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Baltimore Metropolitan Area

FOURTH QUARTER 2008 MARKET REPORT

Commercial Real Estate

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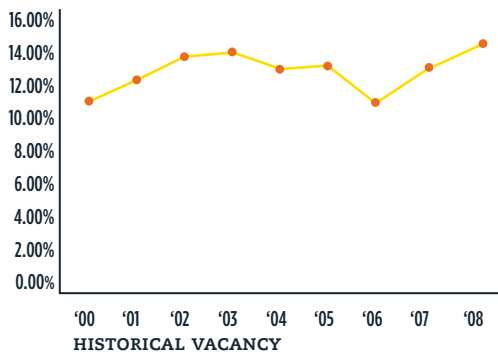


OFFICE HIGHLIGHTS

The Baltimore Metropolitan Office market is centrally located along the Mid-Atlantic coast, and is 45 minutes north of Washington, DC. The market is divided into three smaller regions known as the City Center/Baltimore City, the Southern Metro region and the Northern Metro region. Together these markets contain 71,031,196 square feet (sf) of competitive office space.

Direct vacancy climbed to 14.10% in 2008, compared to 12.64% at the end of 2007. As in 2007, the Southern Metro region experienced the highest amount of new development with nearly 1.4 million square feet (msf) coming online, contributing to its significant rise in vacancy from 12.40% (2007) to 15.44% (2008). In addition to a struggling economy, the rising vacancy rate for the Baltimore Metropolitan Office market was influenced by 2,256,280 sf of new space completed in 2008. Only 21.34% (473,819 sf) of this space was pre-leased.

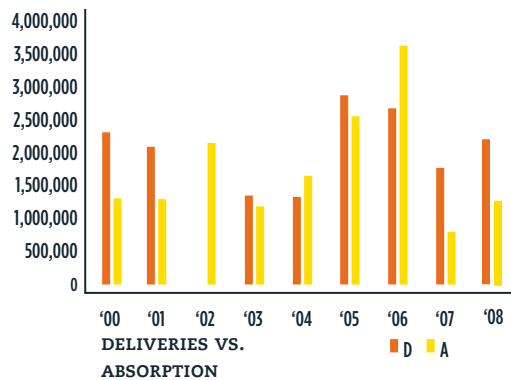
The decline in pre-leasing, coupled with an unprecedented freeze in the credit market, has halted spec building. New construction has experienced a sharp decline from over 4 msf in 2007 to nearly half that amount—2.6 msf in 2008. This reduced supply of space in the market should help offset the trend of rising vacancy rates in the months to come.



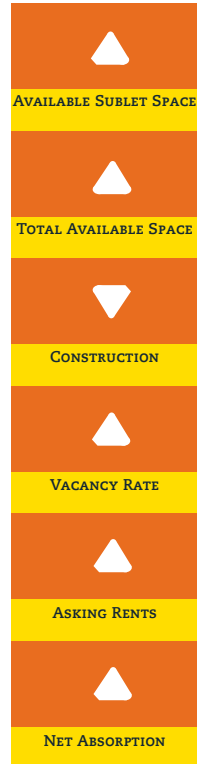
Net absorption remained positive showing 119,774 sf of growth during the quarter and ending 2008 with a total gain of 1,240,438 sf. Most of this absorption (95,091 sf) occurred in the Northern Metro region as a result of new construction with significant pre-leasing.

Interestingly, average asking rates across the market rose modestly from \$22.83 per square foot (psf) to \$23.25 psf. This is likely the result of new product coming on line, as well as the difference in perceived value of space between landlord and tenant in our shifting economy. Because the environment has clearly shifted to a tenant market, landlords are more determined to retain tenants and have offered more creative incentives, including increased tenant improvement dollars. Early lease renegotiations have also spiked.

Despite current challenges, the Baltimore Metropolitan Office market is positioned well and relatively insulated by its proximity to Washington, DC. Growth stemming from BRAC and anticipated federal government funding for infrastructure, biotechnology, and green initiatives are anticipated to provide new opportunities in 2009.



