126,014</b>    | <b>120,784</b>    | <b>24,095</b>     | <b>55,979</b>     |
| Discontinued operations:                                                         |                                                 |                   |                   |                   |                   |
| Results of discontinued operations                                               | 5,567                                           | 7,936             | 11,172            | 33,873            | 46,073            |
| Gain (loss) on sale of discontinued operations                                   | 17,787                                          | (1,139)           | 4,018             | 100,838           | 3,130             |
| Impairment of real estate held for sale                                          | -                                               | (88)              | (6,953)           | (36,945)          | -                 |
| Income from discontinued operations                                              | 23,354                                          | 6,709             | 8,237             | 97,766            | 49,203            |
| Income before gain on sale of real estate                                        | 119,416                                         | 132,723           | 129,021           | 121,861           | 105,182           |
| Gain (loss) on sale of real estate                                               | 186,908                                         | 1,217             |                   | 201               | (20)              |
| <b>Net income</b>                                                                | <b>\$ 306,324</b>                               | <b>\$ 133,940</b> | <b>\$ 129,021</b> | <b>\$ 122,062</b> | <b>\$ 105,162</b> |
| Net income available to common stock - basic                                     | \$ 284,436                                      | \$ 112,470        | \$ 107,221        | \$ 108,036        | \$ 82,523         |
| Net income available to common stock - diluted                                   | \$ 289,506                                      | \$ 113,266        | \$ 108,776        | \$ 108,678        | \$ 83,371         |
| Basic earnings per common share:                                                 |                                                 |                   |                   |                   |                   |
| Earnings per share - continuing operations                                       | \$ 2.53                                         | \$ 1.04           | \$ 1.02           | \$ 0.11           | \$ 0.38           |
| Earnings per share - discontinued operations                                     | 0.22                                            | 0.07              | 0.08              | 1.03              | 0.57              |
| <b>Basic earnings per common share</b>                                           | <b>\$ 2.75</b>                                  | <b>\$ 1.11</b>    | <b>\$ 1.10</b>    | <b>\$ 1.14</b>    | <b>\$ 0.95</b>    |
| Diluted earnings per common share:                                               |                                                 |                   |                   |                   |                   |
| Earnings per share - continuing operations                                       | \$ 2.49                                         | \$ 1.03           | \$ 1.00           | \$ 0.11           | \$ 0.39           |
| Earnings per share - discontinued operations                                     | 0.22                                            | 0.07              | 0.08              | 1.02              | 0.55              |
| <b>Diluted earnings per common share</b>                                         | <b>\$ 2.71</b>                                  | <b>\$ 1.10</b>    | <b>\$ 1.08</b>    | <b>\$ 1.13</b>    | <b>\$ 0.94</b>    |
| Average shares outstanding - basic                                               | 103,393                                         | 100,894           | 97,318            | 95,119            | 87,241            |
| Average shares outstanding - diluted                                             | 106,834                                         | 103,345           | 100,269           | 96,552            | 88,799            |
| <b>Other Data:</b>                                                               |                                                 |                   |                   |                   |                   |
| Distributions per common share (1)                                               | \$ 4.45                                         | \$ 1.65           | \$ 1.65           | \$ 1.65           | \$ 1.65           |
| <b>Balance Sheet Data as of the End of Each Period:</b>                          |                                                 |                   |                   |                   |                   |
| Net real estate                                                                  | \$ 3,016,262                                    | \$ 3,559,763      | \$ 3,294,037      | \$ 3,269,476      | \$ 2,413,891      |
| Total assets                                                                     | 3,369,762                                       | 3,831,742         | 3,558,596         | 3,515,279         | 2,622,866         |
| Long term debt, net (2)                                                          | 1,644,881                                       | 1,996,319         | 1,776,004         | 1,713,476         | 949,684           |
| Total liabilities                                                                | 1,820,717                                       | 2,160,797         | 1,934,588         | 1,902,996         | 1,107,361         |
| Minority interest in consolidated partnership and joint ventures                 | 57,659                                          | 30,784            | 37,865            | 39,434            | 22,267            |
| <b>Total stockholders' equity</b>                                                | <b>1,491,386</b>                                | <b>1,640,161</b>  | <b>1,586,143</b>  | <b>1,572,849</b>  | <b>1,493,238</b>  |

(1) Amount for the year ended December 31, 2005 includes the Special Dividend.

(2) Long-term debt includes mortgage loans, net, notes payable, net (including notes payable, other), capital leases and credit agreements.

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**Item 7.**            *Management's Discussion and Analysis of Financial Condition and Results of Operations*

**Critical Accounting Policies**

Our consolidated financial statements include our accounts and those of all majority-owned subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the United States ( GAAP ) requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements and related footnotes. In preparing these financial statements, we have made our best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. We do not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

*Revenue Recognition*

We recognize rental revenue on a straight-line basis, which averages minimum rents over the terms of the leases. The cumulative difference between lease revenue recognized under this method and contractual lease payment terms is recorded as deferred rent receivable , and is included in trade receivables in our consolidated balance sheets. Certain leases provide for percentage rents based upon the level of sales achieved by the lessee. Percentage rents are recorded once the required sales level is achieved. Leases also typically provide for tenant reimbursements of common area maintenance and other operating expenses. Rental income also includes lease termination fees.

We must make estimates of the uncollectability of our accounts receivables related to base rents, expense reimbursements and other revenue or income. We specifically analyze accounts receivable and historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in our customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. These estimates have a direct impact on our net income, because a higher bad debt reserve results in less net income.

The SEC's Staff Accounting Bulletin ( SAB ) No. 104, *Revenue Recognition* ( SAB 104 ), provides guidance on the application of GAAP to selected revenue recognition issues. We have concluded that our revenue recognition policy is appropriate and in accordance with GAAP and SAB 104.

*Real Estate*

Land, buildings and building and tenant improvements are recorded at cost and stated at cost less accumulated depreciation. Major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives; ordinary repairs and maintenance, are expensed as incurred. Land, buildings and building and tenant improvements that are under redevelopment, or are being developed, are carried at cost and no depreciation is recorded on these assets. Additionally, amounts essential to the development of the property, such as pre-construction costs, development costs, construction costs, interest costs, real estate taxes, salaries and related costs, and other costs incurred during the period of development are capitalized. We cease capitalization when the property is available for occupancy upon substantial completion of tenant improvements, but in any event no later than one year from the completion of major construction activity.

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

|                       |                                                             |
|-----------------------|-------------------------------------------------------------|
| Buildings             | 35 to 40 years                                              |
| Building improvements | 5 to 40 years                                               |
| Tenant improvements   | The shorter of the term of the related lease or useful life |

We are required to make subjective assessments as to the useful lives of our properties for purposes of determining the amount of depreciation to reflect on an annual basis. These assessments have a direct impact on our net income. For example, if we were to lengthen the expected useful life of a particular building improvement, the improvement would be depreciated over a greater number of years, resulting in less depreciation expense and higher net income on an annual basis.

#### *Business Combinations*

In connection with our acquisition of properties, purchase costs are allocated to the tangible and intangible assets and liabilities acquired based on their estimated fair values. The value of the tangible assets, consisting of land, buildings and building and tenant improvements, are determined as if vacant, i.e., at replacement cost. Intangible assets, including the above-market value of leases and the value of in-place leases, are recorded at their relative fair values. The below-market value of leases is recorded in Other liabilities on our Consolidated Balance Sheets.

Above-market, below-market and in-place lease values for owned properties are recorded based on the present value (using an interest rate reflecting the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the leases negotiated and in-place at the time of acquisition and (ii) management's estimate of fair market lease rates for the property or equivalent property, measured over a period equal to the remaining non-cancelable term of the lease. The capitalized above-market or below-market lease value is amortized as a reduction of, or increase to, rental income over the remaining non-cancelable term of each lease plus any renewal periods with fixed rental terms that are considered to be below-market.

The total amount of other intangible assets allocated to in-place lease values and tenant relationship intangible values is based on management's evaluation of the specific characteristics of each lease and our overall relationship with each tenant. Factors considered in the allocation of these values include, but are not limited to, the nature of the existing relationship with the tenant, the tenant's credit quality, the expectation of lease renewals, the estimated carrying costs of the property during a hypothetical expected lease-up period, current market conditions and the costs to execute similar leases. Management will also consider information obtained about a property in connection with its pre-acquisition due diligence. Estimated carrying costs include real estate taxes, insurance, other property operating costs and estimates of lost rentals at market rates during the hypothetical expected lease-up periods, based on management's assessment of specific market conditions. Management will estimate costs required to execute leases including commissions and legal costs to the extent that such costs are not already incurred with a new lease that has been negotiated in connection with the purchase of a property. Independent appraisals and/or management's estimates will be used to determine these values.

The value of in-place leases is amortized to expense over the remaining initial term of each lease. The value of tenant relationship intangibles is amortized to expense over the initial and renewal terms of the leases, where renewal is reasonably assured; however, no amortization period for intangible assets will exceed the remaining depreciable life of the building.

In the event that a tenant terminates its lease, the unamortized portion of each intangible, including market rate adjustments, lease origination costs, in-place values and tenant relationship values, will be charged as an expense.

#### *Long Lived Assets*

On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property (taking into account the anticipated holding period of the asset) is less than the carrying value of the property. Such estimate of cash flows considers factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other economic factors. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property, and reflected as an adjustment to the basis of the property.

When assets are identified by management as held for sale, we discontinue depreciating the assets and estimate the sales price, net of selling costs, of such assets. If, in management's opinion, the net sales price of the assets that we have identified for sale is less than the net book value of the assets, a valuation allowance is established. For investments accounted for under the equity method, a loss is recognized if the loss in value of the investment is other than temporary.

When we make subjective assessments as to whether there are impairments in the value of our real estate properties, such assessments have a direct impact on our net income, because taking an impairment results in an immediate negative adjustment to net income.

#### **Recently Issued Accounting Standards**

In October 2005, the Financial Accounting Standards Board ( FASB ) issued Staff Position No. 13-1, *Accounting for Rental Costs Incurred during a Construction Period* ( FSP FAS 13-1 ). FSP FAS 13-1 addresses the accounting for rental costs associated with operating leases that are incurred during a construction period. FSP FAS 13-1 does not distinguish between the right to use a leased asset during a construction period and the right to use that asset after the construction period. Therefore, rental costs associated with ground or building operating leases that are incurred during a construction period shall be recognized as rental expense, allocated over the lease term in accordance with FASB Statement No. 13, *Accounting for Leases*, and FASB Technical Bulletin No. 85-3, *Accounting for Operating Leases with Scheduled Rent Increases*. FSP FAS 13-1 became effective for the first reporting period beginning after December 15, 2005. Retrospective application in accordance with Statement 154, *Accounting Changes and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3* ( SFAS No. 154 ), is permitted but not required. The application of FSP FAS 13-1 is not expected to have a material impact on our consolidated financial statements.

In June 2005, the Emerging Issues Task Force ( EITF ) issued EITF Issue No. 04-05, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights* ( EITF 04-05 ). The scope of EITF 04-05 is limited to limited partnerships or similar entities that are not variable interest entities under FIN 46. The EITF reached a consensus that the general partners in a limited partnership (or similar entity) are presumed to control the entity regardless of the level of their ownership and, accordingly, may be required to consolidate the entity. This is a rebuttable presumption that may be overcome if the partnership agreements provide the limited partners with either (a) the substantive ability to dissolve (liquidate) the limited partnership or otherwise remove the general partners without cause or (b) substantive participating rights. If it is deemed that the limited partners' rights overcome the presumption of control by a general partner of the limited partnership, the general partner shall account for its investment in the limited



partnership using the equity method of accounting. EITF 04-05 became effective immediately for all arrangements created or modified after June 29, 2005. For all other arrangements, application of EITF 04-05 became effective for the first reporting period in fiscal years beginning after December 15, 2005 (effective January 1, 2006 for us) using either a cumulative-effect-type adjustment or using a retrospective application. The adoption of EITF 04-05 is not expected to have a material impact on our consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154. SFAS No. 154 replaces Accounting Principles Board ( APB ) Opinion No. 20, *Accounting Changes in Interim Financial Statements*, and changes the requirements for the accounting for, and reporting of, a change in accounting principle, which applies to all voluntary changes in accounting principle. SFAS No. 154 also applies to changes required by an accounting pronouncement in the unusual instance where the pronouncement does not include specific transition provisions. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005, but early adoption is permitted. The adoption of SFAS No. 154 is not expected to have a material impact on our consolidated financial statements.

In March 2005, the FASB issued Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* ( FIN 47 ). FIN 47 requires an entity to recognize a liability for a conditional asset retirement obligation when incurred if the liability can be reasonably estimated. FIN 47 clarifies that the term *Conditional Asset Retirement Obligation* refers to a legal obligation (pursuant to existing law or contract) to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 became effective no later than fiscal years ended after December 15, 2005. We adopted FIN 47 as required effective December 31, 2005, and the initial application of FIN 47 did not have a material impact on our consolidated financial statements.

In December 2004, the FASB issued Statement 123(R), *Share-Based Payment* ( SFAS No. 123(R) ). SFAS No. 123(R) amends Statement 123, *Accounting for Stock-Based Compensation* ( SFAS No. 123 ), and APB Opinion No. 25, *Accounting for Stock Issued to Employees* ( Opinion 25 ). SFAS No. 123(R) also establishes standards for the accounting of transactions in which an entity exchanges its equity instruments for goods or services. It requires a public entity to measure the cost of employee services received in exchange for an equity award based on the fair value of the award on the grant date, and to recognize such cost over the period during which the employee is required to provide such service. SFAS No. 123(R) requires companies to value the share-based compensation based on the classification of the share-based award. If the share-based award is to be classified as a liability, the award must be re-measured at each balance sheet date until the award is settled. If the share-based award is to be classified as equity, the value of the share-based award is measured on the date of grant, and the award will not be re-measured at each balance sheet date. SFAS No. 123(R) does not change the accounting guidance for share-based payment transactions with parties other than employees provided in SFAS No. 123, as originally issued. SFAS No. 123(R), as modified on April 14, 2005, is effective as of the first annual reporting period that begins after June 15, 2005, and must be applied using either a modified prospective method or a modified retrospective method. Under the modified prospective method, awards that are granted, modified or settled after the date of adoption should be measured and accounted for in accordance with the above provisions of SFAS No. 123(R). Unvested equity classified awards that were granted prior to the effective date of SFAS No. 123(R) should continue to be accounted for in accordance with SFAS No. 123, except that amounts must be recognized in the statement of operations. Under the modified retrospective method, the previously reported amounts are restated (either to the beginning of the year of adoption or for all periods presented) to reflect SFAS No. 123 amounts in the statement of operations. The adoption of SFAS No. 123(R) is not expected to have a material impact on our consolidated financial statements.

## Results of Operations

The following discussion should be read in conjunction with the Consolidated Financial Statements and the accompanying notes thereto. Historical results and percentage relationships set forth in the Consolidated Statements of Income and Comprehensive Income contained in the Consolidated Financial Statements and accompanying notes, including trends which might appear, should not be taken as indicative of future operations.

On August 10, 2005, we completed the Galileo Transactions. Due to our continued interest in the Galileo Properties through a retained 5% equity ownership interest in Galileo America, LLC, and our acquisition of certain property and asset management rights as part of the Galileo Transactions, the results of operations of these properties were not classified as discontinued operations for the years ended December 31, 2005, 2004 and 2003. Accordingly, our results of operations for the years ended December 31, 2005, 2004 and 2003 include the results of operations of the Galileo Properties up to August 10, 2005.

During 2005, we acquired eight shopping centers (Brunswick Town Center, Hillcrest Shopping Center, West Ridge Shopping Center, Market Plaza, Surrey Square Mall, Fashion Place Shopping Center, Western Hills Plaza and Southland Shopping Center), a vacant building with 2.5 acres of land immediately adjacent to Midway Crossing, a shopping center owned by us, a vacant building immediately adjacent to Victory Square, a shopping center owned by us, six land parcels, the remaining 90% interest in Marketplace at Wycliffe, a shopping center in which we owned the other 10% interest, and the remaining 90% interest in Mableton Walk, a shopping center in which we owned the other 10% interest (collectively, the 2005 Acquisitions). During 2004, we acquired 11 shopping centers (New Britain Village Square, Elk Grove Town Center, Villa Monaco, Florence Square, Stockbridge Village, Starlite Plaza, Village Center, Annex of Arlington, Marketplace, Silver Pointe, and The Shoppes at Southside), 11 acres of unimproved land known as Unity Plaza, the remaining 50% interest in Clearwater Mall, a shopping center in which we owned the other 50% interest, and the remaining 50% interest in The Market at Preston Ridge, a shopping center in which we owned the other 50% interest (collectively, the 2004 Acquisitions). During 2003, we acquired a portfolio of seven grocery-anchored neighborhood shopping centers, three individual shopping centers (Panama City Square, Harpers Station and Dickson City Crossings) and the remaining 50% interest in Vail Ranch II that we did not already own (collectively, the 2003 Acquisitions). Accordingly, our results of operations for the years ended December 31, 2005, 2004 and 2003 include the results of operations of the 2005 Acquisitions, the 2004 Acquisitions and the 2003 Acquisitions.

In accordance with the provisions of FIN 46 our consolidated results of operations for the year ended December 31, 2004 include the results of operations of certain of our joint ventures, as applicable (collectively, FIN 46 Adjustments), which were previously accounted for under the equity method.

In accordance with the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the results of operations of properties that have been disposed of (by sale, by abandonment, or in a distribution to owners) or classified as held for sale must be classified as discontinued operations and segregated in our Consolidated Statements of Income and Comprehensive Income. Therefore, results of operations from prior periods have been restated to reflect the current pool of disposed of or held for sale assets.

## Results of Operations for the Twelve Months Ended December 31, 2005 and 2004

### Revenues:

Total revenues increased \$1.7 million, or 0.3%, from \$486.0 million in 2004 to \$487.7 million in 2005. Significant changes are discussed below.

Rental income decreased \$9.0 million, or 2%, from \$379.4 million in 2004 to \$370.4 million in 2005. The following factors accounted for this variance:

- 2005 Acquisitions, which increased rental income by approximately \$8.8 million
- 2004 Acquisitions, which increased rental income by approximately \$10.8 million
- Increases in occupancy and rental rates, which increased rental income by approximately \$6.0 million
- Increased lease settlement income, which increased rental income by approximately \$2.7 million
- The sale of the Galileo Properties, which decreased rental income by approximately \$28.0 million
- Write-offs of straight-line rent balances related to certain tenant move-outs, primarily at our properties under redevelopment, which decreased rental income by approximately \$2.3 million
- Decreased specialty rent, which decreased rental income by approximately \$0.2 million
- Adjustments for properties previously consolidated under the provisions of FIN 46 that were sold during 2005 and therefore are no longer consolidated, which decreased rental income by approximately \$1.3 million
- Increased capitalization with respect to our redevelopment projects, which decreased rental income by approximately \$5.3 million
- Decreased cost of living adjustments, which accounted for the balance of the variance

Expense reimbursements increased \$4.6 million, or 5%, from \$95.8 million in 2004 to \$100.4 million in 2005. The following factors accounted for this variance:

- 2005 Acquisitions, which increased expense reimbursements by approximately \$1.7 million
- 2004 Acquisitions, which increased expense reimbursements by approximately \$4.9 million
- A net increase in the amount of reimbursable real estate taxes, which increased expense reimbursements by approximately \$4.3 million
- The sale of the Galileo Properties, which decreased expense reimbursements by approximately \$4.1 million
- A net decrease in the amount of reimbursable property operating expenses, which decreased expense reimbursements by approximately \$1.3 million
- Increased capitalization with respect to our redevelopment projects, which decreased expense reimbursements by approximately \$0.7 million
- Adjustments for properties previously consolidated under the provisions of FIN 46 that were sold during 2005 and therefore are no longer consolidated, which accounted for the balance of the variance

Fee income increased \$6.2 million, or 129%, from \$4.8 million in 2004 to \$11.0 million in 2005. Increases in the following fee revenues, derived from services provided to our joint ventures and other managed projects, accounted for this variance:

- Financing fee revenue, which increased fee income by approximately \$0.1 million
- Property management fee revenue, which increased fee income by approximately \$3.0 million
- Leasing fee revenue, which increased fee income by approximately \$1.0 million

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- Acquisition fee revenue, which increased fee income by approximately \$1.3 million
- Asset management fee revenue, which increased fee income by approximately \$0.8 million

*Operating Expenses:*

Total operating expenses increased \$16.9 million, or 7%, from \$258.1 million in 2004 to \$275.0 million in 2005. Significant changes are discussed below.

Operating costs decreased \$3.8 million, or 5%, from \$82.1 million in 2004 to \$78.3 million in 2005. The following factors accounted for this variance:

- 2005 Acquisitions, which increased operating costs by approximately \$1.7 million
- 2004 Acquisitions, which increased operating costs by approximately \$1.7 million
- Increased payroll and payroll related expenses, attributable to increased personnel levels and increased management fees, as a result of the increased number of properties under management, which increased operating costs by approximately \$1.8 million
- Combined increases in maintenance, repairs and utility expenses, which increased operating costs by approximately \$1.6 million
- Increased legal fees for tenant related matters, which increased operating costs by approximately \$0.3 million
- Increased snow removal costs, which increased operating costs by approximately \$0.3 million
- The sale of the Galileo Properties, which decreased operating costs by approximately \$5.9 million
- Adjustments for properties previously consolidated under the provisions of FIN 46 that were sold during 2005 and therefore are no longer consolidated, which decreased operating costs by approximately \$0.3 million
- Decreased insurance expense attributable to lower premiums under our renewed insurance policy that went into effect in April 2005, which decreased operating costs by approximately \$1.5 million
- Increased capitalization with respect to our redevelopment projects, which decreased operating costs by approximately \$3.5 million

Real estate taxes increased \$5.8 million, or 10%, from \$60.5 million in 2004 to \$66.3 million in 2005. The following factors accounted for this variance:

- 2005 Acquisitions, which increased real estate taxes by approximately \$1.4 million
- 2004 Acquisitions, which increased real estate taxes by approximately \$4.1 million
- Property tax rate increases at certain municipalities, combined with higher assessments at certain properties, which increased real estate taxes by approximately \$4.5 million
- The sale of the Galileo Properties, which decreased real estate taxes by approximately \$3.6 million

- Adjustments for properties previously consolidated under the provisions of FIN 46 that were sold during 2005 and therefore are no longer consolidated, which decreased real estate taxes by approximately \$0.1 million
- Increased capitalization with respect to our redevelopment projects, which decreased real estate taxes by approximately \$0.5 million

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Depreciation and amortization increased \$4.0 million, or 5%, from \$87.2 million in 2004 to \$91.2 million in 2005. The following factors accounted for this variance:

- 2005 Acquisitions, which increased depreciation and amortization by approximately \$3.7 million
- 2004 Acquisitions, which increased depreciation and amortization by approximately \$4.4 million
- Increased depreciation expense attributable to increased tenant improvements, which increased depreciation and amortization by approximately \$1.6 million
- Increased depreciation expense on properties previously under redevelopment or classified as held for sale, which increased depreciation and amortization by approximately \$0.4 million
- Increased amortization expense attributable to increased deferred leasing commissions, which increased depreciation and amortization by approximately \$0.4 million
- Increased amortization expense associated with amounts paid to acquire certain property and asset management rights in conjunction with the Galileo Transactions, which increased depreciation and amortization by approximately \$0.6 million
- The sale of the Galileo Properties, which decreased depreciation and amortization by approximately \$7.1 million

Provision for doubtful accounts increased \$2.5 million, or 28%, from \$8.9 million in 2004 to \$11.4 million in 2005. The following factors accounted for this variance:

- 2005 Acquisitions, which in the aggregate increased provision for doubtful accounts by approximately \$0.1 million
- 2004 Acquisitions, which in the aggregate increased provision for doubtful accounts by approximately \$0.3 million
- Reserves taken in connection with the sale of the Galileo Properties, which increased provision for doubtful accounts by approximately \$2.8 million
- Increased reserves taken for properties under redevelopment, which reserves were capitalized and therefore decreased provision for doubtful accounts by approximately \$0.5 million
- Increased recoveries of previously reserved amounts, primarily attributable to aggressive collection efforts, which decreased provision for doubtful accounts by approximately \$0.2 million

General and administrative expenses increased \$8.5 million, or 44%, from \$19.4 million in 2004 to \$27.9 million in 2005. The following factors accounted for this variance:

- Increased payroll related expenses, attributable to the following factors, which increased general and administrative expenses by approximately \$5.0 million:
  - Additional stock option expense of approximately \$0.7 million attributable to, and recorded as a result of, the stock option revaluation resulting from the payment of the Special Dividend
  - Additional stock option expense of approximately \$1.0 million taken in accordance with the provisions of SFAS No. 123(R) for stock option grants awarded to certain of our employees and members of our Board of Directors

during 2005

- Additional personnel expense of approximately \$1.5 million recorded in conjunction with the Galileo Transactions
- Increased personnel levels and wage rates, which increased payroll related expenses by approximately \$1.8 million

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- Increased rental expense and other office costs associated with our new corporate office location, which lease began in December 2004 and increased general and administrative expenses by approximately \$2.2 million
- Increased reserves taken in connection with specific tenant litigations, which increased general and administrative expenses by approximately \$2.8 million
- Increased costs incurred from offshore accounting services, partially offset by decreased accounting fees, primarily attributable to lower costs incurred in connection with complying with regulations under Section 404 of the Sarbanes-Oxley Act of 2002 as compared to 2004, which increased general and administrative expenses by approximately \$0.6 million
- Increased travel and promotion expenses, which increased general and administrative expenses by approximately \$0.1 million
- Decreased state tax expense, attributable to the reversal of reserves previously taken, in light of a recent evaluation of our state and franchise tax exposure, which decreased general and administrative expenses by approximately \$1.6 million
- Increased allocation of costs to the properties, primarily attributable to higher regional office costs, which decreased general and administrative expenses by approximately \$0.6 million

***Other Income and Expenses:***

Interest, dividend and other income increased \$0.7 million, or 20%, from \$3.5 million in 2004 to \$4.2 million in 2005. The following factors accounted for this variance:

- Interest earned on cash balances, primarily on the balance maintained during the period between the closing of the Galileo Transactions on August 10, 2005 and the payment of the Special Dividend on September 27, 2005, which increased interest, dividend and other income by approximately \$1.6 million
- FIN 46 Adjustments, which increased interest, dividend and other income by approximately \$0.1 million
- Compensation for an easement received in 2004, but not in 2005, which decreased interest, dividend and other income by approximately \$0.1 million
- Decreased mortgage receivable balances, primarily attributable to the repayment of loans outstanding, which accounted for the balance of the variance

Equity in income of unconsolidated ventures increased \$2.5 million, or 167%, from \$1.5 million in 2004 to \$4.0 million in 2005. The following factors accounted for this variance:

- The Galileo Transactions, which increased equity in income of unconsolidated ventures by approximately \$1.1 million
- Increased operating performance of NP/I&G Institutional Retail Company, LLC, primarily attributable to the acquisition of ten properties by the joint venture subsequent to January 1, 2004, which increased equity in income of unconsolidated ventures by approximately \$0.7 million
- Improved operating performance of BPR Shopping Center, L.P., which increased income of unconsolidated ventures by approximately \$0.5 million

- Improved operating performance of Arapahoe Crossings, L.P., which increased income of unconsolidated ventures by approximately \$0.2 million

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Interest expense increased \$11.9 million, or 11%, from \$106.1 million in 2004 to \$118.0 million in 2005. The following factors accounted for this variance:

- An increase in the average balance outstanding under the Revolving Facility, compounded by a higher interest rate on the Revolving Facility, which increased interest expense by approximately \$1.3 million
- A higher interest rate on the Secured Term Loan, which increased interest expense by approximately \$3.1 million
- The Unsecured Term Loan, which was entered into in the second quarter of 2005 and paid off with a portion of the proceeds from the Galileo Transactions in the third quarter of 2005, which increased interest expense by approximately \$2.3 million
- Increased interest expense on our derivative financial instruments that convert fixed rate debt to variable rate debt, which increased interest expense by approximately \$2.3 million
- Increased amortization of debt issuance costs, primarily attributable to the early repayment of public debt, which increased interest expense by approximately \$0.9 million
- The payment of accrued interest and a make-whole premium in connection with our redemption of all \$250.0 million of our outstanding 5.875% senior notes due June 15, 2007, which increased interest expense by approximately \$7.1 million
- Prepayment penalties incurred in connection with the repayment of the secured mortgage indebtedness discussed below, which increased interest expense by approximately \$11.2 million
- A net decrease in the amount of mortgage indebtedness outstanding, attributable to the repayment of approximately \$100.6 million of secured mortgage indebtedness with a portion of the proceeds from the Galileo Transactions, as well as the repayment of other mortgage indebtedness upon maturity, partially offset by the assumption of mortgages in connection with the 2005 Acquisitions and 2004 Acquisitions, which decreased interest expense by approximately \$5.0 million
- The write-off of premiums associated with the repayment of the secured mortgage indebtedness discussed above, which decreased interest expense by approximately \$3.0 million
- The repayment of \$75.0 million of 6.875% medium-term notes with a portion of the proceeds from the Unsecured Term Loan, which decreased interest expense by approximately \$5.8 million
- A decrease in the balance outstanding under our fixed rate REMIC, attributable to ongoing scheduled payments, which decreased interest expense by approximately \$0.2 million
- Increased capitalized interest with respect to our redevelopment projects, due to increased interest rates and increased project spending, which decreased interest expense by approximately \$2.1 million
- Decreased financing fees, which accounted for the balance of the variance

Minority interest in income of consolidated partnership and joint ventures increased \$5.1 million, from \$0.9 million for the year ended December 31, 2004 to \$6.0 million for the year ended December 31, 2005. This increase is primarily attributable to the allocation of a portion of the gain from the sale of the Galileo Properties in connection with the Galileo Transactions to the limited partners of Excel Realty Partners, L.P., a Delaware limited partnership ( ERP ).



***Discontinued Operations:***

For the year ended December 31, 2005, properties that had been either disposed of (by sale, abandonment, or in a distribution to owner) or classified as held for sale generated approximately \$5.6 million and \$17.8 million in results of operations and gain on sale, respectively. For the year ended December 31, 2004, such properties generated approximately \$7.9 million, \$(0.1) million and \$1.1 million in results of operations, impairment expense and loss on sale, respectively. Accordingly, these amounts have been classified as discontinued operations.

***Gain on Sale of Real Estate:***

*Gain on sale of real estate was approximately \$186.9 million for the year ended December 31, 2005. This gain is directly attributable to the sale of the Galileo Properties in connection with the Galileo Transactions. Gain on sale of real estate was approximately \$1.2 million for the year ended December 31, 2004. This amount represents our previously deferred gain incurred in connection with our sale of 70% of our interest in Arapahoe Crossings, L.P. in 2003.*

**Results of Operations for the Twelve Months Ended December 31, 2004 and 2003**

***Revenues:***

Total rental revenues increased \$23.6 million, or 5%, from \$462.4 million in 2003 to \$486.0 million in 2004. Significant changes are discussed below.

Rental income increased \$24.5 million, or 7%, from \$354.9 million in 2003 to \$379.4 million in 2004. The following factors accounted for this variance:

- 2004 Acquisitions, which increased rental income by approximately \$16.9 million
- 2003 Acquisitions, which increased rental income by approximately \$4.5 million
- FIN 46 Adjustments, which increased rental income by approximately \$1.3 million
- Increases in occupancy and rental rates, which increased rental income by approximately \$4.1 million
- Decreased cost of living adjustments, which decreased rental income by approximately \$0.6 million
- Increased capitalization with respect to our redevelopment projects, which decreased rental income by approximately \$1.6 million
- Decreased lease settlement income, which accounted for the balance of the variance

Expense reimbursements remained flat for the year ended December 31, 2004, as compared to the year ended December 31, 2003. However, the following significant activity occurred, which eliminated any variance between the two periods:

- 2004 Acquisitions, which increased expense reimbursements by approximately \$3.7 million
- 2003 Acquisitions, which increased expense reimbursements by approximately \$0.9 million
- FIN 46 Adjustments, which increased expense reimbursements by approximately \$0.2 million
- Increased capitalization with respect to our redevelopment projects, which decreased expense reimbursements by approximately \$0.2 million

- A net decrease in the amount of reimbursable real estate taxes, which decreased expense reimbursements by approximately \$1.5 million
- A net decrease in the amount of reimbursable property operating expenses, which decreased expense reimbursements by approximately \$3.1 million

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Fee income decreased \$0.5 million, or 9%, from \$5.3 million in 2003 to \$4.8 million in 2004. The following factors account for this variance:

- Variances in the following fee revenues, derived from services provided to our joint ventures and other managed projects, which, in the aggregate, increased fee income by approximately \$0.9 million:
- Financing fee revenue, which increased by approximately \$0.1 million
- Property management fee revenue, which increased by approximately \$0.8 million
- Development fee revenue, which increased by approximately \$0.1 million
- Leasing fee revenue, which decreased by approximately \$0.1 million
- The payoff of a letter of credit on which we were earning fee income, which decreased fee income by approximately \$1.4 million

***Operating Expenses:***

Total operating expenses increased \$15.0 million, or 6%, from \$243.1 million in 2003 to \$258.1 million in 2004. Significant changes are discussed below.

Operating costs decreased \$2.7 million, or 3%, from \$84.8 million in 2003 to \$82.1 million in 2004. The following factors accounted for this variance:

- FIN 46 Adjustments, which increased operating costs by approximately \$0.3 million
- 2004 Acquisitions, which increased operating costs by approximately \$2.6 million
- 2003 Acquisitions, which increased operating costs by approximately \$0.7 million
- Increased payroll and payroll related expenses, attributable to increased personnel levels and increased management fees, which increased operating costs by approximately \$0.2 million
- Combined increases in maintenance, repairs and utility expenses, which increased operating costs by approximately \$0.4 million
- Decreased insurance expense attributable to lower premiums under our renewed insurance policy that went into effect in April 2004, which decreased operating costs by approximately \$4.0 million
- Decreased snow removal costs attributable to unusually harsh winter conditions during 2003, which decreased operating costs by approximately \$1.0 million
- Decreased professional fees, which decreased operating costs by approximately \$0.5 million
- Increased capitalization with respect to our redevelopment projects, which decreased operating costs by approximately \$1.4 million

Real estate taxes increased \$3.0 million, or 5%, from \$57.5 million in 2003 to \$60.5 million in 2004. The following factors accounted for this variance:

- FIN 46 Adjustments, which increased real estate taxes by approximately \$0.1 million
- 2004 Acquisitions, which increased real estate taxes by approximately \$2.6 million
- 2003 Acquisitions, which increased real estate taxes by approximately \$0.6 million
- Property tax rate decreases at certain municipalities, combined with lower assessments at certain properties, which accounted for the balance of the variance

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Depreciation and amortization increased \$13.2 million, or 18%, from \$74.0 million in 2003 to \$87.2 million in 2004. The following factors accounted for this variance:

- 2004 Acquisitions, which increased depreciation and amortization by approximately \$6.2 million
- 2003 Acquisitions, which increased depreciation and amortization by approximately \$1.4 million
- Increased amortization expense attributable to increased deferred lease acquisition expenses, which increased depreciation and amortization by approximately \$1.9 million
- Increased depreciation expense on properties previously under redevelopment, combined with increased depreciation expense attributable to increased tenant improvements made in 2004, which increased depreciation and amortization by approximately \$3.7 million

Provision for doubtful accounts increased \$1.9 million, or 27%, from \$7.0 million in 2003 to \$8.9 million in 2004. The following factors accounted for this variance:

- 2004 Acquisitions, which increased provision for doubtful accounts by approximately \$0.1 million
- Increased reserves taken in anticipation of the redevelopment of certain assets and a more conservative approach to overall reserves, partially offset by lower write-offs, which increased provision for doubtful accounts by approximately \$1.8 million

General and administrative expenses decreased \$0.4 million, or 2%, from \$19.8 million in 2003 to \$19.4 million in 2004. The following factors accounted for this variance:

- Increased payroll related expenses attributable to increased personnel, which increased general and administrative expenses by approximately \$1.4 million
- Increased professional fees, primarily attributable to costs incurred in connection with complying with regulations under the Sarbanes-Oxley Act of 2002, which increased general and administrative expenses by approximately \$0.7 million
- Combined increases in utilities, travel and promotion expenses and depreciation expense on non-real estate assets, which increased general and administrative expenses by approximately \$0.7 million
- Decreased legal expenses, resulting primarily from reserves taken for a specific tenant litigation in 2003, which decreased general and administrative expenses by approximately \$2.5 million
- Increased cost allocations, which accounted for the balance of the variance

### ***Other Income and Expenses:***

Interest, dividend and other income decreased \$0.6 million, or 15%, from \$4.1 million in 2003 to \$3.5 million in 2004. The following factors accounted for this variance:

- 2004 Acquisitions, which increased interest, dividend and other income by approximately \$0.4 million
- FIN 46 Adjustments, which decreased interest, dividend and other income by approximately \$0.1 million

- The payoff of certain notes receivable, which decreased interest, dividend and other income by approximately \$0.5 million
- The payoff of certain employee loans receivable, which decreased interest, dividend and other income by approximately \$0.2 million
- Lower rates of return on certain investments, which accounted for the balance of the variance

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Equity in income of unconsolidated ventures decreased \$1.9 million, or 56%, from \$3.4 million in 2003 to \$1.5 million in 2004. The following factors accounted for this variance:

- FIN 46 Adjustments, which decreased equity in income of unconsolidated ventures by approximately \$0.9 million
- Increased operating performance by the NP/I&G Institutional Retail Company, LLC, primarily attributable to the acquisition of five new properties in 2004, which increased equity in income of unconsolidated ventures by approximately \$1.1 million
- A full year of operating performance of Arapahoe Crossings, L.P. , which began operations on September 31, 2003, which increased equity in income of unconsolidated ventures by approximately \$0.5 million
- A \$0.6 million gain on the sale of Flamingo Falls, a property owned by CA New Plan Venture Fund, LLC, which was recorded in the second quarter of 2003
- A \$0.2 million loss on the sale of Fruitland Plaza, a property owned by Benbrooke Ventures, which was recorded in the first quarter of 2004
- Decreased operating performance by the Preston Ridge joint venture, which accounted for the balance of the variance

Interest expense increased \$5.1 million, or 5%, from \$101.0 million in 2003 to \$106.1 million in 2004. The following factors accounted for this variance:

- A net increase in the amount of public debt outstanding, primarily attributable to the 2004 Debt Offering, our public offering of \$100.0 million aggregate principal amount of 3.75% convertible senior notes on May 19, 2003 ( the Convertible Debt Offering ), and our public offering of \$50.0 million of 5.50% medium-term notes on November 20, 2003, partially offset by the repayment of \$75.0 million of our 6.875% medium-term notes and \$49.0 million of our 7.33% medium-term notes and lower relative rates on our new debt issuances, which increased interest expense by approximately \$7.4 million
- Financing fees incurred in connection with the Convertible Debt Offering and the 2004 Debt Offering, which increased interest expense by approximately \$0.2 million
- Increased amortization of debt issuance costs, primarily attributable to the write-off of costs associated with our previously existing revolving credit facility and secured term loan, which increased interest expense by approximately \$1.1 million
- An increase in the balance outstanding under the Revolving Facility, partially offset by a lower interest rate on the Revolving Facility, which increased interest expense by approximately \$0.5 million
- The refinancing of our previously existing senior unsecured term loan at a lower interest rate, which decreased interest expense by approximately \$0.3 million
- The repayment of the variable rate REMIC debt, which decreased interest expense by approximately \$0.6 million
- Increased capitalization with respect to our redevelopment projects, which decreased interest expense by approximately \$2.2 million

- Swap proceeds received, which decreased interest expense by approximately \$1.0 million

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***Discontinued Operations:***

For the year ended December 31, 2004, properties that had been disposed of (either by sale, abandonment, or in a distribution to owner) or classified as held for sale generated approximately \$7.9 million, \$(0.1) million and \$1.1 million in results of operations, impairment expense and loss on sale, respectively. For the year ended December 31, 2003, such properties generated approximately \$11.2 million, \$(7.0) million and \$4.0 million in results of operations, impairment expense and gain on sale, respectively. Accordingly, these amounts have been classified as discontinued operations.

***Gain on Sale of Real Estate:***

Gain on sale of real estate was approximately \$1.2 million for the year ended December 31, 2004. This amount represents our previously deferred gain incurred in connection with our sale of 70% of our interest in Arapahoe Crossings, L.P. in 2003.

**Funds from Operations**

Funds from Operations ( FFO ) is a widely used performance measure for real estate companies and is provided here as a supplemental measure of operating performance. We calculate FFO in accordance with the best practices described in the April 2002 National Policy Bulletin of the National Association of Real Estate Investment Trusts (the White Paper ). The White Paper defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

On October 1, 2003, the National Association of Real Estate Investment Trusts ( NAREIT ), based on discussions with the SEC, provided revised guidance regarding the calculation of FFO. This revised guidance provides that impairments should not be added back to net income in calculating FFO and that original issuance costs associated with preferred stock that has been redeemed should be factored into the calculation of FFO. Prior to this pronouncement, we had added back impairments in calculating FFO, in accordance with prior NAREIT guidance, and had not factored in original issuance costs of preferred stock that had been redeemed in the calculation of FFO. We have revised our calculation of FFO in accordance with NAREIT 's revised guidance in the table set forth below. Prior year amounts reflect the revised guidance.

