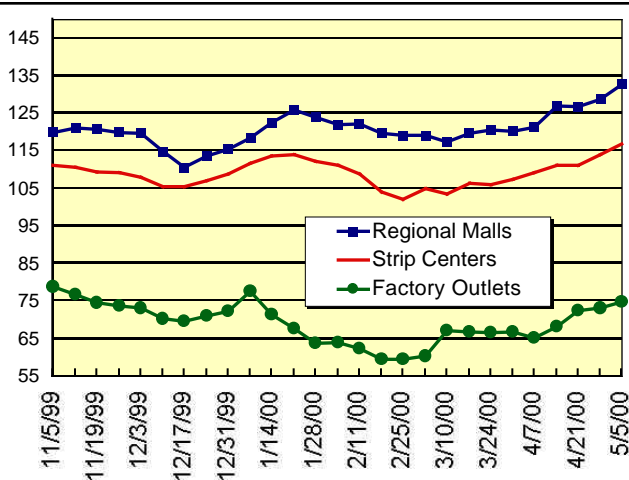


## RETAIL REIT INDEX



Source: Salomon Smith Barney.

The Retail REIT Index was designed exclusively for SCT *Xtra*. The stock price movements were calculated starting at a base of 100 on Dec. 1, 1995. For the week ending May 5, the regional mall index is at 132.65, up 3.0%; the strip center index (including power, neighborhood and community centers) is at 116.75, up 2.4%; and the factory outlet index is at 74.77, up 2.4%. The index is updated weekly.

**TRANSACTIONS:** SunGloss Hut International, which operates the 110-unit **Watch Station** chain, purchased the 118-store **Watch World International** for approximately \$30 million in cash, stock and debt assumption; **Ivanhoe** acquired a 50% interest in the 1.3 million-sf **Place Laurier**, Montréal, from **Oxford Properties Group**; **M & J Wilkow Ltd.**, bought the 361,984-sf **Yorkshire Plaza**, Chicago; **Burnham Pacific Properties** sold the 58,000-sf **Chamber Creek Shopping Center**, Tacoma, Wash., for \$3.25 million; **Konover Property Trust** sold a 25,000-sf retail property in Conway, N.H., to **The Echo Group** for \$700,000.

**TO OUR READERS:** To accommodate the ICSC Spring Convention, May 21 to 25 in Las Vegas, *SCT Xtra* will suspend publication for two weeks. *SCT Xtra* will resume its regular schedule Monday, June 5. For live updates from the convention and other industry news, log on to **ICSCNET** at <http://www.icsc.org>.

## House e-commerce tax bill ignores issue of remote sales

The **House of Representatives** last week overwhelmingly passed the Internet Nondiscrimination Act, a bill to extend the moratorium on Internet access taxes and new taxes on Internet sales until October 2006. The measure now goes before the **Senate**, where its fate is uncertain.

Some Senate Republicans said after the House passed the bill that the five-year extension is too long and the bill does not address some pressing issues, including how states can compel Internet sellers to collect existing state and local sales taxes. The bill also does not address the issue of a level playing field between brick-and-mortar stores and Internet sellers. President Clinton agreed with the senators' concerns and said he'd veto the bill in its current form.

**ICSC** lobbied strongly against the bill and opposes its final form. "While ICSC does not oppose the actual substance of the moratorium (its ban on access or discriminatory taxes), we believe that the longer the moratorium is extended, the more difficult it will be to address the remote sales tax collections issues," said Becky Sullivan, ICSC staff vice president for government relations.

## Ahold's moves add up to e-grocer plan

The rationale behind Dutch retail giant **Royal Ahold's** recent moves came into focus when the company revealed it will launch e-commerce operations for all five of its U.S. grocery chains next spring. After backing off its bid for **Pathmark Stores** last year because of **Federal Trade Commission** concerns, Ahold regrouped and used the money it had earmarked for the Pathmark acquisition to buy food distributor **U.S. Foodservice**. With 40 distribution centers, U.S. Foodservice gives Ahold delivery coverage in 85% of the United States. More recently Ahold bought a majority stake in struggling on-line grocer **Peapod**, giving the company the rights to technology it can use and adapt in establishing its grocery-delivery service.

## Hotels to rise next to Jersey Gardens

A \$125 million project, including one extended-stay hotel and a second hotel and convention center, has been approved by the city of Elizabeth, N.J., and will be constructed across from the **Jersey Gardens Outlet Mall**. The project will include more than 950 rooms and an 80,000-sf office and convention center. **Glimcher Realty Trust**, which owns Jersey Gardens, will team with the hotel development group **Kapkowski Road & North Avenue Limited Partnership** to offer special travel promotions, including reduced airfare on **Continental Airlines**, reduced rates at one of the two hotels and deals at the shopping center. An opening date has not been announced.