OVERVIEW 4TH Q



NOTABLE OFFICE TRANSACTIONS | leasing

LOCATION	SUBMARKET	TENANT	AMOUNT LEASED (SF)
300 SENTINEL DR	BWI	MITRE CORPORATION	73,000
10451 MILL RUN CIR	REISTERSTOWN RD COR	N/A	51,660
MONTGOMERY PARK	BALTIMORE CITY W.	XL HEALTH	40,000
302 SENTINEL DR	BWI	N/A	32,500
7151 COLUMBIA GATEWAY DR	COLUMBIA	CARROLLTON BANK	20,427
MCHENRY ROW	BALTIMORE CITY E.	KCI TECHNOLOGIES	16,000



BALTIMORE OFFICE SUBMARKET

NOTABLE OFFICE TRANSACTIONS | sales

LOCATION	SUBMARKET	PRICE	PSF	BUILDING SIZE (SF)
20 S. CHARLES ST	CITY CENTER	\$9,200,000	\$75.83	121,322
4930 CAMPBELL BLVD	BALTIMORE CO E.	\$5,860,000	\$63.19	92,732

OFFICE HIGHLIGHTS (CONTINUED)

City Center

Baltimore's City Center comprises 13,777,109 sf of rentable building space. Direct office vacancy for year-end 2008 is 11.75%. Over a two-year period (2006-2008) the vacancy rate has increased 7%. This increase is significantly lower than the Northern and Southern Metro markets where vacancy increases have reached double-digit percentages. A 59% drop in leasing activity from 2007 illustrates the severity of the current economic conditions.

In 2008, the market absorbed 209,368 sf of space. This positive absorption is directly attributable to the addition of 502 South Sharp Street to the City Center inventory¹. Apart from the addition of this 250,000 sf, which is currently occupied, net absorption was only 5,291 sf.

The story has remained unchanged throughout 2008. Landlords are increasingly aggressive with concessions to retain occupancy and remain competitive. Tenants are cautious, leveraging the "upper hand" they have in negotiations, when necessary, by seeking deals that are economically beneficial to their present and future space requirements.

Tightening of the capital markets and the downturn in the housing market has halted progress for two major projects along the Inner Harbor. The first is the former News American site at 300 East Pratt Street, which was acquired by Urban America LP and Baltimore developer Doracon LLC in 2006. Plans for the \$250 million project included a five-star hotel, 300 condominiums, and 40,000 sf of retail space. The second project is the former McCormick Spice site at 414 Light Street. The \$500 million project proposed by Arc Wheeler, LLC is also a mixed-use project that includes a 59-story office tower and hotel, with street-level retail. To date, both projects remain parking lots.

New construction in the City Center has been underway at both Harbor East and Harbor Point. The "Legg Mason" Tower at 701 Aliceanna Street (579,230 sf) in Harbor East will be the future headquarters of Legg Mason, a global asset management firm. Joining Legg Mason is Hogan & Hartson, an international law firm. Both companies will be vacating space within the City Center at 100 Light Street (Legg Mason) and 111 South Calvert Street (Hogan & Hartson). Morgan Stanley will be the lead tenant at the Harbor Point project where they will occupy 156,000 sf.

Baltimore City

Baltimore City is made up of four submarkets that surround the City Center: BALTIMORE MID-TOWN, BALTIMORE CITY NORTH, BALTIMORE CITY EAST, and BALTIMORE CITY WEST. Together they total 7,758,888 sf with the majority of space located between Fells Point and Canton on Baltimore City's east side.

TOTALS

182
BUILDINGS
21,535,997
MARKET SIZE (SF)
13.63%
DIRECT VACANCY
15.05%
VACANCY W/ SUBLET
22,542
NET ABSORPTION (SF)
\$22.12
ASKING RENT



CITY CENTER STATISTICS

SUBMARKET	BUILDING	MARKET SIZE (SF)	DIRECT VACANCY	VACANCY w/ sublet	NET ABSORPTION (SF)	ASKING RATE
CITY CENTER CLASS A+	14	4,107,453	7.10%	8.32%	5,336	\$29.22
CITY CENTER CLASS A	12	3,006,461	14.27%	14.92%	6,505	\$22.91
CITY CENTER CLASS B+	16	3,173,958	11.21%	16.16%	-9,824	\$20.63
CITY CENTER CLASS B	34	3,489,237	15.56%	16.18%	7,629	\$18.03
CITY CENTER TOTAL	76	13,777,109	11.75%	13.56%	9,646	\$22.25

¹ Only multi-tenant buildings are included in the market inventory. The Federal Reserve Bank, which fully occupies 502 South Sharp Street, recently made 103,281 sf available for new tenants, earning it multi-tenant status.