Given the nature of our business as a real estate owner and operator, we believe that FFO is helpful to investors as a starting point in measuring our operational performance because it excludes various items included in net income that do not relate to or are not indicative of our operating performance such as gains (or losses) from sales of property and depreciation and amortization, which can make periodic and peer analyses of operating performance more difficult to compare. However, it should be noted that there are certain items, such as impairments, that are included within the definition of FFO that do not relate to and are not indicative of our operating performance. Furthermore, FFO should not be considered as an alternative to net income (determined in accordance with GAAP) as an indicator of our financial performance, is not an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, and is not indicative of funds available to fund our cash needs, including our ability to make distributions. In addition, our computation of FFO may differ from the methodology utilized by other equity REITs to calculate FFO and, therefore, may not be comparable to such other REITs.

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The following information is provided to reconcile net income, the most comparable GAAP number, to FFO, and to show the items included in our FFO for the past periods indicated (in thousands, except footnotes):

|                                                                                    | Year Ended<br>December 31,<br>2005 |           | Year Ended<br>December 31,<br>2004 |           | Year Ended<br>December 31,<br>2003 |             |
|------------------------------------------------------------------------------------|------------------------------------|-----------|------------------------------------|-----------|------------------------------------|-------------|
| Net income available to common stockholders diluted                                | \$                                 | 289,506   | \$                                 | 113,266   | \$                                 | 108,776     |
| Deduct:                                                                            |                                    |           |                                    |           |                                    |             |
| Minority interest in income of consolidated partnership, excluding gain allocation |                                    | (714)     |                                    | (796)     |                                    | (1,555)     |
| Net income available to common stockholders basic                                  |                                    | 288,792   |                                    | 112,470   |                                    | 107,221     |
| Add:                                                                               |                                    |           |                                    |           |                                    |             |
| Depreciation and amortization                                                      |                                    |           |                                    |           |                                    |             |
| Continuing operations real estate assets                                           |                                    | 91,172    |                                    | 87,178    |                                    | 74,049      |
| Discontinued operations real estate assets                                         |                                    | 2,404     |                                    | 3,400     |                                    | 4,064       |
| Pro rata share of joint venture real estate assets                                 |                                    | 3,732     |                                    | 1,629     |                                    | 1,016       |
| Deduct:                                                                            |                                    |           |                                    |           |                                    |             |
| Gain on sale of real estate (1)                                                    |                                    | (186,908) |                                    | (1,217)   |                                    |             |
| (Gain) loss on sale of discontinued operations (1)                                 |                                    | (11,818)  |                                    | 5,622     |                                    | (1,534)     |
| Pro rata share of joint venture (gain) loss on sale of real estate (1)             |                                    | (406)     |                                    | 433       |                                    | (643)       |
| <b>Funds from operations basic</b>                                                 |                                    | 186,968   |                                    | 209,515   |                                    | 184,173     |
| Add:                                                                               |                                    |           |                                    |           |                                    |             |
| Minority interest in income of consolidated partnership, excluding gain allocation |                                    | 714       |                                    | 796       |                                    | 1,555       |
| <b>Funds from operations diluted</b>                                               | \$                                 | 187,682   | \$                                 | 210,311   | \$                                 | 185,728 (2) |
| Net cash provided by operating activities                                          | \$                                 | 222,366   | \$                                 | 220,726   | \$                                 | 197,752     |
| Net cash provided by (used in) investing activities                                |                                    | 636,105   |                                    | (253,065) |                                    | (123,029)   |
| Net cash (used in) provided by financing activities                                |                                    | (856,561) |                                    | 34,303    |                                    | (77,923)    |

(1) Excludes gain/loss on sale of land.

(2) As noted above, the calculation of FFO has been revised in accordance with revised NAREIT guidance. FFO for the year ended December 31, 2003 includes a deduction in FFO of approximately \$10.5 million relating to impairments (which amounts previously were added back in the calculation of FFO, thereby increasing previously disclosed FFO by such amounts from that set forth above). FFO for the year ended December 31, 2003 also includes a deduction of approximately \$0.6 million relating to the premium on our redemption of preferred stock in May 2003 (which amount previously was not factored in the calculation of FFO, thereby increasing previously disclosed FFO by such amount from that set forth above).

#### Liquidity and Capital Resources

As of December 31, 2005, we had approximately \$12.2 million in available cash, cash equivalents and marketable securities. As a REIT, we are required to distribute at least 90% of our taxable income to our stockholders on an annual basis. Therefore, as a general matter, it is unlikely that we will have any substantial cash balances that could be used to meet our liquidity needs. Instead, these needs must be met from cash generated from operations and external sources of capital.

As of December 31, 2005, approximately \$285.0 million was available for draw under the Revolving Facility. As of February 28, 2006, taking into account draws under the Revolving Facility subsequent to December 31, 2005, the amount available for draw under the Revolving Facility was approximately \$270.0 million.

#### *Galileo Transactions*

As previously discussed, the closing of the Galileo Transactions occurred on August 10, 2005. Net cash proceeds from the Galileo Transactions, after the repayment of secured debt and transaction costs were approximately \$780.1 million. A portion of these proceeds was used to repay certain outstanding unsecured indebtedness, including (i) the entire \$200.0 million balance outstanding under the Unsecured Term Loan and (ii) the balance then outstanding under the Revolving Facility. Approximately \$314.8 million of the remaining cash proceeds were paid out to our stockholders in the form of the Special Dividend, which totaled approximately \$310.4 million, and to certain limited partners of ERP in the form of a corresponding special cash distribution of \$3.00 per unit, which totaled approximately \$4.4 million.

The repayment of outstanding indebtedness significantly improved our financial flexibility. We believe that we will be able to incur additional indebtedness in the future, which will in turn enable us to fund future growth opportunities. Over the longer term, net proceeds from the Galileo Transactions will be further reinvested in a combination of redevelopments of existing assets, new developments and new acquisition opportunities, as well as the potential repurchase of our outstanding common stock. In addition, the asset management fee stream and property management rights acquired in the Galileo Transactions will provide a steady stream of cash which may serve as another source of funds to satisfy our short-term and long-term liquidity needs.

#### *Short-Term Liquidity Needs*

Our short-term liquidity requirements consist primarily of funds necessary to pay for operating and other expenses directly associated with our portfolio of properties (including regular maintenance items), interest expense and scheduled principal payments on our outstanding debt, capital expenditures incurred to facilitate the leasing of space (*e.g.*, tenant improvements and leasing commissions), capital expenditures incurred in our development and redevelopment projects, and quarterly dividends and distributions that we pay to our common and preferred stockholders and holders of partnership units in ERP. We believe that cash generated from operations and borrowings under the Revolving Facility will be sufficient to meet our short-term liquidity requirements; however, there are certain factors that may have a material adverse effect on our cash flow from operations.

We derive substantially all of our revenue from tenants under existing leases at our properties. Therefore, our operating cash flow is dependent on the rents that we are able to charge to our tenants, and the ability of these tenants to make their rental payments. We believe that the nature of the properties in which we typically invest primarily community and neighborhood shopping centers provides a more stable revenue flow in uncertain economic times because, even in difficult economic times, consumers still need to purchase basic living essentials such as food and soft goods. However, general economic downturns, or economic downturns in one or more markets in which we own properties, still may adversely impact the ability of our tenants to make rental payments and our ability to re-lease space on favorable terms as leases expire. In either of these instances, our cash flow would be adversely affected.

On February 21, 2005, Winn-Dixie Stores filed for bankruptcy protection under Chapter 11 of the federal bankruptcy laws. As a result of certain lease assignments, rejections and failures to renew, we currently have 10 Winn-Dixie leases (one of which is currently sub-leased) in our portfolio, including five leases at properties held in joint ventures in which we have either a 5% or 10% equity interest. The 10 non-rejected lease locations are all currently physically occupied and aggregate (including our pro rata share of

the joint venture properties) approximately 0.3 million square feet of GLA and represent approximately \$1.7 million of ABR, or approximately \$6.09 per square foot. This represents approximately 0.5% of our total ABR. The five non-rejected lease locations within our wholly-owned portfolio aggregate approximately 0.3 million square feet of GLA and represent approximately \$1.6 million of ABR, or approximately \$6.07 per square foot. If Winn-Dixie Stores terminates any of these leases, or if they receive substantial rent reductions or deferrals, such events will impact our rental revenues, but we do not believe this impact will be material. We do not believe that there are any other pending tenant bankruptcies that are likely to materially affect our rental revenues.

We may acquire large portfolios of community and neighborhood shopping centers, either through direct acquisitions or business combinations. While we believe that the cash generated by any newly-acquired properties will more than offset the operating and interest expenses associated with those properties, it is possible that the properties may not perform as well as expected and as a result, our cash needs may increase. In addition, there may be other costs incurred as a result of the acquisition of properties, including increased general and administrative costs while we integrate the properties into our operating system.

In some cases, we have invested as a co-venturer or partner in the development or redevelopment of new properties, instead of developing projects directly. Pursuant to the terms of our joint venture agreements, including one agreement entered into subsequent to December 31, 2005, we have agreed to contribute up to an aggregate of \$37.8 million as our pro rata share of capital for property acquisitions and redevelopment costs. In addition to this amount, we have also agreed to contribute our pro rata share of any additional capital that may be required by our joint ventures, which pro rata share is not expected to be material. We expect to fund these capital requirements either out of excess cash from operations, or through draws on the Revolving Facility.

During 2005, we completed 24 redevelopment projects in our consolidated portfolio, the aggregate cost of which, including costs incurred in prior years on these projects, was approximately \$75.4 million. Our current redevelopment pipeline in our consolidated portfolio is comprised of 32 projects, the aggregate cost of which, including costs incurred in prior years on these projects, is expected to be approximately \$184.2 million. In addition, during 2005, we completed two outparcel development projects in our consolidated portfolio, the aggregate cost of which, including costs incurred in prior years on these projects, was approximately \$2.5 million. Our current outparcel development pipeline in our consolidated portfolio is comprised of six projects, the aggregate cost of which, including costs incurred in prior years on these projects, is expected to be approximately \$11.2 million. We intend on financing these redevelopment and outparcel development projects through cash from operations or draws on the Revolving Facility.

We also redevelop properties in our joint venture portfolios and during 2005, we completed six redevelopment projects, the aggregate cost of which, including costs incurred in prior years on these projects, was approximately \$14.2 million. Our current redevelopment pipeline for such projects is comprised of six projects, the aggregate cost of which, including costs incurred in prior years, is expected to be approximately \$81.3 million. In addition, we also develop outparcels at properties in our joint venture portfolios and our current pipeline for such projects is comprised of two projects, the aggregate cost of which, including costs incurred in prior years on these projects, is expected to be approximately \$7.1 million. We intend on financing our redevelopment and outparcel development projects in our joint venture portfolios with a variety of financing vehicles as determined from time to time by the joint venture.

We regularly incur significant expenditures in connection with the re-leasing of our retail space, principally in the form of tenant improvements and leasing commissions. The amounts of these expenditures can vary significantly, depending on negotiations with tenants and the willingness of tenants to pay higher base rents over the lives of the leases. We expect to pay for these capital expenditures out of excess cash from operations or, to the extent necessary, through draws on the Revolving Facility. We



believe that a significant portion of these expenditures is recouped in the form of continuing lease payments.

We have established a stock repurchase program under which we may repurchase up to \$75.0 million of our outstanding common stock through periodic open market transactions or through privately negotiated transactions. We did not repurchase any shares of common stock under this program in 2005, 2004 or 2003. However, we may effect stock repurchases in the future, depending on market conditions.

We have also established a repurchase program under which we may repurchase up to \$125.0 million of our outstanding preferred stock and public debt through periodic open market transactions or through privately negotiated transactions. As of December 31, 2005, no repurchases had been made under this program.

On September 27, 2005, we used a portion of the proceeds generated from the Galileo Transactions to pay the Special Dividend, as well as to pay a corresponding special cash distribution of \$3.00 per unit to certain limited partners of ERP. Total special cash distributions to stockholders and unitholders aggregated approximately \$314.8 million. In connection with the payment of the Special Dividend, we reduced our quarterly dividend from \$0.4125 per share of common stock (or \$1.65 per share on an annualized basis) to \$0.3125 per share of common stock (or \$1.25 per share on an annualized basis), beginning with the dividend payable with respect to the third quarter of 2005, which dividend was paid on October 17, 2005. The reduction in the quarterly dividend on our common stock will reduce our quarterly cash distribution requirements by approximately \$10.3 million. We also pay regular quarterly dividends on our preferred stock. The maintenance of these dividends is subject to various factors, including the discretion of our Board of Directors, our ability to pay dividends under Maryland law, the availability of cash to make the necessary dividend payments and the effect of REIT distribution requirements, which require at least 90% of our taxable income be distributed to stockholders. We also make regular quarterly distributions on ERP units. In connection with the payment of the special cash distribution to certain limited partners of ERP, we reduced our regular quarterly distributions to these limited partners from \$0.4125 per unit (or \$1.65 per unit on an annualized basis) to \$0.3125 per unit (or \$1.25 per unit on an annualized basis), beginning with the distribution payable with respect to the third quarter of 2005, which distribution was paid on October 17, 2005. The reduction in the quarterly distribution to these limited partners of ERP will reduce our quarterly cash distribution requirements by approximately \$0.6 million.

In addition, under the Revolving Facility and the Secured Term Loan, we are restricted from paying common stock dividends that would exceed 95% of our Funds From Operations (as defined in the applicable debt agreement) during any four-quarter period.

#### *Long-Term Liquidity Needs*

Our long-term liquidity requirements consist primarily of funds necessary to pay for the principal amount of our long-term debt as it matures, significant non-recurring capital expenditures that need to be made periodically at our properties, redevelopment or development projects that we undertake at our properties and the costs associated with acquisitions of properties that we pursue. Historically, we have satisfied these requirements principally through the most advantageous source of capital at the time, which has included the incurrence of new debt through borrowings (through public offerings of unsecured debt and private incurrence of secured and unsecured debt), sales of common and preferred stock, capital raised through the disposition of assets, repayment by third parties of notes receivable and joint venture capital transactions. We believe that these sources of capital will continue to be available in the future to fund our long-term capital needs; however, there are certain factors that may have a material adverse effect on our ability to access these capital sources.

Our ability to incur additional debt is dependent upon a number of factors, including our degree of leverage, the value of our unencumbered assets, our credit rating and borrowing restrictions imposed by

existing lenders. Currently, we have investment grade credit ratings for prospective unsecured debt offerings from three major rating agencies Standard & Poor's (BBB), Moody's Investor Service (Baa2) and Fitch Ratings (BBB+). A downgrade in outlook or rating by a rating agency can occur at any time if the agency perceives an adverse change in our financial condition, results of operations or ability to service debt. If such a downgrade occurs, it would increase the interest rate currently payable under our existing credit facilities, it likely would increase the costs associated with obtaining future financing, and it potentially could adversely affect our ability to obtain future financing.

Based on an internal evaluation, the estimated value of our properties is above the outstanding amount of mortgage debt encumbering the properties. Therefore, at this time, we believe that additional financing could be obtained, either in the form of mortgage debt or additional unsecured borrowings, and without violating the financial covenants contained in our existing debt agreements.

Our ability to raise funds through sales of common stock and preferred stock is dependent on, among other things, general market conditions for REITs, market perceptions about our company and the current trading price of our stock. We will continue to analyze which source of capital is most advantageous to us at any particular point in time, but the equity markets may not be consistently available on attractive terms.

We have selectively effected asset sales to generate cash proceeds over the last two years. During 2005, we generated approximately \$1.1 billion in gross proceeds through the sale of the Galileo Properties as part of the Galileo Transactions, as well as the culling of non-core and non-strategic properties and approximately \$17.1 million from the disposition of certain properties and land parcels held through joint ventures. During 2004, we generated an aggregate of approximately \$57.9 million in gross proceeds, including approximately \$8.5 million represented by a purchase money note issued in connection with the sale of Factory Merchants Barstow (which note was repaid in full in the first quarter of 2005), through the culling of non-core and non-strategic properties and the transfer of one property to a joint venture. In addition, we generated approximately \$4.3 million in gross proceeds from the disposition of certain properties held through joint ventures. Our ability to generate cash from asset sales is limited by market conditions and certain rules applicable to REITs. Our ability to sell properties in the future in order to raise cash will necessarily be limited if market conditions make such sales unattractive.

The following table summarizes all of our known contractual cash obligations, excluding interest, to pay third parties as of December 31, 2005 (based on a calendar year, dollars in thousands):

| Contractual Cash Obligations | Total        | Less than<br>1 year | 1-3<br>years | 3-5<br>years | More than<br>5 years |
|------------------------------|--------------|---------------------|--------------|--------------|----------------------|
| Long-Term Debt (1)           | \$ 1,609,782 | \$ 30,474           | \$ 452,336   | \$ 227,534   | \$ 899,438           |
| Capital Lease Obligations    | 27,881       | 381                 | 852          | 989          | 25,659               |
| Operating Leases             | 52,901       | 2,647               | 5,929        | 5,396        | 38,929               |
| Total                        | \$ 1,690,564 | \$ 33,502           | \$ 459,117   | \$ 233,919   | \$ 964,026           |

(1) Long-term debt includes scheduled amortization and scheduled maturities for mortgage loans, notes payable and credit facilities.

We intend to repay our 2006 contractual cash obligations, which include approximately \$18.7 million of maturing mortgages and scheduled amortization, either through draws under the Revolving Facility, with proceeds generated through the sale of assets, or a combination thereof.

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The following table summarizes certain terms of our existing credit agreements as of December 31, 2005 (dollars in thousands):

| Loan               | Amount Available<br>to be Drawn | Amount Drawn as of<br>December 31, 2005 | Current Interest<br>Rate (1) | Maturity Date |
|--------------------|---------------------------------|-----------------------------------------|------------------------------|---------------|
| Revolving Facility | \$ 350,000                      | \$ 65,000                               | LIBOR plus 65 bp (2)         | June 29, 2007 |
| Secured Term Loan  | 150,000                         | 150,000                                 | LIBOR plus 85 bp             | June 29, 2007 |
| <b>Total</b>       | <b>\$ 500,000</b>               | <b>\$ 215,000</b>                       |                              |               |

(1) We incur interest using a 30-day LIBOR rate, which was 4.31% at December 31, 2005.

(2) We also incur an annual facility fee of 20 basis points on this facility.

The Revolving Facility and the Secured Term Loan (collectively, the Credit Agreements) require that we maintain certain financial coverage ratios and other debt covenants. On July 19, 2005, we entered into amendments to the financial coverage ratios and other debt covenants as they pertain to the Credit Agreements. The amendments to each of the Credit Agreements were substantially identical.

As part of the amendments:

- The covenants in the Credit Agreements relating to asset sales by us were amended to permit us to sell or otherwise transfer assets so long as the transfers do not exceed (i) with respect to 2005, 30% of the total book value of all of our property determined as of December 31, 2004, and (ii) with respect to each year thereafter, 25% of the total book value of all of our property determined as of last day of the preceding year;
- The covenants in the Credit Agreements relating to permitted dividends by us were amended to specifically provide that the Special Dividend distributed to our stockholders following the Galileo Transactions be permitted under the terms of the Credit Agreements;
- The covenants in the Credit Agreements relating to our minimum tangible net worth were amended to provide that our minimum net worth requirement be reduced from \$1.278 billion to \$1.225 billion (plus 80% of the net proceeds received by us from future issuances of capital stock);
- The covenants in the Credit Agreements that set forth the maximum ratio of our total unsecured debt to unencumbered asset value were amended to increase the ratio from 55% to 57.5%; and
- The capitalization rates used to calculate the value of our assets for purposes of certain ratio tests (i.e., in calculating our operating property value and unencumbered asset value) were decreased from 9.0% to 8.5%.

As of December 31, 2005, these coverage ratios and debt covenants, as amended, included:

- net operating income of unencumbered assets to interest on unsecured debt ratio of at least 2:1
- EBITDA (as defined in the applicable debt agreement) to fixed charges ratio of at least 1.75:1
- minimum tangible net worth of approximately \$1.2 billion
- total debt to total adjusted assets of no more than 57.5%
- total secured debt to total adjusted assets of no more than 40%
- unsecured debt to unencumbered assets value ratio of no more than 57.5%

- book value of ancillary assets to total adjusted assets of no more than 25%
- book value of new construction assets to total adjusted assets of no more than 15%
- Funds from Operations (as defined in the applicable debt agreement) payout ratio no greater than 95%

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Under the terms of each of the Revolving Facility and the Secured Term Loan, the respective covenants will be modified to be consistent with any more restrictive covenant contained in any other existing or new senior unsecured credit facility that we enter into. The Secured Term Loan also contains certain financial covenants relating to the operating performance of certain properties that collateralize the Secured Term Loan.

As of December 31, 2005, we had approximately \$1.0 billion of public indebtedness outstanding, excluding the impact of unamortized discounts, under three indentures, having a weighted average interest rate of 5.6%. These indentures also contain covenants that require us to maintain certain financial coverage ratios. These covenants are generally less onerous than the covenants contained in our existing Credit Agreements, as described above.

As of December 31, 2005, we were in compliance with all of the financial covenants under our existing Credit Agreements and public indentures, and we believe that we will continue to remain in compliance with these covenants. However, if our properties do not perform as expected, or if unexpected events occur that require us to borrow additional funds, compliance with these covenants may become difficult and may restrict our ability to pursue certain business initiatives. In addition, these financial covenants may restrict our ability to pursue particular acquisition transactions (for example, acquiring a portfolio of properties that is highly leveraged) and could significantly impact our ability to pursue growth initiatives.

In addition to our existing Credit Agreements and public indebtedness, as of December 31, 2005, we had approximately \$419.8 million of mortgage debt outstanding, excluding the impact of unamortized premiums, having a weighted average interest rate of 7.4% per annum.

#### **Off-Balance Sheet Arrangements**

We do not believe that we currently have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

However, in a few cases, we have made commitments to provide funds to unconsolidated joint ventures under certain circumstances. The liabilities associated with these joint ventures do not show up as liabilities on our consolidated financial statements.

The following is a brief summary of the unconsolidated joint venture obligations that we have as of December 31, 2005 in which we expect to make additional capital contributions to the joint venture:

- *CA New Plan Acquisition Fund, LLC*. We have a 10% interest in a joint venture that was created in conjunction with the restructuring of CA New Plan Venture Fund, LLC (see below) for the acquisition, redevelopment and development of real estate assets. Under the terms of the joint venture, we are responsible for contributing our pro rata share of any capital that might be required by the joint venture, up to a maximum of \$4.2 million, of which approximately \$1.4 million had been contributed by us as of December 31, 2005. We anticipate contributing the remaining approximately \$2.8 million by the end of 2007. As of December 31, 2005, the joint venture owned three operating retail properties and one retail property under redevelopment. The joint venture had loans outstanding of approximately \$33.4 million as of December 31, 2005. As of December 31, 2005, the book value of our investment in CA New Plan Acquisition Fund, LLC was approximately \$1.4 million.
- *Galileo America LLC*. We have a 5% interest in this joint venture, which interest was acquired on August 10, 2005 in conjunction with the Galileo Transactions. Under the terms of this joint venture, we are not obligated to contribute any additional capital to the venture; however, in the event that additional capital is contributed by our joint venture partner, we have the option to contribute the amount necessary to maintain our 5% ownership interest. We anticipate making additional capital

contributions from time to time to maintain our ownership percentage. As of December 31, 2005, the joint venture was comprised of 126 retail assets, and had loans outstanding of approximately \$1.2 billion. As of December 31, 2005, the book value of our investment in Galileo America LLC was approximately \$33.8 million.

- *NP/I&G Institutional Retail Company, LLC.* We have a strategic joint venture with JPMorgan Fleming Asset Management to acquire high-quality institutional grade community and neighborhood shopping centers on a nationwide basis. The joint venture owned 13 retail properties as of December 31, 2005. Under the terms of this joint venture, we have a 20% interest in the venture and are responsible for contributing our pro rata share of any capital that might be required by the joint venture. We originally agreed to contribute up to a maximum amount of \$30.0 million to the joint venture, however, in connection with the acquisition of certain assets, we, together with ERP, contributed a disproportionate share of capital to the venture. As a result of this contribution, the total book value of our investment in NP/I&G Institutional Retail Company, LLC as of December 31, 2005 was approximately \$41.4 million. Our excess contribution of approximately \$11.3 million was repaid in February 2006. The joint venture had loans outstanding of approximately \$275.6 million as of December 31, 2005.
- *NPK Redevelopment I, LLC.* We have a joint venture with Kmart Corporation (Sears Holding Corp.) pursuant to which the joint venture will redevelop three Kmart Supercenter properties formerly owned by Kmart. Under the terms of this joint venture, we have agreed to contribute \$6.0 million, of which \$1.0 million had been contributed by us as of December 31, 2005. After our contribution of the total committed amount, we will have a 20% interest in the venture and be responsible for contributing our pro rata share of any additional capital that might be required by the joint venture. The joint venture had no loans outstanding as of December 31, 2005. As of December 31, 2005, the book value of our investment in NPK Redevelopment I, LLC was approximately \$1.0 million.

In addition, the following is a brief summary of the other unconsolidated joint venture obligations that we have as of December 31, 2005. Although we have agreed to contribute certain amounts of capital that may be required by these joint ventures, as more fully described below, we do not expect that any significant capital contributions to the following joint ventures will be required.

- *Arapahoe Crossings, L.P.* We, together with a U.S. partnership comprised substantially of foreign investors, have an interest in a joint venture which owns Arapahoe Crossings, a community shopping center located in Aurora, Colorado. Under the terms of this joint venture, we have a 30% interest and we have agreed to contribute our pro rata share of any capital that might be required by the joint venture. The joint venture had loans outstanding of approximately \$48.5 million as of December 31, 2005. As of December 31, 2005, the book value of our investment in Arapahoe Crossings, L.P. was approximately \$6.7 million.
- *BPR Land Partnership, L.P.* We have a 50% interest in a joint venture that owns approximately 30.1 acres of undeveloped land in Frisco, Texas. Under the terms of this joint venture, we have agreed to contribute our pro rata share of any capital that might be required by the joint venture. The joint venture had no loans outstanding as of December 31, 2005. As of December 31, 2005, the book value of our investment in BPR Land Partnership, L.P. was approximately \$1.2 million.
- *BPR Shopping Center, L.P.* We have a 25% interest in a joint venture that owns The Centre at Preston Ridge, a community shopping center located in Frisco, Texas. Under the terms of this joint venture, we have agreed to contribute our pro rata share of any capital that might be required by the joint venture. The joint venture had loans outstanding of approximately \$68.6 million as of December 31, 2005. As of December 31, 2005, the book value of our investment in BPR Shopping Center, L.P. was approximately \$3.6 million.

- *BPR South, L.P.* We have a 50% interest in a joint venture that owns approximately 8.4 acres of undeveloped land in Frisco, Texas. Under the terms of this joint venture, we have agreed to contribute our pro rata share of any capital that might be required by the joint venture. The joint venture had no loans outstanding as of December 31, 2005. As of December 31, 2005, the book value of our investment in BPR South, L.P. was approximately \$0.8 million.
- *CA New Plan Venture Direct Investment Fund, LLC.* We have a 10% interest in a joint venture that was created in conjunction with the restructuring of CA New Plan Venture Fund, LLC (see below). Under the terms of the joint venture, we are responsible for contributing our pro rata share of any capital that might be required by the joint venture, up to a maximum of \$0.4 million. As of December 31, 2005, we had not made any such capital contributions to this venture. As of December 31, 2005, the joint venture owned seven retail properties and had loans outstanding of approximately \$60.8 million. As of December 31, 2005, the book value of our investment in CA New Plan Venture Direct Investment Fund, LLC was approximately \$0.8 million.
- *CA New Plan Venture Fund, LLC.* During 2005, this joint venture was restructured to create two additional joint ventures, CA New Plan Acquisition Fund, LLC, and CA New Plan Venture Direct Investment Fund, LLC. As a result of the restructuring, six stabilized assets were transferred from CA New Plan Venture Fund, LLC to CA New Plan Venture Direct Investment Fund, LLC, and two assets were sold, resulting in the joint venture owning six operating retail properties and one retail property under redevelopment as of December 31, 2005. Under the terms of the restructured joint venture, we continue to have a 10% interest in the venture, and are responsible for contributing our pro rata share of any capital that might be required by the joint venture, up to a maximum amount of \$0.9 million. As of December 31, 2005, we had not made any such capital contributions. The joint venture had loans outstanding of approximately \$57.7 million as of December 31, 2005. As of December 31, 2005, the book value of our investment in CA New Plan Venture Fund, LLC was approximately \$3.7 million.
- *Westgate Mall, LLC.* We, together with Transwestern Investment Company and The Richard E. Jacobs Group, have an interest in a joint venture that was formed for the specific purpose of acquiring and redeveloping Westgate Mall, an enclosed mall located on 55 acres of land in Fairview Park, Ohio. The joint venture plans to redevelop the mall into a large community shopping center. Under the terms of this joint venture, we have a 10% interest in the venture and have agreed to contribute our pro rata share of any capital that might be required by the joint venture. The joint venture had loans outstanding of approximately \$21.6 million as of December 31, 2005. As of December 31, 2005, the book value of our investment in Westgate Mall, LLC was approximately \$1.1 million.

#### *Other Funding Obligations*

In addition to the joint venture obligations described above, we also had the following contingent contractual obligations as of December 31, 2005, none of which we believe will materially adversely affect us:

- *Letters of Credit.* We have arranged for the provision of six separate letters of credit in connection with certain property related matters. If these letters of credit are drawn, we will be obligated to reimburse the providing bank for the amount of the draw. As of December 31, 2005, there was no balance outstanding under any of the letters of credit. If the letters of credit were fully drawn, the combined maximum amount of exposure would be approximately \$4.6 million.
- *Non-Recourse and Other Debt Guarantees.* Under certain of our non-recourse loans and those of our joint ventures, we could, under certain circumstances, be responsible for portions of the mortgage indebtedness in connection with certain customary non-recourse carve out provisions such as





environmental conditions, misuse of funds and material misrepresentations. As of December 31, 2005, we had mortgage loans outstanding of approximately \$419.8 million and our unconsolidated joint ventures had mortgage loans outstanding of approximately \$1.7 billion. In addition, from time to time, we will guarantee certain construction and other obligations relative to certain joint venture development projects. We do not expect our obligations under such guarantees will be material.

- *Leasing Commitments.* We have entered into leases, as lessee, in connection with ground leases for shopping centers which we operate, an office building which we sublet, and our administrative office space. These leases are accounted for as operating leases. The minimum annual rental commitments for these leases during the next five fiscal years and thereafter are approximately as follows (dollars in thousands):

| Year       |          |
|------------|----------|
| 2006       | \$ 2,647 |
| 2007       | 3,131    |
| 2008       | 2,798    |
| 2009       | 2,725    |
| 2010       | 2,671    |
| Thereafter | 38,929   |

As discussed in Item 3 (Legal Proceedings) above, we also have a potential contingent obligation in connection with a specific tenant litigation for which we have reserved approximately \$4.8 million as of December 31, 2005. There can be no assurance as to the final outcome of this litigation and whether it will exceed or fall short of the amount reserved; however, even if our ultimate loss is more than the reserve established, we believe that the amount of the loss in excess of the reserve would be immaterial.

For a discussion of other factors which may adversely affect our liquidity and capital resources, please see the section titled "Risk Factors" in Item 1A of this Annual Report on Form 10-K.

### **Inflation**

The majority of our leases contain provisions designed to mitigate the adverse impact of inflation. Such provisions contain clauses enabling us to receive percentage rents, which generally increase as prices rise but may be adversely impacted by tenant sales decreases, and/or escalation clauses which are typically related to increases in the consumer price index or similar inflation indices. In addition, we believe that many of our existing lease rates are below current market levels for comparable space and that upon renewal or re-rental such rates may be increased to be consistent with, or get closer to, current market rates. This belief is based upon an analysis of relevant market conditions, including a comparison of comparable market rental rates, and upon the fact that many of our leases have been in place for a number of years and may not contain escalation clauses sufficient to match the increase in market rental rates over such time. Most of our leases require the tenant to pay its share of operating expenses, including common area maintenance, real estate taxes and insurance, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation. In addition, we periodically evaluate our exposure to interest rate fluctuations, and may enter into interest rate protection agreements which mitigate, but do not eliminate, the effect of changes in interest rates on our floating rate loans.

In the normal course of business, we also face risks that are either non-financial or non-qualitative. Such risks principally include credit risks and legal risks.

### **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

As of December 31, 2005, we had approximately \$24.3 million of outstanding floating rate mortgages. We also had approximately \$215.0 million outstanding under our floating rate Credit Agreements. We do

not believe that the interest rate risk represented by our floating rate debt is material as of December 31, 2005, in relation to our approximately \$1.6 billion of outstanding total debt, our approximately \$3.4 billion of total assets and our approximately \$4.4 billion total market capitalization as of that date. In addition, as discussed below, we have converted \$65.0 million of fixed rate borrowings to floating rate borrowings through the use of a hedging agreement.

As of December 31, 2005, we had entered into two reverse arrears swap agreements. The two reverse arrears swap agreements effectively convert the interest rate on \$65.0 million of the debt from a fixed rate to a blended floating rate of 30 basis points over the six-month LIBOR rate. These two swaps will terminate on February 1, 2011.

During the year ended December 31, 2004, we entered into seven 10-year forward starting interest rate swap agreements for an aggregate of approximately \$200.0 million in notional amount. These derivative instruments were expected to be used to hedge the risk of changes in interest cash outflows on anticipated fixed rate financings by effectively locking the 10-year LIBOR swap rate. Concurrent with the pricing of the January 2005 Debt Offering, we settled four of the seven 10-year forward starting interest rate swap agreements with an aggregate of approximately \$100.0 million in notional amount for an aggregate cost of approximately \$2.5 million. The effect of such payment was deferred and will be amortized into earnings as an increase in effective interest expense over the term of the fixed rate borrowing. Concurrent with the pricing of the September 2005 Debt Offering, we settled the remaining three forward starting interest rate swap agreements with an aggregate of approximately \$100.0 million in notional amount for an aggregate cost of approximately \$7.6 million. The effect of such payment was deferred and will be amortized into earnings as an increase in the effective interest expense over the term of the fixed rate borrowings.

On August 2, 2005, we entered into two forward starting interest rate swap agreements for an aggregate of approximately \$148.2 million in notional amount. These derivative instruments were expected to be used to hedge the risk of changes in interest cash outflows on anticipated fixed rate financings by effectively locking the three-month LIBOR swap rate. Concurrent with the pricing of the September 2005 Debt Offering, we settled both forward starting interest rate swap agreements for an aggregate cost of approximately \$1.9 million. The effect of such payment was deferred and will be amortized into earnings as an increase in the effective interest expense over the term of the fixed rate borrowings.

Hedging agreements may expose us to the risk that the counterparties to these agreements may not perform, which could increase our exposure to fluctuating interest rates. Generally, the counterparties to hedging agreements that we enter into are major financial institutions. We may borrow additional money with floating interest rates in the future. Increases in interest rates, or the loss of the benefit of existing or future hedging agreements, would increase our expense, which would adversely affect cash flow and our ability to service our debt. Future increases in interest rates will increase our interest expense as compared to the fixed rate debt underlying our hedging agreements and we could be required to make payments to unwind such agreements.

If market rates of interest on our variable rate debt increase by 1%, the increase in annual interest expense on our variable rate debt would decrease future earnings and cash flows by approximately \$3.0 million. If market rates of interest on our variable rate debt decrease by 1%, the decrease in interest expense on our variable rate debt would increase future earnings and cash flows by approximately \$3.0 million. This assumes that the amount outstanding under our variable rate debt remains at approximately \$304.3 million (including the impact of \$65.0 million in reverse arrears swap agreements), the balance as of December 31, 2005. If market rates of interest increase by 1%, the fair value of our total outstanding debt would decrease by approximately \$94.8 million. If market rates of interest decrease by 1%, the fair value of our total outstanding debt would increase by approximately \$91.4 million. This assumes that our total outstanding debt remains at \$1.6 billion, the balance as of December 31, 2005.

As of December 31, 2005, we had no material exposure to market risk (including foreign currency exchange risk, commodity price risk or equity price risk).

**Item 8.** *Financial Statements and Supplementary Data*

Financial statements required by this item appear with an Index to Financial Statements and Schedules, starting on page F-1 of this report.

**Item 9.** *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

**Item 9A.** *Controls and Procedures*

**Evaluation of Disclosure Controls and Procedures**

An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities and Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of the end of the period covered by this report.

**Management's Report on Internal Control Over Financial Reporting**

Management's report on internal control over financial reporting and the attestation report of PricewaterhouseCoopers LLP, our independent registered public accounting firm, on management's assessment of our internal control over financial reporting are set forth on pages F-2 and F-3, respectively, of this Annual Report on Form 10-K, and are incorporated herein by reference.

**Changes in Internal Control Over Financial Reporting**

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B.** *Other Information*

Not applicable.

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**PART III****Item 10. Directors and Executive Officers of the Registrant**

We have adopted a Code of Ethics for Principal Executive Officer and Senior Financial Officers, which is available on our website at [www.newplan.com](http://www.newplan.com). We intend to disclose any amendment to, or waiver from, a provision of our Code of Ethics for Principal Executive Officer and Senior Financial Officers on our website within four business days following the date of amendment or waiver.

The information required by this item regarding directors and executive officers is hereby incorporated by reference to the material appearing in the Proxy Statement for the Annual Stockholders Meeting to be held in 2006 (the Proxy Statement) under the captions Election of Directors, Information Regarding Corporate Governance and the Board of Directors and its Committees and Executive Compensation and Other Information. The information required by this item regarding compliance with Section 16(a) of the Exchange Act is hereby incorporated by reference to the material appearing in the Proxy Statement under the caption Other Matters Section 16(a) Beneficial Ownership Reporting Compliance.

**Item 11. Executive Compensation**

The information required by this item is hereby incorporated by reference to the material appearing in the Proxy Statement under the captions Information Regarding Corporate Governance and the Board of Directors and its Committees Do our directors receive any compensation for their service as directors?, Executive Compensation and Other Information and Compensation Committee Interlocks and Insider Participation.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information regarding security ownership of certain beneficial owners and management required by this item is hereby incorporated by reference to the material appearing in the Proxy Statement under the caption Voting Securities of Certain Beneficial Owners and Management.

The following table sets forth certain information regarding our equity compensation plans as of December 31, 2005. In order to counteract the dilutive effect on the options outstanding resulting from the payment of the Special Dividend, we amended our outstanding option grants to adjust both the number of options outstanding and the related exercise prices. The information set forth in the following table includes the effect of such amendment.

| Plan Category                                             | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by stockholders        | 4,113,213                                                                                       | \$ 17.59                                                                        | 2,904,434 (1)                                                                                                                                   |
| Equity compensation plans not approved by stockholders(2) | 633,650                                                                                         | 11.35                                                                           |                                                                                                                                                 |
| Total                                                     | 4,746,863                                                                                       | \$ 16.76                                                                        | 2,904,434                                                                                                                                       |

(1) All of these securities are available for issuance under our 2003 Stock Incentive Plan.

(2) Represents options granted to Glenn Rufrano, our Chief Executive Officer, in connection with the employment agreement entered into upon commencement of Mr. Rufrano's employment with us in February 2000. All of these options, which have an exercise price of \$11.35 per share and expire ten years from the grant date, were vested as of February 23, 2005.

**Item 13.** *Certain Relationships and Related Transactions*

The information required by this item is hereby incorporated by reference to the material appearing in the Proxy Statement under the caption Certain Relationships and Related Transactions.

**Item 14.** *Principal Accountant Fees and Services*

The information required by this item is hereby incorporated by reference to the material appearing in the Proxy Statement under the caption Other Matters Relationship with Independent Accountants.

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**PART IV**

**Item 15.** *Exhibits and Financial Statement Schedules*

(a) Documents filed as part of this report:

1. *Financial Statements.*

The response to this portion of Item 15 is submitted as a separate section of this report.

2. *Financial Statement Schedules.*

The response to this portion of Item 15 is submitted as a separate section of this report.

3. *Exhibits.*

The list of exhibits filed with this report is set forth in response to Item 15(b). The required exhibit index has been filed with the exhibits.

(b) *Exhibits.* The following documents are filed as exhibits to this report:

- \*3.1 Articles of Amendment and Restatement of the Charter of the Company, filed as Exhibit 3.01 to Amendment No. 1 to the Company's Registration Statement on Form S-3, File No. 33-59195.
- \*3.2 Articles of Amendment of Articles of Amendment and Restatement of the Charter of the Company, filed as Exhibit 4.4 to the Company's Registration Statement on Form S-3, File No. 333-65211.
- \*3.3 Restated Bylaws of the Company, effective as of February 23, 2004 (incorporating all amendments thereto through February 23, 2004), filed as Exhibit 3.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004.
- \*4.1 Articles Supplementary classifying 150,000 shares of preferred stock as 7.80% Series D Cumulative Voting Step-Up Premium Rate Preferred Stock, filed as Exhibit 4.5 to the Company's Registration Statement on Form S-3, File No. 333-65211.
- \*4.2 Articles Supplementary classifying 805,000 shares of preferred stock as 7.625% Series E Cumulative Redeemable Preferred Stock, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 17, 2003.
- \*4.3 Senior Securities Indenture, dated as of March 29, 1995, between New Plan Realty Trust and The First National Bank of Boston, as Trustee, filed as Exhibit 4.2 to New Plan Realty Trust's Registration Statement on Form S-3, File No. 33-61383.
- \*4.4 First Supplemental Indenture, dated as of August 5, 1999, by and among New Plan Realty Trust, New Plan Excel Realty Trust, Inc. and State Street Bank and Trust Company, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999.
- \*4.5 Senior Securities Indenture, dated as of February 3, 1999, among the Company, New Plan Realty Trust, as guarantor, and State Street Bank and Trust Company, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated February 3, 1999.

