

IN SIDE

ONE FOCUS. UNLIMITED POSSIBILITIES.



For a complete listing of the 200 plus retail and restaurant chains TRC currently represents, see page 4 and for details regarding their stores and expansion plans, see our website: www.theretailconnection.net



Steve Lieberman CEO

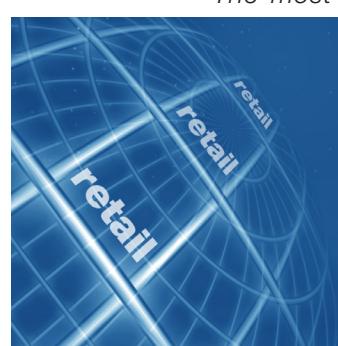
With the accelerating pace of change, most people want to talk about the challenges. We like to look at it from the perspective of opportunity. New market forces are beginning to take shape and the way we all do business is about to change entirely.

The credit market's impact on every phase of business is the primary challenge that has affected our market the most and the credit markets are going to continue to materially impact how business is transacted for the foreseeable future – from access to operational and growth capital to consumer credit to the financing of commercial properties.

Accordingly, the retail landscape will see material changes as retailers and property owners use the current environment to right size their portfolios, and focus on repositioning underperforming locations. This process is healthy in the long run and will form a solid base for retail expansion as the economy rebounds.

Business as usual is clearly not going to work in this environment. We will continue to see responsiveness at every level, which is going to be the critical linkage between the winners and losers of this cycle, whether it is providing clients the opportunity to outsource certain functions of their business, realign labor costs or re-engineering merchandising strategies.

There is no question that the national economy and financial market melt-down will continue to cause significant challenges for every market in the US until certainty, realignment and stability are re-established. Change and challenge are everywhere – however, with such, unprecedented opportunities will emerge.



OPPORTUNITY

by Steven A. Lieberman & Alan P. Shor



Alan Shor President

With a constantly changing economy and market, The Retail Connection continues to adapt. Strategically, The Retail Connection's objective is to make the connection at every point, where retail and real estate come together. This includes delivering all the related end-to-end services that provide meaningful value to our clients. We will continue to play our position, delivering thorough market analysis and action plans, so our clients can maximize their growth strategies by accurately targeting the revenue opportunities that exist. Brokerage and advisory has remained very active, as we expand our existing clients' businesses and land new retail and project assignments.

New development has been put on hold and we have shifted our current investment model from tenant-driven development to tenant-driven acquisition. One of the casualties of the market will also be the biggest opportunity -- a significant number of centers are going to be sold at very attractive pricing. As such, we are raising capital, ramping up our investment sales teams and growing our acquisitions capacity in multiple ways. In fact, we are set to finalize our first "new world" acquisition in the next month.

The most successful landlords and retailers understand that teamwork is crucial, that their relationship is as partners, and that the best team wins. TRC's Market Stabilization Program works with our clients on both sides of the equation to take actions that will stabilize one another's real estate through and beyond these challenging times.

The Southwest continues to be one of the country's most

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FOCUS

By Steven H. Zimmerman Managing Director | Brokerage

As a full service retail real estate brokerage, advisory, and investment firm representing over 200 retail and restaurant chains and approximately 18M square feet of third party retail projects, including 1.5M square feet of owned properties, we continue to focus on our objective of delivering the highest level of service to our clients.

As the business world evolves, The Retail Connection's brokerage and advisory team continues to expand their insight and ingenuity across every facet of retail and real estate to ensure our focus remains solidly on opportunities for our clients. Our evolutionary process will be directed towards finding product and achieving results beyond the normal expectations.

With the slowdown in tenant expansion and in particular new retail concepts, TRC brokers are making an even more concerted effort to ramp up property listings and increase our strength in project leasing services as is evidenced in the 30 new listings totaling over 500,000 square feet of existing retail space plus 150 acres of raw land in just the past 11 months.

One of the biggest challenges [and opportunities] is filling the empty boxes we have inherited during this downturn. These boxes have become low cost alternatives for those retailers currently growing, right sizing and repositioning their stores, and TRC brokerage has been the catalyst for positioning many of these opportunities with our clients.