Baltimore City - continued

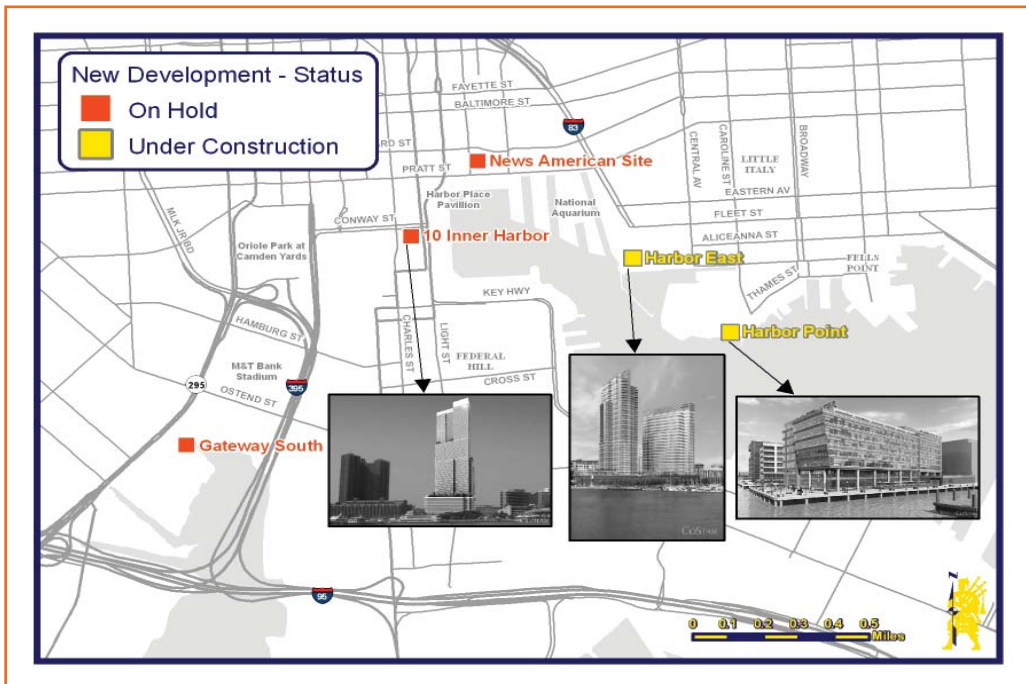
The submarket is uniquely distinguished as the only area that experienced a reduction in direct vacancy during 2008; it dropped to 16.96% which is 1.57% lower than 2007. Rental rates are \$21.70 psf, increasing from the 2007 rate of \$21.21 psf. Leasing activity totaled 367,876 sf in 2008 with 45% occurring in the Baltimore City East submarket. Transactions including The Becker Group's lease of 25,000 sf in Brewer's Hill, and the expansions of CareFirst BlueCross BlueShield and First Mariner Bank in Canton Crossing, contributed to the substantial activity in this submarket.

Notable transactions in Baltimore City include XL Health, a company that provides disease management and support services for patients and doctors, which leased 40,000 sf in Montgomerly Park and the expansion of KCI Technologies, an engineering firm headquartered in Hunt Valley, Maryland. KCI, which has three facilities in Maryland, leased 16,000 sf at McHenry Row in Federal Hill, making them the first office tenant to sign

on in the new mixed-use project. The McHenry Row project has been stalled pending resolution of financing issues. Construction is anticipated to resume in January 2009. In addition to KCI Technologies, tenants committed to the project include Harris Teeter (60,000 sf), Greene Turtle Restaurant, PNC and Provident Banks, and Dunkin Donuts.

Zurich Financial, an insurance-based financial services provider located on Keswick Road, is also considering new locations throughout the Baltimore Market. The company, which occupies 265,000 sf, is downsizing but the Baltimore Development Corporation (BDC) is proposing financial incentives to retain the company as a Baltimore City tenant.

Several projects are on hold in the Baltimore City market due to increasingly stringent lending policies. The tight credit market has stalled the progress of several projects including Gateway South, a \$200 million mixed-use redevelopment near M&T Bank Stadium.



