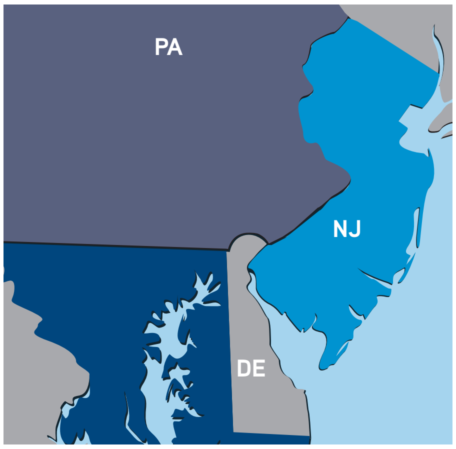
EASTERN PENNSYLVANIA | SOUTHERN NEW JERSEY | DELAWARE

RESEARCH & FORECAST REPORT



Gaining Traction

REGIONAL OVERVIEW

The recovery in the regional industrial markets gained traction during the third and fourth quarters of 2011. Absorption was still not at a level to significantly reduce vacancy, but the majority of the market areas had gains in occupancy.

Activity has increased in all size ranges, and demand for modern bulk space has increased enough to prompt developers to begin speculative projects in the Lehigh Valley and Southern I-81 corridor distribution markets.

The outlook for the next two quarters is for continued moderate improvement. Key regional demand drivers, such as manufacturing and retail, have generally positive expectations. There is the possibility of instability, however, resulting from the international geo-political climate. On a local level, the decision by the State of Pennsylvania to enforce sales tax collections from "remote retailers" has the potential for negative impact on the industrial market, namely on Amazon.com, which occupies approximately four million square feet in the Lehigh Valley and I-81 corridor buildings. The e-retailer is already exploring a development in sales tax-free Delaware.

- Regional vacancy decreased from 10.4 to 10.3 percent.
- The first major bulk projects since 2008 are underway with 2.7 million square feet of spec construction.
- Landlords are trying to hold the line on rents and concessions in many submarkets.
- Investment sales activity increased significantly, but user sales dropped.

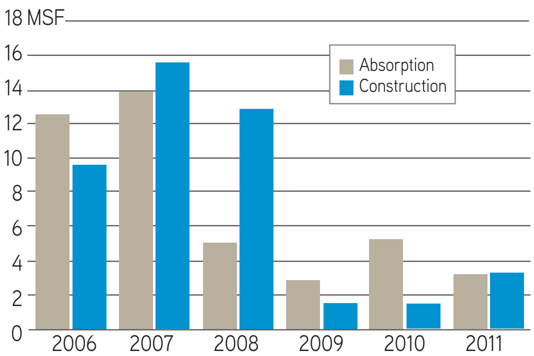
MARKET INDICATORS

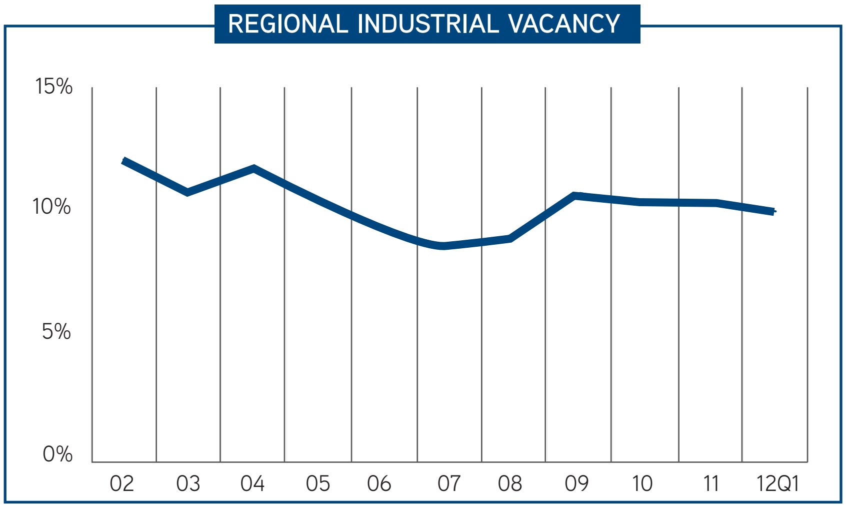
	2011 Q3	2012 Q1
VACANCY	↓	↓
NET ABSORPTION	↑	↑
CONSTRUCTION	↑	↑
RENTAL RATE	↔	↑

Arrows compare current quarter to the previous quarter and forecast the next quarter.

UPDATE

New Supply and Absorption





Based on the current level of demand in the market, it is predicted that there will be a more pronounced decrease in vacancy during 2012, even with spec construction deliveries.

The weighted average asking rent increased to $4.15 per square foot during the third and fourth quarters of 2011. Landlords began to scale back free rent and other incentives, and signing rents began to increase for modern bulk space and for well-located, medium-sized warehouse buildings. Effective rents for 200,000-square-foot-plus modern bulk deals were in the low to mid $3.00 range in 2009 and 2010, but have returned to the upper $3.00 and lower $4.00 range.

A portion of activity is still from tenants making lateral space moves to better locations, but there are companies expanding and new requirements in the region. Consumer goods and food & beverage have been the most active sectors, and activity has increased from pharmaceutical and related companies.

Activity in the investment sales market increased during Q3-Q4, 2011. Net leased modern bulk buildings were in the greatest demand, followed by sales of individual buildings and portfolios with upside potential, including purchases from lenders. The variation in building status is reflected in the wide range of sale prices and cap rates, from 8.2 to 9.7 percent. Typically, buyers were local and national developers, REITs and private equity funds. Private equity funds also entered the market through corporate acquisitions.