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- \*4.6 Supplemental Indenture, dated as of December 17, 2004, by and between the Company and U.S. Bank Trust National Association (as successor to State Street Bank and Trust Company), as Trustee, to the Indenture dated as of February 3, 1999, by and among the Company, New Plan Realty Trust, as guarantor, and the Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated December 22, 2004.
- \*4.7 Senior Securities Indenture, dated as of January 30, 2004, by and between the Company and U.S. Bank Trust National Association, as Trustee filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated February 5, 2004.
- \*4.8 Registration Rights Agreement, dated as of January 9, 2004, by and between the Company and Richard L. Friedman and Carpenter & Company, Inc, filed as Exhibit 4.3 to the Company's Registration Statement on Form S-3, File No. 333-122193.
- \*10.1 New Plan Realty Trust 1991 Stock Option Plan, as amended, filed as Exhibit 4.2 to the Company's Registration Statement on Form S-8, File No. 333-65221.
- \*10.2 Amended and Restated 1993 Stock Option Plan of the Company, dated May 28, 1998, filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8, File No. 333-65223.
- \*10.3 Amendment to the Amended and Restated 1993 Stock Option Plan of the Company, dated September 28, 1998, filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 1998.
- \*10.4 Amendment to the Amended and Restated 1993 Stock Option Plan of the Company, dated February 8, 1999, filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 1998.
- \*10.5 Amendment to the Amended and Restated 1993 Stock Option Plan of the Company, dated April 21, 1999, filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999.
- \*10.6 Amendment to the Amended and Restated 1993 Stock Option Plan of the Company, dated February 17, 2000, filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999.
- \*10.7 Amended and Restated 1994 Directors' Stock Option Plan of the Company, dated May 10, 1996, filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 1998.
- \*10.8 Amendment to the Amended and Restated 1994 Directors' Stock Option Plan of the Company, dated September 28, 1998, filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 1998.
- \*10.9 Amendment to the Amended and Restated 1994 Directors' Stock Option Plan of the Company, dated February 17, 2000, filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999.
- \*10.10 Amendment to the Amended and Restated 1994 Directors' Stock Option Plan of the Company, effective as of May 24, 2000, filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.
- \*10.11 New Plan Realty Trust 1997 Stock Option Plan, filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8, File No. 333-65221.

- \*10.12 2003 Stock Incentive Plan of the Company, as amended and restated effective July 14, 2005, filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
- \*10.13 Form of Stock Option Award pursuant to 2003 Stock Incentive Plan, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated February 18, 2005.
- \*10.14 Form of Amendment to Stock Option Awards pursuant to 2003 Stock Incentive Plan, filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
- \*10.15 Form of Restricted Stock Award pursuant to 2003 Stock Incentive Plan, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, dated February 18, 2005.
- \*10.16 First Amended and Restated Revolving Credit Agreement, dated as of June 29, 2004, by and among the Company, Bank of America, N.A., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
- \*10.17 First Amendment to First Amended and Restated Revolving Credit Agreement, dated as of July 19, 2005, by and among the Company, Bank of America, N.A., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
- \*10.18 First Amended and Restated Guaranty, dated as of June 29, 2004, by and among New Plan Realty Trust, Excel Realty Trust ST, Inc., New Plan Factory Malls, Inc., CA New Plan Asset Partnership IV, L.P., Excel Realty Trust-NC, NP of Tennessee, L.P., Pointe Orlando Development Company, CA New Plan Texas Assets, L.P., HK New Plan Exchange Property Owner I, LLC, New Plan of Illinois, LLC, New Plan Property Holding Company and Bank of America, N.A., as administrative agent (First Amended and Restated Revolving Credit Agreement), filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
- \*10.19 First Amended and Restated Secured Term Loan Agreement, dated as of June 29, 2004, by and among the Company, Bank of America, N.A., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
- \*10.20 First Amendment to First Amended and Restated Secured Term Loan Agreement, dated as of July 19, 2005, by and among the Company, Bank of America, N.A., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
- \*10.21 First Amended and Restated Guaranty, dated as of June 29, 2004, by and among New Plan Realty Trust, Excel Realty Trust ST, Inc., New Plan Factory Malls, Inc., CA New Plan Asset Partnership IV, L.P., Excel Realty Trust-NC, NP of Tennessee, L.P., Pointe Orlando Development Company, CA New Plan Texas Assets, L.P., HK New Plan Exchange Property Owner I, LLC, New Plan of Illinois, LLC, New Plan Property Holding Company and Bank of America, N.A., as administrative agent (First Amended and Restated Secured Term Loan Agreement), filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.



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- \*10.22 Term Loan Agreement, dated as of April 5, 2005, by and among the Company, Citicorp North America, Inc., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.
- \*10.23 First Amendment to Term Loan Agreement, dated as of July 13, 2005, by and among the Company, Citicorp North America, Inc., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
- \*10.24 Second Amendment to Term Loan Agreement, dated as of July 19, 2005, by and among the Company, Citicorp North America Inc., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
- \*10.25 Second Amended and Restated Agreement of Limited Partnership of Excel Realty Partners, L.P., dated as of May 19, 2003, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.
- \*10.26 First Amendment to Second Amended and Restated Agreement of Limited Partnership of Excel Realty Partners, L.P., dated as of December 7, 2004, filed as Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004.
- \*10.27 Dividend Reinvestment and Share Purchase Plan, included in the prospectus of the Company filed pursuant to Rule 424(b)(3), File No. 333-65211, on April 20, 2000.
- \*10.28 New Plan Excel Realty Trust, Inc. Deferred Compensation Plan, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.
- \*10.29 Director Compensation Schedule, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated February 28, 2005.
- \*10.30 Schedule of 2004 Compensation for Named Executive Officers, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, dated February 28, 2005.
- \*10.31 Support Agreement, dated as of May 14, 1998, by William Newman to the Company, filed as Exhibit 10.7 to the Company's Registration Statement on Form S-4, File No. 333-61131, dated August 11, 1998.
- \*10.32 Schedule of William Newman's Compensation Arrangement, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, dated October 28, 2005.
- \*10.33 Demand Promissory Note, dated July 1, 1997, made by Dean Bernstein in favor of the Company, filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.
- \*10.34 Employment Agreement, dated as of September 25, 1998, by and between the Company and Dean Bernstein, filed as Exhibit 10.39 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000.
- \*10.35 Extension Letter concerning Employment Agreement, dated March 27, 2000, provided by the Company to Dean Bernstein, filed as Exhibit 10.42 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001.
- \*10.36 Agreement, dated May 14, 2004, by and between the Company and Dean Bernstein, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.

- \*10.37 Demand Promissory Note, dated June 29, 1994, made by Steven F. Siegel in favor of the Company, filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.
- \*10.38 Demand Promissory Note, dated July 1, 1997, made by Steven F. Siegel in favor of the Company, filed as Exhibit 10.27 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.
- \*10.39 Employment Agreement, dated as of September 25, 1998, by and between the Company and Steven F. Siegel, filed as Exhibit 10.45 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 1998.
- \*10.40 Extension Letter concerning Employment Agreement, dated March 27, 2000, provided by the Company to Steven F. Siegel, filed as Exhibit 10.44 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001.
- \*10.41 Agreement, dated June 24, 2003, by and between the Company and Steven F. Siegel, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.
- \*10.42 Employment Agreement, dated as of March 15, 2005, by and between the Company and Glenn Rufrano, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated March 18, 2005.
- \*10.43 Stock Option Agreement, dated as of February 23, 2000, by and between the Company and Glenn J. Rufrano (relating to 460,976 options), filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, dated March 9, 2000.
- \*10.44 Stock Option Agreement, dated as of February 23, 2000, by and between the Company and Glenn J. Rufrano (relating to 200,000 options), filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, dated March 9, 2000.
- \*10.45 Employment Agreement, dated as of April 14, 2000, by and between the Company and John Roche, filed as Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000.
- \*10.46 Agreement, dated as of September 27, 2002, by and between the Company and John Roche, filed as Exhibit 10.38 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.
- \*10.47 Agreement, dated as of October 24, 2005, by and between the Company and John Roche, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated October 28, 2005.
- \*10.48 Employment Agreement, dated as of September 14, 2000, by and between the Company and Leonard Brumberg, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000.
- \*10.49 Agreement, dated February 12, 2003, by and between the Company and Leonard Brumberg, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.
- \*10.50 Agreement, dated as of March 15, 2005, by and between the Company and Leonard Brumberg, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, dated March 18, 2005.

|        |                                                                                                                                                                                                                                                             |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| *10.51 | Notice of Non-Renewal of Employment Agreement, dated November 2, 2004, from the Company to Scott MacDonald, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated January 7, 2005.                                                       |
| *10.52 | Consulting Agreement, dated as of May 6, 2005 (effective as of May 1, 2005), by and between the Company and Scott MacDonald, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated May 10, 2005.                                         |
| *10.53 | Employment Agreement, dated as of March 15, 2005, by and between the Company and Michael Carroll, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, dated March 18, 2005.                                                                  |
| *10.54 | Contribution and Sale Agreement, dated as of July 19, 2005, by and among the Company, certain of its subsidiaries, Galileo America LLC and Galileo America, Inc., filed as Exhibit 99.3 to the Company's Current Report on Form 8-K, dated August 16, 2005. |
| 12.1   | Ratio of Earnings to Fixed Charges.                                                                                                                                                                                                                         |
| 12.2   | Ratio of Earnings to Fixed Charges and Preferred Stock Dividends.                                                                                                                                                                                           |
| 21     | Subsidiaries of the Company.                                                                                                                                                                                                                                |
| 23     | Consent of PricewaterhouseCoopers LLP.                                                                                                                                                                                                                      |
| 31.1   | Certification of Chief Executive Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                 |
| 31.2   | Certification of Chief Financial Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                 |
| 32.1   | Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                                                              |

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\* Incorporated herein by reference as above indicated.

Denotes a management contract or compensatory plan, contract or arrangement.

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES  
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

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**Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control - Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2005.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2005 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders  
of New Plan Excel Realty Trust, Inc.:

We have completed integrated audits of New Plan Excel Realty Trust, Inc.'s 2005 and 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2005, and an audit of its 2003 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

*Consolidated Financial Statements and Financial Statement Schedules*

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of New Plan Excel Realty Trust, Inc. and its subsidiaries (collectively, the Company) at December 31, 2005 and 2004 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a)(2) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits. We conducted our audits of these statements 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 of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

*Internal Control Over Financial Reporting*

Also, in our opinion, management's assessment, included in Management's Report on Internal Control Over Financial Reporting appearing on page F-2 of these financial statements, that the Company maintained effective internal control over financial reporting as of December 31, 2005 based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control Integrated Framework* issued by the 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 opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting 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. An audit of internal control over financial reporting includes 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 consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

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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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP  
New York, New York  
March 2, 2006

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31, 2005 and 2004**  
(In thousands, except fractions, percentages and par value amounts)

|                                                                                                                                                                                                                                                                                                                                                                                                                                            | December 31,<br>2005 | December 31,<br>2004 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                                                                                                                                                                                                                                                                                                                                                                                                                              |                      |                      |
| Real estate:                                                                                                                                                                                                                                                                                                                                                                                                                               |                      |                      |
| Land                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$ 724,901           | \$ 897,411           |
| Buildings and improvements                                                                                                                                                                                                                                                                                                                                                                                                                 | 2,668,177            | 3,090,779            |
| Accumulated depreciation and amortization                                                                                                                                                                                                                                                                                                                                                                                                  | (376,816 )           | (428,427 )           |
| Net real estate                                                                                                                                                                                                                                                                                                                                                                                                                            | 3,016,262            | 3,559,763            |
| Real estate held for sale                                                                                                                                                                                                                                                                                                                                                                                                                  | 19,244               | 20,835               |
| Cash and cash equivalents                                                                                                                                                                                                                                                                                                                                                                                                                  | 9,202                | 7,292                |
| Restricted cash                                                                                                                                                                                                                                                                                                                                                                                                                            | 19,906               | 22,379               |
| Marketable securities                                                                                                                                                                                                                                                                                                                                                                                                                      | 3,014                | 3,433                |
| Receivables:                                                                                                                                                                                                                                                                                                                                                                                                                               |                      |                      |
| Trade, net of allowance for doubtful accounts of \$27,540 and \$24,239 as of December 31, 2005 and 2004, respectively                                                                                                                                                                                                                                                                                                                      | 20,751               | 31,043               |
| Deferred rent, net of allowance of \$1,592 and \$3,548 as of December 31, 2005 and 2004, respectively                                                                                                                                                                                                                                                                                                                                      | 29,314               | 31,931               |
| Other, net                                                                                                                                                                                                                                                                                                                                                                                                                                 | 25,138               | 18,627               |
| Mortgages and notes receivable                                                                                                                                                                                                                                                                                                                                                                                                             | 795                  | 8,881                |
| Prepaid expenses and deferred charges                                                                                                                                                                                                                                                                                                                                                                                                      | 43,346               | 47,646               |
| Investments in / advances to unconsolidated ventures                                                                                                                                                                                                                                                                                                                                                                                       | 95,538               | 31,888               |
| Intangible assets, net of accumulated amortization of \$10,927 and \$3,467 as of December 31, 2005 and 2004, respectively                                                                                                                                                                                                                                                                                                                  | 78,046               | 32,085               |
| Other assets                                                                                                                                                                                                                                                                                                                                                                                                                               | 9,206                | 15,939               |
| <b>Total assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>\$ 3,369,762</b>  | <b>\$ 3,831,742</b>  |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>                                                                                                                                                                                                                                                                                                                                                                                                 |                      |                      |
| Liabilities:                                                                                                                                                                                                                                                                                                                                                                                                                               |                      |                      |
| Mortgages payable, including unamortized premium of \$13,871 and \$20,400 as of December 31, 2005 and 2004, respectively                                                                                                                                                                                                                                                                                                                   | \$ 433,653           | \$ 551,522           |
| Notes payable, net of unamortized discount of \$4,822 and \$4,723 as of December 31, 2005 and 2004, respectively                                                                                                                                                                                                                                                                                                                           | 968,347              | 970,563              |
| Credit facilities                                                                                                                                                                                                                                                                                                                                                                                                                          | 215,000              | 446,000              |
| Capital leases                                                                                                                                                                                                                                                                                                                                                                                                                             | 27,881               | 28,234               |
| Dividends payable                                                                                                                                                                                                                                                                                                                                                                                                                          | 37,826               | 47,698               |
| Other liabilities                                                                                                                                                                                                                                                                                                                                                                                                                          | 127,369              | 105,269              |
| Tenant security deposits                                                                                                                                                                                                                                                                                                                                                                                                                   | 10,641               | 11,511               |
| <b>Total liabilities</b>                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1,820,717</b>     | <b>2,160,797</b>     |
| Minority interest in consolidated partnership and joint ventures                                                                                                                                                                                                                                                                                                                                                                           | 57,659               | 30,784               |
| Commitments and contingencies                                                                                                                                                                                                                                                                                                                                                                                                              |                      |                      |
| Stockholders' equity:                                                                                                                                                                                                                                                                                                                                                                                                                      |                      |                      |
| Preferred stock, \$0.01 par value, 25,000 shares authorized; Series D: 1,500 depositary shares, each representing 1/10 of one share of Series D Cumulative Voting Step-Up Premium Rate Preferred, 150 shares outstanding at December 31, 2005 and 2004; Series E: 8,000 depositary shares, each representing 1/10 of one share of 7.625% Series E Cumulative Redeemable Preferred, 800 shares outstanding as of December 31, 2005 and 2004 | 10                   | 10                   |
| Common stock, \$0.01 par value, 250,000 shares authorized; 104,305 and 102,845 shares issued and outstanding as of December 31, 2005 and 2004, respectively                                                                                                                                                                                                                                                                                | 1,042                | 1,028                |
| Additional paid-in capital                                                                                                                                                                                                                                                                                                                                                                                                                 | 2,036,880            | 2,005,977            |
| Accumulated other comprehensive loss                                                                                                                                                                                                                                                                                                                                                                                                       | (8,074 )             | (5,031 )             |
| Accumulated distributions in excess of net income                                                                                                                                                                                                                                                                                                                                                                                          | (538,472 )           | (361,823 )           |
| <b>Total stockholders' equity</b>                                                                                                                                                                                                                                                                                                                                                                                                          | <b>1,491,386</b>     | <b>1,640,161</b>     |
| <b>Total liabilities and stockholders' equity</b>                                                                                                                                                                                                                                                                                                                                                                                          | <b>\$ 3,369,762</b>  | <b>\$ 3,831,742</b>  |

The accompanying notes are an integral part of the consolidated financial statements.



**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**For the Years Ended December 31, 2005, 2004 and 2003**  
(In thousands, except per share amounts)

|                                                                                                             | December 31, 2005 | December 31, 2004 | December 31, 2003 |
|-------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>Revenues:</b>                                                                                            |                   |                   |                   |
| Rental income                                                                                               | \$ 370,447        | \$ 379,423        | \$ 354,916        |
| Percentage rents                                                                                            | 5,865             | 6,061             | 6,436             |
| Expense reimbursements                                                                                      | 100,425           | 95,762            | 95,790            |
| Fee income                                                                                                  | 10,957            | 4,797             | 5,265             |
| Total revenues                                                                                              | 487,694           | 486,043           | 462,407           |
| <b>Operating expenses:</b>                                                                                  |                   |                   |                   |
| Operating costs                                                                                             | 78,282            | 82,128            | 84,751            |
| Real estate taxes                                                                                           | 66,317            | 60,528            | 57,508            |
| Depreciation and amortization                                                                               | 91,172            | 87,178            | 74,049            |
| Provision for doubtful accounts                                                                             | 11,356            | 8,898             | 6,983             |
| General and administrative                                                                                  | 27,921            | 19,385            | 19,807            |
| Total operating expenses                                                                                    | 275,048           | 258,117           | 243,098           |
| Income before real estate sales, impairment of real estate, minority interest and other income and expenses | 212,646           | 227,926           | 219,309           |
| <b>Other income and expenses:</b>                                                                           |                   |                   |                   |
| Interest, dividend, and other income                                                                        | 4,225             | 3,525             | 4,133             |
| Equity in income of unconsolidated ventures                                                                 | 4,045             | 1,513             | 3,438             |
| Interest expense                                                                                            | (118,042 )        | (106,054 )        | (101,005 )        |
| Impairment of real estate                                                                                   | (859 )            | (43 )             | (3,536 )          |
| Minority interest in income of consolidated partnership and joint ventures                                  | (5,953 )          | (853 )            | (1,555 )          |
| Income from continuing operations                                                                           | 96,062            | 126,014           | 120,784           |
| <b>Discontinued operations:</b>                                                                             |                   |                   |                   |
| Income from discontinued operations (Note 5)                                                                | 23,354            | 6,709             | 8,237             |
| Income from discontinued operations                                                                         | 23,354            | 6,709             | 8,237             |
| Income before gain on sale of real estate                                                                   | 119,416           | 132,723           | 129,021           |
| Gain on sale of real estate                                                                                 | 186,908           | 1,217             |                   |
| Net income                                                                                                  | \$ 306,324        | \$ 133,940        | \$ 129,021        |
| Preferred dividends                                                                                         | (21,888 )         | (21,470 )         | (21,170 )         |
| Premium on redemption of preferred stock                                                                    |                   |                   | (630 )            |
| Net income available to common stock - basic                                                                | 284,436           | 112,470           | 107,221           |
| Minority interest in income of consolidated partnership                                                     | 5,070             | 796               | 1,555             |
| Net income available to common stock - diluted                                                              | \$ 289,506        | \$ 113,266        | \$ 108,776        |
| <b>Basic earnings per common share:</b>                                                                     |                   |                   |                   |
| Income from continuing operations                                                                           | \$ 2.53           | \$ 1.04           | \$ 1.02           |
| Discontinued operations                                                                                     | 0.22              | 0.07              | 0.08              |
| Basic earnings per share                                                                                    | \$ 2.75           | \$ 1.11           | \$ 1.10           |
| <b>Diluted earnings per common share:</b>                                                                   |                   |                   |                   |
| Income from continuing operations                                                                           | \$ 2.49           | \$ 1.03           | \$ 1.00           |
| Discontinued operations                                                                                     | 0.22              | 0.07              | 0.08              |
| Diluted earnings per share                                                                                  | \$ 2.71           | \$ 1.10           | \$ 1.08           |
| Average shares outstanding - basic                                                                          | 103,393           | 100,894           | 97,318            |
| Average shares outstanding - diluted                                                                        | 106,834           | 103,345           | 100,269           |
| Dividends per common share (1)                                                                              | \$ 4.45           | \$ 1.65           | \$ 1.65           |
| <b>Other comprehensive income:</b>                                                                          |                   |                   |                   |
| Net income                                                                                                  | \$ 306,324        | \$ 133,940        | \$ 129,021        |
| Realized/unrealized (loss) gain on available-for-sale securities                                            | (420 )            | 517               | 800               |
| Unrealized gains on deferred compensation                                                                   | 39                |                   |                   |
| Realized (loss) gain on interest hedges                                                                     | (11,157 )         | 161               | 2,578             |
| Unrealized gain (loss) on interest risk hedges, net                                                         | 8,495             | (8,494 )          |                   |
| Comprehensive income                                                                                        | \$ 303,281        | \$ 126,124        | \$ 132,399        |

(1) For the year ended December 31, 2005, amount includes a special cash distribution of \$3.00 per common share paid on September 27, 2005 (Note 14).

The accompanying notes are an integral part of the consolidated financial statements.



**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY**  
**For the Years Ended December 31, 2005, 2004 and 2003**  
**(In thousands)**

|                                                                                      | Preferred Stock |        | Shares of Beneficial<br>Interest/<br>Common Stock |         | Additional<br>Paid-in<br>Capital | Accumulated<br>Other<br>Comprehensive<br>Income | Accumulated<br>Distributions<br>in Excess of<br>Net Income | Total<br>Stockholders<br>Equity |              |
|--------------------------------------------------------------------------------------|-----------------|--------|---------------------------------------------------|---------|----------------------------------|-------------------------------------------------|------------------------------------------------------------|---------------------------------|--------------|
|                                                                                      | Number          | Amount | Number                                            | Amount  |                                  |                                                 |                                                            |                                 |              |
| Balance at December 31, 2002                                                         | 780             | 8      | 96,916                                            | 968     | 1,825,820                        | (593 )                                          | (253,354)                                                  | 1,572,849                       |              |
| Net income                                                                           |                 |        |                                                   |         |                                  |                                                 | 129,021                                                    | 129,021                         |              |
| Dividends                                                                            |                 |        |                                                   |         |                                  |                                                 | (182,006)                                                  | (182,006 )                      |              |
| Exercise of stock options                                                            |                 |        | 743                                               | 7       | 13,557                           |                                                 |                                                            | 13,564                          |              |
| Employee loans                                                                       |                 |        |                                                   |         | 5,689                            |                                                 |                                                            | 5,689                           |              |
| Dividend Reinvestment Plan                                                           |                 |        | 259                                               | 3       | 5,898                            |                                                 |                                                            | 5,901                           |              |
| Stock incentive grants                                                               |                 |        | 62                                                | 1       | 56                               |                                                 |                                                            | 57                              |              |
| Option grant                                                                         |                 |        |                                                   |         | 1,990                            |                                                 |                                                            | 1,990                           |              |
| Unrealized holding gain on marketable securities                                     |                 |        |                                                   |         |                                  | 800                                             |                                                            | 800                             |              |
| Unrealized derivative gain on interest rate swap                                     |                 |        |                                                   |         |                                  | 2,578                                           |                                                            | 2,578                           |              |
| Redemption of Preferred B shares                                                     | (630)           | (6 )   |                                                   |         | (157,994 )                       |                                                 |                                                            | (158,000 )                      |              |
| Premium on redemption of Preferred B shares                                          |                 |        |                                                   |         | 630                              |                                                 | (630 )                                                     |                                 |              |
| Issuance of Preferred E shares                                                       | 800             | 8      |                                                   |         | 193,692                          |                                                 |                                                            | 193,700                         |              |
| Balance at December 31, 2003                                                         | 950             | 10     | 97,980                                            | 979     | 1,889,338                        | 2,785                                           | (306,969)                                                  | 1,586,143                       |              |
| Net income                                                                           |                 |        |                                                   |         |                                  |                                                 | 133,940                                                    | 133,940                         |              |
| Dividends                                                                            |                 |        |                                                   |         |                                  |                                                 | (188,424)                                                  | (188,424 )                      |              |
| Exercise of stock options                                                            |                 |        | 952                                               | 10      | 19,066                           |                                                 |                                                            | 19,076                          |              |
| Shares repurchased and retired                                                       |                 |        | (2 )                                              |         | (52 )                            |                                                 |                                                            | (52 )                           |              |
| Employee loans                                                                       |                 |        |                                                   |         | 291                              |                                                 |                                                            | 291                             |              |
| Dividend Reinvestment Plan                                                           |                 |        | 465                                               | 5       | 11,184                           |                                                 |                                                            | 11,189                          |              |
| Stock incentive grants                                                               |                 |        | 65                                                |         | 898                              |                                                 |                                                            | 898                             |              |
| Option grant                                                                         |                 |        |                                                   |         | 664                              |                                                 |                                                            | 664                             |              |
| Redemption of limited partner units for shares of common stock                       |                 |        | 1,385                                             | 14      | 34,598                           |                                                 |                                                            | 34,612                          |              |
| Realized/unrealized holding gain on marketable securities                            |                 |        |                                                   |         |                                  | 517                                             |                                                            | 517                             |              |
| Realized gain on interest risk hedges                                                |                 |        |                                                   |         |                                  | 161                                             |                                                            | 161                             |              |
| Unrealized loss on interest risk hedges                                              |                 |        |                                                   |         |                                  | (8,494 )                                        |                                                            | (8,494 )                        |              |
| Stock offering                                                                       |                 |        | 2,000                                             | 20      | 49,620                           |                                                 |                                                            | 49,640                          |              |
| Impact of non-cash adjustments to account for Preferred D dividend step-up           |                 |        |                                                   |         | 370                              |                                                 | (370 )                                                     |                                 |              |
| Balance at December 31, 2004                                                         | 950             | 10     | 102,845                                           | 1,028   | 2,005,977                        | (5,031 )                                        | (361,823)                                                  | 1,640,161                       |              |
| Net income                                                                           |                 |        |                                                   |         |                                  |                                                 | 306,324                                                    | 306,324                         |              |
| Dividends (1)                                                                        |                 |        |                                                   |         |                                  |                                                 | (482,973)                                                  | (482,973 )                      |              |
| Exercise of stock options                                                            |                 |        | 487                                               | 5       | 8,677                            |                                                 |                                                            | 8,682                           |              |
| Forfeiture of equity award                                                           |                 |        | (11 )                                             |         | (295 )                           |                                                 |                                                            | (295 )                          |              |
| Shares repurchased and retired                                                       |                 |        | (2 )                                              |         | (47 )                            |                                                 |                                                            | (47 )                           |              |
| Employee loans                                                                       |                 |        |                                                   |         | 119                              |                                                 |                                                            | 119                             |              |
| Dividend Reinvestment Plan                                                           |                 |        | 919                                               | 9       | 21,739                           |                                                 |                                                            | 21,748                          |              |
| Stock incentive grants                                                               |                 |        | 67                                                |         | 239                              |                                                 |                                                            | 239                             |              |
| Option grant                                                                         |                 |        |                                                   |         | (161 )                           |                                                 |                                                            | (161 )                          |              |
| Costs associated with redemption of limited partner units for shares of common stock |                 |        |                                                   |         | (161 )                           |                                                 |                                                            | (161 )                          |              |
| Realized/unrealized holding gain on marketable securities                            |                 |        |                                                   |         |                                  | (420 )                                          |                                                            | (420 )                          |              |
| Unrealized gains on deferred compensation                                            |                 |        |                                                   |         |                                  | 39                                              |                                                            | 39                              |              |
| Realized gain on interest risk hedges                                                |                 |        |                                                   |         |                                  | (222 )                                          |                                                            | (222 )                          |              |
| Realized loss on interest risk hedges                                                |                 |        |                                                   |         |                                  | (10,935)                                        |                                                            | (10,935 )                       |              |
| Unrealized losses on interest risk hedges                                            |                 |        |                                                   |         |                                  | 8,495                                           |                                                            | 8,495                           |              |
| Impact of non-cash adjustments to account for Preferred D dividend step-up           |                 |        |                                                   |         | 793                              |                                                 |                                                            | 793                             |              |
| Balance at December 31, 2005                                                         |                 | 950    | \$ 10                                             | 104,305 | \$ 1,042                         | \$ 2,036,880                                    | \$(8,074)                                                  | \$(538,472)                     | \$ 1,491,386 |

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(1) Amount includes a special cash distribution of \$3.00 per common share paid on September 27, 2005 (Note 14).

The accompanying notes are an integral part of the consolidated financial statements.

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2005, 2004 and 2003**  
(In thousands)

|                                                                         | Year Ended<br>December 31, 2005 | Year Ended<br>December 31, 2004 | Year Ended<br>December 31, 2003 |
|-------------------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Cash flows from operating activities:                                   |                                 |                                 |                                 |
| Net income                                                              | \$ 306,324                      | \$ 133,940                      | \$ 129,021                      |
| Adjustments to reconcile net income to net cash provided by operations: |                                 |                                 |                                 |
| Depreciation and amortization                                           | 95,137                          | 92,270                          | 78,112                          |
| Amortization of net premium/discount on mortgages and notes payable     | (7,164 )                        | (2,923 )                        | (2,931 )                        |
| Amortization of deferred debt and loan acquisition costs                | 3,895                           | 2,809                           | 1,535                           |
| Amortization of stock options                                           | 2,372                           | 681                             | 375                             |
| Interest on swaps                                                       | 599                             |                                 |                                 |
| Gain on sale of real estate and securities, net                         | (186,907 )                      | (1,217 )                        |                                 |
| Loss (gain) on sale of discontinued operations                          | (17,789 )                       | 1,139                           | (4,018 )                        |
| Minority interest in income of partnership                              | 5,954                           | 986                             | 1,555                           |
| Impairment of real estate assets                                        | 859                             | 131                             | 10,488                          |
| Equity in income of unconsolidated ventures                             | (4,045 )                        | (2,078 )                        | (3,438 )                        |
| Distributions of income from unconsolidated ventures                    | 3,812                           |                                 |                                 |
| Changes in operating assets and liabilities, net:                       |                                 |                                 |                                 |
| Change in restricted cash                                               | 2,472                           | 1,229                           | 29,467                          |
| Change in trade receivables                                             | 10,302                          | 9,062                           | (13,908 )                       |
| Change in deferred rent receivables                                     | (3,819 )                        | (7,106 )                        | (4,281 )                        |
| Change in other receivables                                             | (6,513 )                        | (4,564 )                        | 25,047                          |
| Change in other liabilities                                             | 16,822                          | 2,155                           | (19,742 )                       |
| Change in tenant security deposits                                      | (906 )                          | 1,347                           | 968                             |
| Change in sundry assets and liabilities                                 | 961                             | (5,906 )                        | (1,030 )                        |
| Net cash provided by operating activities                               | 222,366                         | 221,955                         | 227,220                         |
| Cash flows from investing activities:                                   |                                 |                                 |                                 |
| Real estate acquisitions and building improvements                      | (150,885 )                      | (120,283 )                      | (83,696 )                       |
| Acquisition, net of cash and restricted cash received                   | (186,856 )                      | (186,733 )                      | (100,236 )                      |
| Proceeds from real estate sales, net                                    | 1,060,456                       | 48,269                          | 60,361                          |
| Advances for mortgage notes receivable, net                             |                                 | (8,849 )                        | (38,565 )                       |
| Repayments of mortgage notes receivable                                 | 11,800                          | 27,069                          | 1,560                           |
| Leasing commissions paid                                                | (11,405 )                       | (10,671 )                       | (9,078 )                        |
| Cash paid for asset management fee stream                               | (18,500 )                       |                                 |                                 |
| Cash paid for property management rights                                | (22,251 )                       |                                 |                                 |
| Cash from joint venture consolidation (Note 2)                          |                                 | 1,171                           |                                 |
| Cash paid for joint venture interest                                    | (5,441 )                        | (9,748 )                        | (3,775 )                        |
| Proceeds from sale of joint venture interest                            | 11,400                          | 3,870                           | 15,022                          |
| Capital contributions to joint ventures                                 | (57,663 )                       | (7,900 )                        | (2,831 )                        |
| Distributions from joint ventures                                       | 5,450                           | 9,511                           | 8,741                           |
| Net cash provided by (used in) investing activities                     | 636,105                         | (254,294 )                      | (152,497 )                      |
| Cash flows from financing activities:                                   |                                 |                                 |                                 |
| Principal payments of mortgages, notes payable and capital leases       | (139,490 )                      | (79,593 )                       | (178,654 )                      |
| Proceeds from public debt offering                                      | 349,044                         | 149,114                         | 163,375                         |
| Repayment of public debt                                                | (350,000 )                      | (75,000 )                       | (50,796 )                       |
| Cash (paid) received for swap agreements                                | (11,945 )                       | 279                             | 2,220                           |
| Proceeds from credit facility borrowing                                 | 490,000                         | 496,000                         | 657,000                         |
| Repayment of credit facility                                            | (721,000 )                      | (341,000 )                      | (596,000 )                      |
| Proceeds from mortgages financings                                      |                                 |                                 | 50,000                          |
| Financing fees                                                          | (4,172 )                        | (5,435 )                        | (3,386 )                        |
| Redemption of limited partnership units                                 |                                 |                                 | (29 )                           |
| Distributions paid to minority partners                                 | (7,514 )                        | (3,848 )                        | (2,591 )                        |
| Dividends paid                                                          | (492,051 )                      | (186,421 )                      | (180,816 )                      |
| Proceeds from exercise of stock options                                 | 8,685                           | 19,087                          | 14,378                          |
| Repayment of loans receivable for the purchase of common stock          | 119                             | 291                             | 5,784                           |
| Proceeds from common stock offering                                     |                                 | 49,640                          |                                 |
| Proceeds from preferred stock offering, net                             |                                 |                                 | 193,192                         |
| Redemption of preferred stock, net                                      |                                 |                                 | (157,500 )                      |
| Proceeds from dividend reinvestment plan                                | 21,763                          | 11,189                          | 5,900                           |
| Net cash (used in) provided by financing activities                     | (856,561 )                      | 34,303                          | (77,923 )                       |
| Net increase (decrease) in cash and cash equivalents                    | 1,910                           | 1,964                           | (3,200 )                        |
| Cash and cash equivalents at beginning of year                          | 7,292                           | 5,328                           | 8,528                           |
| Cash and cash equivalents at end of year                                | \$ 9,202                        | \$ 7,292                        | \$ 5,328                        |

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### Supplemental Cash Flow Disclosure, including Non-Cash Activities:

|                                                                     |            |            |            |
|---------------------------------------------------------------------|------------|------------|------------|
| Cash paid for interest, net of amounts capitalized                  | \$ 125,970 | \$ 114,615 | \$ 109,358 |
| Capitalized interest                                                | 8,485      | 6,433      | 4,266      |
| State and local taxes paid                                          | 70         | 532        | 1,626      |
| Municipal bonds and tax incentive financing received in acquisition |            |            |            |
| Mortgages assumed, net                                              | 27,797     | 69,074     | 40,516     |
| Partnership units issued in acquisition                             | 29,547     | 19,989     |            |
| Satisfaction of notes receivable                                    |            | 15,091     |            |

The accompanying notes are an integral part of the consolidated financial statements.

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**1. Description of Business**

New Plan Excel Realty Trust, Inc. (together with its subsidiaries and variable interest entities, the Company) is operated as a self-administered, self-managed real estate investment trust (REIT). The principal business of the Company is the ownership and management of community and neighborhood shopping centers throughout the United States.

**2. Summary of Significant Accounting Policies**

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly owned and majority owned controlled subsidiaries, and any variable interest entities (VIE) in which the Company is the primary beneficiary. All material inter-entity transactions have been eliminated.

For acquisitions of an equity interest in an entity, the Company evaluates the entity to determine if the entity is deemed a VIE, and if the Company is deemed to be the primary beneficiary, in accordance with FASB Interpretation No. 46(R), Consolidation of Variable Interest Entities (FIN 46(R)). Entities that meet one or more of the criteria listed below are consolidated.

- The Company's equity investment is not sufficient to allow the entity to finance its activities without additional third party financing;
- The Company does not have the direct or indirect ability to make decisions about the entity's business;
- The Company is not obligated to absorb the expected losses of the entity;
- The Company does not have the right to receive the expected residual returns of the entity; and
- The Company's voting rights are not proportionate to its economic interests, and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights.

The Company consolidates the entities that are VIEs and for which the Company is deemed to be the primary beneficiary of the VIE. For entities where the Company is not deemed to be the primary beneficiary or the entity is not deemed a VIE and the Company's ownership is 50% or less and has the ability to exercise significant influence as well as jointly-controlled partnership interests are accounted for under the equity method, i.e. at cost, increased or decreased by the Company's share of earnings or losses, less distributions. The Company will reconsider its determination of whether an entity is a VIE and who the primary beneficiary is if certain triggering events occur that are likely to cause a change in the original determinations.

Net Earnings per Share of Common Stock

In accordance with Statement of Financial Accounting Standards (SFAS) No. 128, *Earnings per Share* (SFAS No. 128), the Company presents both basic and diluted earnings per share. Net earnings per common share (basic EPS) is computed by dividing net income available to common stockholders by the weighted average number of shares of common stock outstanding for the period. Net earnings per share of common stock assuming dilution (diluted EPS) is computed by giving effect to all dilutive potential shares of common stock that were outstanding during the period. Dilutive potential shares of common stock consist of the incremental shares of common stock issuable upon (a) the conversion of (i) preferred stock (using the if converted method), (ii) ERP limited partnership units, (iii) convertible

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

senior notes, (iv) restricted stock grants and (v) contingent compensation awards, and (b) the exercise of in-the-money stock options.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid debt instruments with maturities of three months or less at acquisition. Items classified as cash equivalents include insured bank certificates of deposit and commercial paper. At times, cash balances at a limited number of banks may exceed insurable amounts. The Company believes it mitigates this risk by investing in or through major financial institutions.

Restricted Cash

Restricted cash consists primarily of cash held in escrow accounts for deferred maintenance, capital improvements, environmental expenditures, taxes, insurance, operating expenses and debt service as required by certain loan agreements. Substantially all restricted cash is invested in money market mutual funds and carried at market value.

Accounts Receivable

Accounts receivable is stated net of allowance for doubtful accounts of \$27.5 million and \$24.2 million as of December 31, 2005 and 2004, respectively. The Company makes estimates of the uncollectability of its accounts receivable related to base rents, expense reimbursements and other revenues. The Company analyzes accounts receivable and historical bad debt levels, customer credit-worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. In addition, tenants in bankruptcy are analyzed and estimates are made in connection with the expected recovery of pre-petition and post-petition claims.

Real Estate

Land, buildings and building and tenant improvements are recorded at cost and stated at cost less accumulated depreciation. Major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives; ordinary repairs and maintenance are expensed as incurred. Land, buildings and building and tenant improvements that are under redevelopment, or are being developed, are carried at cost and no depreciation is recorded on these assets. Additionally, amounts essential to the development of the property, such as pre-construction costs, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development are capitalized. The Company ceases capitalization when the property is available for occupancy upon substantial completion of tenant improvements, but in any event no later than one year from the completion of major construction activity.

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

|                        |                                                             |
|------------------------|-------------------------------------------------------------|
| Buildings              | 35 to 40 years                                              |
| Building improvements. | 5 to 40 years                                               |
| Tenant improvements    | The shorter of the term of the related lease or useful life |



**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Business Combinations

In connection with the Company's acquisition of properties, purchase costs are allocated to the tangible and intangible assets and liabilities acquired based on their estimated fair values. The value of the tangible assets, consisting of land, buildings and building and tenant improvements, are determined as if vacant, i.e., at replacement cost. Intangible assets, including the above-market value of leases and the value of in-place leases, are recorded at their relative fair values. The below-market value of leases is recorded in Other liabilities.

Above-market, below-market and in-place lease values for owned properties are recorded based on the present value (using an interest rate reflecting the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the leases negotiated and in-place at the time of acquisition and (ii) management's estimate of fair market lease rates for the property or equivalent property, measured over a period equal to the remaining non-cancelable term of the lease. The capitalized above-market or below-market lease value is amortized as a reduction of, or increase to, rental income over the remaining non-cancelable term of each lease, plus any renewal periods with fixed rental terms that are considered to be below-market.