BALTIMORE CITY OFFICE STATISTICS

SUBMARKET	BUILDING	MARKET SIZE (SF)	DIRECT VACANCY	VACANCY w/ sublet	NET ABSORPTION (SF)	ASKING RATE
MIDTOWN	25	1,179,957	5.41%	5.41%	-3,990	\$18.79
NORTH	24	1,396,881	6.14%	6.78%	-4,840	\$24.11
EAST	40	3,002,308	14.26%	15.19%	13,687	\$23.56
WEST	17	2,179,742	33.88%	34.81%	8,039	\$19.51
SUBTOTAL	106	7,758,888	16.96%	17.70%	12,896	\$21.70

OFFICE HIGHLIGHTS (CONTINUED)

Suburban

The Baltimore Metropolitan suburban office markets are divided into the Northern and Southern regions. The Northern region extends from White Marsh in the Baltimore County East submarket to Owings Mills located in the Baltimore County West submarket and north to Harford County. The Southern region covers Annapolis to the east, Columbia to the west, BWI Airport to the north, and the Route 2 Corridor to the south. Total office inventory consists of 49,495,199 sf of office space.

Continuing the trend that occurred during 2007, completed construction added another 2 msf of new space to the suburban market. Unlike 2007, when 41% of new space was pre-leased, only 16% of 2008's new space is pre-leased. Coupled with an uncertain economic climate, this surge of new space has resulted in a 2.09% increase in direct vacancy during the past year with end-of-year direct vacancy being 14.30%. Asking rental rates remained relatively flat with only a \$0.58 increase across both regions.

Southern Metro

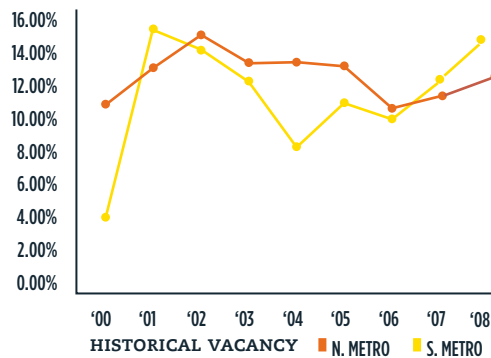
Vacancy rates in this region have been climbing steadily over the last two years, increasing 57% from 9.83% in 2006 to 15.44% in 2008. 4.6 msf of new space, combined with an impaired economy directly impacting demand, resulted in a continued increase in vacancy. Although higher vacancy would typically cause rental rates to decline, the addition of new inventory to the market caused average asking rental rates to increase from \$23.14 psf to \$25.01 psf.

The Annapolis submarket reached double-digit vacancy at year-end 2008 hitting 11.63%. Celebrated for having the lowest vacancy rate in the Baltimore market, Annapolis has not seen this level of vacancy since the 1st quarter 2004.

Annapolis was not immune to the increase in supply this year. The addition of a second building at 3 Park Place (108,800 sf) and two smaller buildings in the market created an increase of 216,800 sf to the Annapolis inventory. Average asking rental rates remain the highest in this region at \$29.96 psf.

TOTALS

998
BUILDINGS
49,495,199
MARKET SIZE (SF)
14.30%
DIRECT VACANCY
15.17%
VACANCY W/ SUBLET
97,232
NET ABSORPTION (SF)
\$23.66
ASKING RENT



SUBURBAN OFFICE STATISTICS | southern metro

SUBMARKET	BUILDING	MARKET SIZE (SF)	DIRECT VACANCY	VACANCY w/ sublet	NET ABSORPTION (SF)	ASKING RATE
ANNAPOLIS	126	3,683,343	11.63%	12.68%	-2,699	\$29.96
BWI	100	7,554,652	19.52%	20.88%	6,477	\$24.72
COLUMBIA	221	12,567,831	14.41%	15.80%	-54,313	\$23.59
ROUTE 2 CORRIDOR	51	1,716,661	13.18%	13.33%	52,676	\$25.38
S. METRO TOTAL	498	25,522,487	15.44%	16.69%	2,141	\$25.01



OFFICE HIGHLIGHTS (CONTINUED)