Conversely, user sales activity was down significantly. The total square feet sold was approximately 70 percent less than the last two quarters of 2010. This was a result of continued economic uncertainty, the flexibility and affordability of leasing, and a reluctance by companies to go through an arduous lender process.

Demand increased for land, namely big box development sites, for the first time since 2008. Land prices ranged from $75,000 per acre along the Southern I-81 Corridor to $101,000 to $111,000 per acre in the Lehigh Valley.

UPDATE Significant Transactions

SALES ACTIVITY: 3Q-4Q 2011

PROPERTY ADDRESS	LOCATION	BUYER	SIZE SF	SALES PRICE / SF	TYPE
TA Realty Portfolio	Suburban Philadelphia	Industrial Income Trust	706,696	$51.43	Investor
955 Mearns Road	Bucks County	MIM-Hayden Real Estate Fund	305,000	$36.72	Investor
7195-7253 Grayson Road	Southern I-81/I-83	Cabot Properties, Inc.	298,386	$52.37	Investor
11 Perina Boulevard	Southern New Jersey	Industrial Investments	232,505	$14.37	Investor
202-210 Cascade Drive	Lehigh Valley	MIM-Hayden Real Estate Fund	220,000	$25.00	Investor
1627 Ritner Highway	Southern I-81/I-83	Industrial Income Trust	202,000	$40.10	Investor
75 Steamboat Boulevard	Southern I-81/I-83	Panattoni Development	193,160	$34.96	Investor
440-488 Drew Court	Montgomery County	Endurance Real Estate	188,617	$49.04	Investor
1 Progress Drive	Bucks County	Gelest	152,800	$27.81	User
1050 Wheeler Way	Bucks County	Eastern Warehouse Distributors	110,180	$34.94	User
900 Conroy Place	Lehigh Valley	Easton	90,000	$46.67	User

LEASE ACTIVITY: 3Q-4Q 2011

PROPERTY ADDRESS	LOCATION	TENANT	SIZE SF	TYPE
Key Logistics Park	Southern I-81/I-83	Unilever	1,400,000	New BTS
95 Kriner Road	Southern I-81/I-83	Ulta Cosmetics	361,900	New
500 Independence Avenue	Southern I-81/I-83	Kimberly Clark	342,000	New
9775 Commerce Circle	Lehigh Valley	Jetson	226,000	Sublease
600 Hunter Lane	Southern I-81/I-83	Nissin Foods	216,387	New
35 Dauphin Drive	Southern I-81/I-83	Weg Motors	171,890	New
7570 Industrial Park Way	Lehigh Valley	QPSI	157,500	New
32801 Red Lion Road	Philadelphia County	Confidential	153,588	New
1001 South Trooper	Montgomery County	Reilly Foam	145,000	Sublease
36 E. Main Street	Southern I-81/I-83	Fry Communications	146,590	New
520 Lincoln Avenue	Chester County	Houston Wire & Cable	128,000	New

UPDATE Market Comparisons

INDUSTRIAL MARKET

SUBMARKET	INVENTORY	DIRECT VACANT	SUBLET VACANT	TOTAL VACANT	VACANCY RATE	NET ABSORPTION QUARTER	NET ABSORPTION YTD	COMPLETIONS YTD	UNDER CONSTRUCTION	AVG. ASKING RENT
Suburban Counties:										
Bucks County	50,353,136	2,566,987	495,215	3,062,202	6.1%	324,233	779,961	-	-	$4.55
Chester County	21,670,608	1,154,288	3,700	1,157,988	5.3%	125,968	106,620	60,000	24,858	$7.57
Delaware County	20,423,676	2,252,980	13,574	2,266,554	11.1%	(212,928)	174,100	22,500	-	$5.40
Montgomery County	53,470,568	5,160,251	307,650	5,467,901	10.2%	231,613	505,508	-	-	$5.46
SUBURBAN TOTAL	145,917,988	11,134,506	820,139	11,954,645	8.2%	468,886	1,566,189	82,500	24,858	$5.42
Philadelphia County	79,688,401	6,972,457	25,900	6,998,357	8.8%	51,255	796,744	1,164,747	-	$3.95
Southern NJ	100,504,940	11,470,793	471,344	11,942,137	11.9%	(633,984)	(871,005)	29,838	50,000	$3.88
Northern Delaware	20,802,059	2,805,371	57,311	2,862,682	13.8%	384,518	433,323	415,000	-	$4.53
Lehigh Valley	57,379,932	5,096,279	625,135	5,721,414	10.0%	318,209	1,123,007	622,000	1,709,473	$4.40
Northeast PA	82,087,460	7,678,147	469,060	8,147,207	9.9%	57,739	112,738	244,339	-	$2.93
Southern I-81/I-83	95,782,976	12,391,837	20,600	12,412,437	13.0%	748,355	(33,022)	670,000	2,372,000	$3.87
MARKET TOTAL	**582,163,756**	**57,549,390**	**2,489,489**	**60,038,879**	**10.3%**	**1,394,978**	**3,127,974**	**3,228,424**	**4,156,331**	**$4.14**

DEFINITIONS:

Inventory: Flex, warehouse and manufacturing buildings over 10,000 square feet, with the exception of Northeast PA and Southern I-81/I-83 where the minimum is 50,000 square feet.

Vacant Space: All spaces within established criteria which are physically vacant in a given market. For the purposes of this report, we have distinguished between direct and sublease vacant. Any space currently under construction or under substantial rehabilitation is not included in these totals.

