

INLAND WESTERN RETAIL REAL ESTATE TRUST INC
Form POS AM
June 15, 2004

As filed with the Securities and Exchange Commission on June 15, 2004
Registration No. 333-103799

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 4
TO
FORM S-11
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

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

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

WITH A COPY TO:
DAVID J. KAUFMAN, ESQ.
DUANE MORRIS LLP
227 WEST MONROE STREET
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This Post-Effective Amendment No. 4 consists of the following:

1. Supplement No. 23 dated June 15, 2004 to the Registrant's Prospectus dated September 15, 2003, included herewith, which will be delivered as an unattached document along with the Prospectus dated September 15, 2003.
2. The Registrant's final form of Prospectus dated September 15, 2003, previously filed pursuant to Rule 424(b)(1) on September 15, 2003 and refiled herewith.
3. Part II, included herewith.
4. Signatures, included herewith.

SUPPLEMENT NO. 23
DATED JUNE 15, 2004
TO THE PROSPECTUS DATED SEPTEMBER 15, 2003
OF INLAND WESTERN RETAIL REAL ESTATE TRUST, INC.

We are providing this Supplement No. 23 to you in order to supplement our prospectus. This supplement updates information in the sections of our prospectus noted in the table of contents below. This Supplement No. 23 supplements, modifies or supersedes certain information contained in our prospectus, and prior Supplements No. 1 through 22 (dated October 23, 2003 through June 8, 2004) and must be read in conjunction with our prospectus.

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PROSPECTUS SUMMARY

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COMPENSATION TO BE PAID TO OUR ADVISOR AND AFFILIATES

THE DISCUSSION UNDER THIS SECTION ON THE "ACQUISITION EXPENSES", WHICH STARTS ON PAGE 6 OF OUR PROSPECTUS, SHOULD READ:

We will reimburse Inland Real Estate Acquisitions, Inc. for costs incurred, on our behalf, in connection with the acquisition of properties. We will pay an amount, estimated to be up to 0.5% of the total of (1) the gross offering proceeds from the sale of 250,000,000 shares, (2) the gross proceeds from the sale of up to 20,000,000 shares pursuant to the distribution reinvestment programs. The acquisition expenses for any particular property will not exceed 6% of the gross purchase price of the property.

THE DISCUSSION UNDER THIS SECTION ON THE "INCENTIVE ADVISORY FEE", WHICH STARTS ON PAGE 7 OF OUR PROSPECTUS, SHOULD READ:

After our stockholders have first received a 10% cumulative, non-compounded return and a return of their net investment, an incentive advisory fee equal to 15% on net proceeds from the sale of a property will be paid to our advisor.

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RISK FACTORS

THE LAST SENTENCE OF THE FIRST PARAGRAPH ON PAGE 12, UNDER THIS HEADING, IS MODIFIED TO READ AS FOLLOWS:

We will be acquiring properties that are located primarily west of the Mississippi River and single user net lease properties located anywhere in the United States and therefore our geographic diversity will be limited.

THE SECOND PARAGRAPH ON PAGE 13, UNDER THIS HEADING, IS DELETED.

CONFLICTS OF INTEREST

THE LAST SENTENCE OF THE FOURTH PARAGRAPH ON PAGE 36, UNDER THIS HEADING, IS MODIFIED TO READ AS FOLLOWS:

If Inland Retail Real Estate Trust, Inc., does not purchase the prospective property, it will then be offered to us.

COMPENSATION TABLE

THE DISCUSSION UNDER THIS SECTION "NONSUBORDINATED PAYMENTS - OFFERING STAGE" ON THE MARKETING CONTRIBUTION AND DUE DILIGENCE EXPENSE ALLOWANCE PAID TO THE MANAGING DEALER AND SOLICITING DEALERS, WHICH STARTS ON PAGE 40 OF OUR PROSPECTUS, SHOULD READ AS FOLLOWS:

TYPE OF COMPENSATION AND RECIPIENT	METHOD OF COMPENSATION	ESTIMATED DOLLARS
Marketing contribution and due diligence expense allowance paid	We will pay an amount equal to 2.5% of the gross offering proceeds to the	The actual amount of shares. If then

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to the managing dealer and soliciting dealers.

managing dealer, all or a portion of which may be passed on to soliciting dealers, in lieu of reimbursement of specific expenses associated with marketing. We may pay an additional 0.5% of the gross offering proceeds to the managing dealer, which may be passed on to the soliciting dealers, for due diligence expenses. We will not pay the marketing contribution and due diligence expense allowance in connection with any special sales, except those receiving volume discounts and those described in "Plan of Distribution - Volume Discounts."

sales, approximate amounts will be paid contribution and expense allowance:

- \$60,000 if we sell 100,000 shares; or
- \$75,000,000 if we sell 100,000,000 shares

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THE DISCUSSION UNDER THIS SECTION ON THE "NONSUBORDINATED PAYMENTS - OPERATIONAL STAGE", WHICH STARTS ON PAGE 41 OF OUR PROSPECTUS, IS MODIFIED AS FOLLOWS:

The last entry "Advisor asset management fee" at the bottom of the page is deleted.

THE LAST SENTENCE OF THE DISCUSSION ON "ESTIMATED MAXIMUM DOLLAR AMOUNT" UNDER THIS SECTION ON THE "SUBORDINATED PAYMENTS - OPERATIONAL STAGE", WHICH STARTS ON PAGE 43 OF OUR PROSPECTUS, IS MODIFIED AS FOLLOWS:

If we acquire the advisor, the advisor asset management fee will cease.

PRIOR PERFORMANCE OF OUR AFFILIATES

THE DISCUSSION UNDER THIS SECTION, WHICH STARTS ON PAGE 47 OF OUR PROSPECTUS, IS MODIFIED AND SUPPLEMENTED AS FOLLOWS:

PRIOR INVESTMENT PROGRAMS

During the 10-year period ending March 31, 2004, The Inland Group and its affiliates have sponsored two other REITs, two private placement mortgage and note programs and 19 real estate exchange private placements, which altogether have raised more than \$3,051,000,000 from over 76,000 investors. During that period, Inland Real Estate Corporation and Inland Retail Real Estate Trust, Inc., the other REITs, have raised over \$2,900,000,000 from over 76,000 investors. Inland Real Estate Corporation and Inland Retail Real Estate Trust, Inc. have investment objectives and policies similar to ours and have invested principally in shopping centers that provide sales of convenience goods and personal services to neighboring communities in the Midwest and Southeast areas. However, Inland Real Estate Corporation is now a self-administered REIT and is no longer affiliated with The Inland Group. Our investment objectives and policies are similar to those of several of the other prior investment programs sponsored by our affiliates which have owned and operated retail properties. However, the vast majority of the other investment programs sponsored by our affiliates were dissimilar from our operation in that the prior programs owned apartment properties, pre-development land and whole or partial interests in mortgage loans.

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

SUMMARY INFORMATION

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

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	INLAND RETAIL REAL ESTATE TRUST, INC. REIT PROGRAM AS OF MARCH 31, 2004	INLAND REAL ESTATE CORPORATION REIT PROGRAM AS OF MARCH 31, 2004	PRIOR PRI ESTATE E MORTGAGE PROGRAM MARCH 3
Number of programs sponsored	1	1	
Aggregate amount raised from investors	\$ 2,244,346,000	690,847,000	
Approximate aggregate number of investors	58,000	18,000	
Number of properties purchased	265	145	
Aggregate cost of properties(1)	\$ 3,936,597,000	1,269,000,000	
Number of mortgages/notes	0	0	
Principal amount of mortgages/notes	\$ 0	0	
Principal of properties (based on cost) that were:			
Commercial--			
Retail	89.00%	86.00%	
Single-user retail net-lease	11.00%	14.00%	
Nursing homes	0.00%	0.00%	
Offices	0.00%	0.00%	
Industrial	0.00%	0.00%	
Health clubs	0.00%	0.00%	
Mini-storage	0.00%	0.00%	
Total commercial	100.00%	100.00%	
Multi-family residential	0.00%	0.00%	
Land	0.00%	0.00%	
Percentage of properties (based on cost) that were:			
Newly constructed (within a year of			

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acquisition)	33.00%	40.00%
Existing construction	67.00%	60.00%
Number of properties sold (3)	0	7
Number of properties exchanged	0	0
Number of mortgages/notes repaid	0	0

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- (1) Includes purchase price and acquisition fees and expenses.
- (2) On July 1, 2000, the prior REIT program, Inland Real Estate Corporation, became a separate, self-managed entity.
- (3) Number of properties sold in whole or in part.

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

During the three years prior to March 31, 2004, Inland Real Estate Corporation purchased 25 commercial properties and Inland Retail Real Estate Trust, Inc. purchased 249 commercial properties. Upon written request, you may obtain, without charge, a copy of Table VI filed with the Securities and Exchange Commission in Part II of our prospectus. The table provides more information about these acquisitions.

PUBLICLY REGISTERED REITS

INLAND REAL ESTATE CORPORATION. On October 14, 1994, Inland Real Estate Corporation commenced an initial public offering of 5,000,000 shares of common stock at \$10 per share. As of July 24, 1996, it had received subscriptions for a total of 5,000,000 shares, thereby completing the initial offering. On July 24, 1996, it commenced an offering of an additional 10,000,000 shares of common stock at \$10 per share. As of July 10, 1997, it had received subscriptions for a total of 10,000,000 shares, thereby completing its second offering. On July 14, 1997, Inland Real Estate Corporation commenced a third offering of an additional 20,000,000 shares of common stock at \$10 per share. As of March 19, 1998, Inland Real Estate Corporation had received subscriptions for a total of 20,000,000 shares, thereby completing the third offering. On April 7, 1998, Inland Real Estate Corporation commenced a fourth offering of an additional 25,000,000 shares at \$11 per share. Inland Real Estate Corporation elected to terminate the fourth offering as of December 31, 1998, after receiving subscriptions for a total of 16,642,397 shares. In addition, as of March 31, 2004, Inland Real Estate Corporation issued 13,363,615 shares of common stock through its distribution reinvestment program. As of March 31, 2004, Inland Real Estate Corporation repurchased 5,204,726 shares of common stock through its share repurchase program for an aggregate amount of \$48,655,185. As a result, Inland Real Estate Corporation's gross offering proceeds totaled approximately \$690,847,000 for all of such offerings, as of March 31, 2004. Inland Real Estate Corporation's objective is to purchase shopping centers that provide convenience

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

As of March 31, 2004, Inland Real Estate Corporation financed approximately \$621,815,000 on 124 of its 138 properties and had \$135,000,000 outstanding through an unsecured line of credit. Inland Real Estate Corporation's 138 properties, a total investment of approximately \$1,269,000,000 at March 31, 2004, were purchased with proceeds received from the above described offerings of shares of its common stock and financings. From December 31, 1995 through March 31, 2004, distributions have totaled \$349,794,490, of which \$266,607,802 was ordinary income distribution from operating cash flow, \$82,283,168 was return of capital for federal income tax purposes from operating cash flow and \$903,520 from capital gain distributions.

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Through March 31, 2004, distributions were as follows:

	Total Distribution	Ordinary Income *	Return of Capital **	Capital Gain Distribution***
1995	\$ 736,627	\$ 694,213	\$ 42,414	\$ -
1996	3,704,943	3,093,525	611,418	-
1997	13,127,597	9,739,233	3,388,364	-
1998	35,443,213	27,015,143	8,428,070	-
1999	48,379,621	35,640,732	12,738,889	-
2000	52,964,010	40,445,730	12,518,280	-
2001	58,791,604	45,754,604	12,662,414	374,586
2002	60,090,685	41,579,944	18,315,640	195,101
2003	61,165,608	47,254,096	13,577,679	333,833
2004	15,390,582	15,390,582	-	-
	\$ 349,794,490	\$ 266,607,802	\$ 82,283,168	\$ 903,520

* The breakout between ordinary income and return of capital is finalized on an annual basis after the calendar year end.

** Represents a return of capital for federal income tax purposes.

*** Represents a capital gain distribution for federal income tax purposes.

On July 1, 2000, Inland Real Estate Corporation became a self-administered REIT by completing its acquisition of Inland Real Estate Advisory Service, Inc., its advisor, and Inland Commercial Property Management, Inc., its property manager. The acquisition was accomplished by merging its advisor and its property manager into two wholly owned subsidiaries of Inland Real Estate Corporation. As a result of the merger, Inland Real Estate Corporation issued to

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our sponsor, the sole shareholder of the advisor, and The Inland Property Management Group, Inc., the sole shareholder of its property manager, an aggregate of 6,181,818 shares of Inland Real Estate Corporation's common stock at \$11 per share, or approximately 9.008% of its common stock.

INLAND RETAIL REAL ESTATE TRUST, INC., through a total of three public offerings, sold a total of 213,699,534 shares of its common stock, resulting in gross proceeds, net of volume discounts, of \$2,131,468,605. This total includes \$200,000 received from its advisor in exchange for 20,000 shares. In addition, 13,476,928 shares had been issued as of March 31, 2004 through the company's distribution reinvestment program for a total of \$128,030,813 and has repurchased a total of \$1,609,107 shares through the share reinvestment program for an aggregate cost of \$15,146,319. As a result, Inland Retail Real Estate Trust Inc., has realized total gross offering proceeds of \$2,244,346,258 as of March 31, 2004.

Inland Retail Real Estate Trust, Inc.'s objective is to purchase shopping centers east of the Mississippi River in addition to single-user retail properties in locations throughout the United States, and to provide regular cash distributions and a hedge against inflation through capital appreciation. As of December 31, 2003, the properties owned by Inland Retail Real Estate Trust, Inc. were generating sufficient cash flow to cover operating expenses plus pay an annual cash distribution of \$.83 per share per annum paid monthly. Through March 31, 2004 and December 31, 2003, distributions totaled \$290,337,391 and \$243,915,959, respectively. Through March 31, 2004, distributions were as follows:

	Total Distribution	Ordinary Income *	Return of Capital **
1999	\$ 1,396,861	\$ 318,484	\$ 1,078,377
2000	6,615,454	3,612,577	3,002,877
2001	17,491,342	10,538,534	6,952,808
2002	58,061,491	36,387,136	21,674,355
2003	160,350,811	97,571,099	62,779,712
2004	46,421,432	46,421,432	-
	\$ 290,337,391	\$ 194,849,262	\$ 95,488,129

* The breakout between ordinary income and return of capital is finalized on an annual basis after the calendar year end.

** Represents a return of capital for federal income tax purposes.

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As of March 31, 2004, Inland Retail Real Estate Trust, Inc. had acquired 265 properties for a total investment of approximately \$3,936,597,000. These properties were purchased with proceeds received from the above described offerings of shares of its common stock and financings. As of March 31, 2004, Inland Retail Real Estate Trust, Inc. financed approximately \$2,141,258,000 on its properties.

PRIVATE PARTNERSHIPS

Since our inception and through March 31, 2004, including the programs described below under "Private Placement Note and Mortgage Program" in this section, our affiliates have sponsored 514 private placement limited partnerships which have raised more than \$524,201,000 from approximately 17,000 investors and invested in properties for an aggregate price of more than \$1 billion in cash and notes. Of the 522 properties purchased, 93% have been in Illinois. Approximately 90% of the funds were invested in apartment buildings, 6% in shopping centers, 2% in office buildings and 2% in other properties. Including sales to affiliates, 323 partnerships have sold their original property investments. Officers and employees of our sponsor and its affiliates invested more than \$17,000,000 in these private placement limited partnerships.

From April 1, 1995 through March 31, 2004, investors in The Inland Group private partnerships have received total distributions in excess of \$267,802,000, consisting of cash flow from partnership operations, interest earnings, sales and refinancing proceeds and cash received during the course of property exchanges.

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

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

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

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Inland Real Estate Investment Corporation is the general partner of 27 private limited partnerships and one public limited partnership that own interests in 15 buildings that are net leased to Kmart. The 14 Kmart's owned by the private limited partnerships are all cross collateralized. Relating to the Kmart bankruptcy, the status of the 15 is as follows:

- CATEGORY 1 - The leases of nine of the Kmart's are current and have been accepted by Kmart under their Chapter 11 reorganization plan.
- CATEGORY 2 - Kmart assigned its designation rights in one lease to Kohl's; the lease was amended and extended for Kohl's by IREIC, the general partner on behalf of the owners and lender; and Kohl's began paying rent February 12, 2003.
- CATEGORY 3 - Under Kmart's Chapter 11 reorganization plan and upon emergence from bankruptcy on April 22, 2003, Kmart has rejected the remaining four property leases; one of which is subject to a ground lease to Kimco. Kmart ceased paying rent as of May 1, 2003.

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IREIC, the General Partner has agreed with the note holders who own the loan to conduct a liquidation of the 14 properties which comprise Categories 1, 2 and 3. The Category 2 property, which is leased by Kohl's was sold on February 19, 2004.

Currently, there are eight of the Category 1 properties which are under contract for sale subject to certain contingencies such as a due diligence review period. The General Partner has received an offer to purchase the last Category 1 property.

Two of the Category 3 properties are under contract for sale subject to certain contingencies such as a due diligence review period. The General Partner has received offers to purchase the two additional Category 3 properties.

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

PRIVATE PLACEMENT NOTE AND MORTGAGE PROGRAM

IMC NOTE ISSUE #2 1993, offering investments in promissory notes was sponsored by Inland Mortgage Corporation, an Illinois corporation and an affiliate of our sponsor, in July 1993. The offering period for this program began August 25, 1993 and closed on June 13, 1994 after raising \$6,800,000. Inland Mortgage Corporation issued notes maturing December 31, 2003, providing for interest at the rate of 8% per annum with 100% return of principal guaranteed by our sponsor. Proceeds of the offering have been used to invest in a mortgage loan secured by an apartment property in Manchester, New Hampshire, owned by an affiliate of our sponsor. Investors may also receive additional income dependent on the future sale of the property. Inland Mortgage Corporation made an initial distribution to investors of escrow interest totaling \$13,685 in November 1993. Cash distributions through October 10, 1993 totaled \$12,416,662, of which \$6,800,000 was a return of capital, \$5,597,209 was interest earnings and \$19,456 was subsidy income from our sponsor pursuant to the guarantee for that program. This program was completed on October 10, 1993. All fees and

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expenses incurred in connection with the offer and sale of the Notes - including sales commission and due diligence expense to dealer-manager, Inland Securities Corporation, equal to 8.5% (of which 6.5% was re-allowed to soliciting dealers as sales commissions, 0.5% as a marketing fee, and up to 0.5% as reimbursable due diligence expenses) and the costs of the memorandum, tax counseling and advice (which were anticipated to be approximately \$41,000), as well as other costs associated with the refinancing of the property (such as title, surveys, appraisals, recording charges, etc.) were advanced by the sponsor (IREIC) and were not paid from the proceeds of the offering.

INLAND CONDOMINIUM FINANCING FUND, L.P., an Illinois limited partnership offering investment in promissory notes, was sponsored by our sponsor in December 1993. The offering period for this program began December 15, 1993 and closed on June 30, 1994. This partnership offered notes in the principal amount of \$1,031,000 maturing July 1, 2001, with interest at the rate of 10% per annum and 100% return of principal guaranteed by our sponsor. The proceeds of the offering were used to make unsecured loans to limited partnerships which are affiliates of our sponsor, for the purposes of paying expenses relating to the conversion of apartment properties owned by those partnerships to condominiums, and conducting condominium unit sales and other partnership expenses. Cash distributions began in March 1994. Distributions through November 17, 1997 totaled \$1,411,617, of which \$380,617 was interest earnings and \$1,031,000 was a return of capital. There were 36 investors in this partnership. This partnership was completed in 1997. All fees and expenses incurred in connection with the offering - including sales commission and due diligence expense to dealer-manager, Inland Securities Corporation, equal to 8.5% (of which 6.5% was re-allowed to soliciting dealers as sales commissions, 0.5% as a marketing fee and up to 0.5% as reimbursable due diligence expenses) and the costs of the memorandum, tax counseling and advice (which were anticipated to be approximately \$45,000), as well as other costs associated with the funding of the conversion loans were advanced by the sponsor (IREIC) and were not paid from the proceeds of the offering.

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1031 EXCHANGE PRIVATE PLACEMENT OFFERING PROGRAM

In March of 2001, Inland Real Estate Exchange Corporation (IREX) was established as a subsidiary of Inland Real Estate Investment Corporation. The main objective of IREX is to provide replacement properties for people wishing to complete an IRS Section 1031 real estate exchange. Through March 31, 2004, IREX offered the sale of nineteen properties with a total property value of \$236,622,000.

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

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first year annualized cash on cash return of 8.00%. Through March 31, 2004, cash distributions to the investors totaled \$727,037, based on the actual holding period of each individual investor. As of March 31, 2004, there were nine investors in this trust.

SENTRY OFFICE BUILDING, DBT, a Delaware business trust, purchased a newly constructed, single-tenant office building in Davenport, Iowa in December 2001 from Ryan Companies US Inc., a Minnesota corporation. The trust financed its acquisition of the property with a \$7,500,000 first mortgage loan from Parkway Bank & Trust Co., an Illinois banking corporation. In January 2002, Sentry Office Building Corporation, a Delaware corporation and the initial beneficiary of the trust, began offering all of its beneficial interests in the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was \$11,000,000, which consisted of \$7,500,000 in debt assumption and \$3,500,000 in equity investment. \$100,000 of the offering proceeds obtained from the new owners was allocated to a property reserve account. The offering was completed in April 2002 when the maximum offering amount was raised. The private placement memorandum projected a first-year annualized cash on cash return of 8.20%. Through March 31, 2004, cash distributions to the investors totaled \$595,418, based on the actual holding period of each individual investor. As of March 31, 2004, there were seven investors in this trust.

PETS BOWIE DELAWARE BUSINESS TRUST purchased a single-tenant retail building leased to PETSMART in Bowie, Maryland in October 2001 from PETSMART, Inc. and Wells Fargo Bank Northwest, N.A. The trust initially financed its acquisition of the property with a temporary loan of \$2,625,305 from Parkway Bank & Trust Co., an Illinois banking corporation, and then replaced this loan with a permanent loan of \$1,300,000 with the same lender. In May 2002, Pets Bowie Delaware Business Trust began offering all of its beneficial interests to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was \$3,900,000, which consisted of \$1,300,000 in debt assumption and \$2,600,000 in equity investment. \$90,000 of the offering proceeds obtained from the new owners was allocated to a property reserve account. The offering was completed in July 2002 when the maximum offering amount was raised. The private placement memorandum projected a first year annualized cash on cash return of 8.89%. Through March 31, 2004, cash distributions to the investors totaled \$404,730, based on the actual holding period of each individual investor. As of March 31, 2004, there were seven investors in this trust.

1031 CHATTANOOGA DBT, a Delaware business trust, acquired a retail property currently leased to Eckerd in Chattanooga, Tennessee in May 2002. The trust financed the property with a loan of \$1,500,000 from Parkway Bank & Trust Co., an Illinois banking corporation. In July 2002, 1031 Chattanooga, L.L.C., the initial beneficiary of 1031 Chattanooga DBT, began offering all of the beneficial interests of the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was \$3,400,000, which consisted of \$1,500,000 in debt assumption and \$1,900,000 in equity investment. The offering was completed in May 2003 when the maximum offering amount was raised. The private placement memorandum projected a first-year annualized cash on cash return of 8.26%. Through March 31, 2004, cash distributions to the investors totaled \$278,509, based on the actual holding period of each individual investor. As of March 31, 2004, there were nine investors in this trust.