With 40 highly qualified brokers, 13 investment team



Steve Zimmerman
Managing Dir. | Brokerage
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TRC RETAIL REPORT

**TRC RETAIL REPORT**

Shifting demographics, household downsizing, more educated consumers, among other trends are requiring that the retail industry quickly adjust and modify existent models. To succeed and expand in the coming years, retailers will need to embrace new customer expectations. In keeping with shifts in the current environment, The Retail Connection has quickly aligned its offerings with our retail client's expanding opportunities and created several new platforms of service, which has required the addition of new employees in brokerage and property management.

TRC continues to expand its relationships with top brands, cutting edge retailers, institutional owners and savvy landlords with 30 new listings since the Fall of 2008. Currently, we represent **98 retail and 101 restaurant chains** as well as **42 landlords** totaling over **18M square feet**.

New and vibrant brands that have been added to the TRC family are **buy buy Baby**, Anna's Linens, Pinkberry, EyeMasters, Beck's Prime, Hibashi Teppan Grill, Sushi & Bar, Jeans Couture, Kidrobot, M2M Style Lounge, EntertainMart, Menchie's Frozen Yogurt, **Top Golf** and more.

TRC's Dallas team negotiated one of the top deals of the year located on some of Dallas' best real estate, the purchase of the former Home Depot Expo Design Center store on the North Dallas Tollway near

the Dallas Galleria. The 125,000 square foot vacant Expo store will become the new home of **Bed Bath & Beyond** and the retailer's childrens superstore concept, **buy buy Baby**.

With Houston's projected growth in population and size, our **TRC Houston team** has landed several new projects in active areas including Thomas Markle Jewelers – 4,600 SF at Champions Forest Plaza, Ruby Tequila's Mexican Restaurant – 6,500 SF in Houston Midtown at 2616 Louisiana, JoAnn's – 11,315 SF at Weslayan Plaza, LA Fitness – 45,000 SF at Beltway 8 & West Rd, and Chase Bank – 4,400 SF at Spencer Highway & Red Bluff in Pasadena, TX.

Sherman Hinkebein with **TRC's San Antonio** office recently helped to position a 34,000 square foot Bed Bath & Beyond at The Forum at IH-35 and Loop 1604.

THE retail CONNECTION CONNECTED MANAGEMENT SERVICES In answer to the changes in credit availability, **Connected Management Services** was formed as a strategic shift in focus from development and construction to a service platform offering property management, leasing, construction management and asset management. Two new team members were added to provide support.

THE retail CONNECTION CONNECTED CAPITAL SERVICES With 15 investments consisting of 6 developments, 1 acquisition, and 8 retail operating companies, Connected Capital Services continues to look for opportunities the new economic environment is cultivating.

TRC AREA OFFICES**UPDATE | HOUSTON**

by David Stukalin, President | Houston

While Houston is not immune from significant economic changes, the major industries and commercial activities the city has cultivated over time allows it to remain a healthy climate in which to do business. Despite job cuts, [one of the lowest in the nation overall], the Houston retail market is projected to weather the economic downturn better than most other cities. Retail development activity and a decline in demand will cause vacancy to rise this year, as some projects have been delayed, although developers are still expected to add 4.4 million square feet of retail space in 2009, a 2 percent increase to inventory.

But what is exciting about Houston is how it is poised for the future as the population ages. The Houston-Sugar Land-Baytown metropolitan area ranks No. 4 on a new list by Forbes of America's 40 "recession proof" retirement cities. Forbes said it considered such factors as average income for seniors, current and expected home prices, job-growth predictions through 2014, the cost of living and median monthly housing cost.

The Houston area ranked 33rd for home price change predicted for 2009-2014, 21st for number of sunny days, 18th for income of residents 65 and older, 15th for median home price, 13th for median monthly housing cost and fourth for both cost of living and job growth predicted for 2009-2014. Since aging baby boomers remain a vital part of the economic future, Houston will no doubt be a preferred location for living and/or starting or expanding businesses.

About 3,600 energy-related companies lie within the Houston area, including 600 exploration and production firms and 170 pipeline companies. Given the

cont. from page 1 **OPPORTUNITY**

resilient markets. Although housing and the credit freeze still remain significant factors in determining a market's rebound, DFW and Houston are beginning to present some of the better market conditions in which to do business in the U.S., and we are glad to have offices in both cities. Our jobless rate of 8.0% in August compares very favorably with the national economy at 9.8%. The DFW and Houston regions are projected to see continued growth in population and size, and the retail markets are still two of the strongest in the country, mostly due to a diverse and steady economy. We have significant opportunity ahead.

existence of some of the top energy firms and the technically trained and experienced work force, Houston will remain the center of the energy industry in the United States.