Net Absorption: The difference in physically occupied space within a given time period for a particular market.

Vacancy Rate: Total vacant space divided by the total inventory.

Average Asking Rent: Weighted average rent per square foot, triple net.

Under Construction: Counted when steel is up, not at the commencement of site work.

NOTE: Colliers has adjusted its surveyed industrial inventory in 2011 to remove heavy manufacturing facilities. This will result in a decrease in the overall inventory. Historical vacancy rates have been adjusted.

SUBMARKET REVIEWS

Philadelphia County

The vacancy rate in Philadelphia County decreased overall for 2011 but increased during the fourth quarter to 8.8 percent from 8.7 percent as downsizing by companies such as Cardone Industries and Home Line Furniture put buildings back on the market. Market activity increased, however, and Philadelphia County continues to be a hub for new development.

Liberty Property Trust completed two 52,000-square-foot flex buildings at the Navy Yard Commerce Center. Teva began site work on its new 1.1 million-square-foot distribution center in Northeast Philadelphia.

Pennsylvania Suburbs

The vacancy rate decreased from 8.5 to 8.4 percent during the fourth quarter and is down from 9.2 percent at the end of 2010. Annual absorption was the highest level in four years, but still only 40 percent of 2007's annual total.

Activity has increased in all size ranges, particularly for companies with 100,000-square-foot-plus requirements. There are some persistent larger vacancies in less functional buildings and fewer quality space choices for larger tenants.

Southern New Jersey

Southern New Jersey was the only regional market that had a net loss in occupancy during 2011. The vacancy rate increased during the fourth quarter from 11.3 to 11.9 percent, and although there has been an increase in leasing activity, particularly in the I-295 bordering parks, there are large companies closing operations.

DGI, which occupies 348,000 square feet in two facilities in Pureland, (181,000 square feet of which was just leased in the third quarter), is closing both operations. Sony and Amcor both closed 400,000-square-foot operations, and Seagull Lighting put warehouse space back on the market.

Demand for older, lower-ceiling warehouse and manufacturing space remains weak.

New Castle, DE

The vacancy rate decreased from 13.9 to 13.7 during the fourth quarter, and is down from 14.1 percent at the end of 2010. Occupancy was boosted by the completion of Johnson Control's new 415,000-square-foot distribution facility in Middletown. Middletown is also the potential location for a 1.25 million-square-foot building for Amazon.com to be developed by Duke Realty.

Lehigh Valley, PA

Although there was a slight uptick in the vacancy rate during the fourth quarter to 10 percent, the Lehigh Valley's industrial market had a strong year with over one million square feet of absorption. There continues to be space contractions such as Kia Motors and C&S Wholesale, but demand has outpaced givebacks.

With the lease-up of the newest generation of modern bulk buildings, spec construction has returned to the market. Liberty, Exeter and Griffin Land have projects under construction.

Northeast Pennsylvania

The increase in bulk demand largely bypassed the northern I-81 corridor in 2011. The vacancy rate decreased from 9.9 to 9.4 percent during the fourth quarter. Leasing activity was partially offset by space contractions by companies such as Ocean Logistics, (239,000 square feet), resulting in comparatively weak absorption for the year.

Southern I-81 and I-83 Corridors, PA

Vacancy fluctuated during 2011, but decreased during the fourth quarter from 13.9 to 12.7 percent with multiple 100,000-square-foot-plus leases. The largest new lease was Panattoni's 1.4 million-square-foot build-to-suit deal with Unilever. While this deal will result in absorption, Unilever will be moving from a 1.05 million-square-foot building upon completion of the new facility.

There was also new spec construction with Liberty Property Trust's 972,000-square-foot Carlisle Distribution Center.

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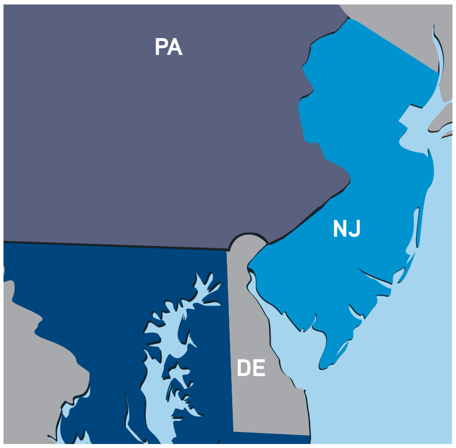
RESEARCH & FORECAST REPORT

Colliers INTERNATIONAL



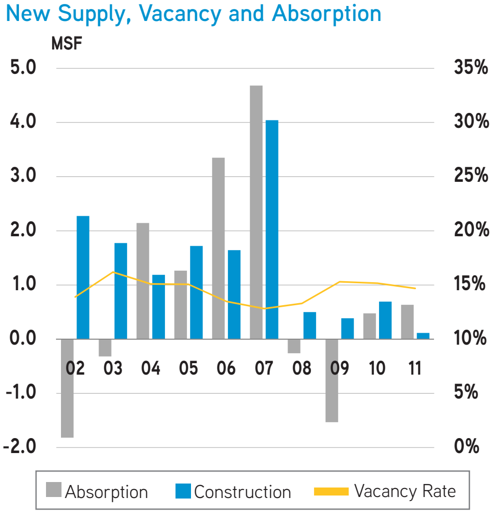
MARKET INDICATORS

	2011 Q3	2012 Q1
VACANCY	↔	↓
NET ABSORPTION	↔	↑
CONSTRUCTION	↑	↔
RENTAL RATE	↔	↔

Arrows compare current quarter to the previous quarter and forecast the next quarter.