LANSING SHOPPING CENTER, DBT a Delaware business trust, purchased a newly constructed, multi-tenant retail shopping center in Lansing, Illinois in June 2002 from LaSalle Bank National Association, as trustee under trust agreement dated May 22, 2001 and known as Trust No. 127294. The trust financed its acquisition of the property with a \$5,900,000 first mortgage loan from Parkway Bank & Trust Co., an Illinois banking corporation. In August 2002, Lansing

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Shopping Center, L.L.C., a Delaware limited liability company and the initial beneficiary of Lansing Shopping Center, DBT, began offering all of the beneficial interests of the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was \$10,900,000, which consisted of \$5,900,000 in debt assumption and \$5,000,000 in equity investment. \$80,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in September 1001 when the maximum offering amount was raised. The private placement memorandum projected a first year annualized cash on cash return of 8.47%. Through March 31, 2004, cash distributions to the investors totaled \$630,588, based on the actual holding period of each individual investor. As of March 31, 2004, there were five investors in this trust.

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INLAND 220 CELEBRATION PLACE DELAWARE BUSINESS TRUST purchased a single-tenant office building currently leased to Walt Disney World Co., a Florida corporation, in Celebration, Osceola County, Florida, in June 2002 from Walt Disney World Co. in a sale/leaseback transaction. The trust financed its acquisition of the property with an \$18,000,000 first mortgage loan from Bank of America, N.A., a national banking association. In September 2002, Inland 220 Celebration Place, L.L.C., a Delaware limited liability company and the initial beneficiary of Inland 220 Celebration Place Delaware Business Trust, began offering all of the beneficial interests of the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was \$33,800,000, which consisted of \$18,000,000 in debt assumption and \$15,800,000 in equity investment. \$50,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in September 2003 when the maximum offering amount was raised. The private placement memorandum projected a first year annualized cash on cash return of 8.08%. Through March 31, 2004, cash distributions to the investors totaled \$1,812,712, based on the actual holding period of each individual investor. As of March 31, 2004, there were 35 investors in this trust.

TAUNTON CIRCUIT DELAWARE BUSINESS TRUST acquired a retail property currently leased to Circuit City in Taunton, Massachusetts in July 2002. The Trust financed the property with a first mortgage of \$2,800,000 from MB Financial Bank. In September 2002, Inland Taunton Circuit, L.L.C., the initial beneficiary of Taunton Circuit Delaware Business Trust, offered all of its interest in the trust to a qualified person in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was \$6,550,000, which consisted of \$2,800,000 in debt assumption and \$3,750,000 in equity investment. The offering was completed in September 2002. The private placement memorandum projected a first-year annualized cash on cash return of 8.31%. Through March 31, 2004, cash distributions to the investor totaled \$444,800. As of March 31, 2004, there was one investor in this trust.

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

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2003 when the maximum offering amount was raised. The private placement memorandum projected an initial annualized cash on cash return of 8.14%. Through March 31, 2004, cash distributions to the investors totaled \$970,448, based on the actual holding period of each individual investor. As of March 31, 2004, there were 32 investors in this trust.

BELL PLAZA 1031, LLC. Rehab Associates XIII, Inc., an Illinois corporation and an affiliate of IREX acquired Bell Plaza, a multi-tenant shopping center in Oak Lawn, IL on August 28, 1998 for \$1,675,000. In October 2002, Rehab Associates XIII contributed 100% of its interest in the property into Bell Plaza 1031, LLC, a Delaware single member limited liability company, and then offered all of its membership interests in Bell Plaza, LLC to North Forsyth Associates, a North Carolina general partnership, which was in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was \$4,030,000, which consisted of \$3,140,000 in debt assumption and \$890,000 in equity investment. \$25,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in November 2002. The private placement memorandum projected a first-year annualized cash on cash return of 14.30%, calculated based on the total original investment of \$890,000. Through March 31, 2004, cash distributions to the investor totaled \$147,366. As of March 31, 2004, this property was owned by one investor.

INLAND 210 CELEBRATION PLACE DELAWARE BUSINESS TRUST purchased a single-tenant office building, currently leased to Walt Disney World Co., a Florida corporation, in Celebration, Osceola County, Florida, in June 2002 from Walt Disney World Co. in a sale/leaseback transaction. The trust financed its acquisition of the property with a \$5,700,000 first mortgage loan from Bear Stearns Commercial Mortgage, Inc. In January 2003, Inland 210 Celebration Place Delaware Business Trust sold its fee simple interest in 210 Celebration Place to Old Bridge Park Celebration, LLC, a Delaware limited liability company, which was in need of a replacement property to complete a 1031 tax-deferred exchange. The total price was \$12,000,000, which consisted of \$5,700,000 in debt assumption and \$6,300,000 in equity investment. Through March 31, 2004, cash flow to the investor totaled \$633,029. As of March 31, 2004, this property was owned by one investor.

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COMPUSA RETAIL BUILDING. Lombard C-USA, L.L.C., a Delaware limited liability company, purchased a single-tenant retail building leased to CompUSA, Inc. in Lombard, Illinois in January 2003 from an unrelated third party. The L.L.C. financed its acquisition of the property with a \$4,000,000 loan from Bear Stearns Commercial Mortgage, Inc. In April 2003, Lombard C-USA, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 2840 S. Highland Avenue, Lombard, DuPage County, Illinois for \$3,910,500 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was \$7,950,000, which consisted of \$4,000,000 in debt assumption and \$3,950,000 in equity investment. As required by the lender, Lombard C-USA, L.L.C. shall retain at least a 1% tenant in common interest, which is included in the \$3,950,000 equity investment. \$75,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in February 2004 when the maximum offering amount was raised. The private placement memorandum projected a first-year annualized cash on cash return of 8.05%. Through March 31, 2004, cash distributions to the investors totaled \$180,295, based on the actual holding period of each individual investor. Through March 31, 2004, the property was owned by eleven investors.

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DEERE DISTRIBUTION FACILITY IN JANESVILLE, WISCONSIN. Janesville 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant, light industrial distribution center leased to Deere & Company, a Delaware corporation, in Janesville, Wisconsin in February 2003 from Ryan Janesville, L.L.C., a Minnesota corporation and an affiliate of Ryan Companies US, Inc. The L.L.C. financed its acquisition of the property with a \$10,450,000 loan from Bear Stearns Commercial Mortgage, Inc. In May 2003, Janesville 1031, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 2900 Beloit Avenue, Janesville, Rock County, Wisconsin for \$9,949,500 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, \$20,500,000, consisted of \$10,450,000 in debt assumption and \$10,050,000 in equity investment, 1% of which was required by the lender to be retained by Janesville 1031, L.L.C. \$100,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in January 2004 when the maximum offering was raised. The private placement memorandum projected a first-year annualized cash on cash return of 7.23%. Through March 31, 2004, cash distributions to the investors totaled \$429,623, based on the actual holding period of each individual investor. Through March 31, 2004, the property was owned by 35 investors.

FLEET OFFICE BUILDING. Westminster Office 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant office building leased entirely to Fleet National Bank, a national banking association, in Providence, Rhode Island in April 2003 from Fleet National Bank in a sale/leaseback transaction. The L.L.C. financed its acquisition of the property with a \$12,900,000 loan from Bear Stearns Commercial Mortgage, Inc. In June 2003, Westminster Office 1031, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 111 Westminster Street, Providence, Providence County, Rhode Island for \$9,900,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, \$22,900,000, consisted of \$12,900,000 in debt assumption and \$10,000,000 in equity investment, 1% of which was required by the lender to be retained by Westminster Office 1031, L.L.C. \$150,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in January 2004 when the maximum offering was raised. The private placement memorandum projected a first-year annualized cash on cash return of 7.19%. Through March 31, 2004, cash distributions to the investors totaled \$360,667, based on the actual holding period of each individual investor. Through March 31, 2004, the property was owned by 30 investors.

DEERE DISTRIBUTION FACILITY IN DAVENPORT, IOWA. Davenport 1031, L.L.C., a Delaware limited liability company, purchased a single-tenant, light industrial distribution center leased to Quad Cities Consolidation and Distribution, Inc., an Illinois corporation, in Davenport, Iowa in April 2003 from Ryan Companies US, Inc., a Minnesota corporation. The lease is fully guaranteed by Deere & Company, a Delaware corporation. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc. In August 2003, Davenport 1031, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 2900 Research Parkway, Davenport, Scott County, Iowa for \$15,543,000 in cash plus the ASSUMPTION OF THE EXISTING INDEBTEDNESS to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, \$28,200,000, consisted of \$12,500,000 in debt assumption and \$15,700,000 in equity investment, 1% of which was required by the lender to be retained by Davenport 1031, L.L.C. \$100,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in April 2004 when the maximum offering was raised. The private placement memorandum projected a first-year annualized cash on cash return of 7.36%. Through March 31, 2004, cash distributions to the investors totaled \$388,370, based on the actual holding

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period of each individual investor. Through March 31, 2004, the property was owned by 35 investors.

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GRAND CHUTE DST, A DELAWARE STATUTORY TRUST, purchased a multi-tenant retail shopping center in Grand Chute, Wisconsin in October 2002 from Continental 56 Fund Limited Partnership. The trust funded the acquisition of the property with cash from the sale of 100% of the beneficial interests in the trust to Grand Chute, L.L.C., a Delaware limited liability company. Subsequent to the acquisition of the property, the trust obtained a \$5,678,350 loan from Bank of America, N.A. and the proceeds of the loan were distributed to Grand Chute, L.L.C. as a partial return of its capital contribution. In January 2003, Grand Chute, L.L.C. began offering all of its beneficial interests in the trust to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was \$12,048,350 which consisted of \$5,678,350 in debt assumption and \$6,370,000 in equity investment. \$478,350 of the offering proceeds was allocated to four separate property reserve accounts, three of which were required by the lender. In September 2003, certain information in the offering was amended and supplemented through the release of the First Supplement to Private Placement Memorandum. The offering was completed in March 2004 when the maximum offering amount was raised. The private placement memorandum projected a first-year annualized cash on cash return of 8.48%. Through March 31, 2004, cash distributions to the investors totaled \$135,062 based on the actual holding period of each individual investor. As of March 31, 2004, there were 29 investors in this trust.

MACON OFFICE DST, A DELAWARE STATUTORY TRUST, purchased a single-tenant office complex in Macon, Georgia in October 2002 from UTF Macon, L.L.C. The trust funded the acquisition of the property with cash from the sale of 100% of the beneficial interests in the trust to Macon Office, L.L.C., a Delaware limited liability company. Subsequent to the acquisition of the property, the trust obtained a \$5,560,000 loan from Bank of America, N.A. and the proceeds of the loan were distributed to Macon Office, L.L.C. as a partial return of its capital contribution. In October 2003, Macon Office, L.L.C. began offering all of its beneficial interests in the trust to certain qualified persons seeking a cash investment, in addition to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price was \$12,160,000 which consisted of \$5,560,000 in debt assumption and \$6,600,000 in equity investment. \$100,000 of the offering proceeds was allocated to a property reserve account. The offering was completed in March 2004 when the maximum offering amount was raised. The private placement memorandum projected a first-year annualized cash on cash return of 8.20%. Through March 31, 2004, cash distributions to the investors totaled \$183,810, based on the actual holding period of each individual investor. As of March 31, 2004, there were 29 investors in this trust.

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

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in equity investment. The offering was completed in December 2003. Simultaneous with the completion of the offering, the short-term loan with Parkway was converted to a permanent loan and the terms of the loan documents were modified in accordance with a loan commitment from Parkway. The private placement memorandum projected a first-year annualized cash on cash return of 8.34%. Through March 31, 2004, cash distributions to the investor totaled \$26,231. As of March 31, 2004, this property was owned by one investor.

PLAINFIELD MARKETPLACE. Plainfield 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant shopping center located in Plainfield, IL on December 16, 2003 from Ryan Companies US, Inc., a Minnesota corporation. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc, a New York corporation. In January 2004, Plainfield 1031, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 11840 South Route 59, Plainfield, Will County, Illinois for \$12,350,250 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, \$24,400,000, consisted of \$11,925,000 in debt assumption and \$12,475,000 in equity investment, 1% of which was required by the lender to be retained by Plainfield1031, L.L.C. The difference between the real estate acquisition price of \$21,700,000 and the total price of \$24,400,000 consists of \$950,000 acquisition fee, \$150,000 for a property reserve account, and \$1,600,000 of estimated costs and expenses. The private placement memorandum projected a first-year annualized cash on cash return of 7.09%. No cash distribution has been made of March 31, 2004. Through March 31, 2004, the property was owned by 5 investors.

PIER 1 RETAIL CENTER. Butterfield-Highland 1031, L.L.C., a Delaware limited liability company, purchased a multi-tenant retail shopping center on December 30, 2003 from the beneficiary of Trust No. 2314, an unrelated third party, which trust was held by NorthSide Community Bank as Trustee under the Trust Agreement dated December 12, 2003. The L.L.C. financed its acquisition of the property with a loan from Bear Stearns Commercial Mortgage, Inc, a New York corporation. In March 2004, Butterfield-Highland 1031, L.L.C. began offering 99% of the undivided tenant in common interests in the real estate and improvements thereon located at 2830 S. Highland Avenue, Lombard, Illinois for \$4,257,000 in cash plus the assumption of the existing indebtedness to certain qualified persons in need of replacement properties to complete a 1031 tax-deferred exchange. The total price, \$8,150,000, consisted of \$3,850,000 in debt assumption and \$4,300,000 in equity investment, a minimum of 1% of which is required by the lender to be retained by Butterfield-Highland 1031, L.L.C. The difference between the real estate acquisition price of \$7,025,000 and the total price of

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\$8,150,000 consists of \$350,000 acquisition fee, \$100,000 for a property reserve account, and \$675,000 of estimated costs and expenses. The private placement memorandum projected a first-year annualized cash on cash return of 7.20%. Through March 31, 2004, there were no investors in the property.

The following summary table describes the fees and expenses incurred by each of our entities in our 1031 Exchange Private Placement Offering Project.

Sentry

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	Landings of Sarasota	Office Building	Pets Bowie	1031 Chattanooga
	DBT	DBT	DBT	DBT
Commissions & Fees(1)	Up to 8.5%	Up to 8.5%	Up to 8.5%	Up to 8.5%
Selling Commission To 3rd Party Reps	6.00%	6.00%	6.00%	6.00%
Due Diligence Fee	0.50%	0.50%	0.50%	0.50%
Marketing Expenses	1.00%	1.50%	1.50%	1.50%
Offering & Organization	1.00%	0.50%	0.50%	0.50%
Mortgage Broker Fee (IMC) (2)	0.50%	0.50%	0.50%	0.50%
Acquisition Fee & Carrying Costs(3)				
Acquisition Fee	N/A	0.71%	0.77%	0.90%
Bridge Financing Fees	N/A	N/A	1.49%	0.50%
Total Load(4)	11.25%-12.75%	14.23%	13.68%	14.39%
Asset Management Fees(5)	N/A	0.75%	1.00%	0.56%
Property Management Fees(6)	4.5%	5.0%	Paid by Asset Mgr.	5.0%
Backend Sales Commission	3.5%	3.5%	3.5%	3.5%
	Taunton Circuit	Broadway Commons	Bell Plaza	Inland 210 Celebration
	DBT	DBT	1031, LLC	Place DBT
Commissions & Fees(1)	Up to 8.0%	Up to 8.77%	Up to 9.19%	Up to 5.27%
Selling Commission To 3rd Party Reps	6.00%	6.00%	6.00%	3.81%
Due Diligence Fee	0.50%	0.50%	0.50%	0.00%
Marketing Expenses	1.00%	1.00%	1.00%	0.50%
Offering & Organization	0.50%	1.27%	1.69%	0.96%
Mortgage Broker Fee (IMC) (2)	0.61%	0.50%	0.50%	0.50%
Acquisition Fee & Carrying Costs(3)				
Acquisition Fee	0.69%	0.75%	N/A	0.89%
Bridge Financing Fees	0.07%	0.23%	N/A	0.23%
Total Load(4)	11.89%	12.98%	23.02%	10.52%
Asset Management Fees(5)	0.57%	N/A	0.53%	0.53%
Property Management Fees(6)	4.0%	5.0%	5.0%	4.5%
Backend Sales Commission	N/A	N/A	3.5%	N/A

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	Fleet Office	Davenport Deere Distribution	Grand Chute	Macon Office
	Building	Facility	DST	DST
Commissions & Fees(1)	Up to 8.52%	Up to 8.42%	Up to 8.82%	Up to 8.5%

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Selling Commission To 3rd Party Reps	6.00%	6.00%	6.00%	6.00%
Due Diligence Fee	0.50%	0.50%	0.50%	0.50%
Marketing Expenses	1.00%	1.00%	1.00%	1.00%
Offering & Organization	1.02%	0.92%	1.32%	1.00%
Mortgage Broker Fee (IMC) (2)	0.50%	0.71%	0.50%	0.50%
Acquisition Fee & Carrying Costs(3)				
Acquisition Fee	0.85%	0.77%	0.84%	0.77%
Bridge Financing Fees	0.35%	0.72%	0.13%	0.80%
Total Load(4)	14.57%	13.18%	12.96%	14.20%
Asset Management Fees(5)	0.49%	0.50%	0.66%	0.60%
Property Management Fees(6)	4.5%	4.5%	5.0%	4.5%
Backend Sales Commission	N/A	NA	NA	N/A

	Plainfield 1031	Butterfield- Highland 1031
	----- LLC	----- LLC
Commissions & Fees(1)	Up to 8.76%	Up to 8.73%
Selling Commission To 3rd Party Reps	6.00%	6.00%
Due Diligence Fee	0.50%	0.50%
Marketing Expenses	1.00%	1.00%
Offering & Organization	1.26%	1.23%
Mortgage Broker Fee (IMC) (2)	0.57%	0.50%
Acquisition Fee & Carrying Costs(3)		
Acquisition Fee	4.38%	4.98%
Bridge Financing Fees	0.53%	5.74%
Total Load(4)	20.44%	23.84%
Asset Management Fees(5)	0.04%	0.06%
Property Management Fees(6)	5.0%	5.0%
Backend Sales Commission	N/A	NA

- (1) Commissions and fees are calculated as a percentage of the equity portion of each deal.
- (2) The Mortgage Broker Fee is calculated as a percentage of the debt portion of each deal.
- (3) Acquisition & Carrying Costs are calculated as a percentage of the real estate acquisition price.
- (4) The Total Load is calculated as a percentage of the equity portion of each deal. The Total Load includes the Commissions & Fees, Mortgage Broker Fee, Acquisition Fee & Carrying Costs, as well as any other non-affiliated third party expenses.
- (5) Asset Management Fees are calculated as a percentage of the value of the assets under management. However, for The Landings and Broadway Commons, which are both Master Lease deals, the Master Tenant Income is the residual cash flow from the Property after payment of the Master Lease Rent. As a result, it is not possible to accurately represent the Master Tenant Income as a percentage of the value of the assets under management.
- (6) Property Management Fees are calculated as a percentage of Gross Income from the property.

Additional Fees (Same for each deal)

- (1) Loan Servicing Fee -
IMSC will be compensated with a monthly fee equal to the outstanding principal balance of the loan at the beginning of every month multiplied by 1/8% then divided by 12. This figure, however, shall never exceed \$10,000 nor be less than \$1,200 monthly.
- (2) Termination Fees -
MASTER LEASE: 8.333% of the last 12 months of NOI less Rent payments for the same 12 months multiplied by the number of months remaining on the then-current term of the Master Lease.
ASSET & PROPERTY MANAGEMENT AGREEMENTS: The sum of the current monthly AM & PM fees times the number of months remaining on the term.

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MANAGEMENT

OUR DIRECTORS AND EXECUTIVE OFFICERS

THE DISCUSSION UNDER THIS SECTION, WHICH STARTS ON PAGE 68 OF OUR PROSPECTUS, IS MODIFIED AND SUPPLEMENTED BY THE FOLLOWING:

Effective April 1, 2004, Catherine L. Lynch resigned from her position as Treasurer of our advisor. Effective April 30, 2004, Kelly E. Tucek resigned from her position as our Treasurer, Principal Accounting Officer and Principal Financial Officer. Steven P. Grimes has been appointed as our Treasurer and Principal Financial Officer, and Lori Foust has been appointed as our Principal Accounting Officer.

OUR ADVISOR

THE DISCUSSION UNDER THIS SECTION, WHICH STARTS ON PAGE 73 OF OUR PROSPECTUS, IS SUPPLEMENTED BY THE FOLLOWING INFORMATION.

Mr. Steven Grimes (age 37) joined our advisor as its Chief Financial Officer on February 18, 2004. He is responsible for our finances and borrowings. Prior to joining the advisor, Mr. Grimes was a director with Cohen Financial and was a senior manager with Deloitte and Touche. Mr. Grimes received his B.S. Degree in Accounting from Indiana University.

Ms. Lori Foust (age 39) joined our advisor as Vice President on November 17, 2003. Ms. Foust is responsible for our financial and SEC reporting. Prior to joining the advisor, Ms. Foust was a senior manager in the real estate division with Ernst and Young, LLP. She received her B.S. Degree in Accounting and her M.B.A. Degree from University of Central Florida.

PRINCIPAL STOCKHOLDERS

THE FOLLOWING REPLACES THE INFORMATION CONTAINED ON PAGE 85 OF OUR PROSPECTUS UNDER THE HEADING "PRINCIPAL STOCKHOLDERS".

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The following table provides information as of June 7, 2004 regarding the number and percentage of shares beneficially owned by each director, each executive officer, all directors and executive officers as a group and any person known to us to be the beneficial owner of more than 5% of our outstanding shares. As of June 7, 2004, no stockholder beneficially owned more than 5% of our outstanding shares. As of June 7, 2004, we had approximately 13,022 stockholders of record and approximately 74,033,629 shares of common stock outstanding. Beneficial ownership includes outstanding shares and shares which are not outstanding that any person has the right to acquire within 60 days after the date of this table. However, any such shares which are not outstanding are not deemed to be outstanding for the purpose of computing the percentage of outstanding shares beneficially owned by any other person. Except as indicated, the persons named in the table have sole voting and investing power with respect to all shares beneficially owned by them.

BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENTAGE CLASS
Robert D. Parks	95,099.8395 (1)	*
Roberta S. Matlin	170.8454	*
Scott W. Wilton	0	*
Steven P. Grimes	0	*
Lori J. Foust	0	*
Brenda G. Gujral	0	*
Frank A. Catalano, Jr.	1,000 (2)	*

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BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENTAGE CLASS
Kenneth H. Beard	1,000 (2)	*
Paul R. Gauvreau	112,731.8436 (2)	*
Gerald M. Gorski	2,457.1849 (2)	*
Barbara A. Murphy	1,000 (2)	*
All directors and executive officers as a group (11 persons)	201,675.5973 (1)	*

*Less than 1%

- (1) Includes 20,000 shares owned by our advisor. Our advisor is a wholly-owned subsidiary of our sponsor, which is an affiliate of The Inland Group. Mr. Parks is a control person of The Inland Group and disclaims beneficial ownership of these shares owned by our advisor.
- (2) Includes 1,000 shares issuable upon exercise of options granted to each independent director under our independent director stock option plan, to the extent that such options are currently exercisable or will become exercisable within 60 days after the date of this table.