As the credit markets thaw, retail real estate will no doubt still be a primary objective to address the demands of Houston's population.

UPDATE | SAN ANTONIO

by Sherman Hinkebein, Executive Vice President | Brokerage

San Antonio is the seventh largest city in the nation and among the fastest growing cities in Texas with a population of more than 1.3 million. The San Antonio economy grew at a rate of 1.88 percent during 2008 compared to the previous year. Other cities posted faster growth rates earlier in 2008, but logged negative rates of growth during the last quarter of last year. San Antonio and Houston were the only cities with positive growth rates for all four quarters in 2008. Not unlike other cities, San Antonio has been hit by the economic downturn, but it has always shown tremendous resiliency due to its diversified economy. "We're still seeing leasing activities in certain areas of San Antonio where demand still exists, and there are infill opportunities for tenants that are fortunate enough to be in a position to expand," said Sherman Hinkebein, Executive Vice President of Brokerage for The Retail Connection's San Antonio office. Hinkebein continues to provide strategic expansion advisory for brands who have weathered the economy better than others in the San Antonio market such as Bed, Bath and Beyond, Famous Footwear, and Jo-Ann's. TRC's San Antonio office recently helped to position a 34,000 square foot Bed Bath & Beyond at The Forum at IH-35 and Loop 1604.

cont. from page 1 **FOCUS**

members, and 20 research, marketing and accounting support members, TRC continues to break barriers and see the new retailing frontier as highly opportunistic. Stability is the cornerstone on which confidence in the market will be rebuilt, and we remain as confident as ever per our team, platform, clients, and the future opportunities that we will share ahead. We believe we are in a cycle where most companies over estimate where they will be in 18 months, however, totally underestimate where they will be in five years. We are looking out with that five year lens and positioning ourselves accordingly.

TENANT DRIVEN DEVELOPMENT**REINVENTING DEVELOPMENT: POSITIONING FOR THE FUTURE**

by David Wilson President | Connected Development Services

Development of almost every kind has been very exciting and, if you followed the rules, profitable for almost 20 years. It has been about 23 years since we had a significant downturn in development. In 1986 development fell off considerably. By 1991 we were rebounding and developing again. We had a few down years for the tech bust of the late 90's and, of course, 9/11, but for the most part, it has been steady and good. We have grown the inventory of retail property in the metroplex area from 103.5 million square feet in 1989 to 170 million square feet today. That's an average of 3,325,000 square feet per year over twenty years. However, with our population growing from 3,900,000 in 1989 to 6,400,000 people in 2009, the average square feet per person has not changed. We had 26.54 square feet per person then, and we have 26.56 square feet per person today. It appears that we are perpetually overbuilt.

What differences should we anticipate seeing the next time around? The customer will be different as we come out of this recession. There will be a consumer sentiment for years to come that will dampen sales numbers. Many more people will make sure that they are living within their means and getting themselves set up for their coming retirement years. The retailers will be much more conscious about the proximity of their stores to each other so there should, overall, be less demand for space. The banks and the equity sources will be much more cautious which will keep a lid on the developer. As a result, until we work through some of the mistakes of our past, we will have less new development per year than we

were producing previously.

At TRC, the brokers are going about their business differently. Keeping the business they have is paramount. The tenant rep and listing brokers are also spreading wider nets to capture additional business. As leader of a development division that was totally focused on building shopping centers, I knew my team would need to transition. Early in the downturn, we shifted our focus from development and construction for our own investment into other areas. We began performing services for a fee. Our construction management group started doing construction management work for third parties. The staff members who were trained in architecture started handling all of the architectural needs we had on our own properties as well as third party work. We brought the property management function in-house, and now we are going after third party management business. Currently, we manage over 1.5M square feet of retail shopping centers. We see all of this as a huge opportunity to expand the foundation of the company and provide even greater options for our customers.

My team is invigorated. With a good attitude and a willingness to work hard every day, we will not only survive this downturn, but we can prosper. There is a lot of opportunity on the horizon, and we especially think that this is the case on the property management side. Management companies that are good operators and have a lot to offer the property owners should see substantially increased business in this area of the industry in the coming years. Check out our new property management services below and call us to help keep yours on track.



David Wilson
President | CDS

COMPREHENSIVE SERVICES**Retail Retail Retail**

Retail is what we do. It's our first and only focus. It's the foundation of the entire company.