Northern Metro

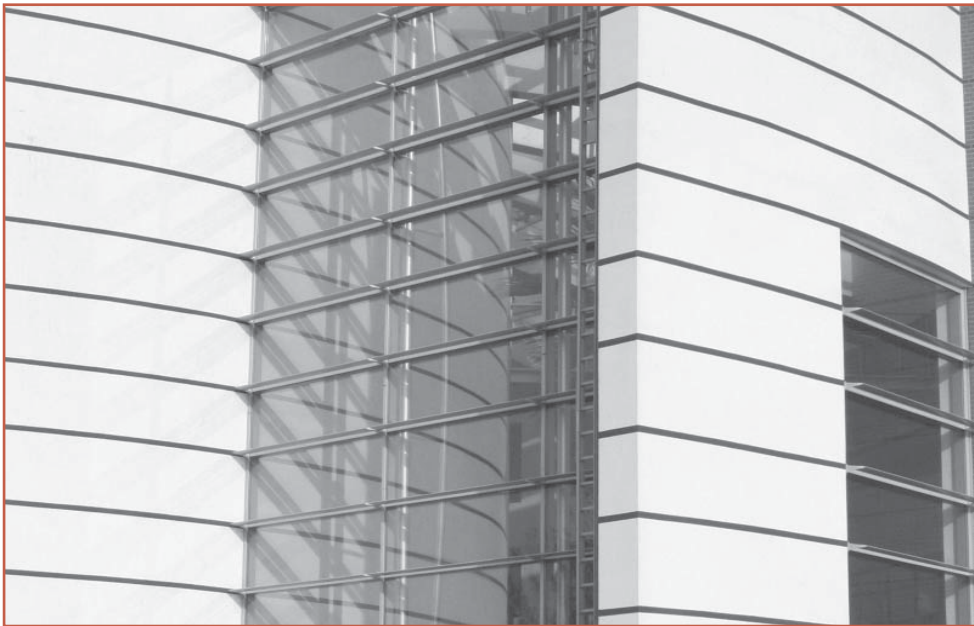
The Northern Metro region experienced only a 1.1% increase during the year with a total direct vacancy of 13.1%. Absorption increased 65% from 2007 to 2008 with the year ending at 251,158 sf. A minimum rise in average asking rental rates from \$21.26 psf (2007) to \$21.83 psf (2008) is reflective of new product being added to the market.

The bulk of the absorption in this market is found in Harford County where a new medical office building at 540 Upper Chesapeake Drive in Bel Air was recently completed. The building added 85,000 sf to the market and is 50% leased.

The Harford County submarket also has a large share of new construction in the region with 305,446 sf of space underway. Two buildings

that are part of the first phase of the North Gate Business Park at APG, a project being developed by Corporate Office Properties Trust, have broken ground. In addition, a third building for The Gate project, developed by Opus East LLC, broke ground and is scheduled for delivery in the 4th quarter 2009.

The I-83 Corridor has one building under construction at 55 Schilling Road. Located in Schilling Place at Hunt Valley, a 500,000 sf corporate campus, the new 53,878 sf building will provide the only available space in this fully leased complex. 55 Schilling Road will include many "GREEN" features offering office users class A office space with environmentally-friendly and energy-efficient amenities.



SUBURBAN OFFICE STATISTICS | northern metro

SUBMARKET	BUILDING	MARKET SIZE (SF)	DIRECT VACANCY	VACANCY w/ sublet	NET ABSORPTION (SF)	ASKING RATE
BALTIMORE COUNTY E.	54	1,912,501	20.49%	20.49%	-34,091	\$24.26
BALTIMORE COUNTY W.	63	2,782,141	13.86%	13.97%	62,574	\$19.31
HARFORD COUNTY	96	2,353,835	8.06%	8.37%	69,481	\$23.44
I-83 CORRIDOR	121	7,257,733	11.88%	12.00%	-9,536	\$22.57
TOWSON	89	5,282,949	13.86%	14.93%	-11,456	\$20.69
REISTERSTOWN RD COR	77	4,383,553	13.21%	14.00%	18,119	\$22.74
N. METRO TOTAL	500	23,972,712	13.10%	13.56%	95,091	\$21.83

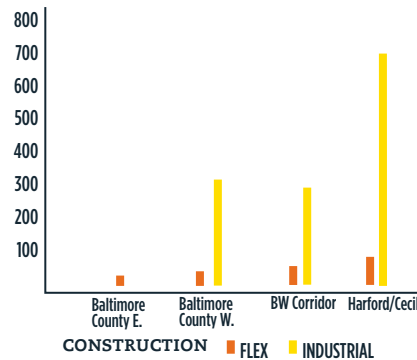
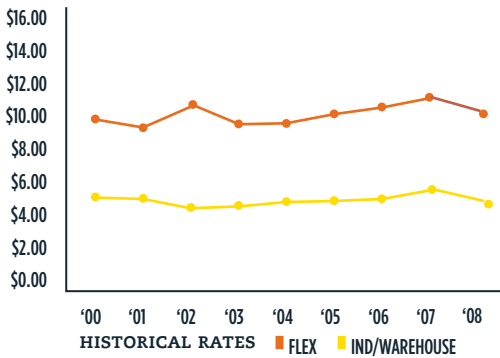
INDUSTRIAL HIGHLIGHTS

The Baltimore Metropolitan Industrial market, located along the I-95 corridor extending to Cecil County to the north and Howard County to the south, comprises 176,750,120 sf of space. The market's superior infrastructure and close proximity to the Port of Baltimore and BWI Airport provide outstanding logistic opportunities to industrial users.

