Inland Western Retail Real Estate Trust, Inc.

Inland Western Real Estate Trust became effective in 2003 and was formed to acquire and manage primarily multi-tenant shopping centers and single-user net-lease properties located throughout the United States. As of the end of the first quarter, the REIT had $6.2 billion in assets with 282 properties totaling 42.2 million square feet. The REIT is in the List or Liquidate stage of closed REITs, which is characterized by the positioning of the REIT for sale or listing on a public exchange. Management of the REIT was internalized in November 2007. Valuation of shares commenced in 2008. As of December 31, 2008, the board of directors estimated the ERISA value of shares of Inland Western at $8.50 per share — down from the original offering price of fixed $10 per share. The estimated value now stands at $6.85 per share. The REIT has projected that it will list on a national exchange within the next 12 months.

As a fully mature REIT in a turbulent economy, Inland Western is dealing with issues that are different from many newer REITs. Bankruptcy of tenants has increased the need for re-leasing space. Properties have been sold, deed in lieu of foreclosure allowed, and strategic defaults have been used to handle debt maturities in a difficult lending environment. These issues have also been reflected in the lower distribution rate and share price, as well as the weaker operating metrics of the REIT. Inland Western has continued to sell non-essential properties to focus the portfolio on shopping centers, which will bode well as it prepares to list its shares.

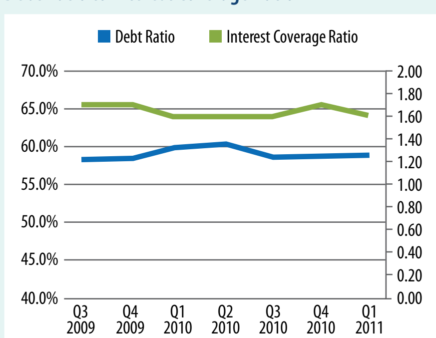
Key Highlights
- One of only two nontraded REITs with fully internalized management teams.
- The REIT has filed a registration statement with the SEC to list its shares on a national exchange.

Capital Stack Review
- Debt – Is higher than median at 58.9%, with over 43% maturing by the end of 2013, exposing the REIT to renewal risk, capital needs, and potential interest rate risk.
- Default – The REIT was in default on $76 million of mortgage loans on seven properties as of year-end 2010. As of March 31, 2011, the REIT remained in default on $73 million worth of mortgage loans with an additional $30 million loan that was projected to be in default during the second quarter of 2011.
- Cash on hand – The REIT has maintained a small portion of cash on hand at 1.6% of total assets.

Metrics
- Distribution – The current distribution has steadily increased over the last six quarters and currently stands at 2.375% of the original $10 share price. It is 3.47% on the current share valuation.
- MFFO Payout Ratio – Stood at 76% at the end of 1Q2011, which is in line with current traded REITs
- Interest Coverage Ratio – Is at 1.6X EBITDA and has remained steady over the last 6 quarters.
- Impairments – In 1Q2011, the REIT recorded an impairment of $30 million on an office property in Winston-Salem. $23 million in impairments were recorded in 2010 on seven retail properties.

Real Estate
- Acquisitions – No acquisitions were made in 1Q2011 or in 2010.
- Lease Expirations – The REIT's tenants have an average lease term of ten years. The portfolio is currently leased at 88.5% down slightly from year-end 2010. National shopping center vacancy rates ended 2010 at 10.7% according to ChainLinks.
- Revenue – 1Q2011 same-store revenue increased slightly over the same period last year and reversed a two-year trend of declining results.
- Borders Bankruptcy – At the time of Borders bankruptcy, the tenant occupied 10 centers. Borders closed five stores totaling 115,000 square feet that Inland will need to replace.
- Dispositions – Two properties were sold in 1Q2011, totaling $22.8 million with a gain of $3.4 million. In 2010, eight properties (two office, five single-user retail and one medical center were sold totaling $104.6 million and resulted in a gain of $23.8 million. Included was a deed in lieu of foreclosure on a 382,600-square-foot office building. Of the $23.8 million in gain, $19.8 million resulted from giving the property back to the lender.
- Diversification – The portfolio is well-balanced geographically, and no tenant comprises more than 4% of the portfolio. The REIT plans to continue to dispose of non-retail properties to concentrate ownership in shopping centers in the portfolio.

Debt Ratio to Interest Coverage Ratio



MFFO Payout Ratio to Distribution