UPDATE

New Supply, Vacancy and Absorption



Stable or Stalled?

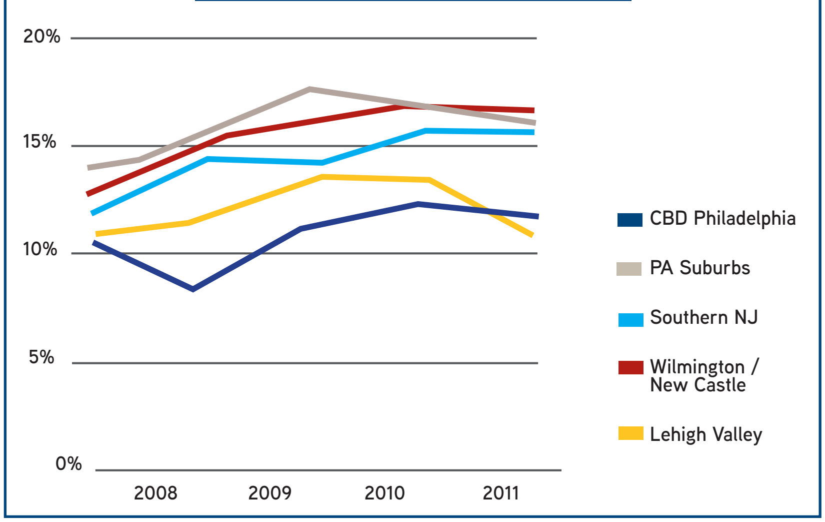
REGIONAL OVERVIEW

The regional office markets did not register any measurable improvement during the third and fourth quarters of 2011. The perception is that market fundamentals are less fragile than in the previous two years, but this has yet to be reflected in occupancy trends. Overall, companies are still attempting to minimize the need for additional space when making lease decisions.

Annual absorption, at 511,662 square feet, was slightly higher than 2010's annual total and represents the second year of positive absorption. Leasing activity was sporadic rather than steady, but there were some significant new transactions. One example is Endo Pharmaceuticals; the company announced plans to move from Chadds Ford to a new 300,000-square-foot build-to-suit at Atwater Corporate Center.

- The regional vacancy remained at 14.7 percent.
- Absorption was flat for the fourth quarter, and low but positive for the year. Class A buildings had one million square feet of positive absorption, while Class B buildings lost over 500,000 square feet.
- Tenants are still in the driver's seat for lease negotiations, with cost-savings driving decisions.
- Building sale activity remained light, but there was an increase of properties on the market.

MAJOR OFFICE MARKET VACANCY



Of the regional major market areas, only the Lehigh Valley is back to a pre-recession vacancy levels.

Rental rate trends have remained essentially unchanged during the third and fourth quarters of 2011. Asking rents for Class A space averaged $24.65 per square-foot, full service, and Class B averaged $20.73 per square-foot. Generous free rent periods and tenant improvement packages for credit tenants are not automatically offered, but have become a negotiation standard. Many tenants continue to steer away from heavy space improvements, and are instead opting for no-frills space at a lower rent.

Tenants are more willing to relocate than they were two years ago, but only at a cost savings. Those companies "trading up" to better locations are typically leasing less square footage with fewer perimeter offices, conference rooms and other ancillary space.

Landlords are facing pressure to land deals while still minimizing costs. Owners prefer to make existing spaces work, and are negotiating with tenants to sign "as-is" deals at lower rents. The REITs continue to aggressively pursue deals and are in a better position to offer more free rent and higher tenant improvements than landlords with limited access to capital.

There were a limited number of building sales during the third and fourth quarters, but an increase in the buildings "in play." In CBD Philadelphia, the sale of 1700 Market Street was finalized and The Curtis Center and Public Ledger buildings were back on the market. Five Tower Bridge in Conshohocken was also on the market.

Holtec acquired two more buildings from Brandywine Realty Trust for a total of six buildings purchased in Southern New Jersey during the last year. Liberty Property Trust intends to divest a multi-state portfolio of suburban office assets in early 2012, including properties in Southern New Jersey. Keystone Property Group purchased 919 N. Market Street in Wilmington, Delaware—a building that had been in receivership.

Lenders have been reluctant to foreclose and have elected to extend their borrowers' notes, or have continued to attempt to stabilize foreclosed buildings before putting them on the market. This has resulted in fewer than anticipated distressed asset sales. Expect to see an increase in distressed buildings on the market during the next two quarters.

UPDATE Significant Transactions 3Q and 4Q 2011

SALES ACTIVITY

PROPERTY ADDRESS	LOCATION	BUYER	SIZE SF	SALES PRICE / SF	TYPE
1700 Market Street	Phila CBD Market West	David Werner	841,172	$171	Investor
919 N Market Street	Downtown Wilmington	Keystone Property Group	220,358	$100	Investor
5 Greentree/30 Lake Center	Southern New Jersey	Tequesta Properties, Inc.	206,243	$111	Investor
3043 Walton Road	Plymouth Meeting/Blue Bell	Senior Housing Trust	92,000	$132	Investor
101 Bellevue Parkway	Suburban Wilmington	Berkley Holdings, LLC	70,000	$132	User
475 Virginia Drive	Fort Washington	Senior Housing Trust	65,280	$130	Investor
1250 Drummers Lane	King of Prussia/Wayne	Universal Health Systems	58,000	$97	User
375 E. Elm Street	Conshohocken	Elm Street Square, LP	33,000	$109	Investor