INVESTMENT OBJECTIVES AND POLICIES

DISTRIBUTIONS

THE DISCUSSION UNDER THIS SECTION, WHICH STARTS ON PAGE 88 OF OUR PROSPECTUS, IS SUPPLEMENTED BY THE FOLLOWING:

At the March 19, 2004 regularly scheduled Board meeting, the Board of Directors unanimously approved a resolution to delegate to our management committee the authority to make monthly distributions to stockholders on our common stock in an amount between 6.0% and 7.25% on an annualized basis, for the remainder of the 2004 calendar year.

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

- \$.30 per share per annum for the stockholders of record on October 31, 2003, payable on November 10, 2003
- \$.50 per share per annum for the stockholders of record on November 30, 2003, payable on December 10, 2003
- \$.70 per share per annum for the stockholders of record on December 31, 2003, payable on January 10, 2004
- \$.70 per share per annum for the stockholders of record on January 31, 2004, payable on February 10, 2004
- \$.70 per share per annum for the stockholders of record on February 29, 2004, payable on March 10, 2004
- \$.70 per share per annum for the stockholders of record on March 31, 2004, payable on April 10, 2004
- \$.67 per share per annum for the stockholders of record on April 30, 2004, payable on May 10, 2004
- \$.675 per share per annum for the stockholders of record on May 31, 2004, payable on June 10, 2004

BORROWING

THE DISCUSSION UNDER THIS SECTION, WHICH STARTS ON PAGE 91 OF OUR PROSPECTUS, IS MODIFIED AND SUPPLEMENTED BY THE FOLLOWING INFORMATION REGARDING OUR BORROWING POLICIES.

Our board of directors unanimously approved that consistent with our borrowing policies, we may commit up to the aggregate of \$25 million in cash for letters of credit in order to obtain financing for properties.

Our board of directors adopted a policy to delegate to management the ability to obtain unsecured general financing facilities up to \$100,000,000 without prior approval by the board of directors. These facilities would then be matched with specific properties, which would secure the amounts due under the specific financings.

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OTHER INVESTMENTS

THE DISCUSSION UNDER THIS SECTION, WHICH STARTS ON PAGE 93 OF OUR PROSPECTUS, IS MODIFIED AND SUPPLEMENTED BY THE FOLLOWING:

Our advisor has informed our board of directors that it is increasingly concerned about the potential that mortgage interest rates we can borrow at will

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increase during 2004. Our board of directors, including all of the independent directors, unanimously approved a resolution for the following:

We may invest in interest rate futures, an interest rate hedging strategy designed to offset the risks of potential interest rate increases on our long-term borrowings. Should conditions warrant, this interest rate hedging strategy will be implemented over a period of time. We intend to invest in up to \$100 million in interest rate futures, both five and seven year treasuries, with maturities of 90 days. Our initial cash outlay in this interest rate hedging strategy is expected to be between 1 to 2% of the value of our investment in the interest rate futures. Risks associated with this interest rate hedging strategy are primarily associated with declines in interest rates. As rates decline, we risk having to increase our initial cash outlay, and may incur losses on our investments in interest rate futures.

- 1) An affiliate of our advisor, Inland Investment Advisors, Inc., the investment advisor, will be managing this interest rate hedging strategy. Fees paid to the investment advisor are expected to be similar to those incurred using a third party investment advisor.
- 2) We may also retain the investment advisor to invest up to \$10 million of our cash in publicly traded investment securities. Fees paid to the investment advisor are expected to be similar to those incurred using a third party investment advisor.
- 3) We may enter into an initial \$50 million (which could increase to \$100 million) twelve month credit facility with an affiliate of our advisor, Inland Real Estate Exchange Corporation (IREX) for its 1031 exchange program. IREX will use the funds to purchase real estate investments that meet the criterion consistent with our real estate investment policies.

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REAL PROPERTY INVESTMENTS

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

HUEBNER OAKS CENTER, SAN ANTONIO, TEXAS

On June 8, 2004, we purchased an existing shopping center known as Huebner Oaks Center, containing 286,738 gross leasable square feet. The center is located at I-10 and Huebner Road, in San Antonio, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$79,721,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$278 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or

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improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Bed, Bath & Beyond, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Beginning
Bed, Bath & Beyond	35,009	12	10.62	03/97

For federal income tax purposes, the depreciable basis in this property will be approximately \$60,006,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Huebner Oaks Center was built between 1997 and 1998. As of June 1, 2004, this property was 97% occupied, with a total 278,515 square feet leased to fifty-five tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Yankee Candle	2,028	02/05	54,756	27.00
Mattress Firm	2,942	05/05	64,724	22.00
Compass ATM	60	07/05	20,000	N/A
AAA Texas	3,682	11/05	77,322	21.00
Marble Slab	1,542	12/05	37,008	24.00
Kinko's	4,760	02/06	92,249	19.38
EB Game World	1,160	08/06	32,480	28.00
Pier 1 Imports	8,990	02/07	182,137	20.26
Old Navy	14,000	03/07	196,000	14.00
Shoes 4 Kids	1,000	02/07	26,500	26.50
La Madeleine	4,200	03/07	86,100	20.50

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
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Moon Mippy	930	04/07	26,296	28.28
Club Humidor	2,254	06/07	54,096	24.00
Cingular Wireless	2,502	06/07	59,631	23.83
Saltgrass Restaurant	8,036	06/07	104,609	13.02
All Ashore Sportswear	1,264	07/07	27,808	22.00
Pearle Vision	2,721	07/07	68,025	25.00
Beauty First	3,681	09/07	77,301	21.00
Verizon Wireless	1,803	10/07	45,075	25.00
Oreck Homecare	1,103	10/07	24,266	22.00
Bed, Bath & Beyond	35,009	01/08	371,796	10.62
Frankly Fake Copy	854	01/08	24,541	28.74
Ross Stores	28,200	01/08	267,900	9.50
Men's Wearhouse	4,500	02/08	88,020	19.56
Fire Wok	2,500	03/08	52,500	21.00
Ride Away Bicycles	3,917	04/08	58,755	15.00
Claire's Boutique	1,200	08/08	33,600	28.00
Sports Clips	1,057	09/08	26,425	25.00
Gap Kids	8,500	09/08	180,540	21.24
Victoria's Secret	4,500	09/08	94,500	21.00
Bath & Body Works	2,500	09/08	58,750	23.50
Lane Bryant	4,500	09/08	94,500	21.00
Banana Republic	5,964	09/08	114,807	19.25
California Pizza Kitchen	4,301	10/08	118,708	27.60
Starbucks	1,690	10/08	38,870	23.00
GNC	1,155	10/08	28,875	25.00
Hallmark Creations	6,416	10/08	130,566	20.35
Barbeques Galore	4,498	11/08	124,145	27.60
Abercrombie & Fitch	6,766	11/08	135,320	20.00
Casual Male Big & Tall	3,914	12/08	90,022	23.00
Eddie Bauer	6,384	01/09	193,691	30.34
Gymboree	1,925	01/09	46,200	24.00
Ann Taylor	4,500	01/09	131,175	29.15
Steak Escape	1,663	03/09	39,912	24.00
Cactus Low Carb Superstore	2,083	05/09	33,328	16.00
Brighton	1,498	06/09	40,836	27.26
Ben Adams Jewelers	2,233	11/09	55,825	25.00
Bombay Company	4,500	12/09	121,500	27.00
Talbots	6,314	01/11	164,164	26.00
Chico's	2,060	09/11	49,440	24.00
Chico's (Expansion)	1,000	09/11	35,000	35.00
Macaroni Grill	7,900	08/12	107,000	13.54
American Eagle	5,800	01/14	168,200	29.00
Chipotle Mexican Grill	2,556	03/14	63,261	24.75
Borders Books	27,500	03/17	411,670	14.97

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

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PINE RIDGE PLAZA, LAWRENCE, KANSAS

On June 7, 2004, we purchased an existing shopping center known as Pine Ridge

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Plaza, containing 226,471 gross leasable square feet (which includes 80,654 square feet of ground lease space). The center is located at 3106 - 3140 Iowa Street, in Lawrence, Kansas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$26,982,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$119 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, T.J. Maxx and Bed, Bath & Beyond, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Beginning
T.J. Maxx	25,500	11	8.50	04/04
Bed, Bath & Beyond	24,000	11	10.00	01/04

For federal income tax purposes, the depreciable basis in this property will be approximately \$20,236,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Pine Ridge Plaza was redeveloped from 1998 through 2004 and the inline strip center portion of the property was completed in 2001. As of June 1, 2004, this property was 100% occupied, with a total 145,817 square feet leased to twelve tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Old Navy	22,000	07/06	220,000	10.00
Jason's Deli	5,000	06/07	90,000	18.00
Deals	9,862	03/08	128,206	13.00
Electronic Boutique	2,190	03/08	41,063	18.75
Sports Clips	2,190	03/08	31,317	14.30
Bath & Body Works	2,500	01/12	37,500	15.00
Hurst Diamonds	1,375	02/12	24,750	18.00
Famous Footwear	12,000	07/12	180,000	15.00
Michaels	21,000	12/13	199,500	9.50

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Bed, Bath & Beyond	24,000	12/13	240,000	10.00
Cost Plus World Market	18,200	04/14	245,700	13.50
T.J. Maxx	25,500	03/14	216,750	8.50
Kohls (Ground Lease)	N/A	01/19	360,000	N/A
IHOP (Ground Lease)	N/A	11/19	50,000	N/A

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In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

ECKERD DRUG STORES

On June 3, 2004, we purchased the following four separate existing freestanding retail properties built between 2003 and 2004 known as Eckerd Drug Stores, containing a total of 54,912 gross leasable square feet.

Location -----	Square Feet -----	Lease Term -----	Purchase Price (\$) -----
1100 W. Hampton Boulevard Greer, South Carolina	13,824	06/03/04 - 06/02/24	3,069,000
2041 S. Croatan Highway Kill Devil Hills, North Carolina	13,824	06/03/04 - 06/02/24	3,650,000
Broad River and Kennerly Columbia, South Carolina	13,440	06/03/04 - 06/02/24	3,260,000
1106 Main Street Crossville, Tennessee	13,824	06/03/04 - 06/02/24	2,625,000

We purchased the four Eckerd Drug Stores from Eckerd, an unaffiliated third party. Our total acquisition cost, including expenses, was approximately \$12,604,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$230 per square foot of leasable space.

We purchased these properties with our own funds. However, we expect to place financing on the properties at a later date.

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

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materially relevant to the decision to acquire these properties.

One tenant, Eckerd Drug Stores, leases 100% of the total gross leasable area of each property. The leases with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee/ Location	Approximate GLA Leased (Sq. Ft.)	% of Total GLA of each Property	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)	
1100 W. Hampton Blvd. Greer, SC	13,824	100	254,727	18.43	06/
2041 S. Croatan Hwy. Kill Devil Hills, NC	13,824	100	302,950	21.91	06/

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Lessee/ Location	Approximate GLA Leased (Sq. Ft.)	% of Total GLA of each Property	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)	
Broad River and Kennerly Columbia, SC	13,440	100	270,580	20.13	06/
1106 Main Street Crossville, TN	13,824	100	217,875	15.76	06/

For federal income tax purposes, the depreciable basis in these properties will be approximately \$9,453,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

PLAZA SANTA FE, PHASE II, SANTA FE, NEW MEXICO

On June 1, 2004, we purchased an existing shopping center known as Plaza Santa Fe, Phase II, containing 222,411 gross leasable square feet. The center is located at Cerrillos Road and Zafarano Boulevard in Santa Fe, New Mexico.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$30,970,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$141 per square foot of leasable space.

We purchased this property with our own funds and by assuming the existing mortgage debt on the property. The outstanding balance on the mortgage debt at

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the date of acquisition was \$17,600,000. This loan requires monthly principal and interest payments based on a fixed interest rate of 6.2% per annum and cannot be prepaid prior to January 2005. The loan matures on December 1, 2012.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Best Buy, Linens 'N Things and T.J. Maxx, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Best Buy	31,226	14	13.50	09/01	01/1
Linens 'N Things	31,500	14	13.50	11/00	01/1
T.J. Maxx	30,900	14	10.50	11/00	11/1

For federal income tax purposes, the depreciable basis in this property will be approximately \$23,500,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Plaza Santa Fe Phase II was built between 2000 to 2002. As of June 1, 2004, this property was 98% occupied, with a total 217,351 square feet leased to 20 tenants. The following table sets forth certain information with respect to those leases:

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
State Farm Insurance	1,250	02/05	27,500	22.00
Old Navy	20,115	03/06	251,438	12.50
H & R Block	1,900	10/07	37,050	19.50
Corral West	7,450	11/07	75,543	10.14
Cactus Salon	1,250	01/08	30,000	24.00
Payless Shoe Source	2,850	03/08	57,000	20.00
Mens Wearhouse	4,539	05/08	83,972	18.50
French & French	3,038	11/08	69,874	23.00
Alltel	3,932	12/08	112,612	28.64

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T.J. Maxx	30,900	11/10	324,450	10.50
Michael's	20,280	03/11	253,500	12.50
D & A Mattress	4,710	03/11	89,490	19.00
Famous Footwear	8,000	01/12	136,000	17.00
Super Nails	1,000	03/12	30,000	30.00
Quizno's	1,900	04/12	37,715	19.85
Osaka Grill	6,000	09/12	150,000	25.00
Linens 'N Things	31,500	01/16	425,250	13.50
Best Buy	31,226	01/17	421,551	13.50
PetSmart	20,010	01/17	284,742	14.23
Borders	15,501	01/18	234,957	15.16

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

NORTHPOINTE PLAZA, SPOKANE, WASHINGTON

On May 28, 2004, we purchased an existing shopping center known as Northpointe Plaza, containing 378,890 gross leasable square feet. The center is located at 10100 N. Newport Highway in Spokane, Washington.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$48,500,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$148 per square foot of leasable space.

We purchased this property with our own funds. On June 4, 2004, we obtained financing in the amount of \$30,850,000. The loan requires interest only payments at an annual rate of 4.272% and matures May 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Safeway, Best Buy and Gart Sports, each leases more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Safeway	47,000	12	7.82	11/90	10/1
Best Buy	45,000	12	7.56	10/01	10/1

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Gart Sports	45,658	12	11.56	09/98	01/1
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For federal income tax purposes, the depreciable basis in this property will be approximately \$36,375,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Northpointe Plaza was built between 1991 to 1993. As of June 1, 2004, this property was 99% occupied, with a total 375,773 square feet leased to thirty-one tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
RadioShack	2,764	08/05	34,550	12.50
Payless Shoes	2,992	11/05	52,659	17.60
T.J. Maxx	24,894	01/06	186,705	7.50
Sally Beauty Supplies	1,778	03/06	25,106	14.12
Corral West	7,560	03/06	64,260	8.50
Great Clips	1,600	05/06	27,920	17.45
Mother Cupboard	1,600	05/06	25,600	16.00
Washington Mutual	4,500	06/06	82,404	18.31
Fashion Bug	9,000	01/07	81,000	9.00
Pier One Imports	10,000	06/07	144,600	14.46
Foxy Nail	1,840	10/07	33,180	18.03
Payday Plus	1,250	06/08	26,400	21.12
Mark Webb	1,500	01/09	25,500	17.00
America's Best	4,500	03/09	72,000	16.00
Hollywood Video	7,500	08/09	141,450	18.86
Bath & Body Works	2,363	01/10	42,888	18.15
Safeway	47,000	10/10	367,386	7.82
Safeway Gas Bar	5,032	01/11	98,000	19.48
Marks Hallmark	5,026	01/11	75,390	15.00
Mail Boxes, Etc.	1,600	07/11	26,400	16.50
Red Robin Restaurant	6,469	11/11	87,808	13.57
Taco Bell	3,000	05/12	54,996	18.33
Gart Sports	45,658	01/13	527,592	11.56
Country Buffet	10,172	01/13	140,373	13.80
Azteca Restaurant	5,275	04/13	87,860	16.66
Staples	25,540	07/13	305,793	11.97
PetSmart	26,175	08/13	376,396	14.38
Linens 'N Things	36,554	09/15	448,517	12.27
Best Buy	45,000	10/16	340,000	7.56

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Approximate	Current	Base Rent Per
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Lessee	GLA Leased (Sq. Ft.)	Lease Ends	Annual Rent (\$)	Square Foot Per Annum (\$)
Borders	22,631	01/18	178,785	7.90
Applebees	5,000	04/27	66,999	13.40

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

WATAUGA PAVILION, WATAUGA, TEXAS

On May 21, 2004, we purchased a newly constructed shopping center known as Watauga Pavilion, containing 205,740 gross leasable square feet. The center is located at 7600-7620 Denton Highway in Watauga, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$35,669,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$173 per square foot of leasable space.

We purchased this property with our own funds. On June 7, 2004, we obtained financing in the amount of \$19,617,000. The loan requires interest only payments at an annual rate of 4.140% and matures June 2010.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Oshman's, Ross Dress for Less and Bed, Bath & Beyond, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	T
Oshman's Sporting Goods	32,630	16	10.60 11.00	03/04 02/10	01 01
Ross Dress for Less	30,187	15	9.25 9.50	05/04 06/09	05 01
Bed, Bath & Beyond	25,000	12	7.50	01/04	01

For federal income tax purposes, the depreciable basis in this property will be approximately \$26,800,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Watauga Pavilion was built during 2003 to 2004. As of June 1, 2004, this property was 94% occupied, with a total 192,941 square feet leased to thirteen tenants and an additional 62,228 square feet leased to three tenants with lease commencement dates between April and May 2004. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Cool Cuts 4 Kids	1,210	10/08	1/5 yr.	25,410	21.00
Sprint Spectrum	2,738	12/08	2/5 yr.	60,236	22.00
EB Games	1,500	12/08	2/5 yr.	34,500	23.00
Mattress Giant	5,000	01/09	2/5 yr.	110,000	22.00
Beauty Brands	6,260	02/09	1/5 yr.	138,600	22.14
Half Price Books	9,600	01/14	2/5 yr.	115,200	12.00
Bed, Bath & Beyond	25,000	01/14	3/5 yr.	187,500	7.50
Pier One Imports	9,373	02/14	2/5 yr.	161,491	17.23
Party City	12,000	02/14	*	159,000	13.25
Office Depot	20,064	04/14	1/4 yr. 2/5 yr.	260,832	13.00
Ross Dress for Less	30,164	01/15	5/5 yr.	279,017	9.25
Oshman's	32,630	01/15	3/5 yr.	345,912	10.60
Cost Plus World Market	17,999	01/15	3/5 yr.	238,858	13.27
PetSmart	19,380	03/19	3/5 yr.	198,453	10.24

* Lease renewal options were not available as of the date of this report.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

EASTWOOD TOWNE CENTER, LANSING, MICHIGAN

On May 13, 2004, we purchased an existing shopping center known as Eastwood Towne Center, containing 326,981 gross leasable square feet (which consists of 24,110 square feet of ground lease space). The center is located at 3003 Preyde Boulevard in Lansing, Michigan.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$85,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$260 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property

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over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Dick's Sporting Goods, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Dick's Sporting Goods	45,000	13	0 8.00 8.50 9.00	09/02 07/04 02/08 02/13	06/ 01/ 01/ 01/

For federal income tax purposes, the depreciable basis in this property will be approximately \$63,750,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Eastwood Towne Center was built in 2002. As of June 1, 2004, this property was 93% occupied, with a total 299,910 square feet leased to sixty tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
State Employee Credit Union	2,120	09/07	2/5 yr.	74,200	35.00
Pancho's	2,409	09/07	2/5 yr.	52,998	22.00
Claire's	1,200	09/07	1/5 yr.	38,400	32.00
Sprint PCS	1,089	09/07	1/5 yr.	43,560	40.00
Fabiano's Candies	1,090	09/07	1/5 yr.	27,250	25.00
Electronics Boutique	1,148	01/08	2/3 yr.	45,920	40.00
Hallmark	4,500	02/08	2/5 yr.	94,500	21.00
Star Image Photography	825	07/08	3/5 yr.	28,875	35.00
LA Weight Loss	1,100	04/09	-	22,000	20.00
See Candies	1,200	09/09	1/5 yr.	42,000	35.00
Banana Republic	7,000	09/10	1/4 yr.	105,000	15.00
The Gap	7,526	09/10	1/3 yr.	120,416	16.00
Maggie Moo's	1,105	10/10	2/5 yr.	44,200	40.00
Beauty First	3,388	10/10	1/7 yr.	84,700	25.00
Pier 1 Imports	10,002	06/12	2/5 yr.	200,040	20.00

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Limited Too	3,980	09/12	1/5 yr.	91,540	23.00
Old Thyme Herbs	1,000	09/12	2/5 yr.	38,000	38.00
Mall Office	1,000	09/12	-	20,000	20.00
Ritz Camera	1,500	09/12	2/5 yr.	37,500	25.00
Johnny Rockets	2,592	09/12	4/5 yr.	85,536	33.00
Oneida	4,000	09/12	1/5 yr.	90,000	22.50
Claddagh Pub	5,987	09/12	2/5 yr.	137,701	23.00
Forever 21	6,838	09/12	2/5 yr.	143,598	21.00
Casual Corner	6,019	09/12	1/5 yr.	150,475	25.00
Subway	1,729	10/12	2/5 yr.	56,192	32.50
Treehouse Toys	4,716	10/12	2/5 yr.	113,184	24.00
Mitchell's Fish Market	7,264	11/12	2/5 yr.	183,416	25.25
Coldwater Creek	6,000	11/12	2/5 yr.	150,000	25.00
J. Crew	6,000	01/13	1/5 yr.	144,000	24.00

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Guess	5,000	01/13	-	125,000	25.00
White House Black Market	1,850	01/13	2/5 yr.	61,050	33.00
Express	8,000	01/13	2/5 yr.	192,000	24.00
Victoria's Secret	6,500	01/13	2/5 yr.	156,000	24.00
DSW Shoe Warehouse	25,000	01/13	4/5 yr.	300,000	12.00
Jos A. Banks	4,500	01/13	1/5 yr.	121,500	27.00
American Eagle	5,400	01/13	2/5 yr.	129,600	24.00
Ann Taylor Loft	5,280	01/13	2/5 yr.	132,000	25.00
Bath & Body Works	3,360	01/13	2/5 yr.	80,640	24.00
Yankee Candle	2,500	01/13	2/5 yr.	75,000	30.00
Children's Place	4,526	01/13	2/5 yr.	117,676	26.00
Aeropostal	3,600	01/13	1/5 yr.	86,400	24.00
Starbuck's	1,440	02/13	4/5 yr.	50,400	35.00
Lane Bryant	5,390	02/13	2/5 yr.	140,140	26.00
McAlister's Deli	3,311	02/13	2/5 yr.	79,464	24.00
Christopher & Banks	3,000	03/13	2/5 yr.	105,000	35.00
April Cornell	2,250	04/13	2/5 yr.	76,500	34.00
Venetian Nails	1,376	04/13	2/5 yr.	48,160	35.00
Mother's Work	2,685	06/13	2/5 yr.	93,975	35.00
Capitol Fur	1,100	10/13	2/5 yr.	28,600	26.00
Hampton Jewelers	2,163	10/13	2/5 yr.	43,260	20.00
Talbots	4,800	01/14	2/5 yr.	112,800	23.50
Williams-Sonoma	5,500	01/15	-	121,000	22.00
Pottery Barn	10,500	01/15	-	231,000	22.00
Brio/Bravo	7,134	09/17	1/5 yr.	190,000	26.63
Borders (Schuler Books)	24,418	01/18	3/5 yr.	439,524	18.00
Dick's Sporting Goods	45,000	01/18	4/5 yr.	-	-
CoAmerica (Ground Lease)	N/A	10/18	4/5 yr.	125,000	N/A
Max & Erma's (Ground Lease)	N/A	09/19	4/5 yr.	202,000	N/A
PF Changs (Ground lease)	N/A	11/12	3/5 yr.	60,000	N/A
Smoky Bones (Ground Lease)	N/A	10/13	4/5 yr.	110,000	N/A

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In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

ARVADA MARKETPLACE AND ARVADA CONNECTION, ARVADA, COLORADO

On April 29, 2004, we purchased two existing shopping centers, situated directly across the street from each other, containing 358,757 total gross leasable square feet (297,678 square feet and 61,079 square feet, respectively). The centers are located at 7320-7490 West 52nd Street in Arvada, Colorado.