The total amount of other intangible assets allocated to in-place lease values and tenant relationship intangible values is based on management's evaluation of the specific characteristics of each lease and the Company's overall relationship with each tenant. Factors considered in the allocation of these values include, but are not limited to, the nature of the existing relationship with the tenant, the tenant's credit quality, the expectation of lease renewals, the estimated carrying costs of the property during a hypothetical expected lease-up period, current market conditions and costs to execute similar leases. Management will also consider information obtained about a property in connection with its pre-acquisition due diligence. Estimated carrying costs include real estate taxes, insurance, other property operating costs and estimates of lost rentals at market rates during the hypothetical expected lease-up periods, based on management's assessment of specific market conditions. Management will estimate costs required to execute leases including commissions and legal costs to the extent that such costs are not already incurred with a new lease that has been negotiated in connection with the purchase of a property. Independent appraisals and/or management's estimates will be used to determine these values.

The value of in-place leases is amortized to expense over the remaining initial term of each lease. The value of tenant relationship intangibles is amortized to expense over the initial terms of the leases; however, no amortization period for intangible assets will exceed the remaining depreciable life of the building.

In the event that a tenant terminates its lease, the unamortized portion of each intangible, including market rate adjustments, lease origination costs, in-place values and tenant relationship values, will be charged as an expense.

Long-Lived Assets

On a periodic basis, management assesses whether there are any indicators that the value of its real estate properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property (taking into account the anticipated holding period of the asset) is less than the carrying value of the property. Such estimate of cash flows considers factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other economic factors. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property, and reflected as an adjustment to the basis of the property.

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

When assets are identified by management as held for sale, the Company discontinues depreciating the assets and estimates the sales price, net of selling costs, of such assets. If, in management's opinion, the net sales price of the assets that have been identified for sale is less than the net book value of the assets, a valuation allowance is established. For investments accounted for under the equity method, a loss is recognized if the loss in value of the investment is other than temporary.

Employee Loans

Prior to 2001, the Company had made loans to officers and employees primarily for the purpose of purchasing the Company's common stock. These loans are demand and term notes bearing interest at rates ranging from 5% to 6%. Interest on such loans is payable quarterly. Loans made for the purchase of common stock are reported as a deduction from stockholders' equity. At December 31, 2005 and 2004, the Company had aggregate loans to employees of approximately \$0.6 million and \$0.8 million, respectively.

Deferred Leasing and Loan Origination Costs

Costs incurred in obtaining tenant leases (including internal leasing costs) are amortized using the straight-line method over the terms of the related leases and included in depreciation and amortization. Unamortized deferred leasing costs are charged to amortization expense upon early termination of the lease. Costs incurred in obtaining long-term financing are amortized and charged to interest expense over the terms of the related debt agreements, which approximates the effective interest method.

Internal Leasing Costs

The Company capitalizes internal leasing costs in accordance with SFAS No. 91, *Nonrefundable Fees & Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases*. Please refer to the following table for additional information regarding the capitalization of internal leasing costs (dollars in thousands).

|                              |           |
|------------------------------|-----------|
| Balance at December 31, 2002 | \$ 2,719  |
| Costs capitalized            | 6,376     |
| Amortization/writeoffs       | (1,305 )  |
| Balance at December 31, 2003 | 7,790     |
| Costs capitalized            | 6,926     |
| Amortization/writeoffs       | (2,445 )  |
| Balance at December 31, 2004 | 12,271    |
| Costs capitalized            | 6,260     |
| Amortization/writeoffs (1)   | (6,019 )  |
| Balance at December 31, 2005 | \$ 12,512 |

(1) Includes approximately \$2.8 million of internal leasing commissions written off in connection with the portfolio disposition discussed in Note 3.

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Investments in / Advances to Unconsolidated Ventures

The Company has direct equity investments in several joint venture projects. The Company accounts for these investments in unconsolidated ventures using the equity method of accounting, as the Company exercises significant influence over, but does not control, and is not the primary beneficiary of, these entities. These investments are initially recorded at cost, as Investments in / advances to unconsolidated ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions. Intercompany fees and gains on property transactions are eliminated to the extent of the Company's ownership interest.

To the extent that the Company contributes assets to a joint venture project, the difference between the Company's cost basis in the assets and the basis reflected at the joint venture level is amortized over the life of the related asset and included in the Company's share of equity in income of unconsolidated ventures.

Intangible Assets

The Company's intangible assets, other than those acquired in business combinations, include property management rights and an asset management fee stream. These assets were initially measured based on their fair values and are being amortized on a straight-line basis over a period of 20 to 40 years. These assets are stated at cost, net of accumulated amortization.

Derivative / Financial Instruments

The Company accounts for derivative and hedging activities in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133) and SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*. These accounting standards require the Company to measure derivatives, including certain derivatives embedded in other contracts, at fair value and to recognize them in the Consolidated Balance Sheets as assets or liabilities, depending on the Company's rights or obligations under the applicable derivative contract. For derivatives designated as fair value hedges, the changes in the fair value of both the derivative instrument and the hedged item are recorded in earnings. For derivatives designated as cash flow hedges, the effective portions of changes in fair value of the derivative are reported in other comprehensive income (OCI) and are subsequently reclassified into earnings when the hedged item affects earnings. Changes in fair value of derivative instruments not designated as hedging instruments, and ineffective portions of hedges, are recognized in earnings in the current period.

Self-Insured Health Plan

Beginning in May 2003, the Company implemented a self-insured health plan for all of its employees. In order to limit its exposure, the Company has purchased stop-loss insurance, which will reimburse the Company for individual claims in excess of \$0.1 million annually, or aggregate claims in excess of \$1.0 million annually. Self-insurance losses are accrued based on the Company's estimates of the aggregate liability for uninsured claims incurred using certain actuarial assumptions adhered to in the insurance industry. The liability for self-insured losses is included in accrued expenses and was approximately \$0.7 million at December 31, 2005 and 2004.

Revenue Recognition

Rental revenue is recognized on the straight-line basis, which averages minimum rents over the terms of the leases. The cumulative difference between lease revenue recognized under this method and contractual lease payment terms is recorded as deferred rent receivable on the accompanying

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Consolidated Balance Sheets. Certain leases provide for percentage rents based upon the level of sales achieved by the lessee. These percentage rents are recorded once the required sales levels are achieved. The leases also typically provide for tenant reimbursement of common area maintenance and other operating expenses. Rental revenue also includes lease termination fees. Lease termination fees were approximately \$5.4 million, \$2.8 million and \$3.1 million for the years ended December 31, 2005, 2004 and 2003, respectively.

Income from Discontinued Operations

Income from discontinued operations is computed in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ( SFAS No. 144 ). SFAS No. 144 requires, among other things, that the primary assets and liabilities and the results of operations of the Company's real property that has been sold, or otherwise qualify as held for sale (as defined by SFAS No. 144), be classified as discontinued operations and segregated in the Company's Consolidated Statements of Income and Comprehensive Income and Consolidated Balance Sheets. Properties classified as real estate held for sale generally represent properties that are under contract for sale and are expected to close within the next twelve months.

Income Taxes

The Company has elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the Code ). In order to maintain its qualification as a REIT, the Company is required to, among other things, distribute at least 90% of its REIT taxable income to its stockholders and meet certain tests regarding the nature of its income and assets. As a REIT, the Company is not subject to federal income tax with respect to the portion of its income that meets certain criteria and is distributed annually to the stockholders. Accordingly, no provision for federal income taxes is included in the accompanying consolidated financial statements. The Company intends to continue to operate in a manner that allows it to continue to meet the requirements for taxation as a REIT. Many of these requirements, however, are highly technical and complex. If the Company were to fail to meet these requirements, the Company would be subject to federal income tax. The Company is subject to certain state and local taxes. Provision for such taxes has been included in general and administrative expenses in the Company's Consolidated Statements of Income and Comprehensive Income.

The Company may elect to treat one or more of its subsidiaries as a taxable REIT subsidiary ( TRS ). In general, a TRS of the Company may perform additional services for tenants of the Company and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or lodging facilities or the provision to any person, under a franchise, license or otherwise, of rights to any brand name under which any lodging facility or health care facility is operated). A TRS is subject to corporate federal income tax. The Company has elected to treat certain of its corporate subsidiaries as TRSs. At December 31, 2005, the Company's TRSs had a tax net operating loss ( NOL ) carryforward of approximately \$19.3 million, expiring from 2013 to 2020. In addition, the Company's TRSs had other net tax assets, most significantly relating to an asset impairment recognized in fiscal 2002, for financial accounting purposes that will not be recognized for tax purposes until the property is sold. The Company's TRS has ascribed a full valuation allowance to its net deferred tax assets.

Segment Information

The principal business of the Company is the ownership and management of community and neighborhood shopping centers. The Company does not distinguish or group its operations on a geographical basis for purposes of measuring performance. Accordingly, the Company believes it has a single reportable segment for disclosure purposes in accordance with accounting principles generally

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

accepted in the United States ( GAAP ). Further, all of the Company s operations are within the United States and no tenant comprises more than 10% of revenue.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The most significant assumptions and estimates relate to impairments of real estate, recovery of mortgage notes and trade accounts receivable and depreciable lives.

Reclassifications

Certain prior period amounts have been reclassified to conform with the current period presentation.

Recently Issued Accounting Standards

In October 2005, the FASB issued Staff Position No. 13-1, *Accounting for Rental Costs Incurred during a Construction Period* ( FSP FAS 13-1 ). FSP FAS 13-1 addresses the accounting for rental costs associated with operating leases that are incurred during a construction period. FSP FAS 13-1 does not distinguish between the right to use a leased asset during a construction period and the right to use that asset after the construction period. Therefore, rental costs associated with ground or building operating leases that are incurred during a construction period shall be recognized as rental expense, allocated over the lease term in accordance with FASB Statement No. 13, *Accounting for Leases*, and FASB Technical Bulletin No. 85-3, *Accounting for Operating Leases with Scheduled Rent Increases*. FSP FAS 13-1 became effective for the first reporting period beginning after December 15, 2005. Retrospective application in accordance with Statement 154, *Accounting Changes and Error Corrections a replacement of APB Opinion No. 20 and FASB Statement No. 3* ( SFAS No. 154 ), is permitted but not required. The application of FSP FAS 13-1 is not expected to have a material impact on the consolidated financial statements of the Company.

In June 2005, the Emerging Issues Task Force ( EITF ) issued EITF Issue No. 04-05, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights* ( EITF 04-05 ). The scope of EITF 04-05 is limited to limited partnerships or similar entities that are not variable interest entities under FIN 46. The EITF reached a consensus that the general partners in a limited partnership (or similar entity) are presumed to control the entity regardless of the level of their ownership and, accordingly, may be required to consolidate the entity. This is a rebuttable presumption that may be overcome if the partnership agreements provide the limited partners with either (a) the substantive ability to dissolve (liquidate) the limited partnership or otherwise remove the general partners without cause or (b) substantive participating rights. If it is deemed that the limited partners rights overcome the presumption of control by a general partner of the limited partnership, the general partner shall account for its investment in the limited partnership using the equity method of accounting. EITF 04-05 became effective immediately for all arrangements created or modified after June 29, 2005. For all other arrangements, application of EITF 04-05 is required effective for the first reporting period in fiscal years beginning after December 15, 2005 (effective January 1, 2006 for the Company) using either a cumulative-effect-type adjustment or using a retrospective application. The adoption of EITF 04-05 is not expected to have a material impact on the consolidated financial statements of the Company.

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In May 2005, the FASB issued SFAS No. 154, SFAS No. 154, which replaces Accounting Principles Board ( APB ) Opinion No. 20, *Accounting Changes in Interim Financial Statements*, and changes the requirements for the accounting for, and reporting of, a change in accounting principle. SFAS No. 154 applies to all voluntary changes in accounting principle. SFAS No. 154 also applies to changes required by an accounting pronouncement in the unusual instance where the pronouncement does not include specific transition provisions. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005, but early adoption is permitted. The adoption of SFAS No. 154 is not expected to have a material impact on the consolidated financial statements of the Company.

In March 2005, the FASB issued Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* ( FIN 47 ). FIN 47 requires an entity to recognize a liability for a conditional asset retirement obligation when incurred if the liability can be reasonably estimated. FIN 47 clarifies that the term Conditional Asset Retirement Obligation refers to a legal obligation (pursuant to existing law or contract) to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 became effective no later than fiscal years ended after December 15, 2005. The Company adopted FIN 47 as required effective December 31, 2005, and the initial application of FIN 47 did not have a material impact on the consolidated financial statements of the Company.

In December 2004, the FASB issued Statement 123(R), *Share-Based Payment* ( SFAS No. 123(R) ). SFAS No. 123(R) amends Statement 123, *Accounting for Stock-Based Compensation* ( SFAS No. 123 ), and APB Opinion No. 25, *Accounting for Stock Issued to Employees* ( Opinion 25 ). SFAS No. 123(R) also establishes standards for the accounting of transactions in which an entity exchanges its equity instruments for goods or services. It requires a public entity to measure the cost of employee services received in exchange for an equity award based on the fair value of the award on the grant date, and to recognize such cost over the period during which the employee is required to provide such service. SFAS No. 123(R) requires companies to value the share-based compensation based on the classification of the share-based award. If the share-based award is to be classified as a liability, the award must be re-measured at each balance sheet date until the award is settled. If the share-based award is to be classified as equity, the value of the share-based award is measured on the date of grant, the award will not be re-measured at each balance sheet date. SFAS No. 123(R) does not change the accounting guidance for share-based payment transactions with parties other than employees provided in SFAS No. 123, as originally issued. SFAS No. 123(R), as modified on April 14, 2005, became effective as of the first annual reporting period that begins after June 15, 2005, and must be applied using either a modified prospective method or a modified retrospective method. Under the modified prospective method, awards that are granted, modified or settled after the date of adoption should be measured and accounted for in accordance with the above provisions of SFAS No. 123(R). Unvested equity classified awards that were granted prior to the effective date of SFAS No. 123(R) should continue to be accounted for in accordance with SFAS No. 123, except that amounts must be recognized in the statement of operations. Under the modified retrospective method, the previously reported amounts are restated (either to the beginning of the year of adoption or for all periods presented) to reflect SFAS No. 123 amounts in the statement of operations. The initial adoption of SFAS No. 123(R) did not have a material impact on the consolidated financial statements of the Company.

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**3. Acquisitions and Dispositions**

Acquisitions

In the 2005 fiscal year, the Company acquired eight shopping centers (Brunswick Town Center, Hillcrest Shopping Center, West Ridge Shopping Center, Market Plaza, Surrey Square Mall, Fashion Place Shopping Center, Western Hills Plaza and Southland Shopping Center), a vacant building with 2.5 acres of land immediately adjacent to Midway Crossing (a shopping center owned by the Company), a vacant building immediately adjacent to Victory Square (a shopping center owned by the Company), six land parcels, the remaining 90% interest in Marketplace at Wycliffe, a shopping center in which the Company owned the other 10% interest, and the remaining 90% interest in Mableton Walk, a shopping center in which the Company owned the other 10% interest. Please refer to the following table for additional details (dollars in millions).

| Property Name                                   | Location        | Acquisition Date | Gross Leasable Area | Purchase Price | Purchase Price Components |              |          |
|-------------------------------------------------|-----------------|------------------|---------------------|----------------|---------------------------|--------------|----------|
|                                                 |                 |                  |                     |                | ERP Units                 | Assumed Debt | Cash     |
| Building at Midway Crossing                     | Elyria, OH      | 01/13/05         | 20,338 (1)          | \$ 1.1         |                           |              | \$ 1.1   |
| Brunswick Town Center                           | Brunswick, OH   | 01/21/05         | 122,989             | \$ 16.4        |                           |              | \$ 16.4  |
| Hillcrest Shopping Center                       | Spartanburg, SC | 02/16/05         | 343,914             | \$ 35.5        | \$ 14.5                   | \$ 16.8      | \$ 4.2   |
| West Ridge Shopping Center                      | Westland, MI    | 03/17/05         | 163,131             | \$ 16.6        |                           | \$ 11.0      | \$ 5.6   |
| Marketplace at Wycliffe (2) (3)                 | Lake Worth, FL  | 06/01/05         | 133,520             | \$ 35.7        |                           |              | \$ 35.7  |
| Mableton Walk (2)                               | Mableton, GA    | 06/01/05         | 105,742             |                |                           |              |          |
| Market Plaza                                    | Plano, TX       | 07/13/05         | 161,453             | \$ 39.6        |                           |              | \$ 39.6  |
| Surrey Square Mall                              | Norwood, OH     | 08/26/05         | 190,323             | \$ 10.5        |                           |              | \$ 10.5  |
| Five land parcels adjacent to Home Depot Stores | FL, LA, OH      | 09/07/05         | 40 acres            | \$ 9.3         |                           |              | \$ 9.3   |
| Fashion Place Shopping Center                   | Columbia, SC    | 09/14/05         | 149,493             | \$ 6.8         |                           |              | \$ 6.8   |
| Brandt Pike Place                               | Dayton, OH      | 09/30/05         | 11 acres            | \$ 1.6         |                           |              | \$ 1.6   |
| Building at Victory Square                      | Savannah, GA    | 10/03/05         | 13,000              | \$ 0.8         |                           |              | \$ 0.8   |
| Western Hills Plaza                             | Cincinnati, OH  | 11/03/05         | 430,399             | \$ 45.6        |                           |              | \$ 45.6  |
| Southland Shopping Center                       | Toledo, OH      | 12/21/05         | 291,221             | \$ 14.8        |                           |              | \$ 14.8  |
|                                                 | <b>Total</b>    |                  |                     | \$ 234.3       | \$ 14.5                   | \$ 27.8      | \$ 192.0 |

(1) Also includes 2.5 acres of land.

(2) Property acquired as a component of a multi-property transaction. Purchase price and cash listed for Marketplace at Wycliffe represent the combined amounts for the acquisition of 100% interests in Marketplace at Wycliffe and Mableton Walk.

(3) On August 10, 2005, this property was sold as part of the Galileo Transactions (as defined below).

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In the 2004 fiscal year, the Company acquired 11 shopping centers (New Britain Village Square, Elk Grove Town Center, Villa Monaco, Florence Square, Stockbridge Village, Starlite Plaza, Village Center, Annex of Arlington, Marketplace, Silver Pointe, and The Shoppes at Southside), 11 acres of unimproved land known as Unity Plaza, the remaining 50% interest in Clearwater Mall, a shopping center in which the Company owned the other 50% interest, and the remaining 50% interest in The Market at Preston Ridge, a shopping center in which the Company owned the other 50% interest. Please refer to the following table for additional details (dollars in millions).

| Property Name               | Location              | Acquisition Date | Gross Leasable Area | Purchase Price | Purchase Price Components |              |          |
|-----------------------------|-----------------------|------------------|---------------------|----------------|---------------------------|--------------|----------|
|                             |                       |                  |                     |                | ERP Units                 | Assumed Debt | Cash     |
| New Britain Village Square  | Chalfont, PA          | 01/09/04         | 143,716             | \$ 23.4        | \$ 11.2                   | \$ 12.2      | (1)      |
| Clearwater Mall             | Clearwater, FL        | 01/30/04         | 285,519             | \$ 30.0        |                           |              | \$ 30.0  |
| Elk Grove Town Center       | Elk Grove Village, IL | 01/30/04         | 131,849             | \$ 21.0        |                           | \$ 14.5      | \$ 6.5   |
| Villa Monaco                | Denver, CO            | 02/19/04         | 122,213             | \$ 12.0        |                           |              | \$ 12.0  |
| Florence Square             | Florence, KY          | 03/17/04         | 361,251             | \$ 39.5        |                           | \$ 15.8      | \$ 23.7  |
| Unity Plaza                 | East Fishkill, NY     | 04/28/04         | 11 acres            | \$ 6.0         |                           |              | \$ 6.0   |
| Stockbridge Village         | Stockbridge, GA       | 04/29/04         | 188,203             | \$ 23.8        |                           |              | \$ 23.8  |
| Starlite Plaza              | Sylvania, OH          | 07/22/04         | 222,450             | \$ 16.8        |                           |              | \$ 16.8  |
| Village Center              | Smithtown, NY         | 08/19/04         | 97,401              | \$ 16.8        |                           | \$ 4.4       | \$ 12.4  |
| Annex of Arlington          | Arlington Heights, IL | 08/26/04         | 197,328             | \$ 27.2        |                           | \$ 17.9      | \$ 9.3   |
| Marketplace                 | Tulsa, OK             | 09/01/04         | 186,851             | \$ 18.0        | \$ 8.8                    | \$ 9.2       |          |
| The Market at Preston Ridge | Frisco, TX            | 09/01/04         | 50,326              | \$ 5.2         |                           |              | \$ 5.2   |
| Silver Pointe               | Fenton, MI            | 11/23/04         | 86,141              | \$ 10.2        |                           | \$ 7.2       | \$ 3.0   |
| The Shoppes at Southside    | Jacksonville, FL      | 12/10/04         | 109,113             | \$ 25.0        |                           |              | \$ 25.0  |
|                             | <b>Total</b>          |                  |                     | \$ 274.9       | \$ 20.0                   | \$ 81.2      | \$ 173.7 |

(1) Represents the assumption of a mortgage loan previously made by the Company to the seller.



**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In the 2003 fiscal year, the Company acquired the remaining 50% interest in Vail Ranch II that it did not already own, a portfolio of seven grocery-anchored neighborhood shopping centers (the Spartan Acquisition ) and three other shopping centers (Panama City Square, Harpers Station and Dickson City Crossing). Please refer to the following table for additional details (dollars in millions).

| Property Name          | Location         | Acquisition Date | Gross Leasable Area | Purchase Price | Purchase Price Components |              |         |
|------------------------|------------------|------------------|---------------------|----------------|---------------------------|--------------|---------|
|                        |                  |                  |                     |                | ERP Units                 | Assumed Debt | Cash    |
| Spartan Acquisition    | Michigan         | 01/03/03         | 534,300             | \$ 46.0        |                           |              | \$ 46.0 |
| Paradise Pavilion (1)  | West Bend, WI    | 01/03/03         | 198,419             |                |                           |              |         |
| Vail Ranch II          | Temecula, CA     | 02/25/03         | 105,000             | \$ 10.5        |                           | \$ 9.0       | \$ 1.5  |
| Panama City Square     | Panama City, FL  | 06/25/03         | 289,119             | \$ 18.3        |                           | \$ 12.7      | \$ 5.6  |
| Harpers Station        | Cincinnati, OH   | 09/11/03         | 240,681             | \$ 23.8        |                           | \$ 13.0      | \$ 10.8 |
| Dickson City Crossings | Dickson City, PA | 09/30/03         | 301,462             | \$ 28.1        |                           | \$ 14.8      | \$ 13.3 |
|                        | <b>Total</b>     |                  |                     | \$ 126.7       |                           | \$ 49.5      | \$ 77.2 |

(1) Paradise Pavilion was acquired in connection with the Equity Investment Group portfolio acquisition on December 12, 2002.

Dispositions

*Portfolio Disposition*

On August 10, 2005, the Company sold an aggregate of 69 community and neighborhood shopping centers (the Galileo Properties ) to Galileo America LLC for approximately \$968.0 million of total consideration, comprised of approximately \$928.2 million in cash and approximately \$39.8 million of equity in Galileo America LLC (the Property Transfer ). The Company has the right to receive up to an additional \$12.0 million in cash based upon the performance of the Galileo Properties during the 18-month period following the closing of the Property Transfer.

The following related transactions occurred simultaneously with the closing of the Property Transfer, resulting in the Company owning an approximate 5% equity interest in Galileo America LLC, which included (i) the redemption by Galileo America LLC of an existing interest in Galileo America LLC held by an affiliate of CBL & Associates Properties, Inc. ( CBL ) for two properties previously owned by Galileo America LLC, (ii) the purchase by the Company of an asset management fee stream from Galileo America LLC for \$18.5 million and (iii) the acquisition by the Company of the property management rights of CBL with respect to Galileo America LLC for \$22.0 million (plus an agreement to purchase additional property management rights in 2008 for \$7.0 million) (such transactions are referred to collectively with the Property Transfer as the Galileo Transactions ).

As a result of the Company s retained 5% ownership interest in Galileo America LLC, as well as the Company s purchase of the property and asset management rights as part of the Galileo Transactions, the results of operations of the Galileo Properties up to August 10, 2005 were not classified as income from discontinued operations and are included in income from continuing operations.

*Other Dispositions*

In addition to the Galileo Transactions, during 2005, the Company sold 12 properties, four land parcels, 90% of its ownership interest in The Pines and 90% of its ownership interest in Northshore West

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

for aggregate gross proceeds of approximately \$105.6 million. In connection with the sale of these properties, and in accordance with SFAS No. 144 (Note 2), the Company recorded the results of operations and the related gain/loss on sale as income from discontinued operations (Note 5). The results of operations from The Pines and Northshore West are not considered to be income from discontinued operations due to the Company's continued involvement in its operations as a result of the Company's 10% joint venture interest.

During 2004, the Company sold 14 properties, two outparcels, one land parcel and 90% of its ownership interest in Villa Monaco for aggregate gross proceeds of approximately \$57.9 million, including approximately \$8.5 million represented by a purchase money note issued in connection with the sale of Factory Merchants Barstow (the purchase money note was repaid in full in early 2005). In connection with the sale of these properties, and in accordance with SFAS No. 144, the Company recorded the results of operations and the related gain on sale as income from discontinued operations (Note 5).

During 2003, the Company sold 24 properties, six land parcels and 70% of its ownership interest in Arapahoe Crossings, LP for aggregate gross proceeds of approximately \$117.1 million. In connection with the sale of these properties, and in accordance with SFAS No. 144 (Note 2), the Company recorded the results of operations and the related gain on sale as income from discontinued operations (Note 5). The results of operations from Arapahoe Crossings, LP are not considered to be income from discontinued operations due to the Company's continued involvement in its operations as a result of the Company's retained 30% joint venture interest.

**4. Real Estate Held for Sale and Impaired Real Estate**

As of December 31, 2005, five retail properties and three land parcels were classified as Real estate held for sale. These properties are located in five states and have an aggregate gross leasable area of approximately 0.5 million square feet. Such properties had an aggregate book value of approximately \$19.2 million, net of accumulated depreciation of approximately \$3.6 million as of December 31, 2005. The five retail properties and three land parcels were all under contract for sale as of December 31, 2005 and all sales are expected to close by the third quarter of 2006, but in any event no later than December 31, 2006. In accordance with SFAS No. 144 (Note 2), the Company has recorded the results of operations and the related impairment of any properties classified as held for sale as income from discontinued operations (Note 5).

As of December 31, 2004, four retail properties and one land parcel were classified as Real estate held for sale. These properties are located in five states and have an aggregate gross leasable area of approximately 0.4 million square feet. Such properties had an aggregate book value of approximately \$20.8 million, net of accumulated depreciation of approximately \$3.2 million as of December 31, 2004. In accordance with SFAS No. 144 (Note 2), the Company has recorded the results of operations and the related impairment of any properties classified as held for sale as income from discontinued operations (Note 5).

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**5. Income from Discontinued Operations**

The following is a summary of income from discontinued operations for the years ended December 31, 2005, 2004 and 2003 (dollars in thousands):

|                                                                        | Year Ended December 31, |           |           |
|------------------------------------------------------------------------|-------------------------|-----------|-----------|
|                                                                        | 2005                    | 2004      | 2003      |
| Total revenue                                                          |                         |           |           |
| Other discontinued operations                                          | \$ 9,705                | \$ 18,438 | \$ 26,425 |
| Real estate held for sale                                              | 3,641                   | 3,630     | 3,356     |
| Total revenue                                                          | 13,346                  | 22,068    | 29,781    |
| Operating costs                                                        |                         |           |           |
| Other discontinued operations                                          | (2,830 )                | (5,571 )  | (7,287 )  |
| Real estate held for sale                                              | (809 )                  | (854 )    | (828 )    |
| Real estate taxes                                                      |                         |           |           |
| Other discontinued operations                                          | (809 )                  | (1,893 )  | (3,003 )  |
| Real estate held for sale                                              | (456 )                  | (453 )    | (399 )    |
| Interest expense                                                       |                         |           |           |
| Other discontinued operations                                          | (5 )                    | (183 )    | (862 )    |
| Real estate held for sale                                              |                         |           |           |
| Depreciation and amortization                                          |                         |           |           |
| Other discontinued operations                                          | (1,840 )                | (2,846 )  | (3,588 )  |
| Real estate held for sale                                              | (564 )                  | (555 )    | (476 )    |
| Provision for doubtful accounts                                        |                         |           |           |
| Other discontinued operations                                          | (373 )                  | (1,741 )  | (2,042 )  |
| Real estate held for sale                                              | (90 )                   | (27 )     | (115 )    |
| General and administrative expenses                                    |                         |           |           |
| Other discontinued operations                                          | (3 )                    | (9 )      | (9 )      |
| Real estate held for sale                                              |                         |           |           |
| Total operating costs                                                  | (7,779 )                | (14,132 ) | (18,609 ) |
| Income from discontinued operations before impairment and gain on sale | 5,567                   | 7,936     | 11,172    |
| Impairment of real estate held for sale                                |                         | (88 )     | (6,953 )  |
| Gain (loss) on sale of other discontinued operations (1)               | 17,787                  | (1,139 )  | 4,018     |
| Income from discontinued operations                                    | \$ 23,354               | \$ 6,709  | \$ 8,237  |

(1) For the year ended December 31, 2005, balance includes approximately \$4.1 million attributable to the gain on sale of the Company's ownership interest in BPR West, L.P., a joint venture in which the Company previously held a 50% interest. Balance also includes approximately \$3.4 million attributable to the consolidated gain on sale of Rodney Village, a property formerly owned by Benbrooke Ventures, a joint venture in which the Company previously held a 50% interest.

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**6. Marketable Securities**

The Company has classified all investments in equity securities as available-for-sale. All investments are recorded at current market value with an offsetting adjustment to stockholders' equity (dollars in thousands):

|                          | December 31, 2005 | December 31, 2004 |
|--------------------------|-------------------|-------------------|
| Cost basis               | \$ 973            | \$ 973            |
| Unrealized holding gains | 2,041             | 2,460             |
| Fair value               | \$ 3,014          | \$ 3,433          |

The weighted average method is used to determine realized gain or loss on securities sold. The fair value of marketable securities is based upon quoted market prices as of December 31, 2005 and 2004.

**7. Mortgages and Notes Receivable**

The Company had the following mortgages and notes receivable (dollars in thousands):

|                                                                | December 31, 2005 | December 31, 2004 |
|----------------------------------------------------------------|-------------------|-------------------|
| Leasehold mortgages, interest at 10% to 12%, due 2008 to 2010. | \$ 795            | \$ 903            |
| Promissory Note, interest at 8%, due 2005.                     |                   | 7,978             |
| Total                                                          | \$ 795            | \$ 8,881          |

On September 22, 2004, in connection with the purchase of Factory Merchants Barstow, the purchaser issued a purchase money note to the Company for approximately \$8.5 million. The note bore interest at 8% and was due in March 2005. This note was repaid in full as of December 31, 2005.

At December 31, 2005 and 2004, approximately \$1.1 million and \$0.7 million, respectively, of the other receivables on the accompanying consolidated balance sheet represented interest and dividends receivable.

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**8. Investments in/Advances to Unconsolidated Ventures**

The following table summarizes the Company's investments in unconsolidated joint ventures as of December 31, 2005 and 2004 (dollars in thousands). The Company accounts for these investments using the equity method.

|                                                           | City             | State   | JV Partner                                                      | Company              |   | Investments in/<br>Advances to<br>Unconsolidated<br>Ventures<br>December 31, |                  |
|-----------------------------------------------------------|------------------|---------|-----------------------------------------------------------------|----------------------|---|------------------------------------------------------------------------------|------------------|
|                                                           |                  |         |                                                                 | Percent<br>Ownership |   | 2005                                                                         | 2004             |
| Arapahoe Crossings,<br>L.P. (1)                           | Aurora           | CO      | Foreign Investor                                                | 30                   | % | \$ 6,663                                                                     | \$ 6,718         |
| BPR Land Partnership,<br>L.P. (2)                         | Frisco           | TX      | George Allen/Milton Schaffer                                    | 50                   | % | \$ 1,221                                                                     | \$ 1,993         |
| BPR Shopping Center,<br>L.P. (1)                          | Frisco           | TX      | Foreign Investor/George Allen/Milton<br>Schaffer                | 25                   | % | \$ 3,615                                                                     | \$ 3,683         |
| BPR South, L.P. (2)                                       | Frisco           | TX      | George Allen/Milton Schaffer                                    | 50                   | % | \$ 822                                                                       | N/A              |
| CA New Plan<br>Acquisition Fund,<br>LLC (3)               | Various          | Various | Major U.S. Pension Fund                                         | 10                   | % | \$ 1,409                                                                     | N/A              |
| CA New Plan Venture<br>Direct Investment Fund,<br>LLC     | Various          | Various | Major U.S. Pension Fund                                         | 10                   | % | \$ 849                                                                       | N/A              |
| CA New Plan Venture<br>Fund, LLC (4)                      | Various          | Various | Major U.S. Pension Fund                                         | 10                   | % | \$ 3,692                                                                     | \$ 6,963         |
| Galileo America LLC                                       | Various          | Various | Galileo Shopping America Trust                                  | 5                    | % | \$ 33,762                                                                    | N/A              |
| NP/I&G Institutional<br>Retail Company,<br>LLC (4)        | Various          | Various | JPMorgan Fleming Asset Management                               | 20                   | % | \$ 41,447                                                                    | \$ 12,531        |
| NPK Redevelopment I,<br>LLC (1) (5)                       | Various          | Various | Kmart Corporation (Sears Holding<br>Corp.)                      | 20                   | % | \$ 1,000                                                                     | N/A              |
| Westgate Mall,<br>LLC (6)                                 | Fairview<br>Park | OH      | Transwestern Investment Company/<br>The Richard E. Jacobs Group | 10                   | % | \$ 1,058                                                                     | N/A              |
| <b>Investments in/Advances to Unconsolidated Ventures</b> |                  |         |                                                                 |                      |   | <b>\$ 95,538</b>                                                             | <b>\$ 31,888</b> |

- (1) The Company receives increased participation after a 10% return.
- (2) The Company receives a 10% preferred return on its investment.
- (3) The Company receives increased participation after a 10% IRR.
- (4) The Company receives increased participation after a 12% IRR.
- (5) The Company has committed to contribute an additional \$5.0 million to this venture. Percent ownership represents the Company's ownership interest subsequent to such contribution.
- (6) The Company receives increased participation after a 13% IRR.

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Combined summary unaudited financial information for the Company's investments in/advances to unconsolidated ventures was as follows (dollars in thousands, except footnotes):

|                                                                | December 31, 2005 | December 31, 2004 |
|----------------------------------------------------------------|-------------------|-------------------|
| <b>Condensed Combined Balance Sheets</b>                       |                   |                   |
| Cash and cash equivalents                                      | \$ 44,554         | \$ 10,848         |
| Receivables                                                    | 23,981            | 8,814             |
| Property and equipment, net of accumulated depreciation        | 2,488,325         | 501,517           |
| Other assets, net of accumulated amortization                  | 48,145            | 18,171            |
| Total Assets                                                   | \$ 2,605,005      | \$ 539,350        |
| Long-term debt                                                 | \$ 1,580,749      | \$ 364,719        |
| Accrued interest                                               | 4,576             | 1,700             |
| Other liabilities                                              | 166,506           | 8,047             |
| Total liabilities                                              | 1,751,831         | 374,466           |
| Total partners' capital                                        | 853,174           | 164,884           |
| Total liabilities and partners' capital                        | \$ 2,605,005      | \$ 539,350        |
| Company's investments in / advances to unconsolidated ventures | \$ 95,538         | \$ 31,888         |

|                                                | Year Ended<br>December 31, 2005 | Year Ended<br>December 31, 2004 | Year Ended<br>December 31, 2003 |
|------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Condensed Combined Statements of Income</b> |                                 |                                 |                                 |
| Rental revenues                                | \$ 218,688                      | \$ 59,515                       | \$ 49,004                       |
| Operating expenses                             | (63,163 )                       | (18,891 )                       | (13,225 )                       |
| Interest expense                               | (60,318 )                       | (16,998 )                       | (10,444 )                       |
| Other expenses, net                            | (63,280 )                       | (12,118 )                       | (6,705 )                        |
| Gain on sale of real estate, net               | 17,005                          | -                               | -                               |
| Net income                                     | \$ 48,932                       | \$ 11,508                       | \$ 18,630                       |
| Company's share of net income (1)              | \$ 4,045                        | \$ 1,513                        | \$ 3,438                        |

(1) Includes preferred returns of \$0.9 million as of December 31, 2003.

The following is a brief summary of the unconsolidated joint venture obligations that the Company had as of December 31, 2005.

- *Arapahoe Crossings, L.P.* The Company, together with a U.S. partnership comprised substantially of foreign investors, has an interest in a joint venture which owns Arapahoe Crossings, a community shopping center located in Aurora, Colorado. Under the terms of this joint venture, the Company has a 30% interest and is responsible for contributing its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any significant capital contributions will be required. The joint venture had loans outstanding of approximately \$48.5 million as of December 31, 2005.
- *BPR Land Partnership, L.P.* The Company has a 50% interest in a joint venture that owns approximately 30.1 acres of undeveloped land in Frisco, Texas. Under the terms of this joint venture, the Company has agreed to contribute its pro rata share of any capital that might be

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

required by the joint venture; however, the Company does not expect that any significant capital contributions will be required. The joint venture had no loans outstanding as of December 31, 2005.

- *BPR Shopping Center, L.P.* The Company has a 25% interest in a joint venture that owns The Centre at Preston Ridge, a community shopping center located in Frisco, Texas. Under the terms of this joint venture, the Company has agreed to contribute its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any significant capital contributions will be required. The joint venture had loans outstanding of approximately \$68.6 million as of December 31, 2005.

- *BPR South, L.P.* The Company has a 50% interest in a joint venture that owns approximately 8.4 acres of undeveloped land in Frisco, Texas. Under the terms of this joint venture, the Company has agreed to contribute its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any significant capital contributions will be required. The joint venture had no loans outstanding as of December 31, 2005.

- *CA New Plan Acquisition Fund, LLC.* The Company has a 10% interest in a joint venture that was created in conjunction with the restructuring of CA New Plan Venture Fund, LLC (see below). Under the terms of this joint venture, the Company has agreed to contribute its pro rata share of any capital that might be required by the joint venture, up to a maximum amount of \$4.2 million, of which approximately \$1.4 million had been contributed by the Company as of December 31, 2005. The Company anticipates contributing the remaining approximately \$2.8 million by the end of 2007. As of December 31, 2005, the joint venture owned three operating retail properties and one retail property under redevelopment. The joint venture had loans outstanding of approximately \$33.4 million as of December 31, 2005.

- *CA New Plan Venture Direct Investment Fund, LLC.* The Company has a 10% interest in a joint venture that was created in conjunction with the restructuring of CA New Plan Venture Fund, LLC (see below). Under the terms of this joint venture, the Company has agreed to contribute its pro rata share of any capital that might be required by the joint venture, up to a maximum amount of \$0.4 million. As of December 31, 2005, the Company had not made any such capital contributions, and does not expect that any additional significant capital contributions will be required. The joint venture owned seven retail properties as of December 31, 2005. The joint venture had loans outstanding of approximately \$60.8 million as of December 31, 2005.

- *CA New Plan Venture Fund, LLC.* During 2005, this joint venture was restructured to create two additional joint ventures, CA New Plan Acquisition Fund, LLC, and CA New Plan Venture Direct Investment Fund, LLC. As a result of the restructuring, six stabilized assets were transferred from CA New Plan Venture Fund, LLC to CA New Plan Venture Direct Investment Fund, LLC, and two assets were sold, resulting in the joint venture owning six operating retail properties and one retail property under redevelopment as of December 31, 2005. Under the terms of the restructured joint venture, the Company continues to have a 10% interest in the venture, and is responsible for contributing its pro rata share of any capital that might be required by the joint venture, up to a maximum amount of \$0.9 million. As of December 31, 2005, the Company had not made any such capital contributions, and does not expect that any additional significant capital contributions will be required. The joint venture had loans outstanding of approximately \$57.7 million as of December 31, 2005.

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- *Galileo America LLC.* The Company has a 5% interest in this joint venture, which interest was acquired in conjunction with the Galileo Transactions (Note 3). Under the terms of this joint venture, the Company is not obligated to contribute any additional capital to the joint venture; however, in the event that additional capital is contributed by the other joint venture partner, the Company has the option to contribute the amount necessary to maintain its 5% ownership interest. The Company anticipates making additional capital contributions from time to time to maintain its ownership percentage. As of December 31, 2005, this joint venture was comprised of 126 retail assets, and had loans outstanding of approximately \$1.2 billion as of December 31, 2005.
- *NP / I&G Institutional Retail Company, LLC.* In November 2003, the Company formed a strategic joint venture with JPMorgan Fleming Asset Management to acquire high-quality institutional grade community and neighborhood shopping centers on a nationwide basis. The joint venture owned 13 retail properties as of December 31, 2005. Under the terms of this joint venture, the Company has a 20% interest in the venture and is responsible for contributing its pro rata share of any capital that might be required by the joint venture. The Company initially agreed to contribute up to a maximum amount of \$30.0 million to the joint venture, however, in connection with the acquisition of certain assets, the Company together with ERP, contributed a disproportionate share of capital to the venture, such that the Company's total capital investment as of December 31, 2005 was \$41.4 million. The Company anticipates the return of its excess contribution, approximately \$11.3 million, during the first quarter of 2006. The joint venture had loans outstanding of approximately \$275.6 million as of December 31, 2005.
- *NPK Redevelopment I, LLC.* The Company has a joint venture with Kmart Corporation (Sears Holding Corp.) pursuant to which the joint venture will redevelop three Kmart Supercenter properties formerly owned by Kmart. Under the terms of this joint venture, the Company has agreed to contribute \$6.0 million, of which \$1.0 million had been contributed by the Company as of December 31, 2005. After the contribution of the total committed amount, the Company will have a 20% interest in the venture and be responsible for contributing its pro rata share of any additional capital that might be required by the joint venture. The joint venture had no loans outstanding as of December 31, 2005.
- *Westgate Mall, LLC.* The Company, together with Transwestern Investment Company and The Richard E. Jacobs Group, has an interest in a joint venture that was formed for the specific purpose of acquiring and redeveloping Westgate Mall, an enclosed mall located on 55 acres of land in Fairview Park, Ohio. The joint venture plans to redevelop the mall into a large community shopping center. Under the terms of this joint venture, the Company has a 10% interest in the venture and is responsible for contributing its pro rata share of any capital that might be required by the joint venture; however, the Company does not expect that any additional significant capital contributions will be required. The joint venture had loans outstanding of approximately \$21.6 million as of December 31, 2005.