The number one objective of Connected Development Services | Connected Management Services, wholly owned divisions of The Retail Connection, is to provide retail shopping center owners with the services they need to compliment their in-house capabilities. TRC's affiliated companies work together to provide unparalleled resources an owner can rely on. We partner with our clients to understand their business needs in detail. This allows us to deliver a service that is responsive, project specific, and results oriented.

PROPERTY MANAGEMENT

Connected Management Services provides property management with the customer AND client in mind. We are experts at getting your property noticed by retailers while enhancing the shopper's experience. While we work to achieve a quality shopping experience, we also ensure that the day to day operations of the center are consistent, efficient, and cost effective.

Connected Management Services has established best practices and processes for all aspects of property management, including the following:

- Clean and Pleasant atmosphere for tenants and shoppers
- Effective operating budget and capital improvement plan
- Ensure the best possible curb appeal
- Loss Prevention Measures to reduce liability and risk
- Tenant retention to increase value and maintain relationships
- Financial Reporting | Triple Net Reconciliation
- Marketing [additional service fees are required]

LEASING

TRC already represents many of the leading investment companies in the business and currently has 18 million square feet of retail project assignments. Our goal for project leasing is to create the right tenant mix at the best possible rates to maximize the value for the property owner. Our unique blend of strong tenant relationships, aggressive prospecting and marketing, and detailed merchandising plans gives our clients a competitive advantage when attempting to lease their centers. Our brokers have a systematic approach to the leasing process including:

- Understanding ownership goals and objectives
- Walking the center with ownership and, where appropriate, meeting all existing tenants
- Determining leasing parameters and continually revisiting relative to market conditions and the center's occupancy
- Preparing a comprehensive void analysis that determines all the logical users and their proximity to the center
- Creating and maintaining a "hit list" of retailers to be targeted and utilizing all TRC relationships to maximize effectiveness
- Developing high impact marketing materials and disseminating these to our database of over 1,000 retailers and retail brokers
- Aggressively prospecting via cold calling [both phone and in person], as well as, utilizing our vast network of relationships and contacts to find potential tenants
- Providing accurate, user-friendly reporting to ensure alignment and accountability

CONSTRUCTION MANAGEMENT SERVICES

Connected Development Services has a team of architecturally trained project managers that oversee every aspect of construction. We handle every facet of construction management including idea evolution, planning, budgeting, document development, permitting, pricing, contractor selection, process management, punch out, and turnover. Our team has years of experience in new construction, renovations, and tenant make ready. We can save you money and get your project done right and on time.

ASSET MANAGEMENT

Connected Development Services has seasoned professionals that have overseen millions of square feet of all categories of retail space over the last 30 years. We have dealt successfully with every kind of issue imaginable, including; organizing and overseeing the brokerage team leasing the project, lease negotiations, value add decisions, tenant rent relief requests, bankruptcies, lawsuits, city negotiations, property condemnations, redevelopment planning and financing. We handle the day to day value enhancement of projects.

The Retail Connection is a one stop shop to handle your property needs. We can provide services in one area or in all areas to meet your needs.