We purchased these two centers from one unaffiliated third party. Our total acquisition cost was approximately \$51,550,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$144 per square foot of leasable space.

We purchased this property with our own funds. However, we expect to place financing on the property at a later date.

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We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Sam's Club and Gart Sports, each lease more than 10% of the total gross leasable area of Arvada Marketplace and two tenants, Old Country Buffet and Pier 1 Imports, each lease more than 10% of the total gross leasable area at Arvada Connection. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	T
ARVADA MARKETPLACE					
Sam's Club	142,491	48	4.04	03/86	07
			5.25	08/90	06
			6.31	07/95	03
			8.01	04/01	03
Gart Sports	54,903	18	7.03	10/93	01
ARVADA CONNECTION					
Old Country Buffet	10,000	16	8.00	09/92	12
			10.00	01/98	12
			11.00	01/03	12

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Pier 1 Imports	8,068	13	14.00	04/88	04
			15.00	05/93	04
			15.00	05/98	04
			15.50	05/99	04
			16.00	05/00	04
			16.50	05/01	04
			17.00	05/02	04
			17.00	05/03	04
			18.00	05/06	04

For federal income tax purposes, the depreciable basis in this property will be approximately \$38,700,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Arvada Marketplace and Arvada Connection were built between 1987 through 1990. As of June 1, 2004, Arvada Marketplace was 99% occupied, with a total 293,376 square feet leased to twenty-eight tenants and Arvada Connection was 78% occupied, with a total 47,483 square feet leased to twelve tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)

ARVADA MARKETPLACE					
Carefree Spas & Pools	6,367	06/04	-	54,120	8.50
Ted Johnson, DDS	1,564	10/04	1/5 yr.	20,301	12.98
Action Chiropractic	1,363	12/04	1/4 yr.	23,171	17.00

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)

Armada's Bridal	5,155	05/05	-	54,128	10.50
Fast Signs	1,600	06/05	1/5 yr.	24,000	15.00
American General Finance	1,381	11/05	1/5 yr.	24,168	17.50
Namiko's Restaurant	3,015	02/06	-	53,577	17.77
Cruise Holidays	1,400	02/06	-	21,000	15.00
Citifinancial	2,251	12/06	1/5 yr.	35,821	15.91
Elegant Nails	1,000	01/07	-	17,000	17.00
Schlotzsky's Deli	1,900	07/07	-	26,600	14.00
Mail Boxes Etc.	1,375	12/07	1/5 yr.	24,063	17.50
Supercuts	2,213	12/07	1/5 yr.	37,621	17.00
Fantastic Sam's	1,350	12/07	1/5 yr.	22,275	16.50
Fashion Bug	10,000	03/08	1/15 yr.	80,000	8.00

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Subway	1,230	10/08	1/5 yr.	22,140	18.00
RadioShack	2,791	10/08	2/5 yr.	43,958	15.75
Lone Star Steakhouse	6,000	11/08	1/5 yr.	85,430	14.24
Gart Sports	54,903	01/09	1/15 yr.	385,902	7.03
Tile for Less	3,016	03/09	-	48,256	16.00
Life Uniforms	3,194	05/09	-	49,507	16.00
Executive Tans	1,500	06/09	-	22,687	15.13
1st Cleaners	1,400	04/10	1/5 yr.	23,800	17.00
Red Robin Burger	7,300	12/10	1/5 yr.	201,795	27.64
Sam's Club	142,491	03/11	4/5 yr.	1,142,063	8.01
Bennett's Bar-B-Que	6,054	03/12	2/5 yr.	149,836	24.75
Lady of America Fitness	4,200	12/13	1/5 yr.	88,000	21.00
Office Depot	17,363	05/14	3/5 yr.	136,000	8.00
ARVADA CONNECTION					
SAS Shoes	2,600	11/04	1/5 yr.	28,600	11.00
Liquor Paradise	2,600	04/06	1/5 yr.	34,450	13.25
Kwal-Howell Paint Center	3,965	05/06	-	58,484	14.75
State Farm Insurance	1,190	07/06	1/5 yr.	20,230	17.00
U-Frame-It	1,680	09/06	-	24,058	14.32
Verizon Wireless	1,400	10/06	-	26,600	19.00
Pier 1 Imports	8,068	04/08	-	137,156	17.00
Household Finance	1,680	11/07	1/5 yr.	25,200	15.00
Old Country Buffett	10,000	12/07	2/5 yr.	110,000	11.00
Taco Bell	2,240	12/07	2/5 yr.	74,347	33.19
Waldenbooks & More	7,600	01/09	-	176,700	23.25
IHOP	4,460	01/10	1/3 yr.	101.900	22.85
			1/4 yr.		

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

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ALISON'S CORNER SHOPPING CENTER, SAN ANTONIO, TEXAS

On April 28, 2004, we purchased an existing shopping center known as Alison's Corner Shopping Center containing 55,066 gross leasable square feet. The center is located at 2720 SW Military Drive in San Antonio, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$7,042,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$128 per square foot of leasable space.

We purchased this property with our own funds. On May 10, 2004, we obtained financing in the amount of \$3,850,000. The loan requires interest only payments at an annual rate of 4.272% and matures June 2010.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any

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monies spent pursuant to the provisions of their respective leases.

Two tenants, Ross Dress for Less and Shoe Carnival, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Ross Dress for Less	30,066	55	10.00	09/03	01/14
Shoe Carnival	12,000	22	13.00	09/03	08/13

For federal income tax purposes, the depreciable basis in this property will be approximately \$5,282,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Alison's Corner was built in 2003. As of June 1, 2004, this property was 100% occupied, with a total 55,066 square feet leased to three tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Matress Firm	9,000	12/08	2/5 yr.	108,000	12.00
Dots	4,000	01/09	3/5 yr.	67,000	16.75
Shoe Carnival	12,000	08/13	2/5 yr.	156,000	13.00
Ross Dress for Less	30,066	01/14	5/5 yr.	300,600	10.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

NORTH RIVERS TOWN CENTER, CHARLESTON, SOUTH CAROLINA

On April 27, 2004, we purchased a portion of a newly constructed shopping center known as North Rivers Town Center. The property we acquired contains 141,167 gross leasable square feet, (which includes 31,280 square feet of ground lease space). The center is located at Rivers Avenue and Ashley Phosphate Road in Charleston, South Carolina.

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We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$20,100,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$142 per square foot of leasable space.

We purchased this property with our own funds. On June 3, 2004, we obtained financing in the amount of \$11,050,000. The loan requires interest only payments at an annual rate of 4.76% and matures May 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Bed, Bath & Beyond, Ross Dress for Less and Office Depot, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Bed, Bath & Beyond	28,000	25	10.85	11/03	01/14
Ross Dress For Less	30,187	27	11.00	02/04	01/15
Office Depot	16,000	15	11.50	02/04	01/14

For federal income tax purposes, the depreciable basis in this property will be approximately \$15,100,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

North Rivers Town Center was built during 2003 and 2004. As of June 1, 2004, this property was 94% occupied, with a total 109,887 square feet leased to fifteen tenants and a parcel of land lease to one tenant under a ground lease. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
All About Cellular	1,400	07/06	1/3 yr.	27,300	19.50
Super Nails	1,400	04/08	1/3 yr.	28,000	20.00
Mattress Gallery	2,400	06/08	2/5 yr.	52,800	22.00
Great Clips	1,250	06/08	2/5 yr.	26,250	21.00
GameStop	1,750	10/08	2/5 yr.	35,000	20.00
Cold Stone Creamery	1,500	11/08	3/5 yr.	30,000	20.00
Firehouse Subs	1,800	12/08	1/6 yr.	36,000	20.00
Towne Centre	1,600	12/08	2/3 yr.	26,400	16.50
Pro Golf of Charleston	4,800	12/09	2/3 yr.	76,800	16.00

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Bed, Bath & Beyond	28,000	11/12	3/5 yr.	303,800	10.85
David's Bridal	10,000	03/13	2/5 yr.	155,000	15.50
Office Depot	16,000	05/13	4/5 yr.	184,000	11.50
Just Fresh Bakery & Cafe	4,800	07/13	2/5 yr.	100,800	21.00

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Pearle Vision	3,000	12/13	2/5 yr.	60,000	20.00
Ross Dress For Less	30,187	12/13	4/5 yr.	332,057	11.00
Babies R Us (Ground Lease)	N/A	05/13	6/5 yr.	160,776	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

BLUEBONNET PARC, BATON ROUGE, LOUISIANA

On April 20, 2004, we purchased an existing shopping center known as Bluebonnet Parc containing 135,289 gross leasable square feet. The center is located at I-10 and Bluebonnet Road in Baton Rouge, Louisiana.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$22,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$163 per square foot of leasable space.

We purchased this property with our own funds. On May 10, 2004, we obtained financing in the amount of \$12,100,000. The loan requires interest only payments at an annual rate of 4.372% and matures May 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Best Buy, Linens 'N Things and Cost Plus World Market, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Approximate GLA Leased	% of Total	Base Rent Per Square Foot Per	Lease Term
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Lessee	(Sq. Ft.)	GLA	Annum (\$)	Beginning	T
Best Buy	45,439	34	13.00 13.50 14.25	08/02 02/08 02/13	01 01 01
Linen's N Things	32,418	24	11.50 12.50	10/02 02/09	01 01
Cost Plus World Market	18,300	14	14.00 14.50	12/02 02/09	01 01

For federal income tax purposes, the depreciable basis in this property will be approximately \$16,500,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Bluebonnet Parc was built in 2002. As of June 1, 2004, this property was 89% occupied, with a total 120,289 square feet leased to six tenants. The following table sets forth certain information with respect to those leases:

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
David's Bridal	9,998	09/12	2/5 yr.	159,968	16.00
Lifeway Christian Bookstore	9,161	10/12	2/5 yr.	141,995	15.50
Cost Plus World Market	18,300	01/14	3/5 yr.	256,200	14.00
Linens' N Things	32,418	01/14	3/5 yr.	372,807	11.50
The Men's Wearhouse	4,973	02/14	2/5 yr.	99,460	20.00
Best Buy	45,439	01/18	3/5 yr.	590,707	13.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

BEST ON THE BOULEVARD, LAS VEGAS, NEVADA

On April 14, 2004, we purchased an existing shopping center known as Best on the Boulevard, containing 204,427 gross leasable square feet. The center is located at 3820 Maryland Parkway in Las Vegas, Nevada.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$35,500,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$174 per square foot of leasable space.

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We purchased this property with our own funds. On May 7, 2004, we obtained financing in the amount of \$19,525,000. The loan requires interest only payments at an annual rate of 3.99% and matures May 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to reimburse a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Best Buy, Barnes & Noble Booksellers and Copeland's Sporting Goods, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease To Beginning
Best Buy	57,726	28	15.00 CPI CPI	11/94 02/05 02/10
Barnes & Noble Booksellers	26,092	13	13.41 14.35	09/99 10/04
Copeland's Sporting Goods	25,129	12	27.52 13.50 15.12 16.98	07/97 09/99 07/02 07/07

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For federal income tax purposes, the depreciable basis in this property will be approximately \$26,265,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Best on the Boulevard was built during the three year period from 1996 to 1999. As of June 1, 2004, this property was 77% occupied, with a total 156,756 square feet leased to eight tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Barnes & Noble Booksellers	26,092	01/10	1/5 yr.	350,000	13.41
Rochester Big & Tall	7,000	08/10	2/5 yr.	201,280	28.75

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Deli Planet	4,800	11/10	2/5 yr.	115,200	24.00
Cost Plus World Market	18,508	02/11	3/5 yr.	303,531	16.40
Evenson Card Shop	7,500	02/12	3/5 yr.	205,500	27.40
Copeland's Sporting Goods	25,129	06/12	4/5 yr.	379,950	15.12
Pier 1 Imports	10,001	09/13	3/5 yr.	170,017	17.00
Best Buy	57,726	01/15	2/5 yr.	865,890	15.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PARADISE VALLEY MARKETPLACE, PHOENIX, ARIZONA

On April 8, 2004, we purchased an existing shopping center known as Paradise Valley Marketplace containing 92,158 gross leasable square feet (which includes 10,908 square feet of ground lease space). The center is located at Tatum Boulevard and Shea Boulevard in Phoenix, Arizona.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$28,510,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$309 per square foot of leasable space. Included in the purchase price was 11,000 square feet is vacant land that has been approved for development.

We purchased this property with our own funds. On June 3, 2004, we obtained financing in the amount of \$15,680,500. The loan requires interest only payments at an annual rate of 4.55% and matures May 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Whole Foods Grocery Store, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term	
				Beginning	To
Whole Foods	32,000	39	13.50	01/02	01/12
			CPI	02/12	01/17
			CPI	02/17	01/22

For federal income tax purposes, the depreciable basis in this property will be

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approximately \$21,383,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Paradise Valley Marketplace was built in 2002. As of June 1, 2004, this property was 86% occupied, with a total 69,627 square feet leased to fifteen tenants and a parcel of land leased to one tenant under a ground lease. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
EB Gameworld	1,015	11/05	2/3 yr.	30,450	30.00
Beauty Brands	5,510	12/06	1/5 yr.	176,320	32.00
Verizon Wireless	2,047	12/06	2/3 yr.	65,504	32.00
Ship Rite	1,340	11/07	1/5 yr.	36,575	27.30
Soma Restaurant	3,452	10/07	1/5 yr.	108,738	31.50
So-Oh! Fashion Outlet	1,964	02/08	1/5 yr.	53,028	27.00
The Men's Wearhouse	5,176	03/13	2/5 yr.	165,632	32.00
Mattress Authority	2,453	08/08	-	73,590	30.00
Hava Java	1,587	05/08	1/5 yr.	57,132	36.00
Kolache Factory	2,100	11/08	2/5 yr.	71,400	34.00
Washington Mutual	4,114	01/09	3/5 yr.	131,648	32.00
Pick Up Stix	1,820	01/12	2/5 yr.	64,155	35.25
Platinum Dry Cleaning	2,505	01/13	2/5 yr.	77,404	30.90
Baja Fresh	2,544	12/11	2/6 yr.	97,079	38.16
Whole Foods	32,000	01/22	4/5 yr.	432,000	13.50
Eckerds (Ground Lease)	N/A	07/23	4/5 yr.	205,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

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HERITAGE TOWNE CROSSING, EULESS, TEXAS

On March 5, 2004, we purchased an existing shopping center known as Heritage Towne Crossing containing 80,639 gross leasable square feet (which includes 7,246 square feet of ground lease space). The center is located at Glade Road and State Highway 121 in Euless, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$16,288,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$202 per square foot of leasable space. A portion of the purchase price will be held in an escrow, to be paid to the seller when the remaining spaces are leased.

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We purchased this property with our own funds. On April 30, 2004, we obtained financing in the amount of \$8,950,000. The loan requires interest only payments at an annual rate of 4.374% and matures June 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

No individual tenant leases more than 10% of the total gross leasable area of the property.

For federal income tax purposes, the depreciable basis in this property will be approximately \$12,200,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Heritage Towne Crossing was built in 2002. As of June 1, 2004, this property was 84% occupied, with a total 61,565 square feet leased to 26 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
APB Mortgage	2,530	09/06	1/3 yr.	45,540	18.00
GameStop	1,400	03/07	1/3 yr.	29,400	21.00
Mattress Firm	4,000	04/07	2/5 yr.	96,000	24.00
All Battery Store	2,000	04/07	2/5 yr.	44,000	22.00
Cow Fireworks	1,200	05/07	2/5 yr.	20,400	17.00
Dapper Dan Cleaners	2,000	06/07	1/5 yr.	38,000	19.00
Lava Asian Grill	3,000	07/07	1/5 yr.	51,000	17.00
Salon G	2,800	08/07	1/5 yr.	50,400	18.00
Ultra Tan	1,600	08/07	2/5 yr.	24,000	15.00
Golf USA of Euless	3,473	12/07	1/5 yr.	69,460	20.00
Coppell Spine/Sports Rehab	2,000	03/08	1/3 yr.	38,000	19.00
Sara Donuts	1,400	04/08	1/5 yr.	23,800	17.00
Plato's Closet	3,000	04/08	1/5 yr.	54,000	18.00

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Village Barber	1,100	04/08	1/5 yr.	23,100	21.00
Town & Country Tobacco	1,800	04/08	2/5 yr.	32,400	18.00
Parker Uniforms	3,000	05/08	1/5 yr.	42,000	14.00
The Cash Store	1,300	07/08	2/5 yr.	24,700	19.00
Art & Frame Warehouse	2,546	07/08	1/5 yr.	39,463	15.50

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Wings to Go	2,000	09/08	1/5 yr.	32,000	16.00
Ultima Fitness	2,266	10/08	1/5 yr.	37,389	16.50
Delicious Delights	1,500	10/08	1/5 yr.	27,000	18.00
Nails Spa	3,410	01/09	1/5 yr.	61,380	18.00
The Soccer Corner	4,000	05/10	2/5 yr.	62,600	15.65
Panda Express	2,250	04/12	2/5 yr.	47,250	21.00
Washington Mutual	4,000	10/12	4/5 yr.	84,000	21.00
Pearle Vision	1,990	12/12	2/5 yr.	35,820	18.00
Whataburger (Ground lease)	N/A	08/18	3/5 yr.	60,000	N/A
Taco Bell (Ground lease)	N/A	09/23	4/5 yr.	51,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

DORMAN CENTER, SPARTANBURG, SOUTH CAROLINA

On March 4, 2004, we purchased a newly constructed shopping center known as Dorman Center containing 350,994 gross leasable square feet (Phase I). We signed an agreement, subject to conditions, to purchase an additional 35,900 gross leasable square feet (Phase II) upon completion in 2004 for approximately \$6,700,000. The center is located at Blackstock Road and W.L. Ezell Road, in Spartanburg, South Carolina.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$43,118,000 for Phase I. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$123 per square foot of leasable space for Phase I.

We purchased this property with our own funds. On April 20, 2004, we obtained financing in the amount of \$27,610,000. The loan requires interest only payments at an annual rate of 4.18% and matures May 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

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One tenant, Wal-Mart Super Center, leases more than 10% of the total gross leasable area of the Phase I property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	T
Wal-Mart Super Center	219,622	63	7.45	08/03	08

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For federal income tax purposes, the total depreciable basis in this property will be approximately \$25,800,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Dorman Center was built in 2003. As of June 1, 2004, this property was 98% occupied, with a total 342,494 square feet leased to 16 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Happy Nails	2,000	08/06	1/3 yr.	38,000	19.00
Pilgrim's Pathway	2,000	09/06	1/3 yr.	32,000	16.00
Alltel	2,500	09/06	1/6 yr.	45,000	18.00
Payless Shoe Source	2,800	08/08	3/5 yr.	47,600	17.00
Your Dollar Store	5,000	08/08	2/5 yr.	77,500	15.50
JD's Fashion	3,500	08/08	1/5 yr.	63,000	18.00
Lee Jewelers	1,700	09/08	2/5 yr.	33,150	19.50
Catherine's	4,000	09/08	3/5 yr.	69,000	17.25
Supertans	2,500	10/08	1/3 yr.	42,500	17.00
Pier One Imports	10,800	07/13	1/4 yr. 3/5 yr.	199,800	18.50
Michaels	23,885	09/13	4/5 yr.	250,793	10.50
McAllister's Deli	4,000	10/13	2/5 yr.	66,000	16.50
Moe's Southwestern	3,000	01/14	2/5 yr.	45,000	15.00
Linens 'N Things	25,000	01/14	3/5 yr.	252,060	10.00
Ross Dress for Less	30,187	01/14	4/5 yr.	332,057	11.00
Wal-Mart Super Center	219,622	08/23	15/5 yr.	1,636,184	7.45

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

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PEORIA CROSSINGS, PEORIA, ARIZONA

On March 4, 2004, we purchased a newly constructed shopping center known as Peoria Crossings, containing 213,733 gross leasable square feet. The center is located at 9350 West Northern Avenue, in Peoria, Arizona.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$37,328,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$175 per square foot of leasable space.

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We originally purchased this property with our own funds. On March 5, 2004, we obtained financing in the amount of \$20,497,000. The loan requires interest only payments at an annual rate of 4.09% and matures April 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Ross Stores, Michael's and Petco, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	Term
Ross Stores	30,171	14	10.00	05/03	01
Michael's	24,063	11	11.00	03/02	02
Kohl's	88,408	41	8.79	03/04	01

For federal income tax purposes, the depreciable basis in this property will be approximately \$26,200,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Peoria Crossing was built in 2002 and 2003. As of June 1, 2004, this property was 98% occupied, with a total 209,123 square feet leased to 21 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Supercuts	1,202	06/06	2/5 yr.	33,656	28.00
Famous Footwear	10,030	01/08	2/5 yr.	162,988	16.25
EB Games	1,500	02/08	1/5 yr.	37,500	25.00
Sally Beauty Supply	1,200	02/08	1/5 yr.	26,400	22.00
Claire's Boutique	1,269	02/08	1/5 yr.	30,456	24.00
Voice Stream	1,200	02/08	5/1 yr.	32,400	27.00
Sleep America	4,500	03/08	1/5 yr.	112,500	25.00
Motherlode	1,412	05/08	5/1 yr.	37,813	26.78

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Cold Stone Creamery	1,400	05/08	5/1 yr.	37,492	26.78
Sarpino's Pizzeria	1,200	07/08	1/5 yr.	31,200	26.00
Great Clips	1,405	08/08	5/1 yr.	35,125	25.00
Julie Nails & Spa	1,300	12/08	1/5 yr.	33,800	26.00
Michael's			2/5 yr.		
	24,063	02/12	2/4 yr.	264,693	11.00
Petco	15,216	10/12	2/5 yr.	216,067	14.20
Payless Shoes	4,042	01/13	2/5 yr.	80,840	20.00
Quizno's	1,400	05/13	2/5 yr.	38,500	27.50
Panda Express	2,205	06/13	2/5 yr.	59,535	27.00
Dress Barn	8,000	06/13	2/5 yr.	140,000	17.50
Anna's Linens	8,000	09/13	2/5 yr.	112,000	14.00
Ross Stores	30,171	01/14	4/5 yr.	301,710	10.00
Kohl's	88,408	01/24	6/5 yr.	777,524	8.79

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PROMENADE AT RED CLIFF, ST. GEORGE, UTAH

On February 13, 2004, we acquired an existing shopping center known as Promenade at Red Cliff containing 94,364 gross leasable square feet. The center is located at 250 N. Red Cliffs Drive in St. George, Utah.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$19,533,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$208 per square foot of leasable space.