**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**9. Intangible Assets**

Intangible assets are comprised of the following (dollars in thousands):

|                                                                        | December 31, 2005 | December 31, 2004 | Amortization<br>Period |
|------------------------------------------------------------------------|-------------------|-------------------|------------------------|
| In-place lease value, legal fees and leasing commissions, net (Note 3) | \$ 34,454         | \$ 31,723         | Life of lease          |
| Above market leases acquired, net (Note 3)                             | 3,498             | 362               | Life of lease          |
| Amounts paid for asset management fee stream, net (Note 3)             | 18,307            |                   | 40 years               |
| Amounts paid for property management rights, net (Note 3)              | 21,787            |                   | 20 years               |
| <b>Total</b>                                                           | <b>\$ 78,046</b>  | <b>\$ 32,085</b>  |                        |

Aggregate amortization expense on these assets for the year ended December 31, 2005 was approximately \$0.7 million. The estimated amortization expense on these assets during the next five fiscal years is as follows (dollars in thousands):

| Year |          |
|------|----------|
| 2006 | \$ 6,689 |
| 2007 | 5,510    |
| 2008 | 4,802    |
| 2009 | 4,399    |
| 2010 | 3,885    |

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**10. Debt Obligations**

As of December 31, 2005 and 2004, the Company had the following debt obligations under various arrangements with financial institutions (dollars in thousands):

|                                        | Maximum<br>Amount<br>Available | Carrying Value as of |                      | Stated Interest<br>Rates | Scheduled<br>Maturity<br>Date |
|----------------------------------------|--------------------------------|----------------------|----------------------|--------------------------|-------------------------------|
|                                        |                                | December 31,<br>2005 | December 31,<br>2004 |                          |                               |
| <b>CREDIT AGREEMENTS</b>               |                                |                      |                      |                          |                               |
| Revolving Facility                     | \$ 350,000                     | \$ 65,000            | \$ 296,000           | LIBOR + 65 bp            | (1)(2) June 2007              |
| Secured Term Loan                      | 150,000                        | 150,000              | 150,000              | LIBOR + 85 bp            | (1) June 2007                 |
| Total Credit Agreements                | \$ 500,000                     | \$ 215,000           | \$ 446,000           |                          |                               |
| <b>MORTGAGES PAYABLE</b>               |                                |                      |                      |                          |                               |
| Fixed Rate Mortgages (3)               |                                | \$ 395,486           | \$ 506,367           | 6.670% - 9.625 %         | 2006 - 2028                   |
| Variable Rate Mortgages                |                                | 24,296               | 24,755               | Variable                 | (4) 2006- 2011                |
| Total Mortgages                        |                                | 419,782              | 531,122              |                          |                               |
| Net unamortized premium                |                                | 13,871               | 20,400               |                          |                               |
| Total Mortgages, net                   |                                | \$ 433,653           | \$ 551,522           |                          |                               |
| <b>NOTES PAYABLE</b>                   |                                |                      |                      |                          |                               |
| 7.75% unsecured notes                  |                                | \$ -                 | \$ 100,000           | 7.750 %                  | N/A                           |
| 7.35% unsecured notes                  |                                | 30,000               | 30,000               | 7.350 %                  | June 2007                     |
| 5.88% unsecured notes (5)              |                                |                      | 250,000              | 5.875 %                  | N/A                           |
| 7.40% unsecured notes                  |                                | 150,000              | 150,000              | 7.400 %                  | September 2009                |
| 4.50% unsecured notes (6)              |                                | 150,000              | 150,000              | 4.500 %                  | February 2011                 |
| 5.13% unsecured notes                  |                                | 125,000              |                      | 5.125 %                  | September 2012                |
| 5.50% unsecured notes                  |                                | 50,000               | 50,000               | 5.500 %                  | November 2013                 |
| 5.30% unsecured notes                  |                                | 100,000              |                      | 5.300 %                  | January 2015                  |
| 5.25% unsecured notes                  |                                | 125,000              |                      | 5.250 %                  | September 2015                |
| 3.75% unsecured notes (7)              |                                | 115,000              | 115,000              | 3.750 %                  | June 2023                     |
| 7.97% unsecured notes                  |                                | 10,000               | 10,000               | 7.970 %                  | August 2026                   |
| 7.65% unsecured notes                  |                                | 25,000               | 25,000               | 7.650 %                  | November 2026                 |
| 7.68% unsecured notes                  |                                | 10,000               | 10,000               | 7.680 %                  | November 2026                 |
| 7.68% unsecured notes                  |                                | 10,000               | 10,000               | 7.680 %                  | November 2026                 |
| 6.90% unsecured notes                  |                                | 25,000               | 25,000               | 6.900 %                  | February 2028                 |
| 6.90% unsecured notes                  |                                | 25,000               | 25,000               | 6.900 %                  | February 2028                 |
| 7.50% unsecured notes                  |                                | 25,000               | 25,000               | 7.500 %                  | July 2029                     |
| Total Notes                            |                                | 975,000              | 975,000              |                          |                               |
| Net unamortized discount               |                                | (4,822 )             | (4,723 )             |                          |                               |
| Impact of pay-floating swap agreements |                                | (1,831 )             | 286                  |                          |                               |
| Total Notes, net                       |                                | \$ 968,347           | \$ 970,563           |                          |                               |
| CAPITAL LEASES                         |                                | \$ 27,881            | \$ 28,234            | 7.500 %                  | June 2031                     |
| TOTAL DEBT                             |                                | \$ 1,644,881         | \$ 1,996,319         |                          |                               |

(1) The Company incurs interest using the 30-day LIBOR rate, which was 4.31% as of December 31, 2005. The interest rate on this facility adjusts based on the Company's credit rating.

(2) The Company also incurs an annual facility fee of 20 basis points on this facility.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

- (3) The Company repaid approximately \$100.6 million of fixed rate mortgages with a portion of the proceeds generated from the Galileo Transactions.
- (4) As determined by the applicable loan agreement, the Company incurs interest on these obligations using either the 30-day LIBOR rate, which was 4.31% as of December 31, 2005, plus spreads ranging from 65 to 85 basis points, or the Moody's A Corporate Bond Index, which was 5.26% as of December 31, 2005, plus spreads ranging from 12.5 to 37.5 basis points.
- (5) The Company repaid these notes in full with the proceeds from the September 2005 debt offering described below.
- (6) The Company has entered into reverse interest rate swap agreements that effectively converted the interest rate on \$65.0 million of the notes from a fixed rate to a blended floating rate of 30 basis points over the six-month LIBOR rate.
- (7) Represents the Company's convertible senior notes, which are redeemable for cash, in whole or in part, any time after June 9, 2008.

The Company's \$350.0 million unsecured revolving credit facility (the Revolving Facility) and the Company's \$150.0 million secured term loan (the Secured Term Loan) (collectively, the Credit Agreements) require that the Company maintain certain financial coverage ratios and other debt covenants. On July 19, 2005, in anticipation of the closing of the Galileo Transactions, the Company entered into amendments to the Credit Agreements. The amendments to each of the Credit Agreements were substantially identical.

As part of the amendments:

- The covenants in the Credit Agreements relating to asset sales by the Company were amended to permit the Company to sell or otherwise transfer assets so long as the transfers do not exceed (i) with respect to 2005, 30% of the total book value of all the Company's property determined as of December 31, 2004, and (ii) with respect to each year thereafter, 25% of the total book value of all the Company's property determined as of the last day of the preceding year;
- The covenants in the Credit Agreements relating to permitted dividends by the Company were amended to specifically provide that the special dividend distributed to stockholders of the Company (Note 10) following the Galileo Transactions be permitted under the terms of the Credit Agreements;
- The covenants in the Credit Agreements relating to the Company's minimum tangible net worth were amended to provide that the Company's minimum net worth requirement be reduced from \$1.278 billion to \$1.225 billion (plus 80% of the net proceeds received by the Company from future issuances of capital stock);
- The covenants in the Credit Agreements that set forth the maximum ratio of the Company's total unsecured debt to unencumbered asset value were amended, increasing the ratio from 55% to 57.5%; and
- The capitalization rates used to calculate the value of the Company's assets for purposes of certain ratio tests (i.e., in calculating the Company's operating property value and unencumbered asset value) were decreased from 9.0% to 8.5%.

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As of December 31, 2005, these coverage ratios and debt covenants, as amended, included:

- net operating income of unencumbered assets to interest on unsecured debt ratio of at least 2:1
- EBITDA (as defined in the applicable agreement) to fixed charges ratio of at least 1.75:1
- minimum tangible net worth of approximately \$1.2 billion
- total debt to total adjusted assets of no more than 57.5%
- total secured debt to total adjusted assets of no more than 40%
- unsecured debt to unencumbered assets value ratio of no more than 57.5%
- book value of ancillary assets to total adjusted assets of no more than 25%
- book value of new construction assets to total adjusted assets of no more than 15%
- Funds from Operations (as defined in the applicable debt agreement) payout ratio no greater than 95%

On September 19, 2005, the Company completed a public offering of \$125.0 million aggregate principal amount of senior unsecured, 7-year fixed rate notes with a coupon of 5.125% (the 5.125% Notes ) and \$125.0 million aggregate principal amount of senior unsecured, 10-year fixed rate notes with a coupon of 5.25% (the 5.25% Notes ) (collectively, the September 2005 Debt Offering ). The 5.125% Notes and the 5.25% Notes are due on September 15, 2012 and 2015, respectively. The 5.125% Notes were priced at 99.919% of par value to yield 5.139%. The 5.25% Notes were priced at 99.372% of par value to yield 5.332%. Net proceeds from the offering were used to redeem all \$250.0 million of the Company's outstanding 5.875% senior unsecured notes that were due June 15, 2007 and were called for redemption on August 4, 2005 at a redemption price of 100% of their principal amount plus any interest accrued up to, but excluding, the redemption date, and the applicable make-whole premium of approximately \$7.1 million relating to such notes. Concurrent with the pricing of the September 2005 Debt Offering, the Company settled its three remaining 10-year forward starting interest rate swap agreements with an aggregate of approximately \$100.0 million in notional amount for an aggregate cost of approximately \$7.6 million.

On April 5, 2005, the Company entered into a \$150.0 million unsecured term loan (the Unsecured Term Loan ). Net proceeds from the Unsecured Term Loan were used to repay \$100.0 million of the Company's 7.75% medium-term notes that were scheduled to mature on April 6, 2005, as well as to repay a portion of the amount outstanding under the Revolving Facility. On July 13, 2005, the Company amended the Unsecured Term Loan, increasing the amount that may be borrowed from \$150.0 million to \$200.0 million, and concurrently increased the amount borrowed from \$150.0 million to \$200.0 million. On August 10, 2005, the Company repaid the \$200.0 million outstanding under the Unsecured Term Loan with a portion of the proceeds generated from the Galileo Transactions, and as a result no further amounts are available for draw under this loan.

On January 13, 2005, the Company completed a public offering of \$100.0 million aggregate principal amount of unsecured, 10-year fixed rate notes with a coupon of 5.30% (the January 2005 Debt Offering ). These notes are due on January 15, 2015 and were priced at 99.930% of par value to yield 5.309%. Net proceeds from the offering were used to repay a portion of the amount outstanding under the Revolving Facility. Concurrent with the pricing of the January 2005 Debt Offering, the Company settled four of its

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seven then existing 10-year forward starting interest rate swap agreements with an aggregate of approximately \$100.0 million in notional amount for an aggregate cost of approximately \$2.5 million.

On February 6, 2004, the Company completed a public offering of \$150.0 million aggregate principal amount of unsecured, 7-year fixed rate notes with a coupon of 4.50% (the 2004 Debt Offering ). These notes are due on February 1, 2011 and were priced at 99.409% of par value to yield 4.6%. Net proceeds from the offering were used to repay a portion of the borrowings outstanding under the Company's then existing revolving credit facility. On January 30, 2004, concurrent with the pricing of the 2004 Debt Offering, the Company entered into reverse interest rate swaps that effectively converted the interest rate on \$100.0 million of the notes from a fixed rate to a blended floating rate of 39 basis points over the six-month LIBOR rate.

As of December 31, 2005, future expected/scheduled maturities of outstanding long-term debt and capital lease obligations were as follows (in thousands):

|                                                       |              |
|-------------------------------------------------------|--------------|
| 2006                                                  | \$ 30,855    |
| 2007                                                  | 279,553      |
| 2008                                                  | 173,635      |
| 2009                                                  | 163,424      |
| 2010                                                  | 65,099       |
| Thereafter                                            | 925,097      |
| Total debt maturities                                 | 1,637,663    |
| Net unamortized premiums on mortgages                 | 13,871       |
| Net unamortized discount on notes                     | (4,822 )     |
| Fair value adjustment on pay-floating swap agreements | (1,831 )     |
| Total debt obligations                                | \$ 1,644,881 |

**11. Other Liabilities**

Other liabilities are comprised of the following (in thousands):

|                                                     | December 31, 2005 | December 31, 2004 |
|-----------------------------------------------------|-------------------|-------------------|
| Property and other taxes payable                    | \$ 29,442         | \$ 30,685         |
| Interest payable                                    | 19,324            | 15,596            |
| Accrued professional and personnel costs            | 18,776            | 13,202            |
| Accrued construction costs                          | 10,673            | 10,356            |
| Below market leases, net                            | 10,575            |                   |
| Swap contracts                                      |                   | 8,495             |
| Accounts payable                                    | 6,532             | 6,901             |
| Deferred rent expense and rents received in advance | 5,221             | 4,870             |
| Amounts due seller of property                      | 3,846             | 2,541             |
| Accrued acquisition / disposition costs             | 6,804             | 1,916             |
| Accrued insurance                                   | 6,087             | 996               |
| Other                                               | 10,089            | 9,711             |
| Total                                               | \$ 127,369        | \$ 105,269        |

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**12. Risk Management and Use of Financial Instruments**

Risk Management

In the normal course of its on-going business operations, the Company encounters economic risk. There are three main components of economic risk: interest rate risk, credit risk and market risk. The Company is subject to interest rate risk on its interest-bearing liabilities. Credit risk is the risk of default on the Company's operations and tenants' inability or unwillingness to make contractually required payments. Market risk includes changes in the value of the properties held by the Company due to changes in interest rates or other market factors.

Use of Derivative Financial Instruments

The Company's use of derivative instruments is primarily limited to the utilization of interest rate agreements or other instruments to manage interest rate risk exposures and not for speculative purposes. The principal objective of such arrangements is to manage the risks and/or costs associated with the Company's operating and financial structure, as well as to hedge specific transactions. The counterparties to these arrangements are major financial institutions with which the Company and its affiliates may also have other financial relationships. The Company is potentially exposed to credit loss in the event of non-performance by these counterparties. However, because of their high credit ratings, the Company does not anticipate that any of the counterparties will fail to meet these obligations as they come due. The Company does not use derivative instruments to hedge credit/market risk.

On January 30, 2004, concurrent with the pricing of the 2004 Debt Offering, the Company entered into three reverse arrears swap agreements, in notional amounts of \$50.0 million, \$35.0 million and \$15.0 million, which effectively converted the interest rate on \$100.0 million of the debt from a fixed rate to a blended floating rate of 39 basis points over the six-month LIBOR rate. On May 19, 2004, the Company settled the \$35.0 million reverse arrears swap agreement for an aggregate payment of approximately \$1.5 million. The effect of such payment was deferred and will be amortized into earnings as an increase in effective interest expense over the term of the fixed rate borrowing. Concurrent with the settlement of the \$35.0 million reverse arrears swap agreement, the blended floating interest rate on the remaining two swaps was adjusted downward to 30 basis points over the six-month LIBOR rate. The remaining two swaps will terminate on February 1, 2011.

During 2004, the Company entered into seven 10-year forward starting interest rate swap agreements for an aggregate of approximately \$200.0 million in notional amount. These derivative instruments were expected to be used to hedge the risk of changes in interest cash outflows on anticipated fixed rate financings by effectively locking the 10-year LIBOR swap rate. Concurrent with the pricing of the January 2005 Debt Offering, the Company settled four of the seven 10-year forward starting interest rate swap agreements with an aggregate of approximately \$100.0 million in notional amount for an aggregate cost of approximately \$2.5 million. The effect of such payment was deferred and will be amortized into earnings as an increase in effective interest expense over the term of the fixed rate borrowing. Concurrent with the pricing of the September 2005 Debt Offering, the Company settled the remaining three forward starting swaps with an aggregate of approximately \$100.0 million in notional amount for an aggregate cost of approximately \$7.6 million. The effect of such payment was deferred and will be amortized into earnings as an increase in the effective interest expense over the term of the fixed rate borrowings.

On August 2, 2005, the Company entered into two forward starting interest rate swap agreements for an aggregate of approximately \$148.2 million in notional amount. These derivative instruments were

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expected to be used to hedge the risk of changes in interest cash outflows on anticipated fixed rate financings by effectively locking the three-month LIBOR swap rate. Concurrent with the pricing of the September 2005 Debt Offering, the Company settled both forward starting swaps with an aggregate of approximately \$148.2 million for an aggregate cost of approximately \$1.9 million. The effect of such payment was deferred and will be amortized into earnings as an increase in the effective interest expense over the term of the fixed rate borrowings.

The following table summarizes the terms and fair values of the Company's derivative financial instruments at December 31, 2005 (dollars in thousands). The notional amounts at December 31, 2005 provide an indication of the extent of the Company's involvement in these instruments at that time, but do not represent exposure to credit, interest rate or market risks.

| Hedge Product        | Hedge Type | Notional Amount | Strike  | Maturity | Fair Value  |
|----------------------|------------|-----------------|---------|----------|-------------|
| Reverse Arrears Swap | Fair Value | \$ 50,000       | 4.380 % | 02/01/11 | \$ (1,266 ) |
| Reverse Arrears Swap | Fair Value | 15,000          | 4.030 % | 02/01/11 | (565 )      |
|                      |            |                 |         |          | \$ (1,831 ) |

As of December 31, 2005, the reverse arrears swap debt of approximately \$1.8 million was reported as a component of the notes payable to which it was assigned. As of December 31, 2005, there were approximately \$10.2 million in deferred losses, net, represented in OCI, representing the unamortized portion of the settled swaps.

Over time, the unrealized gains and losses held in OCI (Note 17) will be reclassified to earnings in the same period(s) in which the hedged items are recognized in earnings. Approximately \$1.4 million of expense, net, is expected to be amortized over the next 12 months. The current balance held in OCI is expected to be reclassified to earnings over the lives of the current hedging instruments, or for realized losses on forecasted debt transactions, over the related term of the debt obligation, as applicable.

Concentration of Credit Risk

A concentration of credit risk arises in the Company's business when a national or regionally-based tenant occupies a substantial amount of space in multiple properties owned by the Company. In that event, if the tenant suffers a significant downturn in its business, it may become unable to make its contractual rent payments to the Company, exposing the Company to a potential loss in rental revenue that is magnified as a result of the tenant renting space in multiple locations. The Company regularly monitors its tenant base to assess potential concentrations of credit risk. Management believes the current credit risk portfolio is reasonably well diversified and does not contain any unusual concentration of credit risk. No tenant exceeds 5% of the Company's annual reported rental income.

**13. Minority Interest in Consolidated Partnership and Joint Ventures**

In 1995, ERP, a consolidated entity, was formed to own certain real estate properties. A wholly owned subsidiary of the Company is the sole general partner of ERP and is entitled to receive 99% of all net income and gains before depreciation, if any, after the limited partners receive their preferred cash and gain allocations. Properties have been contributed to ERP in exchange for limited partnership units (which may be redeemed at stipulated prices for cash or, at the Company's option, shares of common stock of the Company at certain exchange ratios), cash and the assumption of mortgage indebtedness. On September 27, 2005, in conjunction with the payment of a special cash distribution to the Company's

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common stockholders of \$3.00 per common share (see Note 14), certain unitholders received a corresponding special cash distribution of \$3.00 per unit, which special cash distributions aggregated approximately \$4.4 million. Unitholders who were not entitled to receive the special cash distribution received an adjustment to their exchange ratio, which adjustment accounts for the payment of the special cash distribution. After such adjustments, exchange ratios currently range from 1.0 to 1.6. ERP unit information is summarized as follows:

|                                  | <b>Total<br/>Units</b> | <b>Company<br/>Units</b> | <b>Limited<br/>Partner<br/>Units</b> |     |
|----------------------------------|------------------------|--------------------------|--------------------------------------|-----|
| Outstanding at December 31, 2003 | 5,565,066              | 3,432,065                | 2,133,001                            |     |
| Issued                           | 1,150,500              | 293,294                  | 857,206                              | (1) |
| Redeemed                         |                        | 1,383,856                | (1,383,856)                          | (2) |
| Outstanding at December 31, 2004 | 6,715,566              | 5,109,215                | 1,606,351                            |     |
| Issued                           | 1,167,922              | (3)                      | 1,167,922                            | (3) |
| Redeemed                         |                        |                          |                                      |     |
| Outstanding at December 31, 2005 | 7,883,488              | 5,109,215                | 2,774,273                            |     |

- (1) Represents limited partnership units issued in connection with the Company's acquisitions of (1) New Britain Village Square (487,949 limited partnership units) and (2) Marketplace (369,257 limited partnership units) (Note 3).
- (2) Represents the redemption of limited partnership units for shares of common stock of the Company.
- (3) Represents limited partnership units issued in connection with the Company's acquisition of (1) Hillcrest Shopping Center (612,763 limited partnership units) and (2) a partial interest in two properties currently held in NP/I&G Institutional Retail Company, LLC, one of the Company's joint ventures (555,159 limited partnership units).



**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**14. Stockholders Equity**

Earnings per Share (EPS)

In accordance with the disclosure requirements of SFAS No. 128 (Note 2), a reconciliation of the numerator and denominator of basic and diluted EPS is provided as follows (in thousands, except per share amounts and amounts in the footnote below):

|                                                                            | <b>Years Ended December 31,</b> |             |             |
|----------------------------------------------------------------------------|---------------------------------|-------------|-------------|
|                                                                            | <b>2005</b>                     | <b>2004</b> | <b>2003</b> |
| <b>Basic EPS</b>                                                           |                                 |             |             |
| <b>Numerator:</b>                                                          |                                 |             |             |
| Income from continuing operations and gain on sale of real estate          | \$ 282,970                      | \$ 127,231  | \$ 120,784  |
| Preferred dividends                                                        | (21,888 )                       | (21,470 )   | (21,170 )   |
| Premium on redemption of preferred stock                                   |                                 |             | (630 )      |
| Net income available to common shares from continuing operations basic     | 261,082                         | 105,761     | 98,984      |
| Net income available to common shares from discontinued operations basic   | 23,354                          | 6,709       | 8,237       |
| Net income available to common shares basic                                | \$ 284,436                      | \$ 112,470  | \$ 107,221  |
| <b>Denominator:</b>                                                        |                                 |             |             |
| Weighted average of common shares outstanding                              | 103,393                         | 100,894     | 97,318      |
| Earnings per share continuing operations                                   | \$ 2.53                         | \$ 1.04     | \$ 1.02     |
| Earnings per share discontinued operations                                 | 0.22                            | 0.07        | 0.08        |
| Basic earnings per common share                                            | \$ 2.75                         | \$ 1.11     | \$ 1.10     |
| <b>Diluted EPS</b>                                                         |                                 |             |             |
| <b>Numerator:</b>                                                          |                                 |             |             |
| Income from continuing operations                                          | \$ 282,970                      | \$ 127,231  | \$ 120,784  |
| Preferred dividends                                                        | (21,888 )                       | (21,470 )   | (21,170 )   |
| Premium on redemption of preferred stock                                   |                                 |             | (630 )      |
| Minority interest in consolidated partnership                              | 5,070                           | 796         | 1,555       |
| Net income available to common shares from continuing operations diluted   | 266,152                         | 106,557     | 100,539     |
| Net income available to common shares from discontinued operations diluted | 23,354                          | 6,709       | 8,237       |
| Net income available to common shares diluted                              | \$ 289,506                      | \$ 113,266  | \$ 108,776  |
| <b>Denominator:</b>                                                        |                                 |             |             |
| Weighted average of common shares outstanding basic                        | 103,393                         | 100,894     | 97,318      |
| Effect of diluted securities:                                              |                                 |             |             |
| Excel Realty Partners, L.P. third party units                              | 2,337                           | 1,394       | 2,178       |
| Common stock options                                                       | 1,003                           | 1,057       | 773         |
| Convertible debt                                                           | 35                              |             |             |
| Restricted stock                                                           | 66                              |             |             |
| Weighted average of common shares outstanding diluted                      | 106,834                         | 103,345     | 100,269     |
| Earnings per share continuing operations                                   | \$ 2.49                         | \$ 1.03     | \$ 1.00     |
| Earnings per share discontinued operations                                 | 0.22                            | 0.07        | 0.08        |
| Diluted earnings per common share                                          | \$ 2.71                         | \$ 1.10     | \$ 1.08     |

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Note For the years ended December 31, 2004 and 2003 there were approximately 0.6 million and 0.5 million stock options, respectively, that were anti-dilutive.

Common Stock

To maintain its qualification as a REIT, not more than 50% in value of the outstanding shares of the Company may be owned, directly or indirectly, by five or fewer individuals at any time during the last half of any taxable year of the Company (defined to include certain entities), applying certain constructive ownership rules. To help ensure that the Company will not fail this test, the Company's Articles of Incorporation provide for, among other things, certain restrictions on the transfer of common stock to prevent further concentration of stock ownership. Moreover, to evidence compliance with these requirements, the Company must maintain records that disclose the actual ownership of its outstanding common stock and will demand written statements each year from the holders of record of designated percentages of its common stock requesting the disclosure of the beneficial owners of such common stock.

In conjunction with the Galileo Transactions, the Company's Board of Directors declared a special cash distribution of \$3.00 per common share (the Special Dividend). The distribution was paid on September 27, 2005 to common stockholders of record on August 25, 2005, and aggregated approximately \$310.4 million.

On August 23, 2004, the Company sold 2,000,000 of its common shares in a public offering (the Common Stock Offering). The net proceeds from the offering were approximately \$50.0 million and were used to repay a portion of the borrowings outstanding under the Revolving Facility.

Common Stock Repurchases

In October 1999, the Company commenced a program to repurchase up to \$75.0 million of the Company's outstanding common stock from time to time through periodic open market transactions or through privately negotiated transactions. Through December 31, 2005, approximately 2,150,000 shares have been repurchased and retired at an average purchase price of \$15.30 per share. No shares were repurchased in 2005, 2004 or 2003.

Preferred Stock

The Company has 8,000,000 Series E depositary shares outstanding, each representing a 1/10 fractional interest of a share of 7.625% Series E Cumulative Redeemable Preferred Stock (the Preferred E Shares).

The Company also has 1,500,000 Series D depositary shares outstanding, each representing a 1/10 fractional interest in a share of 7.8% Series D Cumulative Voting Step-Up Premium Rate Preferred Stock (the Preferred D Shares), which are redeemable at the option of the Company on or after June 15, 2007 at a liquidation preference of \$500 per share. The Preferred D Shares pay dividends quarterly at the rate of 7.8% of the liquidation preference per annum through September 2012 and at the rate of 9.8% of the liquidation preference per annum thereafter. Beginning in the third quarter of 2004, in accordance with applicable accounting rules, and as a result of the step-up of the dividend to 9.8% of the liquidation preference beginning in 2012, the Company recorded quarterly non-cash increases to the current dividend payable. For the year ended December 31, 2005, the Company recorded total, non-cash increases of approximately \$0.8 million. The Company expects to continue recognizing additional quarterly non-cash charges through 2012 with respect to the Preferred D Shares in amounts that are not expected to vary materially from the amounts recognized in 2005.

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Stock Based Compensation

Stock Options

The Company currently has one active stock option plan pursuant to which stock options have been granted to purchase shares of common stock of the Company to officers, directors, and certain employees of the Company. Previously, options remained outstanding under three terminated stock option plans, and under two option grants made to the Company's Chief Executive Officer in February 2000. These prior outstanding option grants are now incorporated under the active stock option plan. The active plan is the 2003 Stock Incentive Plan, as amended and restated effective July 14, 2005 (the "2003 Plan"), which provides for the grant of stock options, stock grants and certain other types of stock based awards to officers, directors and certain employees of the Company. The exercise price of stock options granted pursuant to the 2003 Plan is required to be no less than the fair market value of a share of common stock on the date of grant. The vesting schedule and other terms of stock options granted under the 2003 Plan are determined at the time of grant by the Company's executive compensation and stock option committee. As of December 31, 2005, approximately 2.9 million shares were available for stock option grants and 0.8 million shares were available for stock grants or other types of stock based awards other than stock option grants (and to the extent that any such stock grants or other types of stock based awards are issued, then there is a share for share reduction in the number of shares available for stock option grants) under the 2003 Plan. The stock options outstanding under the 2003 Plan, at December 31, 2005, had exercise prices from \$11.35 to \$23.85 and a weighted average remaining contractual life of approximately seven years. The total amount of option shares exercisable under the 2003 Plan, at December 31, 2005, was approximately 1.8 million.

In order to counteract the dilutive effect on the options outstanding resulting from the payment of the Special Dividend, the Company amended its outstanding option grants to adjust both the number of options outstanding and the related exercise prices. As a result of the amendment, the Company computed an incremental charge representing the change in fair value immediately before and after the modification of the options of approximately \$1.1 million. Approximately \$0.7 million of this incremental charge related to options which were fully vested, and was expensed immediately. The remainder of the incremental charge will be reflected in expense over the remaining service periods of the grants.

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following tables summarize information concerning outstanding and exercisable options as of December 31, 2005, after giving effect to the amendment described above:

| Exercise Price | OPTIONS OUTSTANDING |                                             |                                 | OPTIONS EXERCISABLE   |                                 |
|----------------|---------------------|---------------------------------------------|---------------------------------|-----------------------|---------------------------------|
|                | Options Outstanding | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price | Currently Exercisable | Weighted Average Exercise Price |
| \$11.35        | 754,970             | 4.1 years                                   | \$ 11.35                        | 754,970               | \$ 11.35                        |
| \$12.23        | 16,942              | 4.4 years                                   | \$ 12.23                        | 16,942                | \$ 12.23                        |
| \$12.40        | 63,254              | 4.7 years                                   | \$ 12.40                        | 63,254                | \$ 12.40                        |
| \$13.71        | 408,624             | 5.2 years                                   | \$ 13.71                        | 218,284               | \$ 13.71                        |
| \$15.15        | 18,071              | 5.4 years                                   | \$ 15.15                        | 18,071                | \$ 15.15                        |
| \$16.97        | 510,152             | 7.2 years                                   | \$ 16.97                        | 73,194                | \$ 16.97                        |
| \$17.41        | 28,234              | 6.4 years                                   | \$ 17.41                        | 28,234                | \$ 17.41                        |
| \$17.60        | 154,141             | 3.4 years                                   | \$ 17.60                        | 153,562               | \$ 17.60                        |
| \$17.70        | 774,754             | 6.3 years                                   | \$ 17.70                        | 197,549               | \$ 17.70                        |
| \$17.77        | 18,351              | 3.4 years                                   | \$ 17.77                        | 18,351                | \$ 17.77                        |
| \$17.82        | 18,952              | 2.8 years                                   | \$ 17.82                        | 18,952                | \$ 17.82                        |
| \$18.45        | 39,530              | 7.4 years                                   | \$ 18.45                        | 39,530                | \$ 18.45                        |
| \$21.08        | 42,072              | 8.4 years                                   | \$ 21.08                        | 42,072                | \$ 21.08                        |
| \$22.75        | 605,974             | 9.2 years                                   | \$ 22.75                        |                       | \$ 22.75                        |
| \$23.11        | 614,578             | 8.2 years                                   | \$ 23.11                        | 122,914               | \$ 23.11                        |
| \$23.85        | 44,614              | 9.4 years                                   | \$ 23.85                        | 44,614                | \$ 23.85                        |
| Total          | 4,113,213           | 6.7 years                                   | \$ 17.59                        | 1,810,493             | \$ 14.69                        |

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Stock option activity is summarized as follows:

|                                                                     | Option<br>Shares | Weighted Average<br>Exercise Price<br>Per Share |
|---------------------------------------------------------------------|------------------|-------------------------------------------------|
| Outstanding at December 31, 2002                                    | 5,179,840        | \$ 18.41                                        |
| Granted                                                             | 684,999          | \$ 19.25                                        |
| Exercised                                                           | (742,697 )       | \$ 18.58                                        |
| Forfeited                                                           | (817,544 )       | \$ 19.46                                        |
| Outstanding at December 31, 2003                                    | 4,304,598        | \$ 18.33                                        |
| Granted                                                             | 669,750          | \$ 25.97                                        |
| Exercised                                                           | (951,822 )       | \$ 20.98                                        |
| Forfeited                                                           | (217,402 )       | \$ 22.53                                        |
| Outstanding at December 31, 2004                                    | 3,805,124        | \$ 18.85                                        |
| Granted                                                             | 596,200          | \$ 25.77                                        |
| Adjustment to outstanding grants due to payment of Special Dividend | 480,387          | \$ 17.53                                        |
| Exercised                                                           | (486,503 )       | \$ 17.85                                        |
| Forfeited                                                           | (281,995 )       | \$ 21.68                                        |
| Outstanding at December 31, 2005                                    | 4,113,213        | \$ 17.59                                        |
| Options exercisable at December 31, 2005                            | 1,810,493        | \$ 14.69                                        |
| Options exercisable at December 31, 2004                            | 1,163,867        | \$ 16.82                                        |
| Options exercisable at December 31, 2003                            | 1,502,520        | \$ 20.12                                        |

In December 2002, FASB issued Statement 148, *Accounting for Stock-Based Compensation Transition and Disclosure an amendment of FAS 123* ( SFAS No. 148 ). This statement provides alternative transition methods for a voluntary change to the fair value basis of accounting for stock-based employee compensation. However, SFAS No. 148 does not permit the use of the original SFAS No. 123 prospective method of transition for changes to fair value based methods made in fiscal years beginning after December 15, 2003. In addition, SFAS No. 148 requires prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation, a description of the transition method utilized and the effect of the method used on reported results. The transition and annual disclosure provisions of SFAS No. 148 are to be applied for fiscal years ending after December 15, 2002. The interim disclosure provisions of SFAS No. 148 are effective for the first interim period beginning after December 15, 2002. Effective January 1, 2003, the Company adopted the prospective method provisions of SFAS No. 148, which apply the recognition provisions of FAS 123 to all employee stock awards granted, modified or settled after January 1, 2003. The adoption of SFAS No. 148 did not have a material impact on the consolidated financial statements of the Company.

With respect to the Company's stock options which were granted prior to 2003, the Company accounted for stock-based compensation using the intrinsic value method prescribed in Opinion 25 and related interpretations. Under Opinion 25, compensation cost is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options, if any, is recognized ratably over the vesting period. The Company's policy is to grant options with an exercise price equal to the quoted closing market price of the Company's stock on the business day preceding the grant date. Accordingly, no compensation cost has been recognized for the years ending December 31, 2004 and 2003 under the Company's stock option

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

plans for the granting of stock options made prior to December 31, 2002. Beginning in August 2005, and as a result of the amendments to the stock options discussed above, all previously stock-based compensation previously accounted for under Opinion 25 was revalued under the fair value methods of SFAS No. 123. Accordingly, this compensation cost was recognized in months subsequent to August 2005.

SFAS No. 148 disclosure requirements, including the effect on net income and earnings per share if the fair value based method had been applied to all outstanding and unvested stock awards in each period, are presented below (dollars in thousands, except per share amounts):

|                                                                                                                                     | <b>Year Ended December 31,</b> |             |             |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------|-------------|
|                                                                                                                                     | <b>2005</b>                    | <b>2004</b> | <b>2003</b> |
| Net income, as reported                                                                                                             | \$ 306,324                     | \$ 133,940  | \$ 129,021  |
| Total stock based employee compensation expense determined under fair value based method for all awards, net of related tax effects | (346 )                         | (1,240 )    | (1,963 )    |
| Pro forma net income                                                                                                                | \$ 305,978                     | \$ 132,700  | \$ 127,058  |
| Earnings per share:                                                                                                                 |                                |             |             |
| Basic as reported                                                                                                                   | \$ 2.75                        | \$ 1.11     | \$ 1.10     |
| Basic pro forma                                                                                                                     | \$ 2.75                        | \$ 1.10     | \$ 1.08     |
| Earnings per share:                                                                                                                 |                                |             |             |
| Diluted as reported                                                                                                                 | \$ 2.71                        | \$ 1.10     | \$ 1.08     |
| Diluted pro forma                                                                                                                   | \$ 2.71                        | \$ 1.08     | \$ 1.07     |

Stock Awards

During the year ended December 31, 2005, the Company granted 59,250 restricted shares of common stock to certain employees. Of these shares, 29,760 will vest proportionately over five years, commencing on the first anniversary date of the initial grant. The balance of the restricted shares vest proportionately over the same five year period upon satisfaction of annual performance criteria established each year by the Company's executive compensation and stock option committee.

During the year ended December 31, 2004, the Company granted 60,150 restricted shares of common stock to certain employees. Of these shares, 30,075 will vest proportionately over five years, commencing on the first anniversary date of the initial grant. The balance of the restricted shares vest proportionately over the same five year period upon satisfaction of annual performance criteria established each year by the Company's executive compensation and stock option committee.

For accounting purposes, the Company measures compensation costs for restricted shares as of the date of the grant and expenses such amounts against earnings, ratably over the respective vesting period. Such amounts appear on the Company's Consolidated Statements of Income and Comprehensive Income under General and administrative.

During the years ended December 31, 2005 and 2004, the Company also granted 7,047 and 5,310 shares of common stock, respectively, to members of its Board of Directors. These shares vested immediately upon grant. For accounting purposes, the Company measured compensation costs for these shares as of the date of grant and expensed such amounts against earnings on the grant date. Such amounts appear on the Company's Consolidated Statements of Income and Comprehensive Income under General and administrative.

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

On March 15, 2005, the Company entered into a new employment agreement with Glenn Rufrano, the Company's Chief Executive Officer. Pursuant to the terms of the employment agreement, Mr. Rufrano may receive an award of common stock in the event that over either a four or five year performance period either of two specified performance criteria are achieved. The value of the common stock award will vary based on the level of performance achieved, but the maximum award of common stock that can be achieved is \$6.0 million. The compensation expense of approximately \$2.2 million associated with this award will be recognized ratably over the service period.

Dividends Paid and Payable (in thousands):

|                                                  |            |
|--------------------------------------------------|------------|
| Dividends declared in 2003, paid in 2003         | \$ 136,316 |
| Dividends declared in 2003, paid in 2004         | 45,696     |
| Dividends declared in 2004, paid in 2004 (1)     | 140,729    |
| Dividends declared in 2004, paid in 2005 (1)     | 47,699     |
| Dividends declared in 2005, paid in 2005 (1) (2) | 444,353    |
| Dividends declared in 2005, payable in 2006 (1)  | 37,826     |

(1) Amount does not include the quarterly non-cash adjustments to account for the Preferred D dividend step-up discussed in the Preferred Stock section above.

(2) Amount includes the Special Dividend.

Distributions to shareholders will generally be taxable as ordinary income, although a portion of such dividends may be designated by the Company as capital gain or may constitute a tax-free return of capital. The Company annually furnishes to each of its shareholders a statement setting forth the distributions paid during the preceding year and their characterization as ordinary income, capital gain or return of capital. For the year ended December 31, 2005, approximately 27.2%, 71.9% and 0.9% of total distributions were characterized as ordinary income, capital gain and return of capital, respectively.

The Company intends to continue to declare quarterly distributions. No assurance, however, can be provided as to the amounts or timing of future distributions, as the maintenance of such distributions is subject to various factors, including the discretion of the Company's Board of Directors, limitation provisions of the Company's debt instruments, the ability to pay dividends under Maryland law, the availability of cash to make the necessary dividend payments and the effect of REIT distribution requirements.

Dividend Reinvestment Plan

The Company has a Dividend Reinvestment and Share Purchase Plan whereby shareholders may invest cash distributions and make optional cash payments to purchase shares of the Company. The additional shares currently are issued directly by the Company.