Contact us today at 214.572.0777

TENANT REPRESENTATION

5 & Diner
Ace Hardware
American Apparel
Anna's Linens
Anytime Fitness
A Pea In The Pod
AT&T
Baker Street Pub & Grill
Banana Republic
Bank of the Ozarks
Becks Prime
Bed Bath & Beyond
Bengal Coast
Berryhill Baja Grill
BlackFinn
Blue Mesa Grill
Boater's World
Boi Na Braza
Bolsa Restaurant
Bone Daddy's
Bonefish Grill
Books-a-Million
Boudreaux's Cajun Kitchen
Brooklyn's Old Style Pizzeria
Bruster's Real Ice Cream
Buckhead Saloon
Buffalo Wild Wings
buybuy Baby
Cadillac Bar
Cafe R&D
Cash Store
Casual Male
Catherines
Charming Charlie
Chase
Chelsea's Kitchen
China Star Buffet
Cici's Pizza
Claire's Accessories
Compass Trading
Cork
Cozymels
Cyclone Anaya's
Dallas Chop House
Dallas Fish Market
Deluxe Nail Salon
Destination Maternity
Dollar Tree
Doughtery's Pharmacy
Draper's & Damon's
DSW Shoes Dunkin' Donuts
East Wind
Eno's Tavern
Entertainmart
Equinox Fitness
Ethan Allen
Evolution Tans
Eyecrafters
EyeMasters
EZ Money
Faces 365
Famous Footwear
Fashion Bug
Fish City Grill
Fish Express
Freed's Furniture
Furrs
GAP
GNC
Go Fish
Golden Corral
Gold's Gym
Golfsmith
Goodfella's Pizza & Pasta
Grandy's
Great Clips
Grotto
Guitar Center
Hallmark
Hibashi Teppan Bar & Sushi
Hobby Town USA
Hoffbrau Steaks
Houston's
Howl At The Moon
Iron Cactus
Jack-in-the-Box
Jamba Juice
JCPenney
Jersey Mike's Subs
Jo~Ann Fabrics
Jos. A. Bank
K&G Menswear
Kenny & Ziggy's
Kidrobot
Kids Park
Knockouts
Kona Grill
LA Fitness
La Grande Orange
Landry's Seafood
Lane Bryant
Logan's Roadhouse
Love & War in Texas
M2M Style Lounge
Marmalade Cafe
Massage Envy
Mattitio's
Max Brenner
Maytag
McAlister's Deli
Mealey's Furniture
Melrose
Menchie's Yogurt
Men's Warehouse
Merge
Mervyn's
Mimi Maternity
Mitchell Gold + Bob Williams
Molto Formaggio
Monarch Dental
Motherhood Maternity
Mothers Work
Music & Arts
My Fit Foods
Naan
Neiman Marcus
Nick-N-Willy's
Nordstrom Rack
Old Navy
Orange Cup
O'Reilly Auto Parts
Paciugo
Palm Beach Tan
Palominos Ranch Buffet
Panera Bread Company
Papa John's
Papa Murphys
Paradise Bakery
Pei Wei
Performance Bicycles
Pesce
PetSmart
Pinkberry
Piranha Killer Sushi
Pizza Inn
Planet Fitness
Pluckers
Quickway
RadioShack
Rainforest Cafe
Red Robin
Ritz/Wolf Camera
R.J. Gator's
Rockler
Rocky Mountain Chocolate Factory
Rubio's Mexican Grill
Ruby Tequilas
Saltgrass Steakhouse
Sambuca
Sam Moon
Sears
Sherlock's
Simply Fashions
Sleep Experts
Smoothie King
Snappy Salads
Souper Salad
Splitsville Lanes
Sprint PCS
Star Power
Studio Movie Grill
Suite Lounge
The Blue Fish
The Cupcakery
The Fresh Market Grocery
The Hat Box
The Luxury of Leather
The Sports Authority
Tin Star
Tio's Tortas
T-Mobile
Top Golf
Torchy's Tacos
TRS Home Furnishings
Truluck's
Urban Brands
Urban Wood Grill
Vic and Anthony's
Wapango
Which Wich
Whiskey River
Woly Board Company
Woodlands Grill
Yofe Cafe
Young Chef's Academy
YUM! Brands
Yumi to Go
Zaxby's
Zinski's Delicatessen

LANDLORD REPRESENTATION

Alexandrina Management
Ascension Development
Atlantic Hotels Group,
Inc.
Beltline Preston, LTD
BH Properties, LLC
Billingsley Company
Bromont Group
The Brytar Companies
Burk Collins & Co., LTD
Cheney & Mathes
Properties
Clearview Investments,
LTD
Connected Development
Services
Connected Management
Services
Covington Partners
Eagle Equity
E2M Partners
Fairway Equities
Gables
GDA
GE Capital
Glen Una Properties
Global Fund Investments
Granite Properties
Greenway Investment
Company
HF2M, Inc.
Hunt Midwest
Enterprises, Inc.
Inland American
Inland Western
Kimco Realty Corporation
Levcor, Inc.
Margaux Development
Company
National Retail Properties
North American
Development Group
Phoenix Property
Company
Prescott Realty Group
PRG Realty Investors, L.P.
Provident Realty
Advisors, Inc.
Red Sea Group
RREEF Real Estate
Sam Moon Trading Co.
St. Ives Realty, Inc.
TPJ Properties, LTD

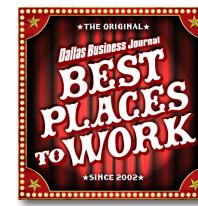
TRC RECENT AWARDS



Winner
2008 Dallas 100™
Entrepreneur Awards



Winner
Ernst & Young
Entrepreneur Of The Year
Southwest Area - North



Winner
2009 Best Places To Work
Dallas Business Journal

Brokerage

advisory

investment

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