We purchased this property with our own funds. On April 8, 2004, we obtained financing in the amount of \$10,590,000. The loan requires interest only payments at an annual rate of 4.29% and matures May 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

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Three tenants, Old Navy, Staples, and Big 5 Sporting Goods, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Big 5 Sporting Goods	10,000	11	11.43 12.46	06/97 06/02	05/0 01/0
Old Navy	19,317	20	12.00 13.80	02/98 12/03	11/0 11/0
Staples	22,959	24	11.27	06/97	05/1

For federal income tax purposes, the depreciable basis in this property will be approximately \$14,650,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Promenade at Red Cliff was built in 1998. As of June 1, 2004, this property was 92% occupied, with a total 87,109 square feet leased to 19 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Panda Express	1,513	11/04	3/5 yr.	36,312	24.00
Franklin Quest	1,206	12/06	-	30,150	25.00
Hollywood Entertainment	6,200	12/06	2/4 yr.	122,328	19.73
Big 5 Sporting Goods	10,000	01/07	4/5 yr.	125,352	12.54
Vitamin World	1,280	06/07	-	26,880	21.00
Sally Beauty Supply	1,200	06/07	-	22,876	19.06
Gen X Clothing	7,816	06/07	1/5 yr.	128,964	16.50
Prudential	1,017	07/07	1/5 yr.	24,408	24.00
Papa John's Pizza	1,347	12/07	1/5 yr.	35,022	26.00
Durango Grill	2,693	02/08	1/5 yr.	75,404	28.00
Supercuts	1,030	02/08	-	24,720	24.00
9 Months & Beyond Maternity	500	06/08	1/5 yr.	15,550	31.10
Cold Stone Creamery	1,173	08/08	2/5 yr.	32,844	28.00
Country Clutter	1,464	09/08	1/5 yr.	36,600	25.00
Thompson Smokehouse	1,365	10/08	1/5 yr.	39,585	29.00
Old Navy	19,324	11/08	1/6 yr.	266,575	13.80
Samuri 21	4,057	12/08	1/5 yr.	97,368	24.00
Quiznos	1,424	01/09	1/5 yr.	30,828	21.65
Staples	22,500	05/12	3/5 yr.	258,750	11.50

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

NEWNAN CROSSING WEST AND PHASE II, NEWNAN, GEORGIA

On February 13, 2004, we acquired an existing shopping center known as Newnan Crossing Phase II containing 158,459 gross leasable square feet (which includes 6,650 square feet of ground lease space), for approximately \$22,362,000. This property is adjacent to Newnan Crossing West, which we acquired on December 24, 2003 for approximately \$16,808,000. Newnan Crossing West contains 131,196 gross leasable square feet. The center is located at 591 Bullsboro Drive in Newnan, Georgia.

We purchased the property from an unaffiliated third party. This amount may increase by additional costs which have not been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$141 per square foot, and \$128 per square foot of leasable space for Newnan Crossing Phase II and Newnan Crossing West, respectively. We intend to purchase an additional 28,000 gross leasable square feet for approximately \$4,042,000 in early 2004 when construction has been completed.

We originally purchased this property with our own funds. On February 17, 2004, we obtained financing in the amount of \$21,543,000. The loan requires interest only payments at an annual rate of 4.38% and matures March 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, BJ's Wholesale, T.J. Maxx and Office Depot, each lease more than 10% of the combined total gross leasable area of the West and Phase II properties. The leases with these tenants require the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Office Depot	30,000	11	10.75	06/99	06/10
T.J. Maxx	30,000	11	7.35 8.00	08/99 09/04	08/10 08/10
BJ's Wholesale	115,396	41	8.75	05/03	05/20

For federal income tax purposes, the depreciable basis will be approximately \$15,930,000 and \$11,356,000 for Phase II and West, respectively. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Newnan Crossing West and Phase II were built in 1999. As of June 1, 2004, the property was 99% occupied, with a total 281,405 square feet leased to 19 tenants and one ground lease. The following table sets forth certain information with

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respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Old Navy	25,000	09/04	2/5 yr.	225,000	9.00
Hallmark	5,000	07/06	2/5 yr.	72,500	14.50
RadioShack	3,000	08/06	2/5 yr.	51,000	17.00

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Stratus Communication	1,300	12/06	1/5 yr.	22,750	17.50
Hibbett's Sporting Goods	7,000	01/07	2/5 yr.	94,500	13.50
Crystal Nails & Tan	1,300	04/07	1/5 yr.	23,400	18.00
Ted's Montana Grill	4,000	04/08	4/5 yr.	64,000	16.00
Planet Smoothie	1,040	07/08	1/5 yr.	18,200	17.50
The Corner Tavern	5,000	08/08	2/5 yr.	85,000	17.00
Great Clips	1,200	10/08	1/5 yr.	21,600	18.00
Banana Beach	1,200	12/08	1/5 yr.	21,600	18.00
Michaels	23,669	08/09	3/5 yr.	213,336	9.01
T.J. Maxx	30,000	08/09	3/5 yr.	220,500	7.35
Party City	12,000	10/09	2/5 yr.	156,000	13.00
Payless Shoe Source	3,000	11/09	2/5 yr.	48,000	16.00
Rack Room	7,300	01/10	3/5 yr.	116,800	16.00
Sizes Unlimited	5,000	01/12	2/4 yr.	77,500	15.50
Office Depot	30,000	06/14	3/5 yr.	322,500	10.75
BJ's Wholesale	115,396	05/23	4/5 yr.	1,009,715	8.75
O'Charley's (Ground Lease)	N/A	02/14	3/5 yr.	66,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

MACARTHUR CROSSING, LAS COLINAS (IRVING), TEXAS

On February 5, 2004, we purchased an existing shopping center known as MacArthur Crossing containing 109,755 gross leasable square feet. The center is located at MacArthur Boulevard and LBJ Freeway in Las Colinas (Irving), Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$23,102,000. This amount may increase by additional costs which have not yet been finally determined. We expect any

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additional costs to be insignificant. Our acquisition cost was approximately \$210 per square foot of leasable space.

We purchased this property with our own funds. On April 2, 2004, we obtained financing in the amount of \$12,700,000. The loan requires interest only payments at an annual rate of 4.29% and matures May 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

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One tenant, Stein Mart, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Stein Mart	34,000	31	6.75 7.25	07/96 08/06	07/06 07/11

For federal income tax purposes, the depreciable basis in this property will be approximately \$17,340,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

MacArthur Crossing was built in 1995 and 1996. As of June 1, 2004, this property was 98% occupied, with a total 107,655 square feet leased to 30 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Monarch Dental	3,920	12/04	1/5 yr.	66,640	17.00
Valley Ranch Vacations	1,381	06/05	-	24,858	18.00
Regis Haircutters	1,500	01/06	1/5 yr.	37,500	25.00
Custom Clearners	2,100	02/06	1/5 yr.	58,800	28.00
RadioShack	2,000	02/06	1/5 yr.	31,000	15.50
Wolf Camera	1,780	02/06	1/5 yr.	35,600	20.00
Merle Norman	1,457	02/06	1/5 yr.	23,880	16.39
GNC	1,400	02/06	1/5 yr.	25,200	18.00
Rice Boxx	2,101	02/06	-	52,525	25.00
Starbucks Coffee	1,604	03/06	2/5 yr.	32,080	20.00
Cingular Wireless	4,000	04/06	2/5 yr.	100,000	25.00

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Fanci That	1,996	05/06	-	39,920	20.00
The UPS Store	1,260	06/06	1/5 yr.	27,720	22.00
Sally Beauty	1,500	06/06	1/5 yr.	29,100	19.40
I Fratelli Restaurant	5,000	08/06	-	105,000	21.00
Subway	1,400	09/06	1/5 yr.	21,000	15.00
Planet Tan	4,400	10/06	1/5 yr.	70,400	16.00
Blockbuster Video	6,500	01/07	4/5 yr.	127,335	19.59
Flowers For You	2,100	02/07	-	42,000	20.00
Isshin Sushi	4,000	03/07	-	80,000	20.00
State Farm Insurance	2,000	04/07	1/5 yr.	34,000	17.00
Eyecare 20/20	2,000	06/07	1/5 yr.	40,000	20.00

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Marshall Message Therapy	640	03/08	2/5 yr.	11,520	18.00
TD Waterhouse	2,500	04/08	2/5 yr.	55,000	22.00
Stein Mart	34,000	07/11	3/5 yr.	229,500	6.75
Mi Cocina	4,964	01/12	2/5 yr.	124,100	25.00
Pei Wei	3,160	02/12	2/5 yr.	96,380	30.50
Firestone Tire	6,992	07/16	2/5 yr.	145,000	20.74

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

LA PLAZA DEL NORTE, SAN ANTONIO, TEXAS

On January 21, 2004, we purchased an existing shopping center known as La Plaza Del Norte, containing 320,345 gross leasable square feet. The center is located at 125 Northwest Loop 410, in San Antonio, Texas.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$58,143,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$185 per square foot of leasable space.

We purchased this property with our own funds. On February 4, 2004, we obtained financing in the amount of \$32,528,000. The loan requires interest only payments at an annual rate of 4.61% and matures March 1, 2010.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

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Two tenants, Oshmans and Best Buy, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Oshmans	65,000	20	11.11 11.61 12.11 12.61	09/96 02/02 02/07 02/12	01/00 02/00 01/10 01/10
Best Buy	58,000	18	14.00 14.75 15.50	08/96 02/02 02/07	01/00 01/00 01/10

For federal income tax purposes, the depreciable basis in this property will be approximately \$43,076,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

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La Plaza Del Norte was built in 1996 and 1999. As of June 1, 2004, this property was 95% occupied, with a total 303,245 square feet leased to 17 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Half Price Books	8,000	10/04	2/5 yr.	84,000	10.50
Supercuts	1,295	11/06	-	33,670	26.00
Lifeway Christian	6,000	11/06	2/5 yr.	132,000	22.00
Pearle Vision	3,500	12/06	2/5 yr.	120,750	34.50
Ross Dress for Less	28,438	01/07	4/5 yr.	288,640	10.15
Office Max	23,229	11/12	2/5 yr.	261,326	11.25
DSW Shoe Warehouse	22,000	04/07	4/5 yr.	374,000	17.00
All Battery Center	1,600	05/07	2/5 yr.	36,800	23.00
Successories	1,200	09/08	1/3 yr. 1/2 yr.	26,400	22.00
GameStop	2,006	12/08	-	52,156	26.00
David's Bridal	12,000	11/09	2/5 yr.	186,240	15.52
Petco	13,650	11/11	3/5 yr.	278,187	20.38
Cost Plus World Market	18,900	01/12	3/5 yr.	302,400	16.00
Best Buy	58,000	01/12	3/5 yr.	855,500	14.75
Simpson-Williams	9,875	02/12	-	161,600	16.36
Bealls	29,847	01/14	2/5 yr.	194,005	6.50

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Oshman's Sporting Goods	65,000	01/17	4/5 yr.	754,650	11.61
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In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

METRO SQUARE CENTER (SUPER VALU SHOPPING CENTER), SEVERN, MARYLAND

On January 20, 2004, we purchased an existing shopping center formerly known as Super Valu Shopping Center, containing 61,817 gross leasable square feet. The center is located at 7858 Quarterfield in Severn (Annapolis), Maryland.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$11,031,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$178 per square foot of leasable space.

We purchased this property with our own funds. On April 1, 2004, we obtained financing in the amount of \$6,067,183. The loan requires interest only payments at an annual rate of 4.28% and matures April 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Shoppers Food Warehouse, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Shoppers Food Warehouse	58,217	94	14.00 14.50 15.24 16.00	09/99 09/04 09/09 09/14	08/0 08/0 08/1 01/2

For federal income tax purposes, the depreciable basis in this property will be approximately \$8,840,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Super Valu Shopping Center was built in 1999. As of June 1, 2004, this

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property was 100% occupied, with a total 61,817 square feet leased to three tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Great Clips	1,200	12/05	5/1 yr.	27,540	22.95
AZZ Cleaners	2,400	12/07	1/5 yr.	55,080	22.95
Shoppers Food Warehouse	58,217	01/20	4/5 yr.	815,038	14.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

LARKSPUR LANDING, LARKSPUR, CALIFORNIA

On January 14, 2004, we purchased an existing shopping center known as Larkspur Landing, containing 173,821 gross leasable square feet. The center is located at 2257 Larkspur Landing Circle, in Larkspur, California.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$61,145,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$352 per square foot of leasable space.

We originally purchased this property with our own funds. On January 30, 2004, we obtained financing in the amount of \$33,630,000. The loan requires interest only payments at an annual rate of 4.45% and matures February 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Bed, Bath & Beyond, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
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Bed, Bath & Beyond	42,318	24	11.99	11/02	11/0
			21.86	12/06	11/1
			23.24	12/11	11/1

For federal income tax purposes, the depreciable basis in this property will be approximately \$45,859,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Larkspur Landing was built in 1978 and renovated in 2001. As of June 1, 2004, this property was 89% occupied, with a total 154,067 square feet leased to 34 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
GNC	1,698	06/04	-	33,892	19.96
Roadrunner Burrito	800	06/04	-	27,890	34.86
Sushi Ko	1,709	08/04	-	51,270	30.00
Golden Gate Printing	3,287	08/04	-	30,010	9.13
Sportech	805	03/05	-	16,503	20.50
24 Hour Fitness	14,559	03/05	1/5 yr.	298,464	20.50
24 Hour Fitness	2,480	03/05	1/5 yr.	60,462	24.38
Asher Clinic	5,791	04/05	1/5 yr.	152,786	26.38
Redhill	2,688	07/05	-	69,350	25.80
Jaeger	1,500	07/05	-	41,715	27.81
Oliver Allen Corp.	9,392	09/05	1/5 yr.	242,313	25.80
Robert Brugger	880	06/06	-	17,424	19.80
Maxwell Cleaners	2,748	09/06	-	103,874	37.80
Norman Mahan Jewelers	1,333	01/07	-	43,669	32.76
Determined Productions	5,583	03/07	-	303,491	54.36
Determined Productions	5,602	03/07	-	304,524	54.36
Larkspur Shoes & Repair	807	03/07	-	23,564	29.20
Larkspur Landing Optomery	1,165	06/07	-	38,445	33.00
Larkspur Landing Pet Clinic	1,141	04/08	-	36,831	32.28
Bay Area Wireless	610	04/08	2/5 yr.	23,790	39.00
American Nails	745	06/08	-	22,797	30.60

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
AAA	5,245	07/08	2/5 yr.	169,938	32.40
Togo's Eatery	1,625	07/08	-	36,205	22.28
Timothy Bricca DD	1,064	07/08	-	35,112	33.00

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All California	3,359	07/08	-	114,172	33.99
Weight Watchers	1,291	09/08	-	61,219	47.42
Cooper Alley	2,000	11/08	-	103,840	51.92
Ragged Sailor	1,207	12/08	-	33,888	28.08
Marin Brewing Co.	5,978	03/11	-	190,219	31.82
Fidelity Investments	7,232	07/11	-	459,955	63.60
Yogalive	6,150	09/12	-	184,500	30.00
Bed, Bath & Beyond	42,318	11/17	3/5 yr.	507,519	11.99
Noonan's Restaurant	6,679	12/18	2/5 yr.	222,878	33.37
Allstate Insurance	405	M-T-M	-	13,365	33.00
Marin Visitor Bureau	720	M-T-M	-	12,000	16.67
Avanti	1,115	M-T-M	-	2,400	2.15
J.R. Muggs	1,476	M-T-M	-	54,730	37.08
John Connelly	880	M-T-M	-	6,924	7.87

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

NORTH RANCH PAVILIONS, THOUSAND OAKS, CALIFORNIA

On January 15, 2004, we purchased an existing shopping center known as North Ranch Pavilions, containing 62,812 gross leasable square feet. The center is located at 1125-85 Lindero Road, in Thousand Oaks, California.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$18,468,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$294 per square foot of leasable space.

We purchased this property with our own funds. On March 3, 2004, we obtained financing in the amount of \$10,157,000. The loan requires interest only payments at an annual rate of 4.12% and matures April 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Savvy Salon, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To

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Savvy Salon	6,500	10	11.71	10/03	01/0
			25.20	02/04	01/0
			26.76	02/06	01/0
			28.32	02/08	01/1
			30.00	02/10	01/1
			31.80	02/12	02/1

For federal income tax purposes, the depreciable basis in this property will be approximately \$13,851,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

North Ranch Pavilions was built in 1992. As of June 1, 2004, this property was 91% occupied, with a total 56,994 square feet leased to 25 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Kay's Nails	1,028	10/04	1/3 yr.	24,178	23.52
Prudential Realty	3,379	11/04	-	95,287	28.20
Ilene's Boutique	2,105	12/04	-	51,590	24.51
Seta's Shoes	1,086	04/05	-	19,548	18.00
Walton's Portraits	1,300	08/06	1/5 yr.	28,964	22.28
Dance Trends	2,338	11/06	1/5 yr.	40,120	17.16
Bank of America	4,500	12/06	-	172,980	38.44
Clubhous Cleaners	1,505	12/06	1/5 yr.	43,765	29.08
Cookies by Design	1,353	01/07	1/5 yr.	31,822	23.52
Milibu Gymnastics	3,740	02/07	3/3 yr.	67,320	18.00
State Farm Insurance	1,023	03/07	-	22,791	22.28
Malibu Gymnastics	3,040	11/08	5/1 yr.	54,720	18.00
Savvy Salon	6,500	02/14	2/5 yr.	163,800	25.20
Tae Kwon Do Academy	1,512	06/07	2/5 yr.	34,648	22.92
Treasured Memories	3,691	08/07	1/5 yr.	44,734	12.12
Total Body Fitness	1,998	12/07	1/5 yr.	37,042	18.54
Postal Club	1,086	12/07	1/5 yr.	24,239	22.32
Sudore Pilates	1,346	01/09	1/5 yr.	36,342	27.00
Exotic Thas	1,746	02/11	-	52,380	30.00
Rustico Ristorante	3,495	08/11	2/5 yr.	91,673	26.23
We Frame It	1,526	09/11	1/5 yr.	34,609	22.68
Lamppost Pizza	3,600	11/11	-	90,145	25.04
Sushi Tei	1,725	01/12	2/5 yr.	52,705	30.55
North Ranch Dentistry	1,306	10/13	2/5 yr.	38,396	29.40
2 For 1 Photo	1,066	M-T-M	-	23,113	21.68

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In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a

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specified amount.

HICKORY RIDGE SHOPPING CENTER, HICKORY, NORTH CAROLINA

On January 9, 2004, we purchased an existing shopping center known as Hickory Ridge Shopping Center containing 380,487 gross leasable square feet (which includes 70,127 square feet of ground lease space). The center is located at Catawba Valley Road in Hickory, North Carolina.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$41,900,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$110 per square foot of leasable space.

We originally purchased this property with our own funds. On January 23, 2004, we obtained financing in the amount of \$23,650,000. The loan requires interest only payments as an annual rate of 4.531% and matures February 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Best Buy, Linens 'N Things and Kohl's, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Best Buy	45,000	14	10.75	07/99	01/10
Linens 'N Things	35,000	11	10.50 11.50 12.50	07/00 02/06 02/11	01/10 01/11 01/12
Kohl's	86,584	28	6.83	08/99	02/20

For federal income tax purposes, the depreciable basis in this property will be approximately \$35,068,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Hickory Ridge Shopping Center was built in 1999. As of June 1, 2004, this property was 100% occupied, with a total 310,360 square feet leased to 19 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
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Sprint PCS	2,800	10/04	1/5 yr.	50,400	18.00
Great Clips	1,200	12/04	1/5 yr.	23,400	19.50
Osaka Japanese Cuisine	2,100	01/05	1/5 yr.	40,950	19.50

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
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Thai Orchid	2,800	01/05	1/5 yr.	53,200	19.00
Tony's Pizza	2,100	01/05	1/5 yr.	45,150	21.50
Hallmark Cards	6,000	02/05	2/5 yr.	93,900	15.65
EB Games	1,600	10/05	1/5 yr.	32,000	20.00
Factory Mattress	3,600	11/06	1/5 yr.	66,600	18.50
Party City	12,000	06/09	2/5 yr.	150,000	12.50
Marshall's	30,000	08/09	3/5 yr.	219,000	7.30
Old Navy	25,000	01/10	1/5 yr.	212,500	8.50
Shoe Carnival	12,000	01/10	2/5 yr.	129,000	10.75
Family Christian Bookstore	5,000	03/10	2/5 yr.	90,000	18.00
Pier 1 Imports	9,976	03/12	2/5 yr.	174,580	17.50
The Avenue	6,600	01/13	2/5 yr.	78,012	11.82
Best Buy	45,000	01/15	3/5 yr.	483,750	10.75
A.C. Moore	21,000	12/15	3/5 yr.	248,850	11.85
Linens 'N Things	35,000	01/16	3/5 yr.	367,500	10.50
Kohl's	86,584	02/20	6/5 yr.	590,995	6.83
Dicks Sporting Goods (Ground Lease)	N/A	01/20	6/5 yr.	185,000	N/A
Babies R Us (Ground Lease)	N/A	01/13	6/5 yr.	126,647	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

CORWEST PLAZA, NEW BRITAIN, CONNECTICUT

On January 6, 2004, we purchased an existing shopping center known as CorWest Plaza containing 115,011 gross leasable square feet. The center is located at 665 and 687 West Main Street in New Britain, Connecticut.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$33,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$287 per square foot of leasable space.

We originally purchased this property with our own funds. On January 7, 2004, we obtained financing in the amount of \$18,150,000. The loan requires interest only payments at an annual rate of 4.56% and matures February 1, 2009.

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We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Super Stop and Shop, Liquor Depot and CVS Pharmacy, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term	
				Beginning	To
Super Stop & Shop	68,073	59	26.00	05/03	05/03
			26.50	06/08	05/10
			27.00	06/13	05/11
			27.50	06/18	05/20
			28.00	06/23	05/21
CVS Pharmacy	12,150	11	26.00	06/01	01/20
Liquor Depot	14,000	12	14.00	08/01	08/01
			16.00	09/06	08/10

For federal income tax purposes, the depreciable basis in this property will be approximately \$26,101,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Cor West Plaza was built in phases between 1999 to 2003. As of June 1, 2004, this property was 99% occupied, with a total 114,023 square feet leased to 10 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Subway	1,500	08/04	4/2 yr.	18,702	12.47
Video One	3,500	09/05	2/3 yr.	47,320	13.52
Rent-A-Center	6,000	02/06	1/5 yr.	90,000	15.00
Cingular Wireless	1,553	06/06	1/5 yr.	27,954	18.00
Webster Bank	2,147	11/05	2/5 yr.	38,646	18.00
Papa Gino's	3,000	02/11	2/5 yr.	60,000	20.00
Liquor Depot	14,000	08/11	2/5 yr.	196,000	14.00

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Frazier's Two					
Cleaners & Laundromat	2,100	10/11	2/5 yr.	37,800	18.00
CVS Pharmacy	12,150	01/22	4/5 yr.	315,900	26.00
Super Stop & Shop	68,073	05/28	6/5 yr.	1,769,898	26.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

SHAW'S SUPERMARKET, NEW BRITAIN, CONNECTICUT

On December 31, 2003, we purchased a single user retail center known as Shaw's Supermarket, New Britain, containing 65,658 gross leasable square feet. The property is located in New Britain, Connecticut.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$13,656,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$208 per square foot of leasable space.