A decrease in demand has led to a rise in direct vacancy from 8.49% in 2007 to 9.57% in 2008. Overall vacancy, which includes sublet space, has followed suit climbing to 10.34% at year-end 2008 from the 2007 rate of 9.45%. The year ended with negative absorption of 504,947 sf, a substantial decrease from the 2007 positive absorption total of 3.2 msf. The 1st quarter of 2008 was the only quarter to achieve positive absorption.

While the supply of industrial space has been increasing steadily since 2005, new construction dropped considerably in 2008. 1.2 msf is presently under construction. As a result, the Baltimore Metropolitan Industrial market is not considered as overbuilt as it has been in the past.

OVERVIEW 4TH Q



NOTABLE INDUSTRIAL TRANSACTIONS | leasing

LOCATION	SUBMARKET	TENANT	AMOUNT LEASED (SF)
5003 HOLABIRD AVE	BALTIMORE CITY	BERRY PLASTICS	183,000
1025 AIRPORT 100 WAY	BW CORRIDOR	MICROS SYSTEMS (REN)	87,600
5901 HOLABIRD AVE	BALTIMORE CITY	AGILITY PROJECT LOGISTICS	58,800
1101 DESOTO RD	BALTIMORE CITY	DIAKON LOGISTICS	53,900
1325-1381 WESTERN AVE	BALTIMORE CITY	MYGRANT GLASS CO	42,200



BALTIMORE INDUSTRIAL SUBMARKET

NOTABLE INDUSTRIAL TRANSACTIONS | sales

LOCATION	SUBMARKET	PRICE	PSF	BUILDING SIZE (SF)
7100 OLD NORTH POINT RD	BALTIMORE CO E.	\$8,220,000	\$52.75	155,820
4517 NORTH POINT BLVD	BALTIMORE CO E.	\$5,900,000	\$34.90	169,029
1006 MIDDLE RIVER RD	BALTIMORE CO E.	\$2,200,000	\$59.62	36,900

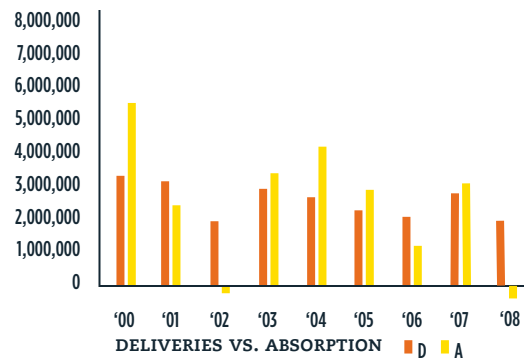
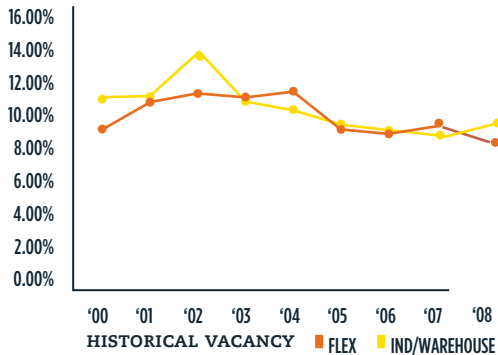
INDUSTRIAL HIGHLIGHTS (CONTINUED)

Directly attributing to negative absorption was the vacancy created by the Sears lease termination in the 2nd quarter 2008 at 8901 Snowden River Parkway. Formerly a 1,016,800 sf distribution center, it represents the largest space returned to the market in 2008. In addition, Harford and Cecil Counties were heavy contributors to increasing vacancy with the return of 346,652 sf at 400 Old Post Road and 345,600 sf at 4 Center Drive.