## April sales down 0.2%

For the first time since August 1998, monthly retail sales fell in the United States. The **United States Commerce Department** said sales for April fell 0.2% following a revised 0.5% gain in March. Adrop in gas sales was largely responsible for the decline. Excluding auto, retail sales were unchanged in April, but weaker than analysts expected. In March, retail sales excluding autos rose a strong 1.2%.

## News from abroad

While MP3, a digital music file format, remains a highly contentious issue in the United States, in the United Kingdom **Virgin** plans to install MP3 portals at its **Our Price** stores that will let customers download the files onto their cellular phones; **Gap** has announced plans to launch **Old Navy** and **Banana Republic** in the United Kingdom by no later than 2003. It has acquired land for a distribution center for all its needs that will be fully operational by the end of next year; **J. Crew** will beat its rival to the punch by opening stores in the United Kingdom next year.

## Tesco mulling U.S. grocery-delivery service

British retailer **Tesco's** chief executive, Terry Leahy, told analysts in London last Tuesday that the company is considering expanding its online grocery delivery service to other markets, including the United States. Tesco marketing director Tim Mason, who is also the chairman for **Tesco.com**, later said that the company is looking at South Korea, Ireland and Taiwan as other possible international markets.

If the venture is to come stateside, Tesco would need to form alliances with U.S.-based grocers that could handle the delivery load. Tesco fills orders from a network of 150 supermarkets rather than from a series of warehouses, as many U.S. online grocery delivery services do. Mason said Tesco has been approached by small and medium-sized North American grocers interested in forming joint ventures, but he did not mention specific companies.

## Planet Hollywood emerges from bankruptcy

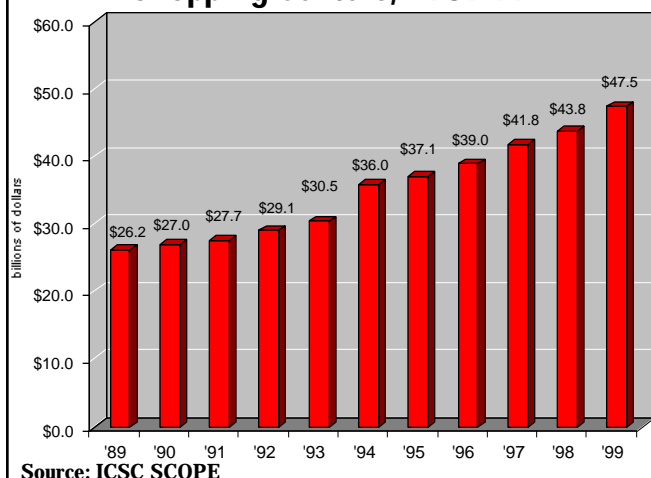
**Planet Hollywood International** said it has emerged from bankruptcy protection after canceling about \$282 million in debt. The company, which filed for Chapter 11 bankruptcy protection in October, gained approval for a reorganization plan in January under which all existing common stock was cancelled in exchange for 200,000 warrants to purchase new common stock in the reorganized company. A group of investors organized by Chairman and CEO Robert Earl will buy 70% of the new stock. The balance of the outstanding shares together with \$47.5 million in cash and \$60 million in notes were distributed to former bond holders in exchange for the debt cancellation.

## Joint venture will build \$75M Indiana mall

Real estate management firm **L&B Realty Advisors** and investor **R.E.D. Capital Development** will form a joint venture to build the \$75 million, 550,000-sf **Jefferson Pointe** lifestyle center in Fort Wayne, Ind. The project is more than 65% pre-leased, including a theater and a **Von Maurer** department store. It will open in 2001.

## ICSC RESEARCH CORNER

U.S. State Sales Tax Revenues From Shopping Centers, 1989-99



**Industry buzz...** The defibrillators that **Kravco** installed at its centers (*Shopping Centers Today*, May 2000) have passed their first major test, with units in New Jersey, Pennsylvania and Maine saving customers who went into sudden cardiac arrest. In addition, Kravco shopping centers have provided emergency oxygen 19 times to date for problems such as asthma attacks, a head injury, fainting and heart-attack symptoms. ... Massachusetts residents at least on the surface seem to have soured on the prospect of the planned **Boston Mills** at the 1,450-acre site that used to house the **South Weymouth Naval Air Station**. In 1998 news of the project was greeted warmly, but a recent poll by the *Patriot Ledger Quincy* newspaper showed that locals opposed the center by a 2-1 margin. However, by a 61% to 39% margin, most respondents in the same poll admitted they would probably shop at the development if it is built as planned. ... Specialty tea and coffee retailer **Whittard** in Chelsea, England, for the three weeks leading up to Easter, had its moped-riding delivery men do their jobs wearing bunny suits. The ploy was so popular that Whittard plans to have Santas man the scooters this Christmas.