LEASE ACTIVITY

PROPERTY ADDRESS	LOCATION	TENANT	SIZE SF	TYPE
1400 Atwater Drive	Malvern/Exton	Endo Pharmaceuticals	300,000	New BTS
Three Logan Square	Phila CBD Market West	Reed Smith	115,000	New
801 Market Street	Phila CBD Market East	Philadelphia Newspapers	105,000	New
795 Horsham Road	Horsham	NextGen Healthcare Info	97,832	Renewal
1150 Northbrook Drive	Lower Bucks County	Gamesa	74,297	New
One Commerce Square	Phila CBD Market West	Ernst & Young	72,420	New
3025 Chemical Road	Plymouth Meeting/Blue Bell	Citizens Bank	62,082	Renewal
1200 River Park	Conshohocken	Academy in Manayunk	61,483	New
2000 Market Street	Phila CBD Market West	Zurich Insurance	51,332	New
300 Four Falls	Conshohocken	Keystone Foods	44,144	New
Spring Mill Corporate Center	Conshohocken	David's Bridal	41,000	New
Millennium II	Conshohocken	Kynetic	35,432	New
610 W. Germantown Pike	Plymouth Meeting/Blue Bell	LarsonAllenLP	28,800	New

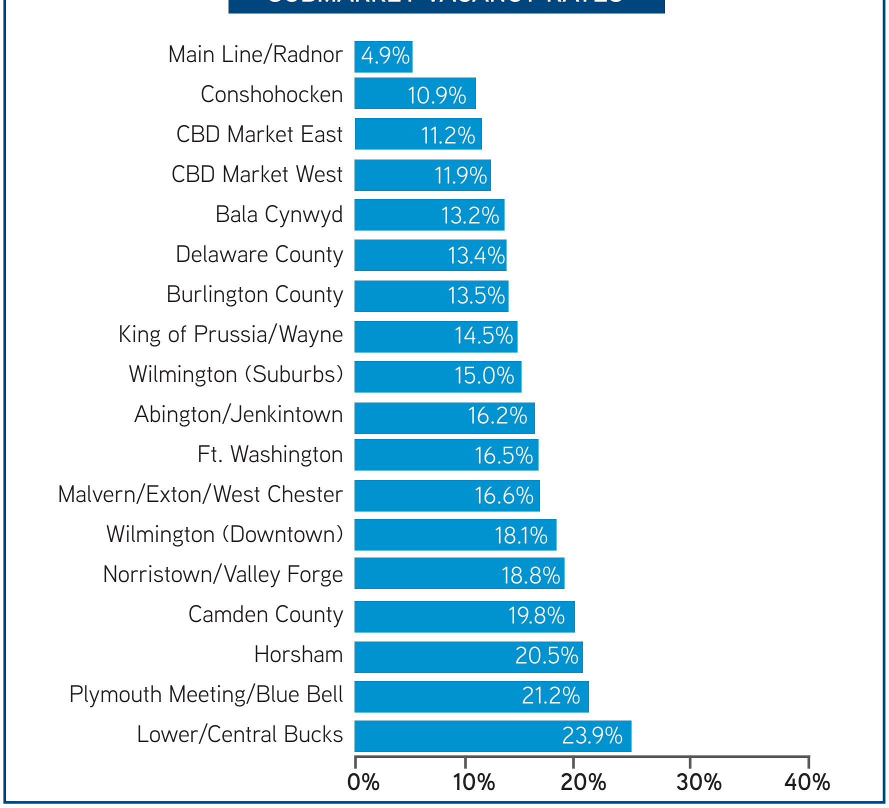
UPDATE Market Comparisons

OFFICE MARKET

SUBMARKET	INVENTORY	DIRECT VACANT	SUBLET VACANT	TOTAL VACANT	VACANCY RATE	NET ABSORPTION ANNUAL	COMPLETIONS YTD*	UNDER CONSTRUCTION	AVG. ASKING RENT
CBD Philadelphia									
A	32,949,884	3,505,770	187,864	3,693,634	11.2%	300,305	0	0	$26.41
B	9,930,435	1,312,322	20,114	1,332,436	13.4%	(51,213)	0	0	$22.54
Total	42,880,319	4,818,092	207,978	5,026,070	11.7%	249,092	0	0	$25.38
Pennsylvania Suburbs									
A	41,923,372	5,879,628	649,606	6,529,234	15.6%	524,703	114,000	471,000	$24.73
B	24,017,495	3,973,621	204,206	4,177,827	17.4%	(187,334)	0	0	$21.20
Total	65,940,867	9,853,249	853,812	10,707,061	16.2%	337,369	114,000	471,000	$23.35
Southern New Jersey									
A	8,141,922	1,261,156	59,504	1,320,660	16.2%	73,557	0	0	$20.95
B	8,867,416	1,376,564	42,731	1,419,295	16.0%	(166,148)	0	0	$19.27
Total	17,009,338	2,637,720	102,235	2,739,955	16.1%	(92,591)	0	0	$20.08
Wilmington-New Castle, DE									
A	12,723,818	1,590,253	208,183	1,798,436	14.1%	(43,043)	0	0	$24.62
B	5,607,632	1,143,698	66,874	1,210,572	21.6%	(119,155)	0	0	$19.87
Total	18,331,450	2,733,951	275,057	3,009,008	16.4%	(162,198)	0	0	$22.69
Lehigh Valley, PA									
A	4,654,594	483,428	2,500	485,928	10.4%	153,674	0	0	$20.60
B	3,248,925	357,438	6,702	364,140	11.2%	26,316	0	0	$17.26
Total	7,903,519	840,866	9,202	850,068	10.8%	179,990	0	0	$19.17
MARKET TOTAL									
A	100,393,590	12,720,235	1,107,657	13,827,892	13.8%	1,009,196	114,000	471,000	$24.65
B	51,671,903	8,163,643	340,627	8,504,270	16.5%	(497,534)	0	0	$20.73
Total	152,065,493	20,883,878	1,448,284	22,332,162	14.7%	511,662	114,000	471,000	$23.16