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We originally purchased this property with our own funds. On January 28, 2004, we obtained financing in the amount of \$6,450,000. The loan requires interest only payments as an annual rate of 4.684% and matures November 1, 2008.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenant would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of its lease.

Shaw's Supermarket was built in 1995. One tenant, Shaw's Supermarket, leases 100% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Renewal Options	Base Rent Per Annum (\$)	Base Rent Per Square Foot Per Annum (\$)	Lease Beginning
Shaw's Supermarkets-New Britain	65,658	100	6/5 yr.	1,017,699 1,083,357 1,148,015 1,181,844	15.50 16.50 17.50 18.00	12/95 03/01 03/06 03/11

For federal income tax purposes, the depreciable basis in this property will be

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approximately \$10,681,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

PAVILION AT KING'S GRANT, CONCORD, NORTH CAROLINA

On December 31, 2003, we purchased a newly constructed shopping center known as Pavilion at King's Grant, containing 79,109 gross leasable square feet (which includes 65,000 square feet of ground lease space). The center is located at 8050 Concord Mills Boulevard in Concord, North Carolina.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$8,151,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. One tenant, Toys 'R Us, is currently paying half rent. When the tenant begins paying full rent, we will pay the balance of the purchase price of approximately \$1,563,000. Our total acquisition cost is expected to be approximately \$103 per square foot of leasable space.

We originally purchased this property with our own funds. On April 6, 2004, we obtained financing in the amount of \$5,342,000. The loan requires interest only payments at an annual rate of 4.39% and matures May 1, 2009.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Toys R Us and Olive Garden, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
-----	-----	-----	-----	-----	-----
Toys 'R Us *	49,000	62	5.10	10/02	01/1
Olive Garden*	8,500	11	9.41 10.35	04/02 05/07	04/0 04/1

* ground lease

For federal income tax purposes, the depreciable basis in this property will be approximately \$2,741,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Pavilion at King's Grant was built in 2002 and 2003. As of June 1, 2004, this property was 100% occupied, with a total 14,109 square feet leased to four

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tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
RadioShack	2,400	04/08	2/5 yr.	40,800	17.00
Bank of America	100	08/08	2/5 yr.	14,400	144.00
Panera Bread	5,609	12/14	2/5 yr.	109,376	19.50
Jared Jewelers	6,000	01/23	2/5 yr.	220,020	36.67
Olive Garden *	N/A	04/12	4/5 yr.	80,000	N/A
Red Lobster *	N/A	05/12	4/5 yr.	80,000	N/A
Toys 'R Us *	N/A	01/13	6/5 yr.	250,000	N/A

* ground lease

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

ECKERD DRUG STORES

On December 24, 2003, we purchased the following two separate existing freestanding retail properties known as Eckerd Drug Stores, containing a total of 27,648 gross leasable square feet.

Location	Square Feet	Completion Date	Purchase Price (\$)
33rd Street and Santa Fe Edmond, Oklahoma	13,824	2003	3,364,000
36th and Robinson Norman, Oklahoma	13,824	2003	5,288,000

We purchased these Eckerd Drug Stores from an unaffiliated third party. Our total acquisition cost was approximately \$8,652,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$313 per square foot of leasable space.

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We purchased these properties with our own funds. On April 30, 2004, we obtained financing in the amounts of \$1,850,000 and \$2,900,000 for Eckerd's - Edmond and Eckerd's - Norman, respectively. Both loans require interest only payments at an annual rate of 4.374% and mature June 2009.

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One tenant, Eckerd Drug Stores, leases 100% of the total gross leasable area of each property. The leases with this tenant require the tenant to pay base annual rent on a monthly basis as follows:

Lessee/ Location	Approximate GLA Leased (Sq. Ft.)	% of Total GLA of each Property	Current Annual Rent (\$)	Renewal Options	Base Rent Per Square Foot Per Annum (\$)	Beginn
33rd Street & Santa Fe Edmond, OK	13,824	100	289,292	4/5 yr.	20.93	10/03
36th & Robinson Norman, OK	13,824	100	454,806	4/5 yr.	32.90	11/03

A twenty year lease commenced as of the date of acquisition with no increases during the term of the lease. Each lease includes four options, each for a term of five years.

These properties are on triple net leases and the tenant will be responsible for all repairs.

For federal income tax purposes, the depreciable basis in these properties will be approximately \$6,770,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

DARIEN TOWNE CENTRE, DARIEN, ILLINOIS

On December 19, 2003, we purchased an existing shopping center known as Darien Towne Centre containing 223,844 gross leasable square feet (which includes 6,371 square feet of ground lease space). The center is located at 2189 75th Street, in Darien, Illinois.

We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$30,000,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$134 per square foot of leasable space.

Simultaneously with the purchase this property, we obtained a new loan in the amount of \$16,500,000. The loan requires interest only payments based on a rate of 4.65% per annum and matures June 2010.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Home Depot, Circuit City and PetSmart, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Home Depot	109,200	50	7.98 8.35 8.60 9.10	05/94 05/99 05/04 05/09	04/99 04/04 04/09 04/14
Circuit City	32,984	15	10.50 CPI CPI	05/94 02/05 02/10	01/05 01/10 01/15
PetSmart	25,487	12	11.20 11.70	10/94 10/04	09/04 09/09

For federal income tax purposes, the depreciable basis in this property will be approximately \$22,468,400. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Darien Towne Centre was built in 1994. As of June 1, 2003, this property was 94% occupied, with a total 203,639 square feet was leased to 11 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Jenny Craig	2,000	M-T-M	1/5 yr.	42,600	21.30
Great Clips	1,500	08/04	2/3 yr.	31,500	21.00
Murray's Discount Auto	10,000	10/04	2/5 yr.	110,000	11.00
Signature Cleaners	1,500	11/04	-	37,260	24.84
Gingiss Formalwear	2,000	12/04	-	35,010	17.50
Coldwell Banker	2,468	03/05	-	45,831	18.57
Deals	12,000	07/07	1/5 yr.	120,000	10.00
PetSmart	25,487	09/09	5/5 yr.	285,454	11.20
Panera Bread	4,500	12/12	3/4 yr.	94,500	21.00
Home Depot	109,200	04/14	4/5 yr.	939,120	8.60
Circuit City	32,984	01/15	4/5 yr.	346,332	10.50
TGI Fridays (Ground Lease)	N/A	M-T-M	4/5 yr.	72,600	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

STONY CREEK MARKETPLACE, NOBLESVILLE, INDIANA

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On December 8, 2003, we purchased a newly constructed shopping center known as Stony Creek Marketplace containing 155,544 gross leasable square feet. The center is located at 1713C Mercantile Boulevard in Noblesville, Indiana.

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We purchased this property from an unaffiliated third party. Our total acquisition cost was approximately \$25,750,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost was approximately \$167 per square foot of leasable space.

We originally purchased this property with our own funds. On January 20, 2004, we obtained financing in the amount of \$14,162,000. The loan requires interest only payments at an annual rate of 4.77% and matures January 1, 2011.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, T.J. Maxx, Linens 'N Things and Barnes & Noble, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
T.J. Maxx	30,000	20	9.50	09/03	09/13
Linens 'N Things	28,444	18	11.50 12.00	07/03 02/09	01/09 01/14
Barnes & Noble	22,000	14	13.49	09/03	01/16

For federal income tax purposes, the depreciable basis in this property will be approximately \$17,564,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Stony Creek Marketplace was built in 2003. As of June 1, 2004, this property was 100% occupied, with a total 153,544 square feet leased to 20 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
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Qdaba Mexican Restaurant	2,000	04/08	1/5 yr.	45,440	22.72
Cingular Wireless	1,487	06/08	2/5 yr.	31,227	21.00
RJ Fastframe	1,618	06/08	1/5 yr.	33,915	20.96
The UPS Store	1,618	08/08	1/5 yr.	33,978	21.00
Scrapbook Corner	4,095	12/08	-	75,758	18.50
Papa Johns Pizza	1,615	01/09	-	33,915	21.00
Giovanni Jewelers	1,615	02/09	1/5 yr.	33,915	21.00
Quizno's Classic Subs	1,600	12/09	2/3 yr.	29,600	18.50
Blockbuster Video	4,892	05/11	2/5 yr.	102,732	21.00
Today's Bedroom One	4,890	06/11	1/5 yr.	90,465	18.50
Panera Bread	4,200	12/12	2/4 yr.	88,200	21.00
Maggie Moo's Ice Cream	1,615	03/13	2/5 yr.	33,915	21.00

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
<hr/>					
Ossip Optomotry, P.C.	3,230	04/13	2/5 yr.	60,563	18.75
Pier 1 Imports	9,375	07/13	2/5 yr.	160,696	17.14
Shoe Carnival	10,000	07/13	2/5 yr.	130,000	13.00
T.J. Maxx	30,000	09/13	3/5 yr.	285,000	9.50
Linens 'N Things	28,444	01/14	3/5 yr.	327,118	11.50
Factory Card Outlet	11,250	01/14	2/5 yr.	160,313	14.25
Barnes & Noble	22,000	01/16	2/5 yr.	296,730	13.49
Logan's Roadhouse	8,000	03/18	3/5 yr.	75,500	9.44

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

THE SHOPS AT PARK PLACE, PLANO, TEXAS

On October 31, 2003, we acquired an existing shopping center known as The Shops at Park Place through the purchase of all of the membership interests of the general partner and the membership interest of limited partner of the limited partnership holding title to this center. The center contains 116,300 gross leasable square feet (which includes 3,822 square feet of ground lease space) and is located at 6401 W. Plano Parkway in Plano, Texas.

An affiliate of our advisor, Inland Park Place Limited Partnership, acquired this property on September 30, 2003 from CDG Park Place LLC, an unaffiliated third party for \$23,868,000. Inland Park Place Limited Partnership agreed to sell this property to us when we had raised sufficient funds from the sale of shares to acquire this property from them. The affiliate agreed to sell us this property for the price it paid to the unaffiliated third party, plus any actual costs incurred. Our board of directors unanimously approved acquiring this

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property, including a unanimous vote of the independent directors.

Our total acquisition cost was \$24,000,000, which included \$132,000 of costs incurred by Inland Park Place Limited Partnership. We expect any additional costs to be insignificant. Our acquisition cost is approximately \$206 per square foot of leasable space.

As part of the purchase, title to the property was subject to a loan placed on the property by Inland Park Place Limited Partnership for our benefit. The loan is in the amount of \$13,127,000, requires interest only payments at a rate of 4.71% per annum and matures November 2008. We believe this loan is at least as equal to what we could have obtained from an unaffiliated third party lender.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Four tenants, Walgreens, Office Max, Michael's and Bed, Bath & Beyond, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Walgreens	15,120	13	20.83	05/00	04/60
Office Max	23,429	21	13.50 14.00	11/01 12/11	11/11 11/16
Michaels	24,133	21	13.50	08/01	10/11
Bed, Bath & Beyond	25,000	22	11.00	10/01	01/12

For federal income tax purposes, the depreciable basis in this property will be approximately \$13,175,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

The Shops at Park Place was built in 2001. As of June 1, 2004, this property was 100% leased, with a total 112,478 square feet leased to 12 tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Renewal Options	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
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Ebby Halliday Realty	5,314	10/06	2/5 yr.	154,100	29.00
North Dallas Eye Associates	3,000	10/06	1/5 yr.	90,000	30.00
The Nail Club	1,100	10/06	1/5 yr.	33,000	30.00
Oxford Cleaners	1,042	10/06	1/5 yr.	29,176	28.00
Rick's Tailors	840	10/06	-	25,200	30.00
Carpet Mills of America	3,500	11/06	2/5 yr.	91,000	26.00
Michael's	24,133	10/11	3/5 yr.	325,800	13.50
Bed, Bath & Beyond	25,000	01/12	3/5 yr.	275,000	11.00
Salon Boutique	10,000	02/12	2/5 yr.	180,000	18.00
Office Max	23,429	11/16	4/5 yr.	316,300	13.50
Walgreens	15,120	04/60	-	315,000	20.83
Chick-Fil-A (Ground Lease)	N/A	10/15	3/5 yr.	78,500	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

POTENTIAL PROPERTY ACQUISITIONS

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

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

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

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

JOHN'S CREEK VILLAGE, DULUTH, GEORGIA

We anticipate purchasing a newly constructed shopping center known as John's Creek Village, containing 191,475 gross leasable square feet (which includes

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10,078 square feet of ground lease space). The center is located at 11720 Medlock Bridge Road, in Duluth, Georgia.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$42,503,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$222 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, LA Fitness, Ross Dress For Less and T.J. Maxx, each will lease more than 10% of the total gross leasable area of the property. The lease terms will be determined in accordance with the tenant's lease commencement date. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
LA Fitness	41,000	21	17.00	12/03	04/23
Ross Dress For Less	30,187	16	10.75	05/04	05/14
T.J. Maxx	30,000	16	8.95	09/03	09/13

For federal income tax purposes, the depreciable basis in this property will be approximately \$31,877,200. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

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John's Creek Village was newly constructed in 2003 and 2004. As of June 1, 2004, the property is currently in a leasing up phase and certain tenants have executed leases for retail space within the shopping center. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
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Nextel Communications	1,640	11/08	46,740	28.50
American Mattress	6,500	11/08	100,750	15.50
Proline Billiards	4,625	12/08	115,625	25.00
Electronics Boutique	1,200	01/09	36,000	30.00
State Farm Insurance	1,700	01/09	45,050	26.50
T-Mobile	1,500	02/09	51,000	34.00
Cold Stone Creamery	1,360	02/09	39,440	29.00
Portrait Innovations	2,375	04/09	64,125	27.00
Hollywood Video	5,020	06/09	124,245	24.75
Lane Bryant	4,860	08/09	132,678	27.30
Hibbett	5,000	10/09	72,750	14.55
T.J. Maxx	30,000	09/13	268,500	8.95
Dry Cleaners	1,700	12/13	47,600	28.00
Chipolte Mexican Grill	3,000	12/13	93,000	31.00
Starbucks	1,665	02/14	56,527	33.95
Ross Dress For Less	30,187	05/14	324,510	10.75
Doctor's Visionworks	2,400	03/14	64,800	27.00
LA Fitness	41,000	04/23	697,000	17.00
Chili's (Ground Lease)	N/A	05/09	100,000	N/A
IHOP (Ground Lease)	N/A	12/23	85,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

FULLERTON METROCENTER, FULLERTON, CALIFORNIA

We anticipate purchasing an existing shopping center known as Fullerton Metrocenter, containing 242,080 gross leasable square feet. The center is located at Harbor Boulevard and Orangethorpe Avenue, in Fullerton, California.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$51,275,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$212 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Sportmart and Henry's Marketplace, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

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Base Rent

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Sportmart	43,660	19	9.95	09/04	08/19
Henry's Marketplace (Wild Oats)	28,092	12	16.89	10/88	02/06

For federal income tax purposes, the depreciable basis in this property will be approximately \$38,456,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Fullerton Metrocenter was built in 1988. As of June 1, 2004, this property was 93% occupied, with a total 225,040 square feet leased to forty-one tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
H & R Block	5,250	09/04	141,816	27.01
Tip Top Nails	900	01/05	36,468	40.52
Henry's Marketplace (Wild Oats)	28,092	02/06	474,474	16.89
La Caffepia	1,245	03/06	36,715	29.49
Washington Mutual	1,550	05/06	36,036	23.10
Kentucky Fried Chicken	2,304	05/06	100,800	43.75
AT & T Wireless Services	2,775	10/06	75,980	27.38
Payless Shoes	2,525	10/06	49,768	19.71
Jenny Craig	1,900	02/07	53,656	28.24
Party America	9,610	05/07	128,064	13.33
Adelphia Communications	1,515	06/07	41,465	27.37
Quizno's Subs	1,400	08/07	40,460	28.90
Brite Dental	2,250	08/07	43,920	19.52
Lilacs Flowers and Gifts	1,200	11/07	37,500	31.25
GameStop	1,550	12/07	40,176	25.92
Ruby's Diner	3,592	02/08	99,570	27.72
Pop's Unfinished Furniture	6,650	04/08	101,745	15.30
Burger King	2,874	04/08	130,968	45.57
Wherehouse Entertainment	6,350	06/08	99,920	15.74
GMP Vitamin	1,020	07/08	30,681	30.08
Beneficial Finance	1,775	10/08	51,457	28.99
Fantastic Sams	1,170	11/08	36,843	31.49
Beauty Avenue	5,400	11/08	113,400	21.00
Jewelry Mart	7,000	12/08	273,432	39.06
Tilly's	6,040	12/08	132,276	21.90
RadioShack	2,050	04/09	47,988	23.41
Sylvan Learning Center	3,648	04/09	71,646	19.64
Miry Collection	4,350	05/09	109,260	25.12
Vans	1,650	07/09	46,348	28.09
Super Mex Restaurants	7,084	10/09	160,240	22.62
Kim Sun Young Salon	1,280	10/09	37,862	29.58

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Metro Dry Cleaning	1,950	11/09	53,898	27.64
Matsunoya	2,900	06/10	70,932	24.46
Baskins-Robbins	1,275	10/10	39,193	30.74
China Buffet	10,828	11/10	184,617	17.05
First Bank and Trust	8,800	02/13	201,256	22.87
Orange County Credit Union	4,000	12/13	81,600	20.40
Big Island BBQ	1,090	02/14	28,514	26.16
Avenue	5,300	01/15	105,256	19.67
PetSmart	19,238	02/19	278,544	14.48
Sportmart	43,660	08/19	434,334	9.95

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PACHECO PASS SHOPPING CENTER, GILROY, CALIFORNIA

We anticipate purchasing a portion of a newly constructed shopping center known as Pacheco Pass Shopping Center, containing 99,356 gross leasable square feet (which includes 11,810 square feet of ground lease space). The center is located at Camino Arroyo and State Highway 152 in Gilroy, California.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$24,400,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$246 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Best Buy and Linens 'N Things, will lease more than 10% of the total gross leasable area of the property. The lease term will be determined in accordance with the tenant's commencement date. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Approximate GLA Leased	% of Total	Base Rent Per Square Foot Per	Lease Term
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Lessee	(Sq. Ft.)	GLA	Annum (\$)	Beginning	To
Best Buy	30,000	30	13.91	11/03	01/14
Linens 'N Things	27,984	28	13.50	03/04	01/15

For federal income tax purposes, the depreciable basis in this property will be approximately \$18,300,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

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Pacheco Pass Shopping Center was newly constructed in 2004. As of June 1, 2004, the property is currently in a leasing up phase and certain tenants have executed lease for retail space within the shopping center. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends *	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Nextel Communications	1,500	12/10	54,000	36.00
Electronics Boutique	1,500	11/13	52,500	35.00
The Sleep Train	4,550	11/13	111,475	24.50
Best Buy	30,000	01/14	417,240	13.91
Cold Stone Creamery	1,200	01/14	38,880	32.40
Jamba Juice	1,500	01/14	50,400	33.60
Subway	1,500	01/14	54,000	36.00
Sip n' Hot	1,650	01/14	56,925	34.50
Maui Taco	2,528	06/14	87,216	34.50
Monterey Spa & Stove	4,612	07/14	103,770	22.50
Linens 'N Things	27,984	01/15	377,784	13.50
Bank of America (Ground Lease)	N/A	01/24	120,000	N/A
Chili's (Ground Lease)	N/A	04/14	100,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

WILSHIRE PLAZA III, KANSAS CITY, MISSOURI

We anticipate purchasing a shopping center to be built and which will be known as Wilshire Plaza III, containing 88,248 gross leasable square feet. The center is located at I-35 and Highway 152 in Kansas City, Missouri.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$9,850,000. This amount may increase by additional costs which have not yet been finally determined. We

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expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$112 per square foot of leasable space.

We will reimburse Kohl's for the construction of the Kohl's retail building in two installments. We will receive a 7% return on the original down payment and construction advances to Kohl's until such time as Kohl's lease commences.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Kohl's, will lease 100% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Kohl's	88,248	100	8.37	11/04	01/24

For federal income tax purposes, the depreciable basis in this property will be approximately \$7,387,500. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

THE SHOPS AT BOARDWALK, KANSAS CITY, MISSOURI

We anticipate purchasing a newly constructed shopping center known as The Shops at Boardwalk, containing 122,413 gross leasable square feet. The center is located at North Boardwalk Avenue and Ambassador Drive in Kansas City, Missouri.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$36,642,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$299 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

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We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Borders Books, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Borders Books	19,001	16	13.95	08/03	07/08

For federal income tax purposes, the depreciable basis in this property will be approximately \$27,500,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

The Shops at Boardwalk was built during 2003 to 2004. As of March 31, 2004, this property was 73% occupied, with a total 89,408 square feet leased to twenty-one tenants. The following table sets forth certain information with respect to those leases:

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Noggin Noodle	2,390	07/05	62,140	26.00
Nextel Communications	2,004	05/08	54,108	27.00
Electronic Boutique	2,195	06/08	60,582	27.60
Coldwater Creek	4,617	06/08	110,808	24.00
Jos. A. Banks	4,200	07/08	92,400	22.00
Chicos	2,735	07/08	68,375	25.00
Borders Books	19,001	07/08	265,063	13.95
Planet Sub	3,147	07/08	84,969	27.00
Claire's Boutique	1,200	08/08	36,000	30.00
Maurices	3,784	08/08	90,816	24.00
Select Comfort	2,158	10/08	64,740	30.00
Archivers	5,957	01/09	119,140	20.00
Hallmark Cards	3,484	03/09	71,422	20.50
2nd Swing	3,580	04/09	93,080	26.00
J. Jill	4,085	07/13	122,550	30.00
Chipolte Mexican Grill	2,801	07/13	78,428	28.00
Yankee Candle	1,925	07/13	48,125	25.00

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Red Star Tavern	7,209	08/13	209,061	29.00
Christopher & Banks	3,500	08/13	91,000	26.00
Kirklands	4,935	01/14	108,570	22.00
Talbots	4,501	01/16	117,026	26.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

FORKS TOWN CENTER, EASTON, PENNSYLVANIA

We anticipate purchasing an existing shopping center known as Forks Town Center, containing 90,000 gross leasable square feet. The center is located at 301 Town Center Boulevard in Easton, Pennsylvania.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$19,134,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$213 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Giant Foods, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Giant Foods	54,300	60	16.04	01/03	01/23

For federal income tax purposes, the depreciable basis in this property will be approximately \$14,350,500. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Forks Town Center was built in 2002. As of June 1, 2004, this property was 94% occupied, with a total 84,600 square feet leased to sixteen tenants. The following table sets forth certain information with respect to those leases:

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Movie Gallery	3,200	09/07	44,800	14.00
Vista Bank United Trust	2,500	11/07	50,000	20.00
USA Dollar	2,400	11/07	36,000	15.00
Subway	1,600	11/07	28,000	17.50
H & R Block	1,600	01/08	30,400	19.00
Hollywood Tans	2,400	03/08	49,416	20.59
PL Nails	1,200	04/08	22,800	19.00
China Moon	3,200	04/08	52,800	16.50
Catanzaretti's Pizza	2,400	05/08	42,000	17.50
Something Different	1,600	09/08	32,000	20.00
Holiday Hair	1,600	09/08	32,000	20.00
D & J Cleaners	1,200	11/08	19,200	16.00
Fox Hallmark	5,400	08/09	129,600	24.00
Giant Foods	54,300	01/23	870,972	16.04
Giant Gas Station (Ground Lease)	-	01/23	12,500	N/A
Dunkin Donuts (Ground Lease)	-	08/13	40,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

WAL-MART SUPER CENTER, BLYTHEVILLE, ARKANSAS

We anticipate purchasing an existing retail store known as Wal-Mart Super Store, containing 183,211 gross leasable square feet. The store is located at 3700 Highway 18, in Blytheville, Arkansas.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$13,194,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$72 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

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We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Wal-Mart Super Center, leases 100% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Wal-Mart Super Center	183,211	100	4.93	04/99	04/19

For federal income tax purposes, the depreciable basis in this property will be approximately \$9,895,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

LAKEWOOD TOWNE CENTER, LAKEWOOD, WASHINGTON

We anticipate purchasing an existing shopping center known as Lakewood Towne Center, containing 578,843 gross leasable square feet. The center is located at Gravelly Lake Drive and 100th Street, in Lakewood, Washington.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$81,100,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$140 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Gottschalk's and Burlington Coat Factory, each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Gottschalk's	119,256	21	3.25	03/92	02/12
Burlington Coat Factory	70,533	12	5.50	09/03	08/13

For federal income tax purposes, the depreciable basis in this property will be approximately \$60,825,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Lakewood Towne Center was rebuilt in 2002 and 2003. As of June 1, 2004, this property was 94% occupied, with a total 544,943 square feet leased to twenty-four tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Pierce Transit	4,200	07/04	33,600	8.00
Wells Fargo Financial	1,750	11/04	18,812	10.75
Rent-A-Center	4,275	05/05	47,025	11.00
Catherine P.S. Plus	4,507	07/05	63,098	14.00
Merino's Fine Custom	1,095	09/06	21,900	20.00
Old Country Buffet	9,500	12/06	118,750	12.50
Old Navy	16,172	01/08	177,892	11.00
Famous Footwear	8,335	10/08	125,025	15.00
Lowe's Cineplex	48,229	11/11	517,014	10.72
Barnes & Noble	23,104	01/12	317,680	13.75
Michaels	24,035	02/12	288,420	12.00
Gottschalk's	119,256	02/12	399,997	3.35
Bed, Bath & Beyond	30,530	01/13	381,625	12.50
The Dollar Store	15,564	01/13	210,114	13.50
Ross Dress for Less	30,151	01/13	354,274	11.75
Lakewood Dialysis	9,450	03/13	135,418	14.33
Burlington Coat Factory	70,533	08/13	387,932	5.50
Office Depot	18,000	09/13	265,500	14.75
Pier 1 Imports	11,142	02/14	191,531	17.19
La Palma Restaurant	5,120	02/14	102,400	20.00
Avenue	5,682	11/15	90,912	16.00
24 Hour Fitness	20,219	12/16	279,022	13.80
GI Joes	45,005	11/17	540,060	12.00
PetSmart	19,089	01/19	209,979	11.00

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PLAZA AT MARYSVILLE, MARYSVILLE, WASHINGTON

We anticipate purchasing an existing shopping center known as Plaza at Marysville, containing 115,656 gross leasable square feet. The center is located at State Avenue and Grove Street, in Marysville, Washington.

