

Trafalgar Square Shopping Center – Trafalgar Square also required a lot of attention during 2005. During the 2004 hurricane season Trafalgar was hit by a storm that caused a fair amount of damage but was not a direct hit. In 2005, Hurricane Wilma passed right over the shopping center including its eye wall and hit the center from both the south and then the northwest in the process of making its way back to the Atlantic Ocean. Wilma took off 25,000 square feet of roofing over the Winn-Dixie and CVS stores including opening a hole in the roof deck where you could see the sunshine into the store for at least 200-300 square feet of area.

We were fortunate to be able to have the roof replaced on a temporary basis within 1 week of the storm hitting and have made other notable progress with our landscaping, drainage, curbing etc. throughout the shopping center.

We were surprised to find out how difficult our insurance carrier has been in settling this claim. Although we have Zurich who is reputed to be an excellent company on our properties we have only to date received a partial settlement and will have to go forward with a roof replacement at this property without sufficient funds from insurance to do so. Household Finance Corp. exercised a right to terminate its lease. Jon Smith Sub Shop moved out and we'll be replacing them with Quiznos. We are in the process of signing a deal with Carvel and we also lost the Sportscard Shop who had been a tenant in the shopping center for many years. Our bakery had been sold and we're expecting the opening of the new high quality European style bakery. Our Chinese restaurant changed hands to a new energetic operator who has turned the Chinese restaurant into a very well run business serving a first class product.

Since this property has proven to be particularly vulnerable to hurricanes, we are moving forward with the permanent installation of hurricane shutters at the entire property in hopes of reducing the impact of future storms. Our new roof will be a built up tar and gravel roof which has much greater resistant to hurricane damage as well. The neighborhood around Trafalgar Square continues to mushroom with new growth.

Although Winn-Dixie remains in bankruptcy our stores have so far been unaffected.

Bird Bay Plaza – The Bird Bay Plaza has continued to perform well. We have added Washington Mutual in the 2,800 square feet adjoining Boater's World and expect them ultimately to build out a drive thru facility. Our Sarasota Coastal Credit Union will be leaving us but we have already replaced them with a new bank. We continue to emphasize leasing at the Bird Bay Plaza while we made some needed improvements including a corrugated metal roof area behind the mansard. We'll be moving forward over the next five years with a master plan for this property which will involve remodeling, re-roofing, and other needed improvements to keep this asset which is the oldest in our portfolio at a level which can compete in the marketplace.

Tavernier Towne Shopping Center – We completed our upgrades at Tavernier Towne Shopping Center during 2005 including seal coating and striping the parking lot and landscape improvements. We were fortunate that the property did not suffer any hurricane damage and since we consider this property particularly vulnerable to hurricane damage have purchased hurricane shutters for the entire property as a means of providing protection against future storms.

The Pier 1 store has performed better than the original estimates and the other stores in the shopping center also are doing well. We have had a strategy for the improvement to the tenant base at Tavernier for some years already and continue to work that plan in hopes of upgrading the property to a higher level of tenant and more ideal mix of stores. Tavernier already without a doubt is the number one retail property in the upper keys.

Commodore Plaza – We purchased our building on Key Biscayne a few years ago and completed our build out and relocated Commodore Realty into the property. It has provided a perfect work environment for our staff. This year we were able to relocate one tenant and combine three of our remaining tenant spaces for a lease with the University of Miami for a concierge medical practice run by Dr. Robert Kemper. It was also an ideal use for the property and has provided a new outstanding tenant. The building weathered both hurricanes well and remains in impeccable condition.

Commodore Realty, Inc. – We were glad to have Luis Garcia rejoin our organization in 2005 and we're sorry to see Yvette Lozano leave us after thirteen years. Yvette had been our controller and a pillar of the organization but her family plans made it necessary to move on and we wish her well. David Puyanik has done a great job in property management and construction management. Sandy Turner and Michael Courtney have proven to be quite a team in our leasing effort and we continue to see improvement in that area. Everyone at Commodore remains committed to our goal for adding value to all of our properties.

Max D. Puyanik
Chief Executive Officer

REPORT FROM THE BRIDGE

Annual Report
April 2006



Sarasota Commons



Continuing to Add Value

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The ravage of the hurricane season took center stage as the major event of 2005 for those of us living in Florida.

Four major hurricanes hitting the coast of Florida including a brush with Katrina on its way to devastate New Orleans and the massive impact of a reduced strength Wilma, that was the most powerful storm recorded in weather history as it hovered over Cancun, but hit our coast from an uncommon new angle and did a tremendous amount of damage to those properties facing the south and west caught everyone off guard. The massive size of the storm being 160 miles in diameter brought many more people into the cone of influence and made Wilma truly a regional rather than a local event.

On the business front although interest rates began to see an increase as a result of the federal reserve tightening, cap rates remained aggressive and stable providing no opportunity to find a value oriented deal that we were content with and so another year goes by without a major acquisition.