* Includes renovations

SUBMARKET VACANCY RATES



SUBMARKET REVIEWS

CBD Philadelphia

The vacancy rate decreased from 12.4 percent to 11.7 percent in the third and fourth quarters. Not reflected in the numbers were Reed Smith's lease at Three Logan Square—they will not be moving until 2014—and Philadelphia Media Network's lease at 801 Market Street, which is currently retail space. Both Reed Smith and the other large lease of the fourth quarter, Ernst & Young, will be occupying less space at their new locations.

Although there is a solid pipeline of tenants out in the market, there is still a preference by many companies to renew.

Suburban Pennsylvania

The suburban market vacancy rate remained unchanged at 16.2 percent during the third and fourth quarters. Some submarkets such as Conshohocken, King of Prussia and Plymouth Meeting posted occupancy gains for the year while other submarkets such as Malvern-Exton and Horsham had spikes in vacancy.
The minimal level of absorption is indicative of the trend of movement without growth. An estimated 10 to 20 percent of requirements in the market are companies looking to lease less space than they are currently occupying.

One exception to this is Endo Pharmaceuticals. Although Endo will be vacating three buildings, the company's new facility will be almost double the size of its current space.

Southern New Jersey

There was a loss in occupancy in Southern New Jersey during 2011. There has only been positive annual absorption one out of four years since 2008. The vacancy rate increased from 15.9 to 16.1 percent during the fourth quarter.

The Burlington County 3M markets have fared better than Camden County as tenants trade up to better locations and better buildings. The Burlington County vacancy rate decreased during the fourth quarter from 13.9 to 13.5 percent, while Camden County stayed at 19.8 percent. The general flight to quality was also reflected in the positive absorption for Class A buildings and occupancy loss for Class B.

The continued weak fundamentals in Southern New Jersey have been a major factor in the decision by the dominant REITs, Liberty and Brandywine, to sell off non-core assets in this market.

New Castle County, DE

New Castle County had an overall occupancy loss for the year; the loss was not as large as anticipated as looming job cuts by M&T Bank and Bank of America have not yet impacted the office market.

The overall market vacancy rate increased slightly during the fourth quarter from 16.1 to 16.4 percent. Downtown Wilmington had a decrease in vacancy during the fourth quarter from 18.4 to 18.1 percent, while the Suburban market had in increase in vacancy from 14.0 to 15.0 percent.

Activity in both the Downtown and the Suburban submarkets is increasing with multiple law firm and financial sector deals in the pipeline. Capital One is maintaining and expanding its presence in Delaware following its acquisition of ING Direct. The company is in the market for more space, potentially 150,000 square feet. Another positive sign for the region was Berkley Technology Services' purchase of a 70,000-square-foot building for a new data center.

Lehigh Valley, PA

The Lehigh Valley posted positive gains for the quarter and the year. The vacancy rate decreased from 11.5 to 10.8 percent, and the market absorbed almost 180,000 square feet during 2011. Activity in the market increased and there are tenants with expansion requirements.

The Lehigh Valley is generally a smaller tenant market, so growth by companies in the 2,000 to 5,000-square-foot range indicates a positive trend for the core tenant base.

Alvin H. Butz Company has announced plans to add a six-story addition to its 72,000-square-foot building in downtown Allentown during 2012. The project will have speculative office and retail space.

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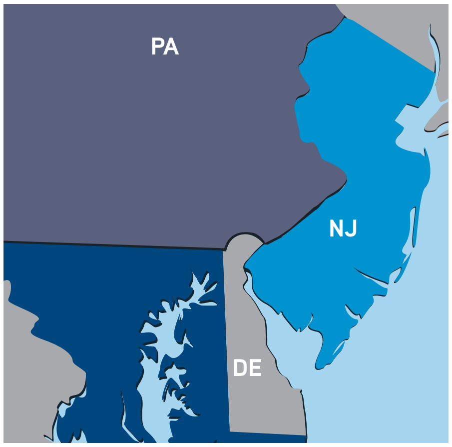


MARKET INDICATORS

	2011 Q2	2012 Q2
VACANCY	↑	↓
CONSTRUCTION	↑	↑
RENTAL RATE	↔	↔

Arrows compare current quarter to the previous period and forecast the next period.

UPDATE

Asking Rental Rates by Center Type

	Average Asking Rents
COMMUNITY	$14.00-$25.00
NEIGHBORHOOD	$12.00-$24.00
POWER	$13.00-$21.50
LIFESTYLE	$25.00-$35.00

Asking rents for Community, Neighborhood and Lifestyle Centers are for the typical quoted rent per square foot, triple net, for in-line spaces. For Power Centers, asking rents are for anchor or junior anchor positions, 10,000 to 40,000.