Deferred Compensation Plan

Effective July 1, 2004, the Company adopted a deferred compensation plan. The purpose of the plan is to provide participants with the opportunity to defer receipt of a portion of their salary, bonus and other specified cash and equity-based compensation. Eligibility for the plan is determined at the sole discretion of the Company's Executive Compensation and Stock Option Committee. The Company has established grantor trusts, also known as Rabbi Trusts, to act as vehicles for accumulating the assets needed to pay the promised benefit. As of December 31, 2005, the assets under the plan, which are reflected in Prepaid

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

expenses and deferred charges on the Company's Consolidated Balance Sheets, and the corresponding liabilities under the plan, which are reflected in Other liabilities on the Company's Consolidated Balance Sheets, were approximately \$1.6 million. Expenses for the years ended December 31, 2005 and 2004 were immaterial.

**15. Fair Value of Financial Instruments**

The following fair value disclosure was determined by the Company, using available market information and discounted cash flow analyses as of December 31, 2005 and 2004, respectively. The discount rate used in calculating fair value is the sum of the current risk free rate and the risk premium on the date of acquiring/assuming the instruments/obligations. Considerable judgment is necessary to interpret market data and to develop the related estimates of fair value. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Company could realize upon disposition. The use of different estimation methodologies may have a material effect on the estimated fair value amounts. The Company believes that the carrying amounts reflected in the Consolidated Balance Sheets at December 31, 2005 and 2004 approximate the fair values for cash and cash equivalents, marketable securities, receivables and other liabilities.

The following are financial instruments for which Company estimates of fair value differ from carrying amounts (in thousands):

|                                | December 31, 2005 |            | December 31, 2004 |            |
|--------------------------------|-------------------|------------|-------------------|------------|
|                                | Carrying Amounts  | Fair Value | Carrying Amounts  | Fair Value |
| Mortgages and notes receivable | \$ 795            | \$ 845     | \$ 8,881          | \$ 9,187   |
| Mortgages payable              | 433,653           | 436,463    | 551,522           | 530,917    |
| Notes payable                  | 968,347           | 998,872    | 970,563           | 1,000,776  |
| Credit Agreements              | 215,000           | 215,505    | 446,000           | 436,384    |

**16. Commitments and Contingencies**

General

The Company is not presently involved in any material litigation arising outside the ordinary course of its business. However, the Company is involved in routine litigation arising in the ordinary course of business, none of which is believed to be material in light of reserves taken by the Company. In connection with a specific tenant litigation, and based upon certain rulings occurring during the third quarter of 2005, the Company has increased its previously taken reserve by an additional \$2.5 million, for an aggregate reserve of approximately \$4.8 million as of December 31, 2005. Given the increase in the reserve taken by the Company, and the current status of the tenant litigation, the Company believes that any loss in excess of the established reserve would be immaterial.

Funding Commitments

In addition to the joint venture funding commitments described in Note 8 above, the Company also had the following contractual obligations as of December 31, 2005, none of which the Company believes will have a material adverse affect on the Company's operations:

- *Letters of Credit.* The Company has arranged for the provision of six separate letters of credit in connection with certain property related matters. If these letters of credit are drawn, the Company



**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

will be obligated to reimburse the providing bank for the amount of the draw. As of December 31, 2005, there was no balance outstanding under any of the letters of credit. If the letters of credit were fully drawn, the combined maximum amount of exposure would be approximately \$4.6 million.

- *Non-Recourse Debt Guarantees.* Under certain Company and joint venture non-recourse mortgage loans, the Company could, under certain circumstances, be responsible for portions of the mortgage indebtedness in connection with certain customary non-recourse carve-out provisions such as environmental conditions, misuse of funds and material misrepresentations. As of December 31, 2005, the Company had mortgage loans outstanding of approximately \$419.8 million and unconsolidated joint ventures in which the Company has a direct or indirect interest had mortgage loans outstanding of approximately \$1.7 billion. In addition, from time to time, the Company will guarantee certain construction and other obligations relative to certain joint venture development projects. The Company does not expect its obligations under such guarantees will be material.

- *Leasing Commitments.* The Company has entered into leases, as lessee, in connection with ground leases for shopping centers which it operates, an office building which it sublets, and administrative space for the Company. These leases are accounted for as operating leases. The minimum annual rental commitments for these leases during the next five fiscal years and thereafter are approximately as follows (dollars in thousands):

| Year       |          |
|------------|----------|
| 2006       | \$ 2,647 |
| 2007       | 3,131    |
| 2008       | 2,798    |
| 2009       | 2,725    |
| 2010       | 2,671    |
| Thereafter | 38,929   |

Environmental Matters

Under various federal, state and local laws, ordinances and regulations, the Company may be considered an owner or operator of real property or may have arranged for the disposal or treatment of hazardous or toxic substances and, therefore, may become liable for the costs of removal or remediation of certain hazardous substances released on or in their property or disposed of by them, as well as certain other potential costs which could relate to hazardous or toxic substances (including governmental fines and injuries to persons and property). Such liability may be imposed whether or not the Company knew of, or was responsible for, the presence of these hazardous or toxic substances. As is common with community and neighborhood shopping centers, many of the Company's properties had or have on-site dry cleaners and/or on-site gasoline facilities. These operations could potentially result in environmental contamination at the properties.

The Company is aware that soil and groundwater contamination exists at some of its properties. The primary contaminants of concern at these properties include perchloroethylene and trichloroethylene (associated with the operations of on-site dry cleaners) and petroleum hydrocarbons (associated with the operations of on-site gasoline facilities). The Company is also aware that asbestos-containing materials exist at some of its properties. While the Company does not expect the environmental conditions at its properties, considered as a whole, to have a material adverse effect on the Company, there can be no assurance that this will be the case. Further, no assurance can be given that any environmental studies performed have identified or will identify all material environmental conditions, that any prior owner of

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

the properties did not create a material environmental condition not known to the Company or that a material environmental condition does not otherwise exist with respect to any of the Company's properties.

**17. Comprehensive Income**

Total comprehensive income was \$303.3 million, \$126.1 million and \$132.4 million for the years ended December 31, 2005, 2004 and 2003, respectively. The primary components of comprehensive income, other than net income, are the adoption and continued application of SFAS No. 133 to the Company's cash flow hedges and the Company's mark-to-market on its available-for-sale securities.

As of December 31, 2005 and 2004, accumulated other comprehensive loss reflected in the Company's stockholders' equity on the consolidated balance sheets was comprised of the following (in thousands):

|                                                            | As of December 31, |             |
|------------------------------------------------------------|--------------------|-------------|
|                                                            | 2005               | 2004        |
| Realized/unrealized gains on available-for-sale securities | \$ 2,040           | \$ 2,460    |
| Unrealized gains on deferred compensation                  | 39                 |             |
| Realized gains on interest risk hedges                     | 1,751              | 1,973       |
| Realized losses on interest risk hedges                    | (11,904 )          | (969 )      |
| Unrealized losses on interest risk hedges                  | -                  | (8,495 )    |
| Accumulated other comprehensive loss                       | \$ (8,074 )        | \$ (5,031 ) |

**18. Future Minimum Annual Base Rents**

Future minimum annual base rental revenue for the next five years for the commercial real estate owned at December 31, 2005 and subject to non-cancelable operating leases is as follows (in thousands):

| Year       |            |
|------------|------------|
| 2006       | \$ 415,276 |
| 2007       | 363,922    |
| 2008       | 310,799    |
| 2009       | 258,758    |
| 2010       | 209,843    |
| Thereafter | 916,987    |

The above table assumes that all leases which expire are not renewed and tenant renewal options are not exercised, therefore neither renewal rentals nor rentals from replacement tenants are included. Future minimum annual base rentals do not include contingent rentals, which may be received under certain leases on the basis of percentage of reported tenants' sales volume, increases in consumer price indices, common area maintenance charges and real estate tax reimbursements. Contingent rentals for the years ended December 31, 2005, 2004 and 2003 amounted to approximately \$109.7 million, \$107.7 million and \$110.3 million, respectively.

**19. Retirement Plan**

The Company has a Retirement and 401(k) Savings Plan (the Savings Plan) covering officers and employees of the Company. Participants in the Savings Plan may elect to contribute a portion of their earnings to the Savings Plan and the Company makes a matching contribution to the Savings Plan to a

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

maximum of 3% of the employee's eligible compensation. For the years ended December 31, 2005, 2004 and 2003, the Company's expense for the Savings Plan was approximately \$0.6 million, \$0.5 million and \$0.5 million, respectively.

**20. Selected Quarterly Financial Data (Unaudited)**

Summarized quarterly financial data is as follows (in thousands, except per share amounts):

|                                      | Total<br>Revenues (1) | Net Income | Net Income Per<br>Share - Basic | Net Income Per<br>Share - Diluted |
|--------------------------------------|-----------------------|------------|---------------------------------|-----------------------------------|
| <b>Year Ended December 31, 2005:</b> |                       |            |                                 |                                   |
| First quarter                        | \$ 128,024            | \$ 38,687  | \$ 0.32                         | \$ 0.32                           |
| Second quarter                       | 131,145               | 40,697     | 0.34                            | 0.33                              |
| Third quarter                        | 115,484               | 196,045    | 1.84                            | 1.82                              |
| Fourth quarter                       | 113,040               | 30,895     | 0.24                            | 0.24                              |
| <b>Year Ended December 31, 2004:</b> |                       |            |                                 |                                   |
| First quarter                        | \$ 121,677            | \$ 37,397  | \$ 0.32                         | \$ 0.32                           |
| Second quarter                       | 119,175               | 32,916     | 0.28                            | 0.27                              |
| Third quarter                        | 120,280               | 29,441     | 0.24                            | 0.23                              |
| Fourth quarter                       | 124,910               | 34,186     | 0.28                            | 0.27                              |
| <b>Year Ended December 31, 2003:</b> |                       |            |                                 |                                   |
| First quarter                        | \$ 116,434            | \$ 35,189  | \$ 0.31                         | \$ 0.31                           |
| Second quarter                       | 116,091               | 32,528     | 0.27                            | 0.27                              |
| Third quarter                        | 114,376               | 31,711     | 0.27                            | 0.27                              |
| Fourth quarter                       | 115,504               | 29,593     | 0.25                            | 0.24                              |

(1) Amounts have been adjusted to give effect to the Company's discontinued operations, in accordance with SFAS No. 144.

**21. Subsequent Events**

On February 2, 2006, the Company formed a second strategic joint venture with JPMorgan Fleming Asset Management to acquire high-quality institutional grade community and neighborhood shopping centers on a nationwide basis. The joint venture, which is called NP/I&G Institutional Retail Company II, LLC, has a total equity commitment of \$150.0 million based on a 20 percent / 80 percent contribution split between the Company and a fund advised by JPMorgan Fleming Asset Management, respectively. Under the terms of this joint venture, the Company has agreed to contribute its pro rata share of any capital that might be required by the joint venture, up to a maximum of \$30.0 million. As the managing member, the Company will be responsible for initiating acquisitions, as well as providing property management and leasing services.

## NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES

## SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

(in thousands)

|                                  | Balance at<br>Beginning of<br>Period | Additions<br>Charged to<br>Bad Debt<br>Expense | Deductions<br>Accounts<br>Receivable<br>Written Off | Balance at<br>End of<br>Period |
|----------------------------------|--------------------------------------|------------------------------------------------|-----------------------------------------------------|--------------------------------|
| Allowance for doubtful accounts: |                                      |                                                |                                                     |                                |
| Year ended December 31, 2005     | \$ 24,239                            | \$ 7,407                                       | \$ 4,106                                            | \$ 27,540                      |
| Year ended December 31, 2004     | \$ 16,950                            | \$ 7,642                                       | \$ 353                                              | \$ 24,239                      |
| Year ended December 31, 2003     | \$ 15,307                            | \$ 2,385                                       | \$ 742                                              | \$ 16,950                      |
|                                  |                                      |                                                |                                                     |                                |
|                                  | Balance at<br>Beginning of<br>Period | Additions<br>Charged to<br>Expense             | Deductions<br>Written Off                           | Balance at<br>End of<br>Period |
| Reserve for straight-line rents: |                                      |                                                |                                                     |                                |
| Year ended December 31, 2005     | \$ 3,548                             | \$ (635 )                                      | \$ (1,321 )                                         | \$ 1,592                       |
| Year ended December 31, 2004     | \$ 5,445                             | \$ (22 )                                       | \$ (1,875 )                                         | \$ 3,548                       |
| Year ended December 31, 2003     | \$ 5,130                             | \$ 1,093                                       | \$ (778 )                                           | \$ 5,445                       |

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION**  
**December 31, 2005**

| COLUMN A                             | COLUMN B     | COLUMN C                     | COLUMN D                | COLUMN E                                | COLUMN F                        | COLUMN G                                                   | COLUMN H                 | COLUMN I         |               |                                                   |             |
|--------------------------------------|--------------|------------------------------|-------------------------|-----------------------------------------|---------------------------------|------------------------------------------------------------|--------------------------|------------------|---------------|---------------------------------------------------|-------------|
| Description                          | Encumbrance  | Initial Cost to Company Land | Building & Improvements | Cost Capitalized Subsequent Acquisition | Cost at the Close of the Period | Less Amount at Which Carried Building & Improvements Total | Accumulated Depreciation | Date Constructed | Date Required | Life on Which Depreciated Latest Income Statement |             |
| <b>Retail</b>                        |              |                              |                         |                                         |                                 |                                                            |                          |                  |               |                                                   |             |
| Cloverdale Village<br>Florence, AL   |              | 634,152                      | 2,536,606               | 29,932                                  | 634,152                         | 2,566,538                                                  | 3,200,689                | (722,173 )       | 1986          | Oct-94                                            | 40<br>years |
| Riverview Plaza<br>Gadsden, AL       | (4,320,643 ) | 2,072,169                    | 8,286,847               | 91,626                                  | 2,072,169                       | 8,378,473                                                  | 10,450,642               | (1,515,754 )     | 2005          | Oct-95                                            | 40<br>years |
| Grants Mill Station<br>Irontdale, AL |              | 2,888,819                    | 11,555,308              | 161,432                                 | 2,888,819                       | 11,716,740                                                 | 14,605,559               | (2,137,240 )     | 1991          | Jul-98                                            | 40<br>years |
| Kroger<br>Muscle Shoals, AL          |              | 102,822                      | 396,597                 |                                         | 102,822                         | 396,597                                                    | 499,419                  | (72,351 )        | 1982          | Aug-93                                            | 40<br>years |
| Kroger<br>Muscle Shoals, AL          |              | 429,999                      | 1,659,638               |                                         | 429,999                         | 1,659,638                                                  | 2,089,637                | (302,759 )       | 1982          | Aug-93                                            | 40<br>years |
| Kroger<br>Scottsboro, AL             |              | 369,815                      | 1,427,451               |                                         | 369,815                         | 1,427,451                                                  | 1,797,266                | (260,393 )       | 1982          | Aug-93                                            | 40<br>years |
| Payton Park<br>Sylacauga, AL         |              | 3,584,697                    | 14,339,021              | 54,600                                  | 3,584,697                       | 14,393,621                                                 | 17,978,318               | (2,626,505 )     | 1995          | Jul-98                                            | 40<br>years |
| Mad Butcher<br>Pine Bluff, AR        |              | 490,287                      | 1,892,538               | 43,957                                  | 490,287                         | 1,936,496                                                  | 2,426,783                | (349,984 )       | 1981          | Aug-93                                            | 40<br>years |
| Broadway Mesa<br>Mesa, AZ            |              | 1,147,194                    | 4,588,778               | 438,053                                 | 1,147,194                       | 5,026,830                                                  | 6,174,025                | (984,906 )       | 1985          | Dec-90                                            | 40<br>years |
| Metro Marketplace<br>Phoenix, AZ     |              | 5,098,702                    | 20,521,995              | 206,193                                 | 5,098,702                       | 20,728,189                                                 | 25,826,891               | (4,064,315 )     | 2001          | Jun-91                                            | 40<br>years |
| Northmall Centre<br>Tucson, AZ       |              | 4,762,481                    | 12,630,121              | 158,180                                 | 4,762,481                       | 12,788,301                                                 | 17,550,782               | (2,582,226 )     | 1996          | Dec-96                                            | 40<br>years |
| Bakersfield Plaza<br>Bakersfield, CA | (28,534 )    | 27,597,943                   | 198,031                 | (28,534 )                               | 27,795,974                      | 27,767,441                                                 | (4,876,874 )             | 1990             | Jun-97        | 40<br>years                                       |             |
| Burbank Plaza<br>Burbank, CA         |              | 1,153,334                    | 4,613,209               | 46,011                                  | 1,153,334                       | 4,659,220                                                  | 5,812,554                | (957,141 )       | 1988          | May-89                                            | 40<br>years |
| Carmen Plaza<br>Camarillo, CA        |              | 1,872,708                    | 7,491,044               | 786,038                                 | 1,872,708                       | 8,277,082                                                  | 10,149,790               | (1,917,187 )     | 2000          | Jun-97                                            | 40<br>years |
| Cudahy Plaza<br>Cudahy, CA           |              |                              | 10,019,146              | 165,187                                 |                                 | 10,184,333                                                 | 10,184,333               | (1,765,342 )     | 1994          | Jun-97                                            | 40<br>years |
| Arbor Faire<br>Fresno, CA            |              | 4,378,813                    | 17,624,497              | 517,204                                 | 4,378,813                       | 18,141,701                                                 | 22,520,514               | (3,224,731 )     | 1993          | Apr-97                                            | 40<br>years |
| Broadway Faire<br>Fresno, CA         |              | 2,795,383                    | 11,181,648              | 20,640                                  | 2,795,383                       | 11,202,288                                                 | 13,997,671               | (2,022,362 )     | 1995          | Apr-97                                            | 40<br>years |
| Briggsmore Plaza<br>Modesto, CA      | (725 )       | 1,663,885                    | 6,653,828               | 245,913                                 | 1,663,885                       | 6,899,741                                                  | 8,563,626                | (1,303,884 )     | 1998          | Jun-97                                            | 40<br>years |
| Montebello Plaza<br>Montebello, CA   | (1,791,232 ) | 5,808,350                    | 23,231,144              | 283,310                                 | 5,808,350                       | 23,514,454                                                 | 29,322,803               | (4,615,934 )     | 1996          | Jun-97                                            | 40<br>years |

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|                                 |             |            |           |            |            |            |             |      |        |             |
|---------------------------------|-------------|------------|-----------|------------|------------|------------|-------------|------|--------|-------------|
| Metro 580<br>Pleasanton, CA     | 5,876,389   | 23,651,921 | 2,485,628 | 5,876,389  | 26,137,549 | 32,013,938 | (4,450,286) | 2004 | Sep-97 | 40<br>years |
| Rose Pavilion<br>Pleasanton, CA | 11,389,328  | 45,840,252 | 463,352   | 11,389,328 | 46,303,604 | 57,692,931 | (8,538,777) | 2005 | Feb-98 | 40<br>years |
| Bristol Plaza<br>Santa Ana, CA  |             | 15,222,022 | 4,726,406 |            | 19,948,428 | 19,948,428 | (2,818,482) | 2003 | Jun-97 | 40<br>years |
| Arvada Plaza<br>Arvada, CO      | (2,156,402) | 1,214,994  | 3,820,483 | 1,214,994  | 3,820,483  | 5,035,478  | (289,884 )  | 1994 | Dec-02 | 40<br>years |

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION**  
**December 31, 2005**

| COLUMN A                                        | COLUMN B    | COLUMN C                        | COLUMN D                   | COLUMN E                    |            |                            | COLUMN F   | COLUMN G                    | COLUMN H            | COLUMN I         |                                                            |
|-------------------------------------------------|-------------|---------------------------------|----------------------------|-----------------------------|------------|----------------------------|------------|-----------------------------|---------------------|------------------|------------------------------------------------------------|
| Description                                     | Encumbrance | Initial Cost to Company<br>Land | Building &<br>Improvements | Acquisition<br>Improvements | Land       | Building &<br>Improvements | Total      | Accumulated<br>Depreciation | Date<br>Constructed | Date<br>Required | Life on Which<br>Depreciated<br>Latest Income<br>Statement |
| Superior<br>Marketplace<br>Superior, CO         |             | 23,433,974                      | 15,637,888                 | 15,073,329                  | 23,433,974 | 30,711,217                 | 54,145,191 | (1,651,674)                 | 2004                | Jul-02           | 40<br>years                                                |
| Doverama at<br>Rodney<br>Dover, DE              |             | 50,755                          | 311,781                    |                             | 50,755     | 311,781                    | 362,536    | (133,470 )                  | 1959                | Jan-69           | 40<br>years                                                |
| Brooksville Square<br>Brooksville, FL           |             | 1,503,243                       | 7,874,334                  | 262,976                     | 1,503,243  | 8,137,309                  | 9,640,553  | (2,098,212)                 | 2005                | Mar-94           | 40<br>years                                                |
| Clearwater Mall<br>Clearwater, FL               |             | 9,524,335                       | 30,919,809                 |                             | 9,524,335  | 30,919,809                 | 40,444,144 | (1,539,452)                 | 2003                | Jan-04           | 40<br>years                                                |
| Coconut Creek<br>Coconut Creek, FL              |             | 16,222,504                      | 9,021,223                  | 28,750                      | 16,222,504 | 9,049,973                  | 25,272,477 | (1,134,833)                 | 2005                | Mar-02           | 40<br>years                                                |
| Northgate S.C.<br>DeLand, FL                    | (5,764,174) | 2,957,640                       | 11,830,664                 | 147,061                     | 2,957,640  | 11,977,725                 | 14,935,365 | (2,159,808)                 | 1993                | Jun-93           | 40<br>years                                                |
| Sun Plaza<br>Ft. Walton Beach,<br>FL            | (9,639,446) | 3,356,305                       | 10,571,344                 | 2,820,181                   | 3,356,305  | 13,391,525                 | 16,747,830 | (832,445 )                  | 2004                | Dec-02           | 40<br>years                                                |
| Holly Hill<br>Shopping Center<br>Holly Hill, FL |             | 1,597,073                       | 4,791,219                  | 181,797                     | 1,597,073  | 4,973,015                  | 6,570,088  | (384,865 )                  | 1998                | Dec-02           | 40<br>years                                                |
| Regency Park<br>Jacksonville, FL                |             | 3,888,425                       | 15,553,501                 | 1,862,090                   | 3,888,425  | 17,415,591                 | 21,304,016 | (3,563,834)                 | 2005                | Jun-97           | 40<br>years                                                |
| The Shoppes at<br>Southside<br>Jacksonville, FL |             | 5,040,765                       | 19,591,340                 | 9,914                       | 5,040,765  | 19,601,254                 | 24,642,020 | (572,164 )                  | 2004                | Dec-04           | 40<br>years                                                |
| Plaza 66<br>Kenneth City, FL                    |             | 1,618,156                       | 4,854,469                  | 9,800                       | 1,618,156  | 4,864,269                  | 6,482,425  | (368,705 )                  | 1995                | Dec-02           | 40<br>years                                                |
| Leesburg Square<br>Leesburg, FL                 |             | 1,051,639                       | 4,206,554                  | 169,987                     | 1,051,639  | 4,376,541                  | 5,428,180  | (833,227 )                  | 1986                | Dec-92           | 40<br>years                                                |
| The Mall at 163rd<br>Street<br>Miami, FL        |             | 5,275,704                       | 4,863,782                  | 145,839                     | 5,275,704  | 5,009,621                  | 10,285,325 | (451,750 )                  | 2005                | Dec-98           | 40<br>years                                                |
| Miami Gardens<br>Miami, FL                      |             | 5,418,459                       | 22,098,501                 | 114,944                     | 5,418,459  | 22,213,445                 | 27,631,904 | (4,007,205)                 | 1996                | Oct-97           | 40<br>years                                                |

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION**  
**December 31, 2005**

| COLUMN A                                   | COLUMN B    | COLUMN C                     | COLUMN D                | COLUMN E               | COLUMN F                                    | COLUMN G                     | COLUMN H                 | COLUMN I         |               |                           |                         |
|--------------------------------------------|-------------|------------------------------|-------------------------|------------------------|---------------------------------------------|------------------------------|--------------------------|------------------|---------------|---------------------------|-------------------------|
| Description                                | Encumbrance | Initial Cost to Company Land | Building & Improvements | Subsequent Acquisition | Cost Capitalized at the Close of the Period | Less Amount at Which Carried | Accumulated Depreciation | Date Constructed | Date Required | Life on Which Depreciated | Latest Income Statement |
| Freedom Square<br>Naples, FL               |             | 3,340,254                    | 13,361,049              | 39,778                 | 3,340,254                                   | 13,400,827                   | 16,741,080               | (2,463,320)      | 1995          | Oct-97                    | 40<br>years             |
| Southgate<br>New Port Richey, FL           |             | 4,253,341                    | 3,981,290               | 6,924,252              | 4,253,341                                   | 10,905,542                   | 15,158,883               | (1,129,837)      | 2004          | Aug-97                    | 40<br>years             |
| Presidential Plaza<br>North Lauderdale, FL |             | 1,750,441                    | 3,269,390               | 306,463                | 1,750,441                                   | 3,575,854                    | 5,326,294                | (814,708 )       | 2005          | Apr-97                    | 40<br>years             |
| Colonial Marketplace<br>Orlando, FL        |             | 3,426,817                    | 3,504,446               | 1,111,120              | 3,426,817                                   | 4,615,566                    | 8,042,383                | (789,571 )       | 2005          | Apr-98                    | 40<br>years             |
| Silver Hills<br>Orlando, FL                | *           | 1,487,419                    | 2,176,903               |                        | 1,487,419                                   | 2,176,903                    | 3,664,321                | (307,538 )       | 1985          | Mar-02                    | 40<br>years             |
| 23rd Street Station<br>Panama City, FL     |             | 1,849,668                    | 7,398,843               | 205,413                | 1,849,668                                   | 7,604,256                    | 9,453,924                | (1,412,165)      | 1995          | Jul-98                    | 40<br>years             |
| Pensacola Square<br>Pensacola, FL          |             | 3,536,164                    | 10,608,491              | 470,096                | 3,536,164                                   | 11,078,587                   | 14,614,751               | (787,447 )       | 1995          | Dec-02                    | 40<br>years             |
| Seminole Plaza<br>Seminole, FL             |             | 2,033,780                    | 2,204,597               | 121,098                | 2,033,780                                   | 2,325,695                    | 4,359,475                | (725,776 )       | 1995          | Jun-98                    | 40<br>years             |
| Eagles Park<br>St. Petersburg, FL          |             | 2,804,604                    | 5,527,812               | 26,591                 | 2,804,604                                   | 5,554,403                    | 8,359,007                | (630,627 )       | 1986          | Mar-02                    | 40<br>years             |
| Rutland Plaza<br>St. Petersburg, FL        |             | 1,443,294                    | 5,773,175               | 1,125,273              | 1,443,294                                   | 6,898,448                    | 8,341,742                | (1,561,939)      | 2002          | Nov-96                    | 40<br>years             |
| Skyway Plaza<br>St. Petersburg, FL         | (3,652,867) | 1,859,960                    | 5,579,881               | 70,677                 | 1,859,960                                   | 5,650,558                    | 7,510,519                | (479,906 )       | 2002          | Dec-02                    | 40<br>years             |
| Downtown Publix<br>Stuart, FL              |             | 5,431,541                    | 5,906,376               | 190,182                | 5,431,541                                   | 6,096,557                    | 11,528,098               | (742,150 )       | 2000          | Mar-02                    | 40<br>years             |
| Tarpon Mall<br>Tarpon Springs, FL          |             | 2,628,079                    | 7,884,238               | 2,441,493              | 2,628,079                                   | 10,325,731                   | 12,953,810               | (625,844 )       | 2003          | Dec-02                    | 40<br>years             |
| Northeast Plaza<br>Atlanta, GA             |             | 5,577,118                    | 16,731,354              | 4,431,616              | 5,577,118                                   | 21,162,970                   | 26,740,088               | (1,377,045)      | 2004          | Dec-02                    | 40<br>years             |
| Southgate Plaza<br>Albany, GA              |             | 231,517                      | 970,811                 | 465,330                | 231,517                                     | 1,436,141                    | 1,667,657                | (604,731 )       | 1969          | Jul-90                    | 40<br>years             |
| North Leg Plaza<br>Augusta, GA             |             | 1,070,957                    | 3,310,551               | 158,054                | 1,070,957                                   | 3,468,605                    | 4,539,561                | (259,377 )       | 1997          | Dec-02                    | 40<br>years             |
| Sweetwater Village<br>Austell, GA          |             | 707,938                      | 2,831,750               | 139,937                | 707,938                                     | 2,971,687                    | 3,679,624                | (821,894 )       | 1985          | Oct-94                    | 40<br>years             |
| Cedar Plaza<br>Cedartown, GA               |             | 905,977                      | 3,713,207               | 141,876                | 905,977                                     | 3,855,082                    | 4,761,059                | (1,073,767)      | 1994          | Oct-94                    | 40<br>years             |
| Covered Bridge<br>Clayton, GA              | (2,637,646) | 937,028                      | 2,811,085               | 166,235                | 937,028                                     | 2,977,319                    | 3,914,348                | (224,763 )       | 2001          | Dec-02                    | 40<br>years             |





**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION**  
**December 31, 2005**

| COLUMN A                                | COLUMN B    | COLUMN C                                                      | COLUMN D                                                         | COLUMN E                                                                                    | COLUMN F                    | COLUMN G            | COLUMN H         | COLUMN I                                                   |
|-----------------------------------------|-------------|---------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------|---------------------|------------------|------------------------------------------------------------|
| Description                             | Encumbrance | Initial Cost to Company<br>Land<br>Building &<br>Improvements | Cost Capitalized<br>Subsequent to<br>Acquisition<br>Improvements | Gross Amount at Which Carried<br>Close of the Period<br>Building &<br>Improvements<br>Total | Accumulated<br>Depreciation | Date<br>Constructed | Date<br>Required | Life on Which<br>Depreciated<br>Latest Income<br>Statement |
| Southgate Plaza<br>Cordele, GA          |             | 202,682                                                       | 958,998                                                          | 256,400                                                                                     | 202,682                     | 1,215,398           | 1,418,080        | (459,412 ) 1969 Jul-90 40<br>years                         |
| Habersham Crossing<br>Cornelia, GA      | (3,572,052) | 1,644,936                                                     | 6,580,461                                                        | 94,303                                                                                      | 1,644,936                   | 6,674,763           | 8,319,699        | (1,259,926) 1990 Mar-96 40<br>years                        |
| Habersham Village<br>Cornelia, GA       |             | 1,301,643                                                     | 4,340,422                                                        | 263,991                                                                                     | 1,301,643                   | 4,604,413           | 5,906,057        | (2,071,653) 1985 May-92 40<br>years                        |
| Covington Gallery<br>Covington, GA      |             | 2,494,987                                                     | 9,979,830                                                        | 395,926                                                                                     | 2,494,987                   | 10,375,756          | 12,870,742       | (1,852,889) 1991 Dec-93 40<br>years                        |
| Midway Village<br>Douglasville, GA      |             | 1,553,580                                                     | 2,887,506                                                        | 151,181                                                                                     | 1,553,580                   | 3,038,687           | 4,592,267        | (648,490 ) 1989 May-97 40<br>years                         |
| Westgate<br>Dublin, GA                  |             | 1,406,062                                                     | 3,617,277                                                        | 2,385,427                                                                                   | 1,406,062                   | 6,002,705           | 7,408,767        | (1,756,727) 2004 Jul-90 40<br>years                        |
| Mableton Walk<br>Mableton, GA           |             | 2,136,994                                                     | 8,925,135                                                        | 33,827                                                                                      | 2,136,994                   | 8,958,962           | 11,095,957       | (212,304 ) 1994 Jun-05 40<br>years                         |
| Marshalls at Eastlake<br>Marietta, GA   |             | 1,710,517                                                     | 2,074,698                                                        | 73,271                                                                                      | 1,710,517                   | 2,147,969           | 3,858,486        | (415,708 ) 1982 Oct-98 40<br>years                         |
| New Chastain<br>Corners<br>Marietta, GA |             | 2,457,446                                                     | 5,741,641                                                        | 483,966                                                                                     | 2,457,446                   | 6,225,607           | 8,683,054        | (1,350,134) 2004 Jul-97 40<br>years                        |
| Pavilions at Eastlake<br>Marietta, GA   |             | 2,812,000                                                     | 11,249,970                                                       | 429,192                                                                                     | 2,812,000                   | 11,679,162          | 14,491,162       | (2,100,797) 1996 Mar-99 40<br>years                        |
| Village at Southlake<br>Morrow, GA      |             | 1,733,198                                                     | 3,017,677                                                        | 59,562                                                                                      | 1,733,198                   | 3,077,239           | 4,810,437        | (679,552 ) 1983 Apr-98 40<br>years                         |
| Merchants Crossing<br>Newnan, GA        | (5,295,952) | 2,077,145                                                     | 6,231,434                                                        | 1,498                                                                                       | 2,077,145                   | 6,232,933           | 8,310,077        | (472,709 ) 2005 Dec-02 40<br>years                         |
| Creekwood Shopping<br>Center<br>Rex, GA |             | 1,160,203                                                     | 3,482,609                                                        | 137,211                                                                                     | 1,160,203                   | 3,619,820           | 4,780,022        | (755,623 ) 1990 May-97 40<br>years                         |
| Shops of Riverdale<br>Riverdale, GA     |             | 1,523,058                                                     | 1,271,713                                                        | 27,913                                                                                      | 1,523,058                   | 1,299,626           | 2,822,683        | (246,705 ) 1995 Feb-96 40<br>years                         |
| Eisenhower Square<br>Savannah, GA       |             | 1,029,500                                                     | 4,117,700                                                        | 450,171                                                                                     | 1,029,500                   | 4,567,871           | 5,597,371        | (1,083,259) 1997 Jul-97 40<br>years                        |
| Victory Square<br>Savannah, GA          |             | 1,430,701                                                     | 5,392,846                                                        | 247,677                                                                                     | 1,430,701                   | 5,640,523           | 7,071,224        | (1,859,823) 2005 Jul-92 40<br>years                        |
| University Commons<br>Statesboro, GA    |             | 1,312,739                                                     | 5,250,755                                                        | 15,450                                                                                      | 1,312,739                   | 5,266,205           | 6,578,944        | (945,642 ) 1994 Jul-96 40<br>years                         |
| Stockbridge Village<br>Stockbridge, GA  |             | 4,331,759                                                     | 17,800,000                                                       | 906,677                                                                                     | 4,331,759                   | 18,706,677          | 23,038,436       | (1,005,300) 1991 Apr-04 40<br>years                        |
| Tift-Town                               |             |                                                               |                                                                  |                                                                                             |                             |                     |                  |                                                            |

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|            |         |           |         |         |           |           |            |      |        |             |
|------------|---------|-----------|---------|---------|-----------|-----------|------------|------|--------|-------------|
| Tifton, GA | 271,444 | 1,325,238 | 579,076 | 271,444 | 1,904,315 | 2,175,758 | (731,522 ) | 1965 | Jul-90 | 40<br>years |
| Westgate   |         |           |         |         |           |           |            |      |        |             |
| Tifton, GA | 156,269 | 304,704   | 5,661   | 156,269 | 310,365   | 466,635   | (126,610 ) | 1980 | Jul-90 | 40<br>years |

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION**  
**December 31, 2005**

| COLUMN A                                    | COLUMN B      | COLUMN C                 | COLUMN D                |                         | COLUMN E                      |                         | COLUMN F                 | COLUMN G         | COLUMN H      | COLUMN I                                          |          |
|---------------------------------------------|---------------|--------------------------|-------------------------|-------------------------|-------------------------------|-------------------------|--------------------------|------------------|---------------|---------------------------------------------------|----------|
| Description                                 | Encumbrances  | Initial Costs to Company |                         | Cost Capitalized        | Gross Amount at Which Carried |                         | Accumulated Depreciation | Date Constructed | Date Acquired | Life on which Depreciated Latest Income Statement |          |
|                                             |               | Land                     | Building & Improvements | Subsequent Improvements | Land                          | Building & Improvements |                          |                  |               |                                                   | Total    |
| Kmart Atlantic, IA                          |               | 293,138                  | 1,134,513               |                         | 293,138                       | 1,134,513               | 1,427,652                | (206,801 )       | 1980          | Jan-94                                            | 40 years |
| Haymarket Mall Des Moines, IA               |               | 1,230,252                | 5,031,799               | 1,502,471               | 1,230,252                     | 6,534,270               | 7,764,521                | (2,045,311 )     | 2002          | May-95                                            | 40 years |
| Annex of Arlington Heights, IL              | (20,434,598 ) | 8,771,289                | 21,291,295              | 142,425                 | 8,771,289                     | 21,433,720              | 30,205,009               | (925,632 )       | 1999          | Aug-04                                            | 40 years |
| Festival Center Bradley, IL                 | (2,674,120 )  | 912,590                  | 2,737,771               | 11,999                  | 912,590                       | 2,749,770               | 3,662,360                | (209,665 )       | 2005          | Dec-02                                            | 40 years |
| Southfield Plaza Bridgeview, IL             |               | 3,188,496                | 3,897,167               | 2,597,774               | 3,188,496                     | 6,494,941               | 9,683,437                | (4,765,616 )     | 2005          | Dec-96                                            | 40 years |
| Pershing Plaza Decatur, IL                  |               | 750,298                  | 2,250,894               | 10,345                  | 750,298                       | 2,261,239               | 3,011,537                | (171,310 )       | 1986          | Dec-02                                            | 40 years |
| Elk Grove Town Center Elk Grove Village, IL | (14,500,000 ) | 8,063,593                | 11,704,159              | 1,440                   | 8,063,593                     | 11,705,599              | 19,769,192               | (635,613 )       | 1998          | Jan-04                                            | 40 years |
| Freeport Plaza Freeport, IL                 |               | 1,383,601                | 4,150,804               | 134,679                 | 1,383,601                     | 4,285,483               | 5,669,085                | (314,100 )       | 2000          | Dec-02                                            | 40 years |
| Westridge Court Naperville, IL              |               | 9,843,696                | 39,373,783              | 2,147,994               | 9,843,696                     | 41,521,777              | 51,365,473               | (9,664,988 )     | 2002          | Jul-97                                            | 40 years |
| Olympia Corners Olympia Fields, IL          | (5,177,358 )  | 2,010,324                | 6,030,973               | 203,894                 | 2,010,324                     | 6,234,867               | 8,245,191                | (509,477 )       | 1988          | Dec-02                                            | 40 years |
| Tinley Park Plaza Tinley Park, IL           |               | 2,607,702                | 10,430,808              | 5,622,699               | 2,607,702                     | 16,053,507              | 18,661,208               | (3,258,692 )     | 2005          | Sep-95                                            | 40 years |
| Columbus Center Columbus, IN                |               | 599,158                  | 1,952,355               | 6,736,428               | 599,158                       | 8,688,783               | 9,287,941                | (2,640,983 )     | 2005          | Dec-88                                            | 40 years |
| Elkhart Plaza West Elkhart, IN              |               | 1,864,321                | 5,592,962               | 25,078                  | 1,864,321                     | 5,618,040               | 7,482,361                | (407,303 )       | 1997          | Dec-02                                            | 40 years |
| Elkhart Market Centre Goshen, IN            | (12,716,798 ) | 5,528,742                | 16,586,227              | 859,219                 | 5,528,742                     | 17,445,446              | 22,974,188               | (1,212,944 )     | 1994          | Dec-02                                            | 40 years |
| Valley View Plaza Marion, IN                |               | 684,867                  | 2,739,492               | 84,197                  | 684,867                       | 2,823,689               | 3,508,556                | (529,159 )       | 1997          | Mar-94                                            | 40 years |

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|                 |              |           |            |           |           |            |             |             |        |        |       |
|-----------------|--------------|-----------|------------|-----------|-----------|------------|-------------|-------------|--------|--------|-------|
| Town Fair       |              |           |            |           |           |            |             |             |        |        |       |
| Princeton, IN   |              |           |            |           |           |            |             |             |        |        | 40    |
|                 | 1,104,876    | 3,759,503 | 134,196    | 1,104,876 | 3,893,699 | 4,998,575  | (1,246,649) | 1991        | Feb-93 |        | years |
| Knox Plaza      |              |           |            |           |           |            |             |             |        |        |       |
| Vincennes, IN   |              |           |            |           |           |            |             |             |        |        | 40    |
|                 | 411,877      | 1,235,631 |            | 411,877   | 1,235,631 | 1,647,508  | (95,661 )   | 1989        | Dec-02 |        | years |
| Wabash Crossing |              |           |            |           |           |            |             |             |        |        |       |
| Wabash, IN      |              |           |            |           |           |            |             |             |        |        | 40    |
|                 | 1,599,488    | 6,470,511 | 57,496     | 1,599,488 | 6,528,008 | 8,127,495  | (1,964,522) | 1988        | Dec-93 |        | years |
| Florence Square |              |           |            |           |           |            |             |             |        |        |       |
| Florence, KY    |              |           |            |           |           |            |             |             |        |        | 40    |
|                 | (15,799,942) | 8,208,760 | 24,459,784 | 73,769    | 8,208,760 | 24,533,553 | 32,742,313  | (1,320,183) | 2000   | Mar-04 | years |
| Florence Plaza  |              |           |            |           |           |            |             |             |        |        |       |
| Florence, KY    |              |           |            |           |           |            |             |             |        |        | 40    |
|                 | 2,524,185    | 7,572,556 | 373,624    | 2,524,185 | 7,946,180 | 10,470,365 | (629,644 )  | 1985        | Dec-02 |        | years |