We continue to work hard on upgrading our tenants and took on the leasing of another property owner's shopping centers thereby increasing our leasing activity by double. We therefore continue to focus our attention on leasing and management. Our leasing effort continues to push for higher quality credit, better lease terms, and stronger guarantees from our tenants and our management continues to push for resolving maintenance issues, planning a strategy to raise our properties to a higher level to compete in the market place and quite unfortunately to deal with the problems of past hurricanes and plan ahead to avoid the problems from future storms.



Brickell Properties

Brickell Properties – We have marketed the Brickell properties during 2005 for sale and have joined forces with the remaining owners in the block in this effort. The effort has not yet resulted in a sale but we have been under contract at a price of \$400 square foot for our land. There is an explosive growth occurring in the Brickell area. There are literally thousands of condominium units being built within a two block circumference of the Brickell Station site. The Mary Brickell Village is being completed as this report is mailed and a soft grand opening is expected soon.

Palmetto Kash 'n Karry – The Kash N' Karry store located in Palmetto continues to have strong sales and experience significant growth in the surrounding neighborhood. The tenant will remodel the store commencing this month into a Sweetbay Supermarket which is their new format. They claim that the Sweetbay stores have competed more head to head with Publix and have resulted in significant sales increases after each store is remodeled.

Sarasota Crossings Shopping Center – In 2005 we completed our improvements to the Sarasota Crossings including the painting, landscaping, and seal coating and striping of the parking lot. This property looks absolutely great and has enjoyed explosive growth in traffic. Our merchants are doing well and we have been able to replace tenants with higher paying tenants at each turn. Lease renewals have also provided the opportunity for significant rent increases and we continue to see the opportunity for growth in rents at this property for the foreseeable future.

We were able to lease our remaining 10,000 square feet of vacancy to the DaRuMa Steak House which is a local chain operating in the Benihana style. They are in the process of completing a \$1.5 million build out which will include koi ponds at the entrance. Needless to say the rent was higher than our previous tenants and the attraction of the new steakhouse should draw in a higher demographic patron from a longer distance. We expect to turn over a few other small tenant bays during the coming year and expect each such opportunity to provide similar improvements.

Our Publix store is experiencing soaring sales and has paid significant percentage rent. They are also planning a \$400,000 simultaneous remodel of this store with the Sarasota Commons.

Our movie theatre has continued to draw patrons from a further demographic than in the past.



Sarasota Crossings

Marietta Square Shopping Center – We purchased Marietta Square in 2004 and have worked diligently to take this property to the level where it stands out in the market place. We've had a lot of success in doing that including painting, seal coating, striping, landscaping and repairs throughout the property which were in most instances way overdue. We originally acquired two out parcels with the property in a separate transaction.

We were able to close our deal with AutoZone and their building is almost completed. We are working on deals for the remaining expansion land but in the meantime Movie Gallery did not renew their lease. We have made a deal with a new restaurant operator for a seafood restaurant in the Movie Gallery space at a significantly higher rent. I believe our purchase of Marietta Square was timely and that its neighborhood although more blue collar than the rest of our portfolio has been on an upswing since the time of our acquisition.

Delray Town Center – The Delray Towne Center is owned by our client and is presently under contract to be sold at a price of \$15,300,000 with a closing scheduled for sometime in April 2006. Based upon the original purchase price in 1996, our client realized a profit in excess of 300% on his investment.

Sarasota Commons Shopping Center – The Sarasota Commons has been our big story for the year 2005. We undertook the remodeling of this property that had been planned for some time. The approximate \$2.5 million remodel has been an exhausting project with occasional surprises to everyone. David Puyanic took primary responsibility for the project and has capably managed it throughout its course. There were many issues that developed including structural steel remediation that added to the cost an additional \$100,000. The contractor was difficult. Other professions provided David the assistance needed in order to move the project through its course. The end result is almost a new shopping center. We have given the property an entirely new façade and sign band and all new signage. A new roof was installed. All new lighting throughout the property including the parking lot and under the arcade has been installed and taking advantage of the design of the property the light is much like that found in many airports today being an uplighting that bounces off of the white ceiling and creates a soft and comfortable lighting throughout the property. New landscaping is underway and the entire parking lot will be overlaid with new asphalt.



Sarasota Commons

Publix has committed to remodel their store at this site at a cost of approximately \$1.3 million. We expect upon completion of the Publix remodel for the entire shopping center to take on a completely new character and place in the retail market of Sarasota. In that regard, we are already seeing greatly increased rents from new tenants. We expect this property to draw from the new condominium explosion that has occurred there. Although we won't be as elegant as the new Whole Foods in downtown Sarasota, we expect to pick up our share of that market. We brought in Washington Mutual during the year and a flooring store. Dollar General will be moving from the property this year and we hope to replace them as well with a new upgraded tenant and have already made deals with "I Got it on Ebay".

Our Grand Opening will be held on May 20, 2006, and everyone is invited.