A Choppy Recovery

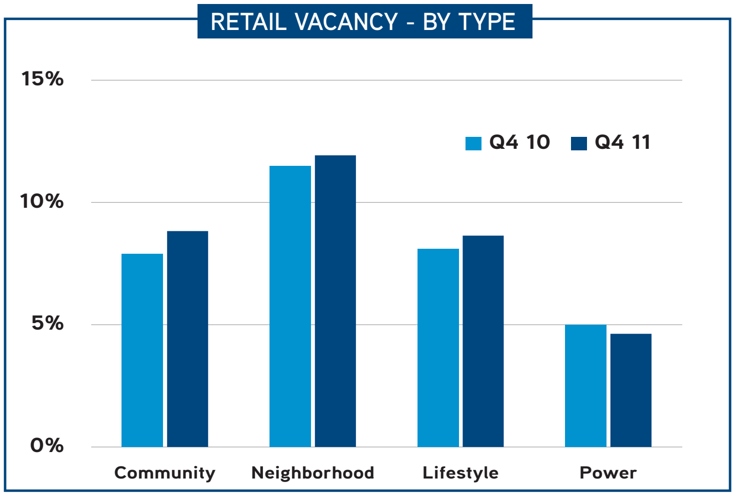
REGIONAL OVERVIEW

The regional retail vacancy rate increased during the second half of 2011 to 7.9 percent, as the growth pattern experienced during 2010 receded. Consumer spending was impacted by renewed economic uncertainty and retailers struggled to increase profit margins. The continuing economic slump has only widened the divide between upper tier and lower tier centers. The overall vacancy rate for neighborhood centers was 11.9 percent, but the vacancy rate for centers built after 2001 was 9.5 percent.

Landlords have become more flexible and creative with the re-use of persistent, large vacancies. For instance, Simon Property Group will be tearing down the former Boscov's store at Montgomery Mall to accommodate a freestanding Wegman's supermarket. PREIT leased a sizable portion of the former Strawbridge's store at the Gallery at Market East to Philadelphia Media Network for office/newsroom space. Kimco Realty is attempting to gain a zoning change to allow an indoor go-cart track in the former Vanity Fair Outlet space in Cinnaminson.

The outlook for 2012 is cautiously optimistic based on demand levels and potentially stronger holiday sales. Consumer spending patterns are expected to remain volatile.

- Vacancy increased overall, but results were mixed across the markets.
- Asking rents remained flat and deep discounting continued.
- The investment market was active, with more movement on value-add properties.
- Center redevelopment and repositioning increased.



Neighborhood Centers had the highest overall vacancy and the sharpest increase from 2010.

The wave of supermarket closings earlier in 2011 subsided and grocery stores continued to be one of the most active sectors. Bottom Dollar Foods has new stores under construction, Wegman's has new stores in the pipeline and both Weis and Giant have new stores planned in Central Pennsylvania.

All discount-oriented stores remained active with consignment stores recently expanding into targeted areas.

Franchises, particularly for popular fast food chains like Dunkin' Donuts, have become an increasingly attractive investment opportunity and continue to expand.

Gyms and other recreational users that can utilize second generation space were also active. Books a Million leased multiple Borders and Walden Books locations in the region, but the flagship store in Center City Philadelphia remained vacant.

The Gap will be closing 189 yet-to-be determined stores by 2013, and the parent company of Payless and Stride Rite shoe stores will be closing 475 stores. Lowe's downsizing will not affect any stores in the Philadelphia region. Friendly Ice Cream's bankruptcy resulted in the closing of two local stores, so far. York-based Bon-Ton Stores began to close department stores and will shut the 75,000-square-foot West Manchester Mall location in 2012.

Investment activity was a mix of shopping center purchases, single tenant properties (BJ's) and some chronically vacant and redevelopment opportunities (Cherry Hill Home Depot).

The long vacant Levitz furniture in Langhorne was purchased by a user and Walmart purchased the former Sam's Club store at the MacArthur Shopping Center from Vornado Realty Trust. Prices for well-leased centers and single-tenant buildings have held their value.

UPDATE Significant Transactions 3Q and 4Q 2011

SALES ACTIVITY

PROPERTY ADDRESS	LOCATION	BUYER	SIZE SF	SALES PRICE / SF	TYPE
The Outlets At Hershey	Dauphin County	Tanger Factory Outlet Centers, Inc.	237,618	$236	Investor
1661 E. Lincoln Highway (Levitz)	Bucks County	Jetro Cash and Carry	156,687	$34	User
Garden State Pavilion-Home Depot	Camden County	Madison Marquette	130,500	$44	Investor
Kenhorst Plaza	Berks County	Katz Properties, LLC	126,609	$128	Investor
MacArthur Shopping Center	Lehigh County	Wal-Mart Stores, Inc.	124,996	$36	User
BJ's Wholesale: Cedar Hill SC	Camden County	H&R Real Estate Investment Trust	115,396	$138	Investor
1800 Sullivan Trail	Northampton County	RB Associates	109,770	$20	Investor
BJ's Marketplace at Plymouth	Montgomery County	Realty Income Corporation	108,532	$190	Investor
1 Brace Road	Camden County	CFBP LLC	54,547	$31	Investor

LEASE ACTIVITY

PROPERTY ADDRESS	LOCATION	TENANT	SIZE SF	TYPE
Montgomery Mall	Montgomery County	Wegmans	125,000	New
Willow Grove Mall	Montgomery County	JC Penney	114,000	New
Whitman Plaza	Philadelphia County	Burlington Coat Factory	80,000	New
Governor's Square	New Castle County	ShopRite	63,000	New
Fox Valley Shops	New Castle County	Forman Mills	49,000	New
Willow Grove Mall	Montgomery County	Nordstrom Rack	41,000	New
Whitehall Mall	Lehigh County	Raymour & Flanigan	40,000	New
Upper Dublin Shopping Center	Montgomery County	Ashley Furniture	30,000	New
Oakhurst Plaza	Dauphin County	Gold's Gym	28,499	New
Meadowbrook Village	York County	Books a Million	25,955	New
Paxton Towne Center	Cumberland County	Books a Million	25,000	New
Fairfield Place	Chester County	TJ Maxx	24,200	New
North Hanover Mall	York County	Books a Million	20,000	New
Baederwood Shopping Center	Montgomery County	Planet Fitness	17,419	New