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We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$22,017,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$190 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

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We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Safeway, leases more than 10% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Safeway	53,850	47	11.00	07/01	07/21

For federal income tax purposes, the depreciable basis in this property will be approximately \$16,513,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Plaza at Marysville was built in 1995. As of June 1, 2004, this property was 96% occupied, with a total 111,356 square feet leased to twenty-seven tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
The Everett Clinic	1,200	03/04	24,600	20.50
Alderwood Auto Glass	1,500	07/05	20,112	13.41
Northwest Credit Union	1,300	11/05	24,050	18.50
Supercuts	1,300	11/05	24,696	19.00
GNC	1,422	01/06	25,344	17.82
Marysville Daycare	7,345	01/06	97,321	13.25
Alta's Pet Gallery	3,375	05/06	43,872	13.00
Papa Murphy's	1,300	07/06	26,004	20.00
Safeway District Office	901	07/06	12,468	13.84
Mail Box Junction	904	09/06	17,176	19.00

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Alpha Denture Clinic	904	10/06	17,172	19.00
Hi-Tek Nails	863	11/06	18,120	21.00
Play It Again Sports	3,000	11/06	50,720	16.91
Fowlds Cleaners	1,500	12/06	25,872	17.25
Sally Beauty	1,300	01/07	24,696	19.00
Cigar Land	1,050	03/07	21,636	20.61
Check into Cash	1,546	07/07	30,920	20.00
Edward Jones	1,500	07/08	27,000	18.00
Rent-A-Center	3,961	09/08	51,492	13.00
The Sun Factory	1,803	09/08	32,454	18.00
Hollywood Video	6,540	08/09	98,100	15.00
Party City	7,992	01/10	107,892	13.50
Safeway Full Site	N/A	01/11	50,000	N/A
Home Street Bank	4,000	12/20	80,004	20.00
Safeway	53,850	07/21	592,356	11.00
Subs & More	1,000	Month to Month	18,000	18.00

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In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PARADISE SHOPPES OF DALLAS, DALLAS, GEORGIA

We anticipate purchasing a newly constructed shopping center known as Paradise Shoppes of Dallas, containing 70,610 gross leasable square feet. The center is located at Highway 381 and East Paulding Drive, in Dallas, Georgia.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$13,052,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$185 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Publix, will lease more than 10% of the total gross leasable area of the property. The lease term will be determined in accordance with the tenant's lease commencement date. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term
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Publix	44,840	64	10.25	20 Years
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For federal income tax purposes, the depreciable basis in this property will be approximately \$9,789,100. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Paradise Shoppes of Dallas was newly constructed in 2004. As of June 1, 2004, the property is currently in a leasing up phase and certain tenants have executed leases for retail space within the shopping center. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends *	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Publix	44,840	20 Years	459,600	10.25
Subway	1,200		22,800	19.00
Verizon	900		15,300	17.00
Dry Clean USA	1,200		26,400	22.00
Dollar Train	2,100		36,750	17.50
Creative Tan	1,200		24,000	20.00
Great Clips	1,200		26,400	22.00

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends *	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
USA Nails	1,200		28,800	24.00
Ladies Fitness Express	1,200		19,800	16.50

* LEASE TERM HAS NOT BEEN DETERMINED AT THE TIME OF THIS REPORT.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

PARADISE SHOPPES OF PROMINENCE POINT, CANTON, GEORGIA

We anticipate purchasing a newly constructed shopping center known as Paradise Shoppes of Prominence Point, containing 88,058 gross leasable square feet. The center is located at Interstate 575 and State Route 5, in Canton, Georgia.

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We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$18,099,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$205 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Publix, will lease more than 10% of the total gross leasable area of the property. The lease term will be determined in accordance with the tenant's commencement date. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term
Publix	44,840	51	10.80	20 Years

For federal income tax purposes, the depreciable basis in this property will be approximately \$13,574,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Paradise Shoppes of Prominence Point was newly constructed in 2004. As of June 1, 2004, the property is currently in a leasing up phase and certain tenants have executed lease for retail space within the shopping center. The following table sets forth certain information with respect to those leases:

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends *	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Publix	44,840	20 Years	484,272	10.80
Blockbuster Video	5,268		92,190	17.50
The UPS Store	1,400		26,600	19.00
Suntrust Mortgage	1,400		26,600	19.00
Oceanside Tanning	1,400		32,200	23.00
Curves	1,400		27,300	19.50
Mui Lan Restaurant	2,100		40,950	19.50

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Taekwon Do Plus	2,450	47,775	19.50
Dos Palomas Restaurant	3,450	67,275	19.50
Dry Clean USA	1,400	33,600	24.00
World Wireless	1,050	21,000	20.00
Holly Nails	1,050	25,200	24.00
Beef O'Brady's	2,590	46,620	18.00
Yoon Sushi Restaurant	1,400	25,900	18.50

* LEASE TERM HAS NOT BEEN DETERMINED AT THE TIME OF THIS REPORT.

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

DAVIS TOWNE CROSSING, NORTH RICHLAND HILLS, TEXAS

We anticipate purchasing a newly constructed shopping center known as Davis Towne Crossing, containing 41,391 gross leasable square feet of which 4,000 is a ground lease. The center is located at Davis Boulevard and Precinct Line Road in North Richland Hills, Texas.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$9,755,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$236 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Lady USA Fitness and Cotton Patch Cafe', each lease more than 10% of the total gross leasable area of the property. The leases with these tenants require the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Lady USA Fitness	6,000	15	17.00	10/03	10/08
Cotton Patch Cafe	4,400	11	20.00	12/03	11/08

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For federal income tax purposes, the depreciable basis in this property will be approximately \$7,316,200. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Davis Towne Crossing was newly constructed during 2003 and 2004. As of June 1, 2004, this property was 83% occupied, with a total 34,131 square feet leased to thirteen tenants. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
H & R Block	2,264	05/07	45,280	20.00
The Scrapbook Palace	3,000	10/07	57,000	19.00
RadioShack	2,400	08/08	48,000	20.00
Sport Clips	1,440	08/08	28,800	20.00
EB Games	1,500	09/08	31,500	21.00
Luxury Nails	1,400	09/08	29,400	21.00
Friedman's Jewelers	1,727	10/08	32,813	19.00
Lady USA Fitness	6,000	10/08	102,000	17.00
Cotton Patch Cafe	4,400	11/08	88,000	20.00
The UPS Store	1,400	03/09	26,600	19.00
Payless Shoes	3,000	07/13	54,000	18.00
Quiznos Subs	1,600	11/13	30,400	19.00
Washington Mutual (Ground Lease)	4,000	08/28	85,000	21.25

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

LAKEPOINTE TOWNE CROSSING, LEWISVILLE, TEXAS

We anticipate purchasing a newly constructed shopping center known as Lakepointe Towne Crossing, containing 193,502 gross leasable square feet. The center is located at 715 Hebron Parkway, in Lewisville, Texas.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$39,482,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$204 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Sportsman's Warehouse, Circuit City and Ross Stores, will lease more than 10% of the total gross leasable area of the property. The lease term has been determined in accordance with the tenant's projected lease commencement date. The leases with these tenants require the tenants to pay base annual rent

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on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Sportsman's Warehouse	45,250	23	12.00	08/04	08/19
Circuit City	33,862	18	14.00	06/04	01/19
Ross Stores	30,187	16	9.75	04/03	04/23

For federal income tax purposes, the depreciable basis in this property will be approximately \$29,611,000. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Lakepointe Towne Crossing was newly constructed in 2004. As of June 1, 2004, the property is currently in a leasing up phase and certain tenants have executed leases for retail space within the shopping center. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Mattress Firm	6,500	08/08	162,500	25.00
Hawk Electronics	5,000	10/08	125,000	25.00
EB Games	1,500	10/08	34,500	23.00
Carter Floors and Countertops	2,240	12/08	51,520	23.00
Great Clips	1,200	10/09	28,800	24.00
Dr. John Launius	2,880	11/10	63,360	22.00
Pei Wei Asian Diner	3,300	10/13	85,800	26.00
Moe's Southwest Grill	3,121	11/13	78,025	25.00
Circuit City	33,862	01/19	474,068	14.00
Sportsman's Warehouse	45,250	08/19	543,000	12.00
Ross Stores	30,187	04/23	294,323	9.75

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

MANSFIELD TOWNE CROSSING, MANSFIELD, TEXAS

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We anticipate purchasing a newly constructed shopping center known as Mansfield Towne Crossing, containing 111,898 gross leasable square feet of which 4,500 is on a ground lease. The center is located at Highway 287 and Debbie Lane, in Mansfield, Texas.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$19,968,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$178 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

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We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Ross and Staples, will lease more than 10% of the total gross leasable area of the property. The lease term will be determined in accordance with the tenant's projected lease commencement date. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Ross Stores	30,187	27	9.25	10/04	01/15
Staples	20,388	18	10.50	08/03	08/18

For federal income tax purposes, the depreciable basis in this property will be approximately \$14,975,800. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Mansfield Towne Crossing was newly constructed in 2004. As of June 1, 2004, the property is currently in a leasing up phase and certain tenants have executed leases for retail space within the shopping center. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)

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AT & T Wireless	2,500	07/08	55,000	22.00
EB Games	1,500	09/08	31,500	21.00
Sport Clips	1,440	10/08	30,240	21.00
Luxury Nails	1,013	02/09	20,259	20.00
Dr. Michael Poison	1,060	05/09	20,140	19.00
Robertson Pools	1,440	06/09	27,360	19.00
Bath Junkie	1,200	06/09	22,800	19.00
Subway	1,600	07/09	30,400	19.00
GNC	1,200	09/09	22,800	19.00
The Cash Store	1,600	09/09	30,400	19.00
Creekside Collections	3,811	09/09	62,882	16.50
Zales Jewelers	3,000	12/13	64,500	21.50
Famous Footwear	8,000	01/14	120,000	15.00
Payless Shoes	3,000	01/14	54,000	18.00
Ross Stores	30,187	01/15	279,229	9.25
Pier 1 Imports	10,800	02/15	162,000	15.00
Staples	20,388	08/18	214,074	10.50
Regions Bank (Ground Lease)	4,500	01/23	75,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

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PLEASANT RUN TOWNE CROSSING, CEDAR HILL, TEXAS

We anticipate purchasing a newly constructed shopping center known as Pleasant Run Towne Crossing, containing 225,431 gross leasable square feet of which 20,200 is on ground leases. The center is located at Pleasant Run and Highway 67, in Cedar Hill, Texas.

We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$41,418,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$176 per square foot of leasable space.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Oshman's and Circuit City, will lease more than 10% of the total gross leasable area of the property. The lease term will be determined in accordance with the tenant's lease commencement date. The leases with these tenants require the tenants to pay base annual rent on a monthly basis as follows:

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Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Square Foot Per Annum (\$)	Lease Term Beginning	To
Oshman's	40,954	17	10.00	05/04	04/14
Circuit City	32,570	14	14.00	11/03	01/18

For federal income tax purposes, the depreciable basis in this property will be approximately \$31,063,400. When we calculate depreciation expense for tax purposes, we will use the straight-line method. We depreciate buildings and improvements based upon estimated useful lives of 40 and 20 years, respectively.

Pleasant Run Towne Crossing was newly constructed in 2004. As of June 1, 2004, the property is currently in a leasing up phase and certain tenants have executed leases for retail space within the shopping center. The following table sets forth certain information with respect to those leases:

Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
The Maytag Store	5,225	04/09	94,050	18.00
Justice Just for Girls	4,500	04/09	81,000	18.00
Sleep Experts	4,500	06/09	99,000	22.00
Mattress Firm	6,000	08/09	132,000	22.00
ASAP Mail	2,000	08/09	40,000	20.00
Luxury Nails	1,200	08/09	25,200	21.00
Brook Mays Music	6,250	09/09	112,500	18.00
Michaels	21,390	11/13	224,595	10.50
Bombay Company	4,500	11/13	81,000	18.00
Bed, Bath & Beyond	22,000	01/14	220,000	10.00
Half Price Books	10,108	02/14	121,296	12.00

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Lessee	Approximate GLA Leased (Sq. Ft.)	Lease Ends	Current Annual Rent (\$)	Base Rent Per Square Foot Per Annum (\$)
Mothers Work	1,805	03/14	36,100	20.00
Zales Jewelry	3,000	05/14	66,000	22.00
Vitamin Shop	5,000	08/14	135,000	27.00
Panera Bread	4,999	10/14	119,976	24.00
Oshman's	40,954	01/15	409,540	10.00
Circuit City	32,570	01/18	455,980	14.00

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JP Morgan Chase Bank (Ground Lease)	4,700	02/24	84,999	N/A
Saltgrass Steakhouse (Ground Lease)	8,500	05/24	84,999	N/A
Joe's Crab Shack (Ground Lease)	7,000	05/24	75,000	N/A

In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

BOULEVARD AT THE CAPITAL CENTRE, LANDOVER, MARYLAND

We anticipate entering into a joint venture with the current owners of a newly constructed shopping center known as Boulevard at the Capital Centre, containing 504,817 gross leasable square feet. The center is located on the Washington D.C. Beltway (I-495 and I-95), in Landover, Maryland. The property is on a long term ground lease with the Revenue Authority of Prince George's County for approximately 70 years.

We anticipate entering into a joint venture with the current owners of this property, who are unaffiliated third parties. We would make a capital contribution to this joint venture and would receive an equity interest representing majority ownership and operating control of the joint venture.

We intend to make our capital contribution to the joint venture with our own funds. However, we expect to place financing on the property at a later date. The joint venture may acquire additional properties, which would be managed by our joint venture partner.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

One tenant, Lowe's Theaters Magic Johnson, will lease more than 10% of the total gross leasable area of the property.

Boulevard at the Capital Centre was newly constructed in 2004. As of June 1, 2004, the property is currently in a leasing up phase and certain tenants have executed leases for retail space within the shopping center. In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

GATEWAY VILLAGE, ANNAPOLIS, MARYLAND

We anticipate entering into a joint venture with the current owners of an existing shopping center known as Gateway Village, containing 273,904 gross leasable square feet. The center is located at Housley Road and Defense Highway in Annapolis, Maryland.

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We anticipate entering into a joint venture with the current owners of this property who are unaffiliated third parties. We would make a capital

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contribution to this joint venture and would receive an equity interest representing majority ownership and operating control of the joint venture.

We intend to make our capital contribution to the joint venture with our own funds. However, we expect to place financing on the property at a later date. The joint venture may acquire additional properties, which would be managed by our joint venture partner.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Safeway, Burlington Coat Factory and Best Buy, each lease more than 10% of the total gross leasable area of the property.

Gateway Village was built in 1996. As of June 1, 2004, this property was 99% occupied, with a total 270,704 square feet leased to fifteen tenants. In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

TOLLGATE MARKETPLACE, BEL AIR, MARYLAND

We anticipate entering into a joint venture with the current owners of an existing shopping center known as Tollgate Marketplace, containing 393,395 gross leasable square feet. The center is located at Route 24 and Route 1, in Bel Air, Maryland.

We anticipate entering into a joint venture with the current owners of this property, who are unaffiliated third parties. We would make a capital contribution to this joint venture and would receive an equity interest representing majority ownership and operating control of the joint venture.

We intend to make our capital contribution to the joint venture with our own funds. However, we expect to place financing on the property at a later date. The joint venture may acquire additional properties, which would be managed by our joint venture partner.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Two tenants, Giant Food and Jo Ann Fabrics, each lease more than 10% of the total gross leasable area of the property.

Tollgate Marketplace was built in 1979 and renovated in 1994. As of June 1, 2004, this property was 100% occupied, with a total 393,395 square feet leased to thirty-four tenants. In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

TOWSON CIRCLE, TOWSON, MARYLAND

We anticipate entering into a joint venture with the current owners of an existing shopping center known as Towson Circle, containing 116,954 gross leasable square feet of which 8,838 is a ground lease. The center is located at

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York, Dulaney Valley and Joppa Roads, in Towson, Maryland.

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We anticipate entering into a joint venture with the current owners of this property, who are unaffiliated third parties. We would make a capital contribution to this joint venture and would receive an equity interest representing majority ownership and operating control of the joint venture.

We intend to make our capital contribution to the joint venture with our own funds. However, we expect to place financing on the property at a later date. The joint venture may acquire additional properties, which would be managed by our joint venture partner.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Four tenants, Barnes & Noble, Trader Joe's East, BallyTotal Fitness and Pier 1, each lease more than 10% of the total gross leasable area of the property.

Towson Circle was built in 1998. As of June 1, 2004, this property was 91% occupied, with a total 106,221 square feet leased to twelve tenants. In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

REISTERSTOWN ROAD PLAZA, BALTIMORE, MARYLAND

We anticipate entering into a joint venture with the current owners of an existing shopping center known as Reisterstown Road Plaza, containing 800,653 gross leasable square feet. The center is located at 6500-6512 Reisterstown Road, in Baltimore, Maryland.

We anticipate entering into a joint venture with the current owners of this property who are unaffiliated third parties. We would make a capital contribution to this joint venture and would receive an equity interest representing majority ownership and operating control of the joint venture.

We intend to make our capital contribution to the joint venture with our own funds. However, we expect to place financing on the property at a later date. The joint venture may acquire additional properties, which would be managed by our joint venture partner.

We do not intend to make significant repairs and improvements to this property over the next few years. However, if we were to make any repairs or improvements, the tenants would be obligated to pay a substantial portion of any monies spent pursuant to the provisions of their respective leases.

Three tenants, Home Depot, Public Safety and National Wholesale Liquidators, each lease more than 10% of the total gross leasable area of the property. Reisterstown Road Plaza was built in approximately 1960 and renovated in 2004. As of June 1, 2004, this property was 79% occupied, with a total 631,536 square feet leased to seventy-three tenants. In general, each tenant will pay its proportionate share of real estate taxes, insurance and common area maintenance

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costs, although the leases with some tenants may provide that the tenant's liability for such expenses is limited in some way, usually so that their liability for such expenses does not exceed a specified amount.

BILO ARCHDALE COMMONS, CHARLOTTE, NORTH CAROLINA

We anticipate purchasing land for a to be built single user retail center known as BiLo Archdale Commons to contain 46,017 gross leasable square feet. We will acquire the land and will ground lease the land to BiLo, who will build and own a 46,017 square foot building on the site. The land is located at the intersection of South Boulevard and Archdale Drive, Charlotte, North Carolina.

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We anticipate purchasing this property from an unaffiliated third party. Our total acquisition cost is expected to be approximately \$4,202,000. This amount may increase by additional costs which have not yet been finally determined. We expect any additional costs to be insignificant. Our acquisition cost is expected to be approximately \$91 per square foot of leasable space upon completion of the building.

We intend to purchase this property with our own funds. However, we expect to place financing on the property at a later date.

BiLo Archdale Commons will be completed in 2004. One tenant, BiLo, will lease 100% of the total gross leasable area of the property. The lease with this tenant requires the tenant to pay base annual rent on a monthly basis as follows:

Lessee	Approximate GLA Leased (Sq. Ft.)	% of Total GLA	Base Rent Per Annum (\$)	Lease Term Beginning	To
BiLo	46,017	100	330,000	*	

* A 20 year ground lease will begin upon our acquisition of the land. We expect the tenant will be responsible for all real estate taxes, insurance and common area maintenance costs.

As of June 8, 2004, we have over of \$829,000,000 in pending acquisitions and we believe, based in part on projected sales of our common stock, that cash on hand and future financings will provide us with sufficient cash to close these properties at the time of their projected closings.

TERMINATED CONTRACTS

Our Board of Directors previously approved the acquisition of Albertson's Grocery Store in Loveland, Colorado, Mall 205 and Plaza 205, Portland, Oregon, Eckerd Drug Store at Danforth and Santa Fe in Edmond, Oklahoma and Shaw's Supermarket at Bristol, Connecticut (and disclosed as probable). Based on information received during our due diligence process, we have decided not to acquire the properties and our affiliate has terminated the contracts on these acquisitions.

Management's Discussion and Analysis of Financial Condition and Results of Operations

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

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

The following discussion and analysis relates to the three months ended March 31, 2004. The period from March 5, 2003 (inception) to March 31, 2003 is not comparable because no properties were owned by us during the period. You should read the following discussion and analysis along with our consolidated financial statements and the related notes included in this report.