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION**  
**December 31, 2005**

| COLUMN A                                      | COLUMN B    | COLUMN C                 | COLUMN D                | COLUMN E                            | COLUMN F                      | COLUMN G                | COLUMN H                 | COLUMN I         | COLUMN J      |                                                   |             |
|-----------------------------------------------|-------------|--------------------------|-------------------------|-------------------------------------|-------------------------------|-------------------------|--------------------------|------------------|---------------|---------------------------------------------------|-------------|
| Description                                   | Encumbrance | Initial Costs to Company |                         | Cost Capitalized                    | Gross Amount at Which Carried |                         | Accumulated Depreciation | Date Constructed | Date Required | Life on which Depreciated Latest Income Statement |             |
|                                               |             | Land                     | Building & Improvements | Subsequent Acquisition Improvements | at the Close of the Period    | Building & Improvements |                          |                  |               |                                                   | Total       |
| Highland Commons<br>Glasgow, KY               | (3,631,941) | 1,500,300                | 6,862,680               | 124,738                             | 1,500,300                     | 6,987,418               | 8,487,719                | (1,367,889)      | 1992          | Mar-93                                            | 40<br>years |
| J*Town Center<br>Jeffersontown, KY            |             | 1,331,074                | 4,121,997               | 578,023                             | 1,331,074                     | 4,700,021               | 6,031,095                | (2,240,647)      | 2005          | Oct-88                                            | 40<br>years |
| Mist Lake Plaza<br>Lexington, KY              |             | 4,075,659                | 16,405,956              | 264,819                             | 4,075,659                     | 16,670,775              | 20,746,434               | (3,023,519)      | 1993          | Jul-98                                            | 40<br>years |
| Eastgate Shopping<br>Center<br>Louisville, KY |             | 1,945,679                | 7,792,717               | 419,489                             | 1,945,679                     | 8,212,206               | 10,157,885               | (3,091,666)      | 2002          | Nov-93                                            | 40<br>years |
| Picadilly Square<br>Louisville, KY            |             | 337,670                  | 1,588,409               | 515,664                             | 337,670                       | 2,104,073               | 2,441,743                | (1,094,344)      | 2005          | Apr-89                                            | 40<br>years |
| Towne Square North<br>Owensboro, KY           |             | 2,277,220                | 6,831,659               | 243,716                             | 2,277,220                     | 7,075,375               | 9,352,595                | (547,149 )       | 1988          | Dec-02                                            | 40<br>years |
| Lexington Road<br>Plaza<br>Versailles, KY     | (6,623,494) | 2,856,229                | 11,425,027              | 145,926                             | 2,856,229                     | 11,570,953              | 14,427,182               | (2,117,037)      | 1994          | Apr-94                                            | 40<br>years |
| Iberia Plaza<br>New Iberia, LA                |             | 1,295,361                | 3,730,569               | 221,384                             | 1,295,361                     | 3,951,953               | 5,247,314                | (389,814 )       | 1992          | Mar-02                                            | 40<br>years |
| Lagniappe Village<br>New Iberia, LA           |             | 3,122,914                | 12,491,850              | 357,150                             | 3,122,914                     | 12,849,000              | 15,971,915               | (2,769,502)      | 1990          | Jul-98                                            | 40<br>years |
| Points West<br>Brockton, MA                   |             | 1,846,851                | 5,540,554               | 267,334                             | 1,846,851                     | 5,807,888               | 7,654,739                | (449,759 )       | 2005          | Dec-02                                            | 40<br>years |
| Holyoke Shopping<br>Center<br>Holyoke, MA     |             | 2,979,803                | 8,509,322               | 182,023                             | 2,979,803                     | 8,691,345               | 11,671,148               | (694,999 )       | 2000          | Dec-02                                            | 40<br>years |
| Liberty Plaza<br>Randallstown, MD             |             | 531,786                  | 5,848,620               | 767,002                             | 531,786                       | 6,615,622               | 7,147,407                | (2,351,407)      | 2005          | May-95                                            | 40<br>years |
| Rising Sun Towne<br>Centre<br>Rising Sun, MD  |             | 1,161,300                | 4,389,359               | 157,582                             | 1,161,300                     | 4,546,941               | 5,708,241                | (774,597 )       | 2005          | Jun-99                                            | 40<br>years |
| Maple Village<br>Ann Arbor, MI                |             | 1,622,732                | 7,501,205               | 1,357,844                           | 1,622,732                     | 8,859,050               | 10,481,782               | (3,496,511)      | 2000          | Oct-94                                            | 40<br>years |
| Grand Crossing<br>Brighton, MI                |             | 1,709,627                | 5,128,881               | 40,721                              | 1,709,627                     | 5,169,602               | 6,879,229                | (393,172 )       | 2005          | Jan-03                                            | 40<br>years |
| Farmington<br>Crossroads<br>Farmington, MI    |             | 1,092,200                | 4,368,800               | 254,771                             | 1,092,200                     | 4,623,571               | 5,715,771                | (1,178,513)      | 1986          | Dec-95                                            | 40<br>years |
| Silver Lake<br>Fenton, MI                     |             | 2,397,852                | 7,193,555               | 15,294                              | 2,397,852                     | 7,208,849               | 9,606,701                | (538,996 )       | 1996          | Jan-03                                            | 40<br>years |

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|                               |             |           |           |         |           |           |            |            |      |        |          |
|-------------------------------|-------------|-----------|-----------|---------|-----------|-----------|------------|------------|------|--------|----------|
| Silver Pointe Shopping Center |             |           |           |         |           |           |            |            |      |        |          |
| Fenton, MI                    | (7,456,994) | 2,200,544 | 8,228,408 | 31,700  | 2,200,544 | 8,260,108 | 10,460,652 | (264,916 ) | 1996 | Nov-04 | 40 years |
| Fremont                       |             |           |           |         |           |           |            |            |      |        |          |
| Fremont, MI                   |             | 405,901   | 1,217,703 | 11,350  | 405,901   | 1,229,053 | 1,634,954  | (93,637 )  | 1995 | Jan-03 | 40 years |
| Cascade East                  |             |           |           |         |           |           |            |            |      |        |          |
| Grand Rapids, MI              |             | 1,826,689 | 5,480,068 | 104,668 | 1,826,689 | 5,584,736 | 7,411,425  | (419,752 ) | 1983 | Jan-03 | 40 years |

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION**  
**December 31, 2005**

| COLUMN A                          | COLUMN B      | COLUMN C                                                      | COLUMN D                                         | COLUMN E                                                                    | COLUMN F                    | COLUMN G            | COLUMN H         | COLUMN I                                                   |
|-----------------------------------|---------------|---------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------|---------------------|------------------|------------------------------------------------------------|
| Description                       | Encumbrances  | Initial Cost to Company<br>Land<br>Building &<br>Improvements | Cost Capitalized<br>Subsequent to<br>Acquisition | Carried<br>at the Close of the Period<br>Land<br>Building &<br>Improvements | Accumulated<br>Depreciation | Date<br>Constructed | Date<br>Required | Life on Which<br>Depreciated<br>Latest Income<br>Statement |
| <b>Kentwood</b>                   |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Kentwood, MI                      |               | 1,191,795                                                     | 3,786,382                                        | 89,738                                                                      | 1,191,795                   | 3,876,120           | 5,067,915        | (293,438 ) 1987 Jan-03 40 years                            |
| <b>Hampton Village Centre</b>     |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Rochester Hills, MI               | (28,751,181 ) | 7,209,596                                                     | 34,541,500                                       | 4,281,878                                                                   | 7,209,596                   | 38,823,378          | 46,032,974       | (9,259,417 ) 2004 Dec-95 40 years                          |
| <b>Hall Road Crossing</b>         |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Shelby Township, MI               |               | 2,595,500                                                     | 10,382,000                                       | 1,118,620                                                                   | 2,595,500                   | 11,500,620          | 14,096,120       | (3,156,617 ) 1999 Dec-95 40 years                          |
| <b>Southfield Shopping Center</b> |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Southfield, MI                    |               | 2,052,995                                                     | 8,056,980                                        | 381,043                                                                     | 2,052,995                   | 8,438,023           | 10,491,018       | (1,723,286 ) 2002 Feb-98 40 years                          |
| <b>18 Mile &amp; Ryan</b>         |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Sterling Heights, MI              |               | 2,852,408                                                     | 8,557,223                                        |                                                                             | 2,852,408                   | 8,557,223           | 11,409,630       | (640,717 ) 1997 Jan-03 40 years                            |
| <b>Delco Plaza</b>                |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Sterling Heights, MI              |               | 1,277,504                                                     | 5,109,367                                        | 210,917                                                                     | 1,277,504                   | 5,320,284           | 6,597,788        | (1,219,986 ) 1996 Nov-96 40 years                          |
| <b>Harvest Place</b>              |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Stevensville, MI                  |               | 1,156,967                                                     | 3,470,900                                        |                                                                             | 1,156,967                   | 3,470,900           | 4,627,867        | (259,882 ) 1994 Jan-03 40 years                            |
| <b>Westland Crossing</b>          |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Westland, MI                      |               | 2,046,000                                                     | 8,184,000                                        | 534,809                                                                     | 2,046,000                   | 8,718,809           | 10,764,809       | (1,532,737 ) 1999 Nov-99 40 years                          |
| <b>West Ridge Shopping Center</b> |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Westland, MI                      | (10,920,973 ) | 3,377,757                                                     | 12,747,805                                       |                                                                             | 3,377,757                   | 12,747,805          | 16,125,561       | (351,819 ) 1989 Mar-05 40 years                            |
| <b>University IV</b>              |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Spring Lake Park, MN              | (1,893,672 )  | 987,865                                                       | 2,963,594                                        | 22,681                                                                      | 987,865                     | 2,986,275           | 3,974,140        | (228,016 ) 1988 Dec-02 40 years                            |
| <b>Stanly County Plaza</b>        |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Albemarle, NC                     |               | 600,418                                                       | 2,401,671                                        | 81,179                                                                      | 600,418                     | 2,482,850           | 3,083,267        | (478,572 ) 1988 Mar-94 40 years                            |
| <b>Village Marketplace</b>        |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Asheboro, NC                      |               | 1,155,652                                                     | 3,596,618                                        | 62,877                                                                      | 1,155,652                   | 3,659,495           | 4,815,147        | (853,191 ) 1991 Apr-95 40 years                            |
| <b>Macon Plaza</b>                |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Franklin, NC                      |               | 832,590                                                       | 2,497,770                                        | 36,530                                                                      | 832,590                     | 2,534,300           | 3,366,890        | (186,793 ) 2001 Dec-02 40 years                            |
| <b>Foothills Market</b>           |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Jonesville, NC                    |               | 644,555                                                       | 2,578,295                                        | 62,199                                                                      | 644,555                     | 2,640,494           | 3,285,049        | (520,722 ) 1996 Jun-95 40 years                            |
| <b>Chapel Square</b>              |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Kannapolis, NC                    | (1,500,509 )  | 918,460                                                       | 3,673,918                                        | 25,327                                                                      | 918,460                     | 3,699,245           | 4,617,705        | (666,429 ) 1992 Dec-94 40 years                            |
| <b>Kinston Pointe</b>             |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Kinston, NC                       |               | 2,235,052                                                     | 8,940,354                                        | 109,073                                                                     | 2,235,052                   | 9,049,428           | 11,284,479       | (1,891,841 ) 2001 Jul-95 40 years                          |
| <b>Roxboro Square</b>             |               |                                                               |                                                  |                                                                             |                             |                     |                  |                                                            |
| Roxboro, NC                       |               | 1,448,313                                                     | 5,793,289                                        | 6,712,950                                                                   | 1,448,313                   | 12,506,240          | 13,954,553       | (1,106,358 ) 2005 Jun-95                                   |



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|                         |           |            |        |           |            |            |             |      |        |             |
|-------------------------|-----------|------------|--------|-----------|------------|------------|-------------|------|--------|-------------|
| Siler Crossing          |           |            |        |           |            |            |             |      |        | 40<br>years |
| Siler City, NC          | 1,779,566 | 7,118,100  | 36,634 | 1,779,566 | 7,154,733  | 8,934,299  | (1,312,612) | 1988 | Jun-95 | 40<br>years |
| Crossroads Center       |           |            |        |           |            |            |             |      |        |             |
| Statesville, NC         | 5,261,636 | 21,177,392 | 81,102 | 5,261,636 | 21,258,493 | 26,520,129 | (3,913,923) | 1997 | Feb-96 | 40<br>years |
| Thomasville<br>Crossing |           |            |        |           |            |            |             |      |        |             |
| Thomasville, NC         | 1,604,339 | 6,417,145  | 14,934 | 1,604,339 | 6,432,078  | 8,036,417  | (1,159,910) | 1996 | Apr-97 | 40<br>years |

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
December 31, 2005**

| COLUMN A                                      | COLUMN B    | COLUMN C                                                      | COLUMN D                                  | COLUMN E                                                                             | COLUMN F                               | COLUMN G                    | COLUMN H            | COLUMN I         |                                                            |        |             |
|-----------------------------------------------|-------------|---------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------|-----------------------------|---------------------|------------------|------------------------------------------------------------|--------|-------------|
| Description                                   | Encumbrance | Initial Cost to Company<br>Land<br>Building &<br>Improvements | Subsequent<br>Acquisition<br>Improvements | Cost Capitalized<br>at the Close of the Period<br>Land<br>Building &<br>Improvements | Gross Amount at Which Carried<br>Total | Accumulated<br>Depreciation | Date<br>Constructed | Date<br>Required | Life on Which<br>Depreciated<br>Latest Income<br>Statement |        |             |
| Anson Station<br>Wadesboro, NC                |             | 1,844,644                                                     | 5,118,172                                 | 79,954                                                                               | 1,844,644                              | 5,198,125                   | 7,042,769           | (1,028,700)      | 1988                                                       | Aug-95 | 40<br>years |
| Roanoke Landing<br>Williamston, NC            |             | 2,519,288                                                     | 10,077,339                                | 69,003                                                                               | 2,519,288                              | 10,146,342                  | 12,665,631          | (1,843,412)      | 1991                                                       | Jan-96 | 40<br>years |
| Laurel Square<br>Brick, NJ                    |             | 3,222,701                                                     | 9,283,302                                 | 1,399,645                                                                            | 3,222,701                              | 10,682,946                  | 13,905,647          | (3,796,858)      | 2003                                                       | Jul-92 | 40<br>years |
| Hamilton<br>Plaza-Kmart Plaza<br>Hamilton, NJ |             | 1,124,415                                                     | 4,513,658                                 | 308,798                                                                              | 1,124,415                              | 4,822,457                   | 5,946,871           | (1,526,474)      | 1972                                                       | May-94 | 40<br>years |
| Bennetts Mills Plaza<br>Jackson, NJ           |             | 1,794,122                                                     | 6,399,888                                 | 942,427                                                                              | 1,794,122                              | 7,342,315                   | 9,136,437           | (1,958,096)      | 2002                                                       | Sep-94 | 40<br>years |
| Middletown Plaza<br>Middletown, NJ            |             | 1,204,829                                                     | 7,871,317                                 | 9,466,277                                                                            | 1,204,829                              | 17,337,593                  | 18,542,423          | (4,440,785)      | 2002                                                       | Jan-75 | 40<br>years |
| Tinton Falls Plaza<br>Tinton Falls, NJ        |             | 1,884,325                                                     | 6,308,392                                 | 92,955                                                                               | 1,884,325                              | 6,401,347                   | 8,285,672           | (1,366,363)      | 2005                                                       | Jan-98 | 40<br>years |
| Paseo del Norte<br>Albuquerque, NM            |             | 2,639,471                                                     |                                           | 117,277                                                                              | 2,639,471                              | 117,277                     | 2,756,748           | (31,792 )        | 2004                                                       | Mar-02 | 40<br>years |
| Socorro<br>Socorro, NM                        | *           | 953,411                                                       | 2,926,733                                 |                                                                                      | 953,411                                | 2,926,733                   | 3,880,143           | (280,111 )       | 1976                                                       | Mar-02 | 40<br>years |
| Renaissance Center<br>East<br>Las Vegas, NV   |             | 2,543,856                                                     | 10,175,427                                | 234,994                                                                              | 2,543,856                              | 10,410,421                  | 12,954,277          | (2,672,951)      | 2005                                                       | Oct-96 | 40<br>years |
| Kietzke Center<br>Reno, NV                    |             | 3,069,735                                                     | 12,279,924                                | 331,106                                                                              | 3,069,735                              | 12,611,030                  | 15,680,765          | (2,305,163)      | 1986                                                       | Jun-97 | 40<br>years |
| Cortlandville<br>Cortland, NY                 |             | 237,194                                                       | 1,440,393                                 | 1,210,145                                                                            | 237,194                                | 2,650,538                   | 2,887,731           | (1,008,178)      | 2003                                                       | Aug-87 | 40<br>years |
| Kmart Plaza<br>De Witt, NY                    |             | 943,079                                                       | 3,772,312                                 | 476,204                                                                              | 943,079                                | 4,248,515                   | 5,191,594           | (1,321,443)      | 1970                                                       | Aug-93 | 40<br>years |
| D & F Plaza<br>Dunkirk, NY                    |             | 730,900                                                       | 2,158,094                                 | 1,455,530                                                                            | 730,900                                | 3,613,624                   | 4,344,524           | (2,532,291)      | 1967                                                       | Jan-86 | 40<br>years |
| Unity Plaza<br>East Fishkill, NY              |             | 6,042,258                                                     |                                           |                                                                                      | 6,042,258                              |                             | 6,042,258           |                  | 2005                                                       | Apr-04 | 40<br>years |
| Elmira Plaza<br>Elmira, NY                    |             | 110,318                                                       | 892,015                                   | 164,777                                                                              | 110,318                                | 1,056,792                   | 1,167,110           | (827,171 )       | 2001                                                       | Feb-89 | 40<br>years |
| Pyramid Mall<br>Geneva, NY                    |             | 2,176,731                                                     | 8,706,926                                 | 472,363                                                                              | 2,176,731                              | 9,179,289                   | 11,356,020          | (3,253,315)      | 2005                                                       | Aug-93 | 40<br>years |
| Cayuga Mall<br>Ithaca, NY                     |             | 1,368,908                                                     | 5,597,954                                 | 859,181                                                                              | 1,368,908                              | 6,457,135                   | 7,826,044           | (2,781,851)      | 1969                                                       | May-89 | 40<br>years |
| Transit Road Plaza                            |             |                                                               |                                           |                                                                                      |                                        |                             |                     |                  |                                                            |        |             |



## NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES

## SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

December 31, 2005

| COLUMN A                                     | COLUMN B    | COLUMN C                                                      | COLUMN D                                                         | COLUMN E                                                                             | COLUMN F                    | COLUMN G            | COLUMN H         | COLUMN I                                                   |      |        |             |
|----------------------------------------------|-------------|---------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------|---------------------|------------------|------------------------------------------------------------|------|--------|-------------|
| Description                                  | Encumbrance | Initial Cost to Company<br>Land<br>Building &<br>Improvements | Cost Capitalized<br>Subsequent to<br>Acquisition<br>Improvements | Carried<br>at the Close of the Period<br>Land<br>Building &<br>Improvements<br>Total | Accumulated<br>Depreciation | Date<br>Constructed | Date<br>Required | Life on Which<br>Depreciated<br>Latest Income<br>Statement |      |        |             |
| Walkkill Plaza<br>Middletown, NY             |             | 2,748,152                                                     | 9,672,604                                                        | 3,350,017                                                                            | 2,748,152                   | 13,022,621          | 15,770,773       | (2,490,081)                                                | 2005 | Dec-95 | 40<br>years |
| Monroe ShopRite<br>Plaza<br>Monroe, NY       |             | 1,028,189                                                     | 8,649,212                                                        | 301,531                                                                              | 1,028,189                   | 8,950,743           | 9,978,932        | (1,862,798)                                                | 1985 | Aug-97 | 40<br>years |
| Rockland Plaza<br>Nanuet, NY                 |             | 3,904,495                                                     | 3,056,456                                                        | 8,487,993                                                                            | 3,904,495                   | 11,544,449          | 15,448,944       | (5,578,952)                                                | 2004 | Jan-83 | 40<br>years |
| Westgate Plaza<br>Oneonta, NY                |             | 132,208                                                       | 1,192,907                                                        | 385,580                                                                              | 132,208                     | 1,578,487           | 1,710,695        | (986,195)                                                  | 1967 | Jan-84 | 40<br>years |
| Mohawk Acres<br>Rome, NY                     |             | 335,734                                                       | 1,755,445                                                        | 1,766,714                                                                            | 335,734                     | 3,522,160           | 3,857,893        | (2,322,721)                                                | 2005 | Jan-84 | 40<br>years |
| Price Chopper Plaza<br>Rome, NY              |             | 934,687                                                       | 3,738,751                                                        | 178,730                                                                              | 934,687                     | 3,917,480           | 4,852,167        | (1,209,042)                                                | 2005 | Aug-93 | 40<br>years |
| Village Center<br>Smittstown, NY             | (4,460,264) | 3,261,344                                                     | 13,298,551                                                       | 79,041                                                                               | 3,261,344                   | 13,377,592          | 16,638,936       | (509,810)                                                  | 2005 | Aug-04 | 40<br>years |
| Ashland Square<br>Ashland, OH                |             | 1,990,823                                                     | 6,430,270                                                        | 330,414                                                                              | 1,990,823                   | 6,760,684           | 8,751,507        | (1,354,509)                                                | 1991 | Oct-93 | 40<br>years |
| Brunswick Town<br>Center<br>Brunswick, OH    |             | 3,328,056                                                     | 13,239,968                                                       |                                                                                      | 3,328,056                   | 13,239,968          | 16,568,023       | (331,614)                                                  | 2004 | Jan-05 | 40<br>years |
| Springbrook Plaza<br>Canton, OH              |             | 2,846,763                                                     | 8,822,289                                                        | 189,735                                                                              | 2,846,763                   | 9,012,024           | 11,858,788       | (768,113)                                                  | 1989 | Dec-02 | 40<br>years |
| Brentwood Plaza<br>Cincinnati, OH            |             | 2,027,969                                                     | 8,222,875                                                        | 6,641,163                                                                            | 2,027,969                   | 14,864,038          | 16,892,007       | (2,907,097)                                                | 2004 | May-94 | 40<br>years |
| Delhi<br>Cincinnati, OH                      |             | 2,300,029                                                     | 9,218,117                                                        | 892,817                                                                              | 2,300,029                   | 10,110,934          | 12,410,963       | (2,504,193)                                                | 2002 | May-96 | 40<br>years |
| Harpers Station<br>Cincinnati, OH            |             | 7,362,395                                                     | 15,221,639                                                       | 57,631                                                                               | 7,362,395                   | 15,279,271          | 22,641,666       | (870,583)                                                  | 2000 | Sep-03 | 40<br>years |
| Hillcrest Square<br>Cincinnati, OH           |             | 654,870                                                       | 1,964,609                                                        | 190,733                                                                              | 654,870                     | 2,155,342           | 2,810,211        | (179,606)                                                  | 1996 | Dec-02 | 40<br>years |
| Western Hills Plaza<br>Cincinnati, OH        |             | 8,872,480                                                     | 40,640,367                                                       |                                                                                      | 8,872,480                   | 40,640,367          | 49,512,847       | (228,829)                                                  | 1989 | Nov-05 | 40<br>years |
| Western Village<br>Cincinnati, OH            |             | 1,321,484                                                     | 5,300,935                                                        | 5,359,689                                                                            | 1,321,484                   | 10,660,625          | 11,982,108       | (1,606,064)                                                | 2005 | May-94 | 40<br>years |
| Greentree Shopping<br>Center<br>Columbus, OH | (4,851,730) | 3,379,200                                                     | 6,860,800                                                        | 205,508                                                                              | 3,379,200                   | 7,066,308           | 10,445,508       | (1,447,653)                                                | 2005 | Jul-98 | 40<br>years |
| Crown Point<br>Columbus, OH                  | (6,760,782) | 2,881,681                                                     | 7,958,319                                                        | 227,152                                                                              | 2,881,681                   | 8,185,471           | 11,067,152       | (1,696,095)                                                | 1998 | Jul-98 | 40<br>years |

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|                    |             |           |           |         |           |            |            |             |      |        |             |
|--------------------|-------------|-----------|-----------|---------|-----------|------------|------------|-------------|------|--------|-------------|
| Karl Plaza         |             |           |           |         |           |            |            |             |      |        |             |
| Columbus, OH       | (3,561,448) | 1,235,044 | 3,705,132 | 114,800 | 1,235,044 | 3,819,932  | 5,054,976  | (316,033 )  | 1992 | Dec-02 | 40<br>years |
| South Towne Centre |             |           |           |         |           |            |            |             |      |        |             |
| Dayton, OH         |             | 4,737,368 | 9,636,943 | 818,438 | 4,737,368 | 10,455,381 | 15,192,749 | (4,779,157) | 2005 | Mar-92 | 40<br>years |
| Heritage Square    |             |           |           |         |           |            |            |             |      |        |             |
| Dover, OH          |             | 1,749,182 | 7,011,926 | 620,655 | 1,749,182 | 7,632,581  | 9,381,763  | (2,316,665) | 2004 | Aug-93 | 40<br>years |

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## NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES

SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
December 31, 2005

| COLUMN A                      | COLUMN B     | COLUMN C                                                      | COLUMN D                                         | COLUMN E                                                                             | COLUMN F                    | COLUMN G            | COLUMN H         | COLUMN I                                                   |      |        |             |
|-------------------------------|--------------|---------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------|---------------------|------------------|------------------------------------------------------------|------|--------|-------------|
| Description                   | Encumbrances | Initial Cost to Company<br>Land<br>Building &<br>Improvements | Cost Capitalized<br>Subsequent to<br>Acquisition | Cost Capitalized<br>at the Close of the Period<br>Land<br>Building &<br>Improvements | Accumulated<br>Depreciation | Date<br>Constructed | Date<br>Required | Life on Which<br>Depreciated<br>Latest Income<br>Statement |      |        |             |
| The Vineyards                 |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Eastlake, OH                  | (8,006,125 ) | 3,016,683                                                     | 9,050,049                                        | 106,112                                                                              | 3,016,683                   | 9,156,160           | 12,172,843       | (707,862 )                                                 | 1989 | Dec-02 | 40<br>years |
| Midway Crossing               |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Elyria, OH                    |              | 3,128,504                                                     | 7,776,800                                        | 329,589                                                                              | 3,128,504                   | 8,106,389           | 11,234,893       | (2,192,286)                                                | 2005 | Dec-95 | 40<br>years |
| Midway Market<br>Square       |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Elyria, OH                    | (16,801,518) | 5,145,249                                                     | 20,597,920                                       | 50,415                                                                               | 5,145,249                   | 20,648,335          | 25,793,584       | (1,588,260)                                                | 2001 | Nov-02 | 40<br>years |
| New Boston                    |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| New Boston, OH                |              | 2,102,371                                                     | 9,537,101                                        | 242,951                                                                              | 2,102,371                   | 9,780,052           | 11,882,422       | (3,240,781)                                                | 2000 | Feb-93 | 40<br>years |
| Surrey Square Mall            |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Norwood, OH                   |              | 3,184,794                                                     | 7,841,296                                        |                                                                                      | 3,184,794                   | 7,841,296           | 11,026,090       | (81,454 )                                                  | 2005 | Aug-05 | 40<br>years |
| Market Place                  |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Piqua, OH                     |              | 976,763                                                       | 3,738,164                                        | 347,070                                                                              | 976,763                     | 4,085,233           | 5,061,997        | (1,660,197)                                                | 2005 | Nov-91 | 40<br>years |
| Starlite Plaza                |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Sylvania, OH                  |              | 4,526,286                                                     | 11,645,866                                       | 238,608                                                                              | 4,526,286                   | 11,884,474          | 16,410,760       | (535,475 )                                                 | 2000 | Jul-04 | 40<br>years |
| Alexis Park                   |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Toledo, OH                    | (4,403,501 ) | 2,228,272                                                     | 6,684,816                                        | 203,441                                                                              | 2,228,272                   | 6,888,256           | 9,116,528        | (547,594 )                                                 | 1988 | Dec-02 | 40<br>years |
| Southland Shopping<br>Plaza   |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Toledo, OH                    |              | 4,113,346                                                     | 10,193,792                                       |                                                                                      | 4,113,346                   | 10,193,792          | 14,307,137       |                                                            | 1988 | Dec-05 | 40<br>years |
| Marketplace                   |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Tulsa, OK                     | (10,380,348) | 4,032,079                                                     | 15,342,219                                       | 113,602                                                                              | 4,032,079                   | 15,455,821          | 19,487,899       | (601,566 )                                                 | 1992 | Sep-04 | 40<br>years |
| Bethel Park                   |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Bethel Park, PA               |              | 868,039                                                       | 9,933,094                                        | 1,482,279                                                                            | 868,039                     | 11,415,373          | 12,283,412       | (2,689,759)                                                | 2004 | May-97 | 40<br>years |
| New Britain Village<br>Square |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Chalfont, PA                  |              | 4,240,303                                                     | 14,257,218                                       | 109,475                                                                              | 4,240,303                   | 14,366,693          | 18,606,995       | (788,475 )                                                 | 1989 | Jan-04 | 40<br>years |
| Harveys                       |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Clearfield, PA                |              | 357,218                                                       | 1,400,990                                        |                                                                                      | 357,218                     | 1,400,990           | 1,758,208        | (245,610 )                                                 | 1982 | Aug-93 | 40<br>years |
| Laurel Mall                   |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Connellsville, PA             |              | 2,072,000                                                     | 3,116,472                                        | 34,142                                                                               | 2,072,000                   | 3,150,614           | 5,222,614        | (498,994 )                                                 | 1970 | May-01 | 40<br>years |
| Dickson City<br>Crossings     |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Dickson City, PA              | (14,059,474) | 4,264,935                                                     | 22,622,963                                       | 41,400                                                                               | 4,264,935                   | 22,664,363          | 26,929,297       | (1,293,094)                                                | 1997 | Sep-03 | 40<br>years |
| Dillsburg Shopping<br>Center  |              |                                                               |                                                  |                                                                                      |                             |                     |                  |                                                            |      |        |             |
| Dillsburg, PA                 |              | 1,986,481                                                     | 4,665,505                                        | 8,249,899                                                                            | 1,986,481                   | 12,915,403          | 14,901,885       | (1,571,873)                                                | 2002 | Oct-96 |             |

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|--------------------|-----------|-----------|---------|-----------|-----------|-----------|-------------|------|--------|-------|
|                    |           |           |         |           |           |           |             |      |        | 40    |
|                    |           |           |         |           |           |           |             |      |        | years |
| New Garden         |           |           |         |           |           |           |             |      |        |       |
| Kennett Square, PA |           |           |         |           |           |           |             |      |        |       |
|                    | 912,130   | 3,161,495 | 763,553 | 912,130   | 3,925,048 | 4,837,178 | (1,383,309) | 2001 | Jun-97 | 40    |
|                    |           |           |         |           |           |           |             |      |        | years |
| Stone Mill Plaza   |           |           |         |           |           |           |             |      |        |       |
| Lancaster, PA      |           |           |         |           |           |           |             |      |        |       |
|                    | 1,407,975 | 5,650,901 | 215,681 | 1,407,975 | 5,866,583 | 7,274,558 | (1,816,358) | 1993 | Jan-94 | 40    |
|                    |           |           |         |           |           |           |             |      |        | years |
| Ivyridge           |           |           |         |           |           |           |             |      |        |       |
| Philadelphia, PA   |           |           |         |           |           |           |             |      |        |       |
|                    | 1,504,080 | 6,026,320 | 942,910 | 1,504,080 | 6,969,230 | 8,473,310 | (1,820,716) | 2005 | Aug-95 | 40    |
|                    |           |           |         |           |           |           |             |      |        | years |

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION**  
**December 31, 2005**

| COLUMN A                                          | COLUMN B     | COLUMN C                | COLUMN D                | COLUMN E         | COLUMN F     | COLUMN G                      | COLUMN H     | COLUMN I                 |                  |               |                                                   |
|---------------------------------------------------|--------------|-------------------------|-------------------------|------------------|--------------|-------------------------------|--------------|--------------------------|------------------|---------------|---------------------------------------------------|
| Description                                       | Encumbrances | Initial Cost to Company |                         | Cost Capitalized |              | Gross Amount at Which Carried |              | Accumulated Depreciation | Date Constructed | Date Required | Life on Which Depreciated Latest Income Statement |
|                                                   |              | Land                    | Building & Improvements | Acquisition      | Improvements | Land                          | Improvements |                          |                  |               |                                                   |
| Roosevelt Mall                                    |              |                         |                         |                  |              |                               |              |                          |                  |               | 40 years                                          |
| Philadelphia, PA<br>Hampton Square                |              | 2,537,378               | 91,798                  | 9,499,843        | 2,537,378    | 9,591,641                     | 12,129,018   | (7,561,490)              | 1988             | Jan-64        | 40 years                                          |
| Southampton, PA<br>Hunt River Commons             |              | 772,800                 | 2,907,200               | 1,017,689        | 772,800      | 3,924,889                     | 4,697,689    | (619,739)                | 2002             | Dec-98        | 40 years                                          |
| North Kingstown, RI<br>South Park                 | (7,525,621)  | 3,138,736               | 9,416,208               | 75,592           | 3,138,736    | 9,491,800                     | 12,630,537   | (744,307)                | 1989             | Dec-02        | 40 years                                          |
| Aiken, SC<br>Fashion Place Shopping Center        |              | 443,364                 | 1,330,092               | 89,337           | 443,364      | 1,419,429                     | 1,862,793    | (161,023)                | 1991             | Dec-02        | 40 years                                          |
| Columbia, SC<br>Circle Center                     |              | 2,826,847               | 3,420,651               |                  | 2,826,847    | 3,420,651                     | 6,247,498    | (123,926)                | 1990             | Sep-05        | 40 years                                          |
| Hilton Head, SC<br>Palmetto Crossroads            |              | 1,533,330               | 6,133,106               | 35,920           | 1,533,330    | 6,169,026                     | 7,702,356    | (1,127,606)              | 2000             | Mar-94        | 40 years                                          |
| Hilton Head, SC<br>Lexington Town Square          |              | 473,111                 | 1,892,443               | 59,308           | 473,111      | 1,951,751                     | 2,424,862    | (364,221)                | 2000             | Oct-95        | 40 years                                          |
| Lexington, SC<br>Festival Centre                  | (1,803,611)  | 642,813                 | 1,928,439               | 59,413           | 642,813      | 1,987,853                     | 2,630,666    | (152,948)                | 1995             | Dec-02        | 40 years                                          |
| North Charleston, SC<br>Hillcrest Shopping Center |              | 2,427,247               | 7,281,740               | 1,850,970        | 2,427,247    | 9,132,710                     | 11,559,956   | (690,164)                | 2004             | Dec-02        | 40 years                                          |
| Spartanburg, SC<br>Congress Crossing              | (18,091,137) | 1,189,916               | 33,772,153              |                  | 1,189,916    | 33,772,153                    | 34,962,069   | (818,183)                | 2005             | Feb-05        | 40 years                                          |
| Athens, TN<br>St. Elmo Central                    |              | 994,734                 | 6,747,013               | 115,554          | 994,734      | 6,862,567                     | 7,857,301    | (2,399,197)              | 1990             | Nov-88        | 40 years                                          |
| Chattanooga, TN<br>Saddletree Village             |              | 1,529,587               | 6,120,555               | 55,827           | 1,529,587    | 6,176,382                     | 7,705,969    | (1,115,755)              | 1995             | Aug-96        | 40 years                                          |
| Columbia, TN<br>West Towne Square                 | (1,450,146)  | 685,676                 | 2,900,245               | 12,678           | 685,676      | 2,912,923                     | 3,598,599    | (523,012)                | 1990             | Jun-98        | 40 years                                          |
| Elizabethton, TN<br>Greenville Commons            |              | 529,103                 | 3,880,088               | 122,569          | 529,103      | 4,002,657                     | 4,531,760    | (795,606)                | 2005             | Jun-98        | 40 years                                          |
| Greenville, TN<br>Hazel Path                      |              | 1,075,200               | 7,934,800               | 680,394          | 1,075,200    | 8,615,194                     | 9,690,394    | (2,844,002)              | 2002             | Mar-92        | 40 years                                          |
| Hendersonville, TN<br>Kimball Crossing            |              | 919,231                 | 3,677,158               | 12,532           | 919,231      | 3,689,690                     | 4,608,921    | (660,202)                | 1989             | Nov-95        | 40 years                                          |



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|                                                     |           |            |         |           |            |            |             |      |        |             |
|-----------------------------------------------------|-----------|------------|---------|-----------|------------|------------|-------------|------|--------|-------------|
| Kimball, TN<br>Chapman-Ford<br>Crossing             | 3,654,333 | 15,875,659 | 192,256 | 3,654,333 | 16,067,915 | 19,722,248 | (2,923,282) | 1997 | Nov-95 | 40<br>years |
| Knoxville, TN<br>Chapman<br>Square                  | 2,367,047 | 9,507,577  | 2,149   | 2,367,047 | 9,509,726  | 11,876,773 | (1,699,916) | 2005 | Dec-92 | 40<br>years |
| Knoxville, TN<br>Farrar Place<br>Shopping<br>Center | 805,128   | 2,415,383  | 520,476 | 805,128   | 2,935,858  | 3,740,986  | (187,346 )  | 2004 | Dec-02 | 40<br>years |
| Manchester, TN                                      | 804,963   | 3,220,060  | 68,881  | 804,963   | 3,288,941  | 4,093,904  | (605,311 )  | 1989 | Dec-95 | 40<br>years |

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES  
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION  
December 31, 2005**

| COLUMN A                | COLUMN B     | COLUMN C                | COLUMN D    | COLUMN E                   |                               | COLUMN F                 | COLUMN G         | COLUMN H      | COLUMN I                                          |          |          |
|-------------------------|--------------|-------------------------|-------------|----------------------------|-------------------------------|--------------------------|------------------|---------------|---------------------------------------------------|----------|----------|
| Description             | Encumbrances | Initial Cost to Company |             | Cost Capitalized           |                               | Accumulated Depreciation | Date Constructed | Date Acquired | Life on Which Depreciated Latest Income Statement |          |          |
|                         |              | Building & Improvements | Acquisition | at the Close of the Period | Building & Improvements Total |                          |                  |               |                                                   |          |          |
| Georgetown Square       |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Murfreesboro, TN        | 1,166,924    | 4,674,698               | 796,470     | 1,166,924                  | 5,471,167                     | 6,638,092                | (1,708,362)      | 2003          | Sep-93                                            | 40 years |          |
| Apison Crossing         |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Ooltewah, TN            | 1,679,125    | 6,716,542               | 27,366      | 1,679,125                  | 6,743,908                     | 8,423,033                | (1,203,654)      | 1997          | Jul-97                                            | 40 years |          |
| Madison Street Station  |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Shelbyville, TN         | 752,499      | 3,012,444               | 203,164     | 752,499                    | 3,215,608                     | 3,968,107                | (621,031 )       | 1999          | Oct-95                                            | 40 years |          |
| Commerce Central        |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Tullahoma, TN           | 2,889,948    | 12,177,046              |             | 2,889,948                  | 12,177,046                    | 15,066,994               | (2,226,003)      | 1995          | Aug-96                                            | 40 years |          |
| Palm Plaza              |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Aransas, TX             | *            | 343,333                 | 871,639     | 47,433                     | 343,333                       | 919,072                  | 1,262,405        | (265,452 )    | 1979                                              | Mar-02   | 40 years |
| Bardin Place Center     |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Arlington, TX           | 6,733,620    | 27,101,486              | 261,240     | 6,733,620                  | 27,362,726                    | 34,096,346               | (5,349,837)      | 1993          | Oct-97                                            | 40 years |          |
| Baytown Shopping Center |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Baytown, TX             | *            | 2,163,096               | 6,720,138   |                            | 2,163,096                     | 6,720,138                | 8,883,234        | (643,403 )    | 1987                                              | Mar-02   | 40 years |
| Cedar Bellaire          |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Bellaire, TX            | *            | 1,663,131               | 2,397,528   | 82,298                     | 1,663,131                     | 2,479,826                | 4,142,956        | (238,141 )    | 1994                                              | Mar-02   | 40 years |
| El Camino               |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Bellaire, TX            | *            | 1,097,545               | 1,189,980   | 39,325                     | 1,097,545                     | 1,229,305                | 2,326,850        | (119,039 )    | 1972                                              | Mar-02   | 40 years |
| Rice Bellaire           |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Bellaire, TX            |              | 1,255,793               | 2,494,516   |                            | 1,255,793                     | 2,494,516                | 3,750,309        | (247,053 )    | 2000                                              | Mar-02   | 40 years |
| Brenham Four Corners    |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Brenham, TX             | *            | 964,224                 | 6,170,922   | 95,499                     | 964,224                       | 6,266,421                | 7,230,645        | (598,222 )    | 1997                                              | Mar-02   | 40 years |
| Bryan Square            |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Bryan, TX               | *            | 797,369                 | 641,393     | 20,688                     | 797,369                       | 662,082                  | 1,459,450        | (63,699 )     | 2001                                              | Mar-02   | 40 years |
| Townshire               |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Bryan, TX               |              | 3,550,915               | 3,078,231   | 103,550                    | 3,550,915                     | 3,181,781                | 6,732,696        | (492,803 )    | 2002                                              | Mar-02   | 40 years |
| Culpepper Plaza         |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| College Station, TX     | 6,280,572    | 7,664,913               | 98,334      | 6,280,572                  | 7,763,248                     | 14,043,819               | (831,455 )       | 2005          | Mar-02                                            | 40 years |          |
| Rock Prairie Crossing   |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| College Station, TX     | 2,991,802    | 5,731,371               | 1,474,199   | 2,991,802                  | 7,205,571                     | 10,197,373               | (631,392 )       | 2002          | Mar-02                                            | 40 years |          |
| Carmel Village          |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Corpus Christi, TX      | *            | 2,159,210               | 3,805,505   | 19,350                     | 2,159,210                     | 3,824,855                | 5,984,065        | (386,993 )    | 1993                                              | Mar-02   | 40 years |
| Five Points             |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Corpus Christi, TX      | *            | 5,429,519               | 14,979,830  | 203,977                    | 5,429,519                     | 15,183,807               | 20,613,326       | (1,531,723)   | 1993                                              | Mar-02   | 40 years |
| Claremont Village       |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Dallas, TX              | *            | 616,854                 | 2,763,528   |                            | 616,854                       | 2,763,528                | 3,380,382        | (266,802 )    | 1976                                              | Mar-02   | 40 years |
| Jeff Davis              |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Dallas, TX              | *            | 2,429,083               | 1,794,831   | 383,589                    | 2,429,083                     | 2,178,420                | 4,607,503        | (213,849 )    | 1975                                              | Mar-02   | 40 years |
| Stevens Park Village    |              |                         |             |                            |                               |                          |                  |               |                                                   |          |          |
| Dallas, TX              | *            | 730,884                 | 2,920,054   | 46,827                     | 730,884                       | 2,966,880                | 3,697,764        | (284,610 )    | 1974                                              | Mar-02   | 40 years |