UPDATE Market Comparisons

MARKET AREA COMPARISON

SUBMARKET	INVENTORY	DIRECT VACANT	SUBLET VACANT	TOTAL VACANT	VACANCY RATE
Philadelphia and Suburbs	84,927,719	5,870,269	349,604	6,219,873	7.3%
Southern New Jersey	32,298,010	3,347,622	176,214	3,523,836	10.9%
Lehigh Valley, PA	15,088,433	800,977	0	800,977	5.3%
New Castle County, DE	16,597,789	1,346,407	2,400	1,348,807	8.1%
Central Pennsylvania	47,709,033	3,574,571	150,376	3,724,947	7.8%
TOTAL PA-NJ-DE	**196,620,984**	**14,939,846**	**678,594**	**15,618,440**	**7.9%**

VACANCY COMPARISON BY MAJOR CENTER TYPE

SUBMARKET	COMMUNITY CENTER	NEIGHBORHOOD CENTER	POWER CENTER	LIFESTYLE CENTER
Philadelphia and Suburbs	7.5%	10.4%	4.4%	10.4%
Southern New Jersey	12.4%	16.0%	7.5%	5.2%
Lehigh Valley, PA	6.6%	6.8%	4.0%	1.9%
New Castle County, DE	11.3%	8.0%	1.3%	n/a
Central Pennsylvania	8.3%	14.2%	4.8%	10.0%
TOTAL PA-NJ-DE	**8.8%**	**11.9%**	**4.6%**	**8.6%**

METHODOLOGY:

Colliers International Philadelphia survey includes strip retail, neighborhood, community, power, lifestyle and malls over 25,000 square feet. The overall vacancy rates include strip retail centers and malls, but these are not broken out in the center vacancy comparisons.

SUBMARKET REVIEWS

Philadelphia County

The shopping center vacancy in Philadelphia County decreased from 7.7 percent in the second quarter to 6.8 percent in the fourth quarter due in part to Burlington Coat Factory's lease of the former Kmart at Whitman Plaza.

Development continues in infill locations. Site work has commenced on The Bakers Centre shopping complex in Hunting Park West. The project will be anchored by a 71,000-square-foot ShopRite. Bottom Dollar Foods has a 19,600-square-foot store underway on Roosevelt Boulevard. A 51,000-square-foot Superfresh opened in Northern Liberties in August.

Suburban Philadelphia

The inner ring suburban Pennsylvania counties had a slight uptick in vacancy from 7.4 to 7.5 percent.

There were ground-up and redevelopment projects underway and in the pipeline. Simon Property Group is redeveloping the former Strawbridge's store at the King of Prussia Mall into a 100,000-square-foot, ten store addition. Also planned is a new 140,000-square-foot retail connector between the Plaza and the Court.

Wegmans will open a 107,000-square-foot store at the new Village at Valley Forge in Spring 2012. Moreland Development will be building an 18,000-square-foot Bottom Dollar Foods on a former car dealer location in Ambler.

Southern New Jersey

The overall vacancy rate increased by over a full percentage point to 10.9 percent. Gloucester County actually had a decrease from 8.3 to 8.1 percent, but Burlington and Camden County had increased vacancy. Both counties have multiple, large persistent vacancies. However, new ownership and repositioning of centers by existing landlords may help to generate interest in some of the languishing spaces.

Madison Marquette purchased the Home Depot in Cherry Hill and is re-marketing the 130,500-square-foot property for single or multi-tenant use. PREIT plans to add four restaurants and upgrade the existing cinema to a 12-theater multiplex at the Moorestown Mall in order to revitalize that complex.

New Castle County, DE

New Castle County was one of the few markets that registered a steady decrease in vacancy. At 8.1 percent, the vacancy rate was down from 8.4 percent at the end of the second quarter.

ShopRite leased the 53,000-square-foot former Safeway in Bear that had been vacated earlier in the year. The store was then expanded by 10,000 square feet. Forman Mills moved into the former Superfresh in Wilmington.

Lehigh Valley, PA

Lehigh Valley vacancy decreased to 5.3 percent after an uptick earlier in 2011. Leasing increased for new construction and second generation vacancies. C-stores and casual full-service eateries were active and there was a revival in demand from mom & pop franchises.

Supermarkets dominated new construction. A Weis Supermarket is underway on Route 100. Bottom Dollar has a store under construction on MacArthur Road and opened two other locations in Fountain Hill and Nazareth. There were numerous other smaller strip retail projects under construction.

Central Pennsylvania

Vacancy increased for the eight surveyed counties to 7.7 percent from 7.2 percent. The increase was due in part to store closings, but also to the delivery of new construction.

The new Target-anchored Gateway Hanover opened, and the development pipeline remained active for ground-up and redevelopment. Silver Spring Plaza, a 70,000-square-foot center in Mechanicsburg, is under construction. Both Giant and Weis Markets have new stores planned for Hamden Township in Cumberland County. The township's approval of the sites, (across the street from each other), is currently the subject of a lawsuit. Walmart has two new locations in the works, one in Gettysburg and one in Camp Hill. The one-million-square-foot Swatara Plaza at the Concourse project is in the approval process.

The West Manchester Mall is currently on the market for sale and has the potential to be a major redevelopment opportunity.

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