Overview

We were formed to acquire and manage a diversified portfolio of real estate, principally multi-tenant shopping centers. We have been operating and intend to continue operating as a real estate investment trust or REIT for Federal and state income tax purposes. We have initially focused on acquiring properties in the Western states. We have begun to acquire and plan to continue acquiring properties in the Western states. We may also acquire retail properties in locations throughout the United States. Inland Western Retail Real Estate Advisory Services, Inc. or our advisor has been retained to manage, for a fee, our day-to-day affairs, subject to the supervision of our board of directors.

Our goal is to purchase properties principally west of the Mississippi River and evaluate potential acquisition opportunities of properties east of the Mississippi River on a property by property basis, taking into consideration investment objectives and available funds. As of April 30, 2004 we have purchased six additional properties located in the states of Arizona, Colorado, Louisiana, Nevada, South Carolina and Texas.

During the three months ended March 31, 2004, we purchased eleven properties, of which four were not located in our primary geographical area of interest. We purchased these four properties because we had the unique opportunity of taking advantage of our advisor's acquisition pipeline of properties located east of the Mississippi River which generally, continue to have rates of return above those located in the Western United States. Our strategy in purchasing these properties was to deploy stockholder funds promptly and generate income for us

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as early as possible, while investing in properties which met our acquisition criteria.

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

While sustained consumer spending, spurred by low interest rates, has helped to maintain retail sales growth, changing demographics and consumer preferences have resulted in a fundamental shift in consumer spending patterns and the emergence of discount retail as a dominant category. Today almost 75% of general merchandise sales occur at a discount department store or a warehouse club/supercenter. As a result of this trend, some conventional department stores are struggling and a number of local, regional and national retailers have been forced to voluntarily close their stores or file for bankruptcy protection. Some bankrupt retailers have reorganized their operations and/or sold stores to stronger operators. In some instances, bankruptcies and store closings may create opportunities to lease space at higher rents to tenants with

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better sales performance. Therefore, we do not expect store closings or bankruptcy reorganizations to have a material impact on our consolidated financial position or the results of our operations in the near term.

We believe our risk exposure to potential future downturns in the economy is mitigated because the tenants at our current and targeted properties, to a large extent, consist or will consist of: 1) retailers who serve primary non-discretionary shopping needs, such as grocers and pharmacies; 2) discount chains that can compete effectively during an economic downturn; and 3) national tenants with strong credit ratings who can withstand a downturn. We believe that the diversification of our current and targeted tenant base and our focus on creditworthy tenants further reduces our risk exposure.

We are subject to risks existing due to a concentration of any single tenant within the portfolio. Currently, the largest tenant is Wal-Mart, which has one lease representing approximately 219,622 square feet, or approximately 5.8% of the total gross leasable area owned by us as of April 30, 2004. The annualized base rental income from this lease is approximately \$1,636,000, or approximately 3.1% of the total annualized base rental income, based on our portfolio of properties as of April 30, 2004.

We are in the process of raising offering proceeds and have raised \$482,147,539 as of March 31, 2004. We raised on average approximately \$100 million per month during the first quarter of 2004.

As of March 31, 2004, we owned a portfolio of nineteen properties located in California, Connecticut, Georgia, Illinois, Indiana, Maryland, North Carolina, Oklahoma, South Carolina, Texas, and Utah, containing an aggregate of approximately 2,900,000 square feet of gross leasable area. As of March 31, 2004, approximately 97% of gross leasable area in the properties was physically leased.

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The following is a summary of the properties we own as of March 31, 2004:

Property -----	Gross Leasable Area (Sq Ft) -----	Date Acquired -----	Year Built/ Renovated -----	Amount of Mortgages Payable at 03/31/04 -----
CorWest Plaza New Britain, CT	115,011	01/04	1999/2003	18,150,000
Darien Commons Darien, IL	223,876	12/03	1994	16,500,000
Dorman Center - Phase I Spartanburg, SC	350,994	03/04	2003	-
Eckerd Drug Store Edmund, OK	13,824	12/03	2003	-
Eckerd Drug Store Norman, OK	13,824	12/03	2003	-
Heritage Towne Crossing Eules, TX	80,574	03/04	2002	-
Hickory Ridge Hickory, NC	380,487	01/04	1999	23,650,000

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Property -----	Gross Leasable Area (Sq Ft) -----	Date Acquired -----	Year Built/ Renovated -----	Amount of Mortgages Payable at 03/31/04 -----
Larkspur Landing Larkspur, CA	173,814	01/04	1978/2001	33,630,000
Newnan Crossing I & II Newnan, GA	291,833	12/03 & 03/04	1999/2003	21,543,091
North Ranch Pavilions Thousand Oaks, CA	62,812	01/04	1992	10,157,400
Metro Square Center Severn, MD	61,817	01/04	1999	-
La Plaza Del Norte San Antonio, TX	320,362	01/04	1996/1999	32,528,000

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MacArthur Crossing Los Colinas, TX	110,975	02/04	1995/1996	-
Pavilion at King's Grant Concord, NC	79,009	12/03	2002/2003	-
Peoria Crossings Peoria, AZ	213,733	03/04	2002/2003	20,497,400
Promenade at Red Cliff St. George, UT	94,936	02/04	1997	-
Shaw's Supermarket New Britain, CT	65,658	12/03	1995	6,450,000
Shops at Park Place Plano, TX	116,300	10/03	2001	13,127,000
Stony Creek Market Place Noblesville, IN	153,803	12/03	2003	14,162,000
Total	----- 2,923,642 =====			----- \$ 210,394,891 =====

The square footage for Darien Commons, Park Place, Hickory Ridge, Heritage Towne Crossing, and Pavilion at King's Grant includes 6,371, 3,822, 70,127, 7,246, and 65,000, respectively, leased to tenants under ground lease agreements.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

GENERAL.

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

ACQUISITION OF INVESTMENT PROPERTY

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

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

IMPAIRMENT OF LONG-LIVED ASSETS. We conduct an impairment analysis on a quarterly basis in accordance with Statement of Financial Accounting Standards No. 144 or FAS 144 to ensure that the property's carrying value does not exceed its fair value. If this were to occur, we are required to record an impairment loss. The valuation and possible subsequent impairment of investment properties is a significant estimate that can and does change based on our continuous process of analyzing each property and reviewing assumptions about uncertain inherent factors, as well as the economic condition of the property at a particular point in time.

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

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

The application of SFAS 141 and SFAS 142 resulted in the recognition upon acquisition of additional intangible assets and liabilities relating to our real estate acquisitions during the quarter ended March 31, 2004. The portion of the purchase price allocated to acquired above market lease costs and acquired below market lease costs are amortized on a straight-line basis

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over the life of the related lease as an adjustment to rental income. Amortization pertaining to the above market lease costs of \$337,603 was applied as a reduction to rental income for the three months ended March 31, 2004. Amortization pertaining to the below market lease costs of \$356,829 was applied as an increase to rental income for the three months ended March 31, 2004. The table below presents the amortization during the next five years related to the acquired above market lease costs and the below market lease costs for properties owned at March 31, 2004:

		April 1, 2004 through December 31,			
Amortization of:		2004	2005	2006	2007
		----	----	----	----
Acquired above market lease costs	\$	(1,422,561)	(1,446,611)	(1,407,035)	(721,035)
Acquired below market lease costs		1,529,367	1,408,165	1,258,428	1,104,435

Net rental income increase (decrease)	\$	106,806	(38,446)	(148,607)	383,400
=====					
Acquired in-place lease intangibles	\$	3,827,155	4,038,822	4,038,822	4,038,822

The portion of the purchase price allocated to acquired in-place lease costs are amortized on a straight line basis over the life of the related lease. We incurred amortization expense pertaining to acquired in-place lease costs of \$798,039 for the three months ended March 31, 2004. The table above presents the amortization during the next five years related to acquired in-place lease costs for properties owned at March 31, 2004.

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

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

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

In conjunction with certain acquisitions, we receive payments under master lease agreements pertaining to certain, non-revenue producing spaces either at the time of, or subsequent to, the purchase of some of our properties. Upon receipt

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

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LIQUIDITY AND CAPITAL RESOURCES

GENERAL.

Our principal demands for funds have been for property acquisitions, for the payment of operating expenses and dividends, and for the payment of interest on outstanding indebtedness. Generally, cash needs for items other than property acquisitions have been met from operations, and property acquisitions have been funded by public offerings of our shares of common stock. However, there may be a passage of time between the sale of the shares and our purchase of properties, which may result in a delay in the benefits to stockholders of returns generated from property operations. The advisor evaluates potential additional property acquisitions and Inland Real Estate Acquisitions, Inc., one of the affiliates of our sponsor, engages in negotiations with sellers on our behalf. After a purchase contract is executed which contains specific terms, the property will not be purchased until due diligence, which includes review of the title insurance commitment, an appraisal and an environmental analysis, is successfully completed. In some instances, the proposed acquisition still requires the negotiation of final binding agreements, which may include financing documents. During this period, we may decide to temporarily invest any unused proceeds from the offering in certain investments that could yield lower returns than other investments, such as the properties. These lower returns may affect our ability to make distributions.

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

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

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If necessary, we may use financings or other sources of capital in the event of unforeseen significant capital expenditures.

We believe that our current capital resources (including cash on hand) and anticipated financings are sufficient to meet our liquidity needs for the foreseeable future.

LIQUIDITY

OFFERING. As of March 31, 2004, subscriptions for a total of 48,230,815 shares had been received from the public, which include the 20,000 shares issued to the advisor and 237,469 shares distributed pursuant to the DRP as of March 31, 2004. As a result of such sales, we received a total of \$482,147,539 of gross offering proceeds as of March 31, 2004.

MORTGAGE DEBT. As of March 31, 2004 we obtained mortgage debt on eleven properties totaling \$210,394,891 that require monthly payments of interest only and bear interest at a range between 4.09% and 4.77% per annum.

During the period from April 1, 2004 through April 30, 2004 we obtained mortgage financing on properties that we purchased during 2003 or 2004 totaling approximately \$76,009,183 that require monthly payments of interest only and bear interest at a range of 4.18% to 4.39% per annum.

On February 9, 2004, we entered into an interest rate lock agreement with Bear Stearns Commercial Mortgage, Inc. We paid a rate lock deposit of \$1,200,000 to lock the interest rate at 4.372% for a period of 90 days for \$60,000,000 in principal. We entered into the rate lock to secure the interest rate on mortgage debt to be identified as debt is placed on properties we currently own or will purchase in the future. The funds under the rate agreement and the deposit are applied to the mortgage fundings as they occur.

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On March 5, 2004 and March 11, 2004 we entered into two separate rate lock agreements with Principal Life Insurance Company. We paid a rate lock deposit of \$500,000 for each agreement to lock the rate at 4.13% and 4.09%, respectively for a period of 120 days. Each rate lock is for \$50,000,000 in principal. We entered into these rate locks to secure the interest on mortgage debt to be identified as debt is placed on properties we currently own or will purchase in the future. The deposit is applied to the mortgage fundings as they occur.

LINE OF CREDIT. On February 6, 2004, we increased our unsecured line of credit arrangement with KeyBank N.A. to \$225,000,000 from \$150,000,000. The funds from this line of credit may be used to provide funds from the time a property is purchased until permanent debt is placed on that property. The line requires interest only payments monthly at the rate equal to the London InterBank Offered Rate or LIBOR plus 175 basis points. We are also required to pay, on a quarterly basis, an amount ranging from .15% to .30%, per annum, on the average daily undrawn funds under this line. The line of credit requires compliance with certain covenants, such as debt service ratios, minimum net worth requirements, distribution limitations and investment restrictions. In addition to, and in conjunction with these financial covenants, we maintain a cash collateral account. Amounts deposited in the cash collateral account provide that loan to value covenants required under the line are not exceeded. Funds may be deposited into and withdrawn from the cash collateral account as our properties are

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purchased without debt. As of March 31, 2004, we were in compliance with such covenants and there were no funds deposited or required to be deposited in the cash collateral account. The outstanding balance on the line of credit was \$70,000,000 as of March 31, 2004 and April 30, 2004. The average interest rate for the three months ended March 31, 2004 was 2.88% per annum.

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

The DRP allows stockholders who purchase shares pursuant to the offerings to automatically reinvest distributions by purchasing additional shares from us. Such purchases will not be subject to selling commissions or the marketing contribution and due diligence expense allowance and will be sold at a price of \$9.50 per share. As of March 31, 2004, we distributed 237,469 shares pursuant to the DRP for an aggregate amount of \$2,255,953.

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

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

Shares purchased by us will not be available for resale. As of March 31, 2004, no shares have been repurchased.

CAPITAL RESOURCES

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

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

During the three months ended March 31, 2004, we closed on mortgage debt with a principal amount of \$180,767,891. The average cost of mortgage funds for the three month period ended March 31, 2004 was approximately 4.5%. All of these

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mortgage loans require monthly payments of interest only and are fixed-rate loans that bear interest at a rate between 4.09% and 4.77% per annum. These loans may be prepaid with a penalty after specific lockout periods.

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

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

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows provided by operating activities were approximately \$4,778,000 for the three month period ended March 31, 2004, which is due primarily to net income from property operations.

CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows used in investing activities were approximately \$377,550,000 for the three month period ended March 31, 2004 which were primarily used for the acquisition of eleven properties for approximately \$376,501,000.

As of April 30, 2004, we had approximately \$200,000,000 available for investment in additional properties. As of April 30, 2004 we are considering the acquisition of approximately \$272,700,000 in properties. We are currently in the process of obtaining financings on properties which have been purchased, as well as certain of the properties which we anticipate purchasing. It is our intention to finance each of our acquisitions either at closing or subsequent to closing. As a result of the intended financings and based on our current experience in raising funds in our offering, we believe that we will have sufficient resources to acquire these properties.

CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows provided by financing activities was approximately \$504,062,000 for the three month period ended March 31, 2004. We generated proceeds from the sale of shares, net of offering costs paid, of approximately \$264,632,000, we generated approximately \$180,767,000 from the issuance of new mortgages secured by nine of our properties and \$65,000,000 from funding on the line of credit. We paid approximately \$2,385,000 for loan fees and approximately \$4,027,000 in distributions to our stockholders for the three months ended March 31, 2004. The sponsor has agreed to advance us amounts to pay these distributions until funds from operations are adequate to cover distributions.

Given the current size of our offering, as of April 30, 2004, we could raise approximately \$1.9 billion of additional capital. However, there can be no assurance that we will raise this amount of money or that we will be able to acquire additional attractive properties.

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

EFFECTS OF TRANSACTIONS WITH RELATED AND CERTAIN OTHER PARTIES

SERVICES PROVIDED BY AFFILIATES OF THE ADVISOR As of March 31, 2004, we had incurred \$54,175,188 of offering costs, of which \$41,067,077 was paid or accrued to affiliates. In accordance with the terms of our offering, the advisor has

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guaranteed payment of all public offering expenses (excluding sales commissions and the marketing contribution and the due diligence expense allowance) in excess of 5.5% of the gross proceeds of the offering or gross offering proceeds or all organization and offering expenses (including selling commissions) which together exceed 15% of gross offering proceeds. As of March 31, 2004, offering costs did not exceed the 5.5% and 15% limitations. We anticipate that these costs will not exceed these limitations upon completion of the offering. Any excess amounts at the completion of the offering will be reimbursed by the advisor.

The advisor and its affiliates are entitled to reimbursement for salaries and expenses of employees of the advisor and its affiliates relating to the offering. In addition, an affiliate of the advisor is entitled to receive selling commissions, and the marketing contribution and due diligence expense allowance from us in connection with the offering. Such costs are offset against the stockholders' equity accounts. Such costs totaled \$41,067,077 as of March 31, 2004, of which \$3,469,451 was unpaid at March 31, 2004.

The advisor and its affiliates are entitled to reimbursement for general and administrative expenses of the advisor and its affiliates relating to our administration. Such costs are included in general and administrative expenses to affiliates, professional services to affiliates, and acquisition cost expenses to affiliates, in addition to costs that were capitalized pertaining to property acquisitions. During the three months ended March 31, 2004, we incurred \$266,023 of these costs, of which \$86,100 remained unpaid as of March 31, 2004.

An affiliate of the advisor provides loan servicing to us for an annual fee. Such costs are included in property operating expenses to affiliates. The agreement allows for annual fees totaling .03% of the first \$1 billion in mortgage balance outstanding and .01% of the remaining mortgage balance, payable monthly. Such fees totaled \$4,211 for the three months ended March 31, 2004.

The advisor contributed \$200,000 to our capital for which it received 20,000 shares.

We used the services of an affiliate of the advisor to facilitate the mortgage financing that we obtained on some of the properties purchased. Such costs are capitalized as loan fees and amortized over the respective loan term. During the three months ended March 31, 2004, we paid loan fees totaling \$367,812 to this affiliate.

We pay an advisor asset management fee of not more than 1% of our average assets. Our average asset value is defined as the average of the total book value of our real estate assets invested in equity interests plus our loans receivable secured by real estate, before reserves for depreciation, reserves for bad debt or other similar non-cash reserves. We compute our average assets by taking the average of these values at the end of each month for which we are calculating the fee. The fee is payable quarterly in an amount equal to 1/4 of

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1% of average assets as of the last day of the immediately preceding quarter. For any year in which we qualify as a REIT, our advisor must reimburse us for the following amounts if any: (1) the amounts by which our total operating expenses, the sum of the advisor asset management fee plus other operating expenses, paid during the previous fiscal year exceed the greater of: (i) 2% of our average assets for that fiscal year, or (ii) 25% of our net income for that fiscal year; plus (2) an amount, which will not exceed the advisor asset management fee for that year, equal to any difference between the total amount of distributions to stockholders for that year and the 6% minimum annual return on the net investment of stockholders. For the three months ended March 31, 2004, we neither paid or accrued such fees because the advisor indicated that it would forego such fees for the first quarter of 2004.

The property managers, entities owned principally by individuals who are affiliates of the advisor, are entitled to receive property management fees totaling 4.5% of gross operating income, for management and leasing services. We incurred property management fees of \$413,415 for the three months ended March 31, 2004. None remained unpaid as of March 31, 2004.

We established a discount stock purchase policy for our affiliates and affiliates of the advisor that enables the affiliates to purchase shares of common stock at either \$8.95 or \$9.50 a share depending on when the shares are purchased. We sold 439,906 shares to affiliates and recognized an expense related to these discounts of \$300,000 for the three months ended March 31, 2004.

As of March 31, 2004 we were due funds from our affiliate in the amount of \$2,011,620 which is due from our sponsor for reimbursement of distributions paid by us in January, February, March, and April of 2004. The sponsor has agreed to

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advance us amounts to pay distributions to our stockholders until funds from operations are adequate to cover the distributions. As of March 31, 2004 we owe funds to the sponsor in the amount of \$2,369,139 for repayment of the funds advanced for payment of distributions.

OFF-BALANCE SHEET ARRANGEMENTS, CONTRACTUAL OBLIGATIONS, LIABILITIES AND CONTRACTS AND COMMITMENTS

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

CONTRACTUAL OBLIGATIONS

PAYMENTS DUE BY PERIOD

	Total	Less than 1 year	1-3 years	3-
	-----	-----	-----	-----
Long-Term Debt	\$ 210,394,891	-	-	19,
Line of Credit	70,000,000	70,000,000	-	

CONTRACTS AND COMMITMENTS

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The purchase and sale contract for Pavilion at King's Grant, provides that if anytime during the period January 1, 2004 through December 31, 2007 the tenant, Toys R Us, should increase their base rent up to a maximum amount of \$250,000 and no decrease occurs in their requirement to pay for a certain percentage of expenses at the property, then we would be obligated to pay the seller additional funds related to the purchase based on an agreed income capitalization formula. We have not reserved any funds related to this contingency.

In connection with the purchase of Stony Creek Market Place, we are obligated to purchase the Seller's interest in the leases if the Seller exercises the right to develop and lease a vacant 50,000 pad site for a 48 month period after the closing date of December 8, 2003, which was included in the purchase of the property. In connection with the purchase of Newnan Crossing, we are obligated to purchase a portion of the shopping center that is currently under construction, once construction has been completed and a major tenant has moved in and commenced payment of rent, with the additional purchase price based on an agreed upon income capitalization formula. We have not reserved any funds for these contingencies.

In connection with the purchase of Dorman Center, we are obligated to purchase a portion of the shopping center that is currently under construction, once construction has been completed and the respective tenants have moved in and commenced payment of rent, with the additional purchase price of the center based on an agreed upon income capitalization formula. As part of the commitment to purchase this remaining portion of the shopping center, we have deposited one million dollars of earnest money with the Seller. In addition, in conjunction with the financing of Dorman Center on April 20, 2004, we were required to obtain a \$3.65 million irrevocable letter of credit for a one year period, which will be settled when we purchase the remaining portion of Dorman Center.

In connection with the purchase of Larkspur Landing, we assumed a liability in the amount of \$1,982,504 for tenant improvements and leasing commission obligations.

Subsequent to March 31, 2004, we purchased six properties for a purchase price of approximately \$164,700,000. In addition, we are currently considering acquiring seven properties for an estimated purchase price of \$272,700,000. Our decision to acquire each property generally depends upon no material adverse change occurring relating to the property, the tenants or in the local economic conditions, and our receipt of satisfactory due diligence information including appraisals, environmental reports and lease information prior to purchasing the property.

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RESULTS OF OPERATIONS

GENERAL

The following discussion is based primarily on our consolidated financial statements as of March 31, 2004 and for the three months ended March 31, 2004.

Properties Purchased	Square Feet
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Quarter Ended -----	per Quarter -----	Acquired -----	Purchase Price -----
March 31, 2003	None	N/A	N/A
June 30, 2003	None	N/A	N/A
September 30, 2003	None	N/A	N/A
December 31, 2003	8	797,490	\$ 127,195,469
March 31, 2004	11	2,126,152	\$ 385,239,175

Total	19	2,923,642	\$ 512,434,644
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RENTAL INCOME, REAL ESTATE TAX RECOVERY, COMMON AREA COST RECOVERY AND ADDITIONAL RENTAL INCOME. Rental income consists of basic monthly rent and percentage rental income due pursuant to tenant leases. Real estate tax recovery, common area cost recovery and additional rental income consist of property operating expenses recovered from the tenants including real estate taxes, property management fees and insurance. Rental income was \$7,553,005 and all additional rental income was \$1,754,338 for the three months ended March 31, 2004.

INTEREST INCOME. Interest income consists primarily of interest earned from short term investments that are held by us. Interest income was \$209,607 for the three month period ended March 31, 2004. This results primarily from interest earned on cash for the three months ended March 31, 2004.

PROFESSIONAL SERVICES. Professional services consist of fees to accountants and lawyers. Professional services expense was \$56,416 for the three months ended March 31, 2004. This results from professional services required as the business and investor base grows. Accounting fees comprise the majority of the professional services expense.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses consist of salaries and computerized information services costs reimbursed to affiliates for maintaining our accounting and investor records, affiliates common share purchase discounts, insurance, postage, and printer costs. These expenses were \$736,951 for the three months ended March 31, 2004 and resulted from increased services required as we acquire properties and grow our portfolio of investment properties and our investor base.

PROPERTY OPERATING EXPENSES. Property operating expenses consist of property management fees and property operating expenses, including real estate tax, costs of owning and maintaining shopping centers, real estate taxes