**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
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| COLUMN A                                                | COLUMN B     | COLUMN C                | COLUMN D                | COLUMN E                              | COLUMN F                | COLUMN G   | COLUMN H                 | COLUMN I         |               |                         |                           |
|---------------------------------------------------------|--------------|-------------------------|-------------------------|---------------------------------------|-------------------------|------------|--------------------------|------------------|---------------|-------------------------|---------------------------|
| Description                                             | Encumbrances | Initial Cost to Company |                         | Subsequent to the Close of the Period |                         | Total      | Accumulated Depreciation | Date Constructed | Date Acquired | Latest Income Statement | Life on Which Depreciated |
|                                                         |              | Land                    | Building & Improvements | Land                                  | Building & Improvements |            |                          |                  |               |                         |                           |
| Webb Royal<br>Dallas, TX                                | *            | 2,938,496               | 3,569,544               | 246,155                               | 2,938,496               | 3,815,699  | 6,754,195                | (430,727 )       | 1992          | Mar-02                  | 40 years                  |
| Wynnewood Village<br>Dallas, TX                         | *            | 5,582,452               | 21,580,198              | 1,052,148                             | 5,582,452               | 22,632,347 | 28,214,799               | (2,280,449)      | 2005          | Mar-02                  | 40 years                  |
| Parktown<br>Deer Park, TX                               | *            | 1,242,627               | 5,060,049               | 85,920                                | 1,242,627               | 5,145,969  | 6,388,596                | (675,166 )       | 1999          | Mar-02                  | 40 years                  |
| Kenworthy Crossing<br>El Paso, TX                       |              | 870,748                 | 4,034,680               | 56,567                                | 870,748                 | 4,091,247  | 4,961,995                | (492,082 )       | 2003          | Mar-02                  | 40 years                  |
| Yarborough<br>El Paso, TX                               |              | 189,126                 | 1,268,368               |                                       | 189,126                 | 1,268,368  | 1,457,494                | (121,393 )       | 1995          | Mar-02                  | 40 years                  |
| Friendswood Square<br>Friendswood, TX                   |              | 3,259,805               | 3,316,760               | 59,581                                | 3,259,805               | 3,376,342  | 6,636,147                | (377,802 )       | 2005          | Mar-02                  | 40 years                  |
| The Market at Preston<br>Ridge<br>Frisco, TX            |              | 3,481,833               | 5,457,663               |                                       | 3,481,833               | 5,457,663  | 8,939,496                | (527,284 )       | 2003          | Sep-04                  | 40 years                  |
| Forest Hills<br>Ft. Worth, TX                           | *            | 283,275                 | 1,669,157               | 24,578                                | 283,275                 | 1,693,734  | 1,977,010                | (197,724 )       | 1968          | Mar-02                  | 40 years                  |
| Westcliff<br>Ft. Worth, TX                              |              | 1,034,333               | 5,737,121               | 165,775                               | 1,034,333               | 5,902,896  | 6,937,229                | (589,640 )       | 1999          | Mar-02                  | 40 years                  |
| Village Plaza<br>Garland, TX                            | *            | 2,887,423               | 3,145,325               | 713,468                               | 2,887,423               | 3,858,793  | 6,746,216                | (386,613 )       | 2002          | Mar-02                  | 40 years                  |
| North Hills Village<br>Haltom City, TX                  | *            | 682,122                 | 1,125,729               | 78,391                                | 682,122                 | 1,204,120  | 1,886,242                | (152,773 )       | 1998          | Mar-02                  | 40 years                  |
| Highland Village Town<br>Center<br>Highland Village, TX | *            | 2,083,370               | 7,683,343               | 36,288                                | 2,083,370               | 7,719,630  | 9,803,000                | (744,493 )       | 1996          | Mar-02                  | 40 years                  |
| Antoine Square<br>Houston, TX                           |              | 943,829                 | 1,018,109               | 68,324                                | 943,829                 | 1,086,433  | 2,030,262                | (111,721 )       | 1974          | Mar-02                  | 40 years                  |
| Bay Forest<br>Houston, TX                               | *            | 2,168,058               | 4,668,118               | 386,534                               | 2,168,058               | 5,054,652  | 7,222,711                | (475,144 )       | 2004          | Mar-02                  | 40 years                  |
| Braes Heights<br>Houston, TX                            | *            | 5,020,312               | 6,129,135               | 1,878,302                             | 5,020,312               | 8,007,436  | 13,027,748               | (781,718 )       | 2003          | Mar-02                  | 40 years                  |
| Braes Link<br>Houston, TX                               |              | 1,479,647               | 3,788,135               | 12,300                                | 1,479,647               | 3,800,435  | 5,280,082                | (368,431 )       | 1999          | Mar-02                  | 40 years                  |
| Braes Oaks<br>Houston, TX                               | *            | 768,989                 | 2,848,537               | 30,716                                | 768,989                 | 2,879,253  | 3,648,242                | (307,776 )       | 1992          | Mar-02                  | 40 years                  |
| Braesgate<br>Houston, TX                                |              | 1,295,575               | 4,534,337               |                                       | 1,295,575               | 4,534,337  | 5,829,912                | (437,809 )       | 1997          | Mar-02                  | 40 years                  |
| Broadway<br>Houston, TX                                 | *            | 958,424                 | 1,465,137               | 24,741                                | 958,424                 | 1,489,878  | 2,448,302                | (206,223 )       | 1996          | Mar-02                  | 40 years                  |
| Clear Lake Camino South<br>Houston, TX                  | *            | 4,028,858               | 3,709,150               | 3,550,827                             | 4,028,858               | 7,259,977  | 11,288,835               | (648,507 )       | 2004          | Mar-02                  | 40 years                  |



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| COLUMN A                           | COLUMN B     | COLUMN C                                        | COLUMN D                                   | COLUMN E                        | COLUMN F                                              | COLUMN G                 | COLUMN H         | COLUMN I      |                                                   |        |             |
|------------------------------------|--------------|-------------------------------------------------|--------------------------------------------|---------------------------------|-------------------------------------------------------|--------------------------|------------------|---------------|---------------------------------------------------|--------|-------------|
| Description                        | Encumbrances | Initial Cost to Company Building & Improvements | Cost Capitalized Subsequent to Acquisition | Loss at the Close of the Period | Amount at Which Carried Building & Improvements Total | Accumulated Depreciation | Date Constructed | Date Acquired | Life on Which Depreciated Latest Income Statement |        |             |
| Hearthstone Corners<br>Houston, TX |              | 5,738,446                                       | 10,170,631                                 | 195,239                         | 5,738,446                                             | 10,365,870               | 16,104,316       | (1,041,604)   | 1998                                              | Mar-02 | 40<br>years |
| Huntington Village<br>Houston, TX  | *            | 2,168,536                                       | 5,041,718                                  | 152,865                         | 2,168,536                                             | 5,194,582                | 7,363,118        | (537,719 )    | 1987                                              | Mar-02 | 40<br>years |
| Jester Village<br>Houston, TX      |              | 1,684,456                                       | 3,234,986                                  | 22,792                          | 1,684,456                                             | 3,257,778                | 4,942,234        | (339,292 )    | 1988                                              | Mar-02 | 40<br>years |
| Lazybrook<br>Houston, TX           | *            | 175,162                                         | 648,982                                    | 2,463                           | 175,162                                               | 651,445                  | 826,607          | (70,716 )     | 1988                                              | Mar-02 | 40<br>years |
| Long Point Square<br>Houston, TX   |              | 1,249,723                                       | 2,492,673                                  | 16,417                          | 1,249,723                                             | 2,509,090                | 3,758,814        | (342,047 )    | 2002                                              | Mar-02 | 40<br>years |
| Maplewood Mall<br>Houston, TX      | *            | 1,801,474                                       | 2,794,194                                  | 1,276,904                       | 1,801,474                                             | 4,071,098                | 5,872,573        | (472,582 )    | 2004                                              | Mar-02 | 40<br>years |
| Merchants Park<br>Houston, TX      |              | 5,733,582                                       | 13,355,896                                 | 94,269                          | 5,733,582                                             | 13,450,165               | 19,183,747       | (1,312,491)   | 2005                                              | Mar-02 | 40<br>years |
| North 45 Plaza<br>Houston, TX      | *            | 2,805,052                                       | 3,315,044                                  | 7,202                           | 2,805,052                                             | 3,322,246                | 6,127,298        | (385,697 )    | 1975                                              | Mar-02 | 40<br>years |
| Northgate<br>Houston, TX           | *            | 925,374                                         | 2,182,826                                  | 14,615                          | 925,374                                               | 2,197,441                | 3,122,815        | (209,246 )    | 1972                                              | Mar-02 | 40<br>years |
| Northshore East<br>Houston, TX     | *            | 2,412,760                                       | 8,483,879                                  | 29,000                          | 2,412,760                                             | 8,512,879                | 10,925,639       | (889,313 )    | 2001                                              | Mar-02 | 40<br>years |
| Northtown Plaza<br>Houston, TX     | *            | 2,919,608                                       | 11,751,087                                 | 327,908                         | 2,919,608                                             | 12,078,995               | 14,998,603       | (1,199,892)   | 1990                                              | Mar-02 | 40<br>years |
| Northwood<br>Houston, TX           |              | 2,538,882                                       | 5,613,969                                  | 76,200                          | 2,538,882                                             | 5,690,169                | 8,229,051        | (585,327 )    | 1972                                              | Mar-02 | 40<br>years |
| Sharpstown Plaza<br>Houston, TX    |              | 840,472                                         | 1,446,280                                  | 4,590,986                       | 840,472                                               | 6,037,266                | 6,877,738        | (234,877 )    | 2005                                              | Mar-02 | 40<br>years |
| Stella Link<br>Houston, TX         |              | 1,666,691                                       | 3,463,577                                  | 66,384                          | 1,666,691                                             | 3,529,962                | 5,196,653        | (383,469 )    | 1998                                              | Mar-02 | 40<br>years |
| Tanglewilde<br>Houston, TX         | *            | 6,184,663                                       | 1,209,944                                  | 53,314                          | 6,184,663                                             | 1,263,258                | 7,447,921        | (155,273 )    | 1998                                              | Mar-02 | 40<br>years |
| Tidwell Place<br>Houston, TX       | *            | 294,980                                         | 2,914,618                                  | 95,238                          | 294,980                                               | 3,009,857                | 3,304,836        | (301,331 )    | 1991                                              | Mar-02 | 40<br>years |
| Westheimer Commons<br>Houston, TX  | *            | 6,727,343                                       | 13,323,246                                 | 1,425,435                       | 6,727,343                                             | 14,748,681               | 21,476,024       | (1,494,358)   | 1995                                              | Mar-02 | 40<br>years |
| Irving West<br>Irving, TX          |              | 933,850                                         | 3,735,400                                  | 809,505                         | 933,850                                               | 4,544,905                | 5,478,755        | (770,973 )    | 2004                                              | Sep-93 | 40<br>years |
| Washington Square<br>Kaufman, TX   | *            | 449,155                                         | 848,867                                    | 55,140                          | 449,155                                               | 904,007                  | 1,353,161        | (159,992 )    | 1978                                              | Mar-02 | 40<br>years |
| League City<br>League City, TX     | *            | 2,029,894                                       | 2,489,822                                  | 89,550                          | 2,029,894                                             | 2,579,372                | 4,609,266        | (248,347 )    | 1992                                              | Mar-02 | 40<br>years |





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| COLUMN A                                 | COLUMN B    | COLUMN C                     | COLUMN D                | COLUMN E               | COLUMN F                                    | COLUMN G                      | COLUMN H                 | COLUMN I         |               |                           |                         |
|------------------------------------------|-------------|------------------------------|-------------------------|------------------------|---------------------------------------------|-------------------------------|--------------------------|------------------|---------------|---------------------------|-------------------------|
| Description                              | Encumbrance | Initial Cost to Company Land | Building & Improvements | Subsequent Acquisition | Cost Capitalized at the Close of the Period | Gross Amount at Which Carried | Accumulated Depreciation | Date Constructed | Date Required | Life on Which Depreciated | Latest Income Statement |
| Jefferson Park<br>Mount Pleasant, TX     | *           | 2,677,336                    | 4,558,193               | 303,041                | 2,677,336                                   | 4,861,234                     | 7,538,570                | (491,745 )       | 2001          | Mar-02                    | 40<br>years             |
| Crossroads Center<br>Pasadena, TX        |             | 2,828,017                    | 10,345,485              | 34,039                 | 2,828,017                                   | 10,379,524                    | 13,207,541               | (1,018,113 )     | 1997          | Mar-02                    | 40<br>years             |
| Parkview East<br>Pasadena, TX            | *           | 870,067                      | 733,667                 | 542,099                | 870,067                                     | 1,275,766                     | 2,145,834                | (208,081 )       | 2002          | Mar-02                    | 40<br>years             |
| Parkview West<br>Pasadena, TX            | *           | 1,208,848                    | 1,547,002               | 30,288                 | 1,208,848                                   | 1,577,290                     | 2,786,138                | (187,578 )       | 2005          | Mar-02                    | 40<br>years             |
| Spencer Square<br>Pasadena, TX           |             | 5,322,348                    | 15,295,234              | 152,823                | 5,322,348                                   | 15,448,057                    | 20,770,406               | (1,653,933 )     | 1998          | Mar-02                    | 40<br>years             |
| Pearland Plaza<br>Pearland, TX           |             | 3,676,495                    | 7,330,937               | 23,626                 | 3,676,495                                   | 7,354,562                     | 11,031,057               | (727,610 )       | 1995          | Mar-02                    | 40<br>years             |
| Market Plaza<br>Plano, TX                |             | 5,447,953                    | 33,692,681              |                        | 5,447,953                                   | 33,692,681                    | 39,140,634               | (463,918 )       | 2002          | Jul-05                    | 40<br>years             |
| Klein Square<br>Spring, TX               | *           | 1,279,607                    | 4,111,204               | 199,564                | 1,279,607                                   | 4,310,767                     | 5,590,374                | (449,549 )       | 1999          | Mar-02                    | 40<br>years             |
| Texas City Bay<br>Texas City, TX         | *           | 3,849,721                    | 8,358,959               | 24,302                 | 3,849,721                                   | 8,383,261                     | 12,232,982               | (803,322 )       | 2005          | Mar-02                    | 40<br>years             |
| The Centre at<br>Navarro<br>Victoria, TX |             | 161,606                      | 41,792                  |                        | 161,606                                     | 41,792                        | 203,398                  | (4,000 )         | 2005          | Mar-02                    | 40<br>years             |
| Pizza Hut<br>Harrisonburg, VA            |             |                              |                         | 427,500                |                                             | 427,500                       | 427,500                  | (114,957 )       | 1969          | Jul-96                    | 40<br>years             |
| Hanover Square<br>Mechanicsville, VA     |             | 1,778,701                    | 7,114,805               | 159,855                | 1,778,701                                   | 7,274,660                     | 9,053,361                | (2,462,920 )     | 1991          | Jan-93                    | 40<br>years             |
| Jefferson Green<br>Newport News, VA      |             | 1,459,646                    | 4,378,937               | 60,638                 | 1,459,646                                   | 4,439,575                     | 5,899,221                | (348,520 )       | 1988          | Dec-02                    | 40<br>years             |
| VA-KY Regional<br>S.C.<br>Norton, VA     |             | 2,795,765                    | 8,931,450               | 215,929                | 2,795,765                                   | 9,147,379                     | 11,943,143               | (1,912,438 )     | 1996          | Dec-92                    | 40<br>years             |
| Cave Spring Corners<br>Roanoke, VA       |             | 1,064,298                    | 4,257,792               | 1,642,507              | 1,064,298                                   | 5,900,299                     | 6,964,597                | (1,066,446 )     | 2005          | Jun-97                    | 40<br>years             |
| Lakeside Plaza<br>Salem, VA              |             | 1,370,555                    | 5,355,787               | 59,486                 | 1,370,555                                   | 5,415,273                     | 6,785,829                | (899,773 )       | 1989          | Apr-99                    | 40<br>years             |
| Lake Drive Plaza<br>Vinton, VA           |             | 1,362,155                    | 4,616,848               | 375,942                | 1,362,155                                   | 4,992,790                     | 6,354,945                | (1,316,414 )     | 2001          | Feb-98                    | 40<br>years             |
| Ridgeview Centre<br>Wise, VA             |             | 2,707,679                    | 4,417,792               | 2,111,114              | 2,707,679                                   | 6,528,906                     | 9,236,585                | (1,748,417 )     | 2005          | Jul-92                    | 40<br>years             |
| Paradise Pavilion<br>West Bend, WI       |             | 2,896,984                    | 8,885,953               | 44,721                 | 2,896,984                                   | 8,930,674                     | 11,827,659               | (697,935 )       | 2000          | Dec-02                    | 40<br>years             |

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Cheyenne Plaza  
Cheyenne, WY

|             |           |           |        |           |           |           |            |      |        |             |
|-------------|-----------|-----------|--------|-----------|-----------|-----------|------------|------|--------|-------------|
| (4,904,465) | 2,184,686 | 6,554,057 | 46,157 | 2,184,686 | 6,600,214 | 8,784,900 | (541,264 ) | 1995 | Dec-02 | 40<br>years |
|-------------|-----------|-----------|--------|-----------|-----------|-----------|------------|------|--------|-------------|

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**  
**SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION**  
**December 31, 2005**

| COLUMN A                          | COLUMN B     | COLUMN C  | COLUMN D                                        | COLUMN E                                   |                                                                 |               | COLUMN F                 | COLUMN G         | COLUMN H      | COLUMN I                                          |
|-----------------------------------|--------------|-----------|-------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------|---------------|--------------------------|------------------|---------------|---------------------------------------------------|
| Description                       | Encumbrances | Land      | Initial Cost to Company Building & Improvements | Cost Capitalized Subsequent to Acquisition | Gross Amount at the Close of the Period Building & Improvements | Carried Total | Accumulated Depreciation | Date Constructed | Date Required | Life on Which Depreciated Latest Income Statement |
| Other                             |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| San Diego Corporate Office        |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| San Diego, CA                     |              |           |                                                 | 159,209                                    | 159,209                                                         | 159,209       | (12,394 )                |                  | Mar-05        | 40 years                                          |
| Apopka Commons                    |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| Apopka, FL                        |              | 3,079,748 |                                                 |                                            | 3,079,748                                                       | 3,079,748     |                          |                  | Sep-05        | LAND                                              |
| Orlando Corporate Office          |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| Orlando, FL                       |              |           |                                                 | 274,250                                    | 274,250                                                         | 274,250       | (17,360 )                | 1997             | Nov-99        | 40 years                                          |
| Nine Mile Square                  |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| Pensacola, FL                     |              | 3,798,030 |                                                 |                                            | 3,798,030                                                       | 3,798,030     |                          |                  | Sep-05        | LAND                                              |
| Atlanta Corporate Office          |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| Atlanta, GA                       |              |           |                                                 | 91,215                                     | 91,215                                                          | 91,215        | (15,972 )                |                  | Oct-04        | 40 years                                          |
| Denham Springs Plaza              |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| Denham Springs, LA                |              | 1,593,030 |                                                 |                                            | 1,593,030                                                       | 1,593,030     |                          |                  | Sep-05        | LAND                                              |
| Farmington Hills Corporate Office |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| Farmington, MI                    |              |           |                                                 | 563,441                                    | 563,441                                                         | 563,441       | (78,342 )                | 2003             |               | 40 years                                          |
| North Central Avenue              |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| Hartsdale, NY                     |              | 20,238    |                                                 |                                            | 20,238                                                          | 20,238        |                          |                  | Jul-72        | LAND                                              |
| ERT Development Corp.             |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| New York, NY                      |              | 1,897,664 | 435,000                                         |                                            | 1,897,664                                                       | 2,332,664     | (43,445 )                |                  | Jan-95        | 40 years                                          |
| New Plan Corporate Headquarters   |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| New York, NY                      |              |           |                                                 | 15,558                                     | 15,558                                                          | 15,558        |                          |                  | Dec-04        | 40 years                                          |
| Akron Land                        |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| Akron, OH                         |              | 308,030   |                                                 |                                            | 308,030                                                         | 308,030       |                          |                  | Sep-05        | LAND                                              |
| Brandt Pike Place                 |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| Dayton, OH                        |              | 1,648,178 |                                                 |                                            | 1,648,178                                                       | 1,648,178     |                          |                  | Sep-05        | LAND                                              |
| Northgate Plaza                   |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |
| Westerville, OH                   |              | 633,106   |                                                 |                                            | 633,106                                                         | 633,106       |                          |                  | Sep-05        | LAND                                              |
| Philadelphia Corporate Office     |              |           |                                                 |                                            |                                                                 |               |                          |                  |               |                                                   |

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|                                    |             |               |             |             |               |               |               |  |  |          |
|------------------------------------|-------------|---------------|-------------|-------------|---------------|---------------|---------------|--|--|----------|
| Philadelphia, PA                   |             |               |             |             |               |               |               |  |  | 40 years |
|                                    | 707,803     |               | 707,803     | 707,803     | (44,067 )     |               |               |  |  |          |
| CA New Plan Fixed Rate Partnership |             |               |             |             |               |               |               |  |  |          |
| Houston, TX (147,914,325)          |             |               |             |             |               |               |               |  |  |          |
| CA New Plan Management             |             |               |             |             |               |               |               |  |  |          |
| Houston, TX                        |             |               |             |             |               |               |               |  |  | 40 years |
|                                    | 76,180      |               | 76,180      | 76,180      | (3,326 )      |               |               |  |  |          |
| Houston Corporate Office           |             |               |             |             |               |               |               |  |  |          |
| Houston, TX                        |             |               |             |             |               |               |               |  |  | 40 years |
|                                    | 491,894     |               | 491,894     | 491,894     | (25,562 )     |               |               |  |  |          |
| Various                            |             |               |             |             |               |               |               |  |  |          |
|                                    | 286,391,585 |               | 286,391,585 | 286,391,585 |               |               |               |  |  |          |
| (433,652,947)                      | 724,900,916 | 2,173,345,505 | 494,832,000 | 724,900,916 | 2,668,177,504 | 3,393,078,420 | (376,815,998) |  |  |          |

\* Denotes properties securing the Fixed Rate REMIC carried on the corporate entity CA New Plan Fixed Rate Partner.

## NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES

## SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION

(in thousands)

|                                                                       | Year Ended<br>December 31, 2005 | Year Ended<br>December 31, 2004 | Year Ended<br>December 31, 2003 |
|-----------------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|
| [a] Reconciliation of total real estate carrying value is as follows: |                                 |                                 |                                 |
| Balance at beginning of year                                          | \$ 3,988,190                    | \$ 3,654,622                    | \$ 3,565,422                    |
| Acquisitions and improvements                                         | 369,769                         | 407,862                         | 219,930                         |
| Impact of FIN 46 consolidation                                        | (8,950 )                        | 8,950                           |                                 |
| Real estate held for sale                                             | (78,484 )                       | (13,002 )                       | (40,978 )                       |
| Impairment of real estate                                             | (859 )                          | (2,455 )                        | (4,376 )                        |
| Cost of property sold or transferred to joint ventures                | (875,274 )                      | (65,873 )                       | (83,995 )                       |
| Write-off of fully depreciated assets                                 | (1,314 )                        | (1,914 )                        | (1,381 )                        |
| Balance at end of year                                                | \$ 3,393,078                    | \$ 3,988,190                    | \$ 3,654,622                    |
| Total cost for federal tax purposes at end of each year               | \$ 3,059,228                    | \$ 3,371,473                    | \$ 3,250,091                    |
| [b] Reconciliation of accumulated depreciation as follows:            |                                 |                                 |                                 |
| Balance at beginning of year                                          | \$ 428,427                      | \$ 360,580                      | \$ 295,946                      |
| Depreciation expense                                                  | 69,097                          | 82,379                          | 75,646                          |
| Impact of FIN 46 consolidation                                        | (420 )                          | 420                             |                                 |
| Property sold or transferred to joint ventures                        | (104,514 )                      | (11,870 )                       | (4,195 )                        |
| Write-off of fully depreciated assets                                 | (716 )                          | (1,025 )                        | (1,381 )                        |
| Real estate held for sale                                             | (15,058 )                       | (2,057 )                        | (5,436 )                        |
| Balance at end of year                                                | \$ 376,816                      | \$ 428,427                      | \$ 360,580                      |

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES  
MORTGAGE LOANS ON REAL ESTATE**

(in thousands)

**SCHEDULE IV  
December 31, 2005**

| <b>COLUMN A</b>                                                                  | <b>COLUMN B</b>            | <b>COLUMN C</b>           | <b>COLUMN D</b>                        | <b>COLUMN E</b>    | <b>COLUMN F</b>                 | <b>COLUMN G</b>                     |
|----------------------------------------------------------------------------------|----------------------------|---------------------------|----------------------------------------|--------------------|---------------------------------|-------------------------------------|
| <b>Description</b>                                                               | <b>Final Interest Rate</b> | <b>Face Maturity Date</b> | <b>Periodic Payment Terms</b>          | <b>Prior Liens</b> | <b>Face Amount of Mortgages</b> | <b>Carrying Amount of Mortgages</b> |
| Leasehold mortgage, collateralized by a tenant lease in D&F Plaza in Dunkirk, NY | 12%                        | 5/1/2008                  | Interest and principal payable monthly |                    | \$1,000                         | \$525                               |
| Leasehold mortgage, collateralized by a tenant lease in Mohawk Acres in Rome, NY | 10%                        | 5/1/2010                  | Interest and principal payable monthly |                    | 450                             | 270                                 |
|                                                                                  |                            |                           |                                        |                    | \$ 1,450                        | \$ 795                              |

Note: Column H is not applicable

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**NEW PLAN EXCEL REALTY TRUST, INC. AND SUBSIDIARIES**

**MORTGAGE LOANS ON REAL ESTATE**  
**(in thousands)**

**SCHEDULE IV**  
**(continued)**

|                              | <b>Year Ended</b>        |                          |
|------------------------------|--------------------------|--------------------------|
|                              | <b>December 31, 2005</b> | <b>December 31, 2004</b> |
| Balance, beginning of period | \$ 8,881                 | \$ 39,637                |
| Additions during period:     |                          |                          |
| New loans                    |                          | 8,478                    |
| Reductions during period:    |                          |                          |
| Collection of principal      | (8,086 )                 | (39,234 )                |
| Balance, end of period       | \$ 795                   | \$ 8,881                 |

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEW PLAN EXCEL REALTY TRUST, INC.  
(Registrant)

By:

/s/ GLENN J. RUFRANO  
Glenn J. Rufrano  
Chief Executive Officer

**Dated: March 3, 2006**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Name                                         | Title                                                                                 | Date          |
|----------------------------------------------|---------------------------------------------------------------------------------------|---------------|
| /s/ WILLIAM NEWMAN<br>William Newman         | Chairman of the Board of<br>Directors                                                 | March 3, 2006 |
| /s/ GLENN J. RUFRANO<br>Glenn J. Rufrano     | Chief Executive Officer and<br>Director (principal executive officer)                 | March 3, 2006 |
| /s/ JOHN B. ROCHE<br>John B. Roche           | Chief Financial Officer and Executive<br>Vice President (principal financial officer) | March 3, 2006 |
| /s/ STEVE SPLAIN<br>Steve Splain             | Vice President and Chief Accounting<br>Officer (principal accounting officer)         | March 3, 2006 |
| /s/ RAYMOND H. BOTTORF<br>Raymond H. Bottorf | Director                                                                              | March 3, 2006 |
| /s/ IRWIN ENGELMAN<br>Irwin Engelman         | Director                                                                              | March 3, 2006 |
| /s/ NORMAN GOLD<br>Norman Gold               | Director                                                                              | March 3, 2006 |
| Matthew Goldstein                            | Director                                                                              |               |
| /s/ NINA MATIS<br>Nina Matis                 | Director                                                                              | March 3, 2006 |
| /s/ H. CARL MCCALL<br>H. Carl McCall         | Director                                                                              | March 3, 2006 |

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|                                          |          |               |
|------------------------------------------|----------|---------------|
| /s/ MELVIN D. NEWMAN<br>Melvin D. Newman | Director | March 3, 2006 |
| /s/ GEORGE PUSKAR<br>George Puskar       | Director | March 3, 2006 |
| /s/ GREGORY A. WHITE<br>Gregory A. White | Director | March 3, 2006 |

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**EXHIBIT INDEX**

- \*3.1 Articles of Amendment and Restatement of the Charter of the Company, filed as Exhibit 3.01 to Amendment No. 1 to the Company's Registration Statement on Form S-3, File No. 33-59195.
  - \*3.2 Articles of Amendment of Articles of Amendment and Restatement of the Charter of the Company, filed as Exhibit 4.4 to the Company's Registration Statement on Form S-3, File No. 333-65211.
  - \*3.3 Restated Bylaws of the Company, effective as of February 23, 2004 (incorporating all amendments thereto through February 23, 2004), filed as Exhibit 3.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004.
  - \*4.1 Articles Supplementary classifying 150,000 shares of preferred stock as 7.80% Series D Cumulative Voting Step-Up Premium Rate Preferred Stock, filed as Exhibit 4.5 to the Company's Registration Statement on Form S-3, File No. 333-65211.
  - \*4.2 Articles Supplementary classifying 805,000 shares of preferred stock as 7.625% Series E Cumulative Redeemable Preferred Stock, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 17, 2003.
  - \*4.3 Senior Securities Indenture, dated as of March 29, 1995, between New Plan Realty Trust and The First National Bank of Boston, as Trustee, filed as Exhibit 4.2 to New Plan Realty Trust's Registration Statement on Form S-3, File No. 33-61383.
  - \*4.4 First Supplemental Indenture, dated as of August 5, 1999, by and among New Plan Realty Trust, New Plan Excel Realty Trust, Inc. and State Street Bank and Trust Company, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999.
  - \*4.5 Senior Securities Indenture, dated as of February 3, 1999, among the Company, New Plan Realty Trust, as guarantor, and State Street Bank and Trust Company, as Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated February 3, 1999.
  - \*4.6 Supplemental Indenture, dated as of December 17, 2004, by and between the Company and U.S. Bank Trust National Association (as successor to State Street Bank and Trust Company), as Trustee, to the Indenture dated as of February 3, 1999, by and among the Company, New Plan Realty Trust, as guarantor, and the Trustee, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated December 22, 2004.
  - \*4.7 Senior Securities Indenture, dated as of January 30, 2004, by and between the Company and U.S. Bank Trust National Association, as Trustee filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated February 5, 2004.
  - \*4.8 Registration Rights Agreement, dated as of January 9, 2004, by and between the Company and Richard L. Friedman and Carpenter & Company, Inc, filed as Exhibit 4.3 to the Company's Registration Statement on Form S-3, File No. 333-122193.
  - \*10.1 New Plan Realty Trust 1991 Stock Option Plan, as amended, filed as Exhibit 4.2 to the Company's Registration Statement on Form S-8, File No. 333-65221.
  - \*10.2 Amended and Restated 1993 Stock Option Plan of the Company, dated May 28, 1998, filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8, File No. 333-65223.
  - \*10.3 Amendment to the Amended and Restated 1993 Stock Option Plan of the Company, dated September 28, 1998, filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 1998.
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- \*10.4 Amendment to the Amended and Restated 1993 Stock Option Plan of the Company, dated February 8, 1999, filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 1998.
  - \*10.5 Amendment to the Amended and Restated 1993 Stock Option Plan of the Company, dated April 21, 1999, filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999.
  - \*10.6 Amendment to the Amended and Restated 1993 Stock Option Plan of the Company, dated February 17, 2000, filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999.
  - \*10.7 Amended and Restated 1994 Directors' Stock Option Plan of the Company, dated May 10, 1996, filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 1998.
  - \*10.8 Amendment to the Amended and Restated 1994 Directors' Stock Option Plan of the Company, dated September 28, 1998, filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 1998.
  - \*10.9 Amendment to the Amended and Restated 1994 Directors' Stock Option Plan of the Company, dated February 17, 2000, filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999.
  - \*10.10 Amendment to the Amended and Restated 1994 Directors' Stock Option Plan of the Company, effective as of May 24, 2000, filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.
  - \*10.11 New Plan Realty Trust 1997 Stock Option Plan, filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8, File No. 333-65221.
  - \*10.12 2003 Stock Incentive Plan of the Company, as amended and restated effective July 14, 2005, filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
  - \*10.13 Form of Stock Option Award pursuant to 2003 Stock Incentive Plan, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated February 18, 2005.
  - \*10.14 Form of Amendment to Stock Option Awards pursuant to 2003 Stock Incentive Plan, filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
  - \*10.15 Form of Restricted Stock Award pursuant to 2003 Stock Incentive Plan, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, dated February 18, 2005.
  - \*10.16 First Amended and Restated Revolving Credit Agreement, dated as of June 29, 2004, by and among the Company, Bank of America, N.A., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
  - \*10.17 First Amendment to First Amended and Restated Revolving Credit Agreement, dated as of July 19, 2005, by and among the Company, Bank of America, N.A., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
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- \*10.18 First Amended and Restated Guaranty, dated as of June 29, 2004, by and among New Plan Realty Trust, Excel Realty Trust ST, Inc., New Plan Factory Malls, Inc., CA New Plan Asset Partnership IV, L.P., Excel Realty Trust-NC, NP of Tennessee, L.P., Pointe Orlando Development Company, CA New Plan Texas Assets, L.P., HK New Plan Exchange Property Owner I, LLC, New Plan of Illinois, LLC, New Plan Property Holding Company and Bank of America, N.A., as administrative agent (First Amended and Restated Revolving Credit Agreement), filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
- \*10.19 First Amended and Restated Secured Term Loan Agreement, dated as of June 29, 2004, by and among the Company, Bank of America, N.A., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
- \*10.20 First Amendment to First Amended and Restated Secured Term Loan Agreement, dated as of July 19, 2005, by and among the Company, Bank of America, N.A., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
- \*10.21 First Amended and Restated Guaranty, dated as of June 29, 2004, by and among New Plan Realty Trust, Excel Realty Trust ST, Inc., New Plan Factory Malls, Inc., CA New Plan Asset Partnership IV, L.P., Excel Realty Trust-NC, NP of Tennessee, L.P., Pointe Orlando Development Company, CA New Plan Texas Assets, L.P., HK New Plan Exchange Property Owner I, LLC, New Plan of Illinois, LLC, New Plan Property Holding Company and Bank of America, N.A., as administrative agent (First Amended and Restated Secured Term Loan Agreement), filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
- \*10.22 Term Loan Agreement, dated as of April 5, 2005, by and among the Company, Citicorp North America, Inc., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.
- \*10.23 First Amendment to Term Loan Agreement, dated as of July 13, 2005, by and among the Company, Citicorp North America, Inc., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
- \*10.24 Second Amendment to Term Loan Agreement, dated as of July 19, 2005, by and among the Company, Citicorp North America Inc., as administrative agent, and the other lenders party thereto, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
- \*10.25 Second Amended and Restated Agreement of Limited Partnership of Excel Realty Partners, L.P., dated as of May 19, 2003, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.
- \*10.26 First Amendment to Second Amended and Restated Agreement of Limited Partnership of Excel Realty Partners, L.P., dated as of December 7, 2004, filed as Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004.
- \*10.27 Dividend Reinvestment and Share Purchase Plan, included in the prospectus of the Company filed pursuant to Rule 424(b)(3), File No. 333-65211, on April 20, 2000.
- \*10.28 New Plan Excel Realty Trust, Inc. Deferred Compensation Plan, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.
- \*10.29 Director Compensation Schedule, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated February 28, 2005.

- \*10.30 Schedule of 2004 Compensation for Named Executive Officers, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, dated February 28, 2005.
  - \*10.31 Support Agreement, dated as of May 14, 1998, by William Newman to the Company, filed as Exhibit 10.7 to the Company's Registration Statement on Form S-4, File No. 333-61131, dated August 11, 1998.
  - \*10.32 Schedule of William Newman's Compensation Arrangement, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, dated October 28, 2005.
  - \*10.33 Demand Promissory Note, dated July 1, 1997, made by Dean Bernstein in favor of the Company, filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.
  - \*10.34 Employment Agreement, dated as of September 25, 1998, by and between the Company and Dean Bernstein, filed as Exhibit 10.39 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000.
  - \*10.35 Extension Letter concerning Employment Agreement, dated March 27, 2000, provided by the Company to Dean Bernstein, filed as Exhibit 10.42 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001.
  - \*10.36 Agreement, dated May 14, 2004, by and between the Company and Dean Bernstein, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
  - \*10.37 Demand Promissory Note, dated June 29, 1994, made by Steven F. Siegel in favor of the Company, filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.
  - \*10.38 Demand Promissory Note, dated July 1, 1997, made by Steven F. Siegel in favor of the Company, filed as Exhibit 10.27 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.
  - \*10.39 Employment Agreement, dated as of September 25, 1998, by and between the Company and Steven F. Siegel, filed as Exhibit 10.45 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 1998.
  - \*10.40 Extension Letter concerning Employment Agreement, dated March 27, 2000, provided by the Company to Steven F. Siegel, filed as Exhibit 10.44 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001.
  - \*10.41 Agreement, dated June 24, 2003, by and between the Company and Steven F. Siegel, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.
  - \*10.42 Employment Agreement, dated as of March 15, 2005, by and between the Company and Glenn Rufrano, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated March 18, 2005.
  - \*10.43 Stock Option Agreement, dated as of February 23, 2000, by and between the Company and Glenn J. Rufrano (relating to 460,976 options), filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, dated March 9, 2000.
  - \*10.44 Stock Option Agreement, dated as of February 23, 2000, by and between the Company and Glenn J. Rufrano (relating to 200,000 options), filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, dated March 9, 2000.
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- \*10.45 Employment Agreement, dated as of April 14, 2000, by and between the Company and John Roche, filed as Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000.
- \*10.46 Agreement, dated as of September 27, 2002, by and between the Company and John Roche, filed as Exhibit 10.38 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.
- \*10.47 Agreement, dated as of October 24, 2005, by and between the Company and John Roche, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated October 28, 2005.
- \*10.48 Employment Agreement, dated as of September 14, 2000, by and between the Company and Leonard Brumberg, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000.
- \*10.49 Agreement, dated February 12, 2003, by and between the Company and Leonard Brumberg, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.
- \*10.50 Agreement, dated as of March 15, 2005, by and between the Company and Leonard Brumberg, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, dated March 18, 2005.
- \*10.51 Notice of Non-Renewal of Employment Agreement, dated November 2, 2004, from the Company to Scott MacDonald, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated January 7, 2005.
- \*10.52 Consulting Agreement, dated as of May 6, 2005 (effective as of May 1, 2005), by and between the Company and Scott MacDonald, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated May 10, 2005.
- \*10.53 Employment Agreement, dated as of March 15, 2005, by and between the Company and Michael Carroll, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, dated March 18, 2005.
- \*10.54 Contribution and Sale Agreement, dated as of July 19, 2005, by and among the Company, certain of its subsidiaries, Galileo America LLC and Galileo America, Inc., filed as Exhibit 99.3 to the Company's Current Report on Form 8-K, dated August 16, 2005.
- 12.1 Ratio of Earnings to Fixed Charges.
- 12.2 Ratio of Earnings to Fixed Charges and Preferred Stock Dividends.
- 21 Subsidiaries of the Company.
- 23 Consent of PricewaterhouseCoopers LLP.
- 31.1 Certification of Chief Executive Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer required by Rule 13a-14(a)/15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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\* Incorporated herein by reference as above indicated.

Denotes a management contract or compensatory plan, contract or arrangement.

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