Procter & Gamble's 468,648 sf lease at 4608 Appliance Drive and Prime Source Building Product's 205,030 sf lease at 600 Hickory Drive helped offset negative absorption in the Harford/Cecil County submarket. 4608 Appliance Drive was vacant for four years before Procter & Gamble moved in the 4th quarter 2008. The company has an option to lease the remaining space for future expansion needs.

TOTALS

2,463
BUILDINGS
176,750,120
MARKET SIZE (SF)
9.57%
DIRECT VACANCY
10.34%
VACANCY W/ SUBLET
-479,650
NET ABSORPTION (SF)
\$5.57
ASKING RENT



FLEX STATISTICS

SUBMARKET	BUILDING	MARKET SIZE (SF)	DIRECT VACANCY	VACANCY w/ sublet	NET ABSORPTION (SF)	ASKING RATE
ANNAPOLIS	32	1,113,785	3.62%	3.62%	-17,435	\$12.63
BW CORRIDOR	380	15,747,861	9.03%	9.85%	-37,466	\$10.86
BALTIMORE CITY	66	2,486,189	8.86%	14.07%	-18,070	\$8.92
BALTIMORE COUNTY E.	65	2,744,942	9.80%	9.80%	13,543	\$11.07
BALTIMORE COUNTY W.	122	5,187,261	8.86%	10.33%	11,140	\$8.67
HARFORD/CECIL	55	1,538,965	4.50%	4.89%	-14,695	\$7.26
ROUTE 83/TOWSON	77	3,607,440	7.53%	7.63%	-712	\$9.44
FLEX TOTAL	797	32,426,443	8.49%	9.55%	-63,695	\$10.07



INDUSTRIAL WAREHOUSE STATISTICS

SUBMARKET	BUILDING	MARKET SIZE (SF)	DIRECT VACANCY	VACANCY w/ sublet	NET ABSORPTION (SF)	ASKING RATE
ANNAPOLIS	16	506,267	8.91%	8.91%	3,000	\$17.81
BW CORRIDOR	510	50,103,163	10.08%	11.73%	15,720	\$5.31
BALTIMORE CITY	630	38,110,416	6.80%	7.14%	105,559	\$4.55
BALTIMORE COUNTY E.	177	15,547,895	12.48%	12.83%	-115,694	\$4.52
BALTIMORE COUNTY W.	150	12,341,220	5.99%	5.99%	-81,760	\$5.26
HARFORD/CECIL	132	23,714,313	14.76%	14.82%	-341,380	\$4.37
ROUTE 83/TOWSON	51	4,000,403	7.19%	7.26%	-1,400	\$6.16
WAREHOUSE TOTAL	1,666	144,323,677	9.81%	10.52%	-415,955	\$4.94

RETAIL HIGHLIGHTS

The 2008 retail real estate environment and retail consumer market have experienced unprecedented economic challenges including store closings, diminishing consumer confidence, and daily downbeat headlines. Never before have so many factors created such a uniquely troubled retail climate.

Following the feeble 2007 holiday season, 2008 was marked by pessimism and lackluster performance by many national and regional retailers. This group, which includes Kohl's, JCPenney's, Wal-Mart, Home Depot, and Macy's, represents the measuring stick many industry experts use to predict future performance. The combined result of reductions in housing starts and increased foreclosures in the residential markets, along with the consequences of a larger global credit crisis, offered a clear indicator that "recession" was not just a speculative headline. This environment, coupled with declining sales numbers and waning consumer confidence, led many retailers to announce store closures.

Retailers have seen very little growth in same-store sales compared to 2007. While most retailers are reporting steady consumer traffic levels in their stores, there is a clear shift in consumer spending from what is "wanted" to what is "needed". When a purchase is necessary, consumers desire to find "good deals" has influenced overall sales. Reduced revenue and lagging pressure from 2007's increased operating costs have created a heavy burden on retailers ability to meet rental obligations in their leases. As a result,

many tenants are seeking rent reductions; Pier 1 Imports and Barnes & Noble recently announced a national strategy and action plan for an across-the-board rent reduction to help their bottom line.

During the second half of 2008, the retail real estate market transitioned fully from a landlord to a tenant market. Most retailers who had been previously active in new store openings have suspended plans for any new stores in 2009. Local vacancies have increased as a result of small, entrepreneurial shop owners closing their doors. New retail projects delivered in 2008 are struggling to find tenants. Many well-capitalized retailers, specifically those in the discount categories, are taking full advantage of these conditions. Their resistance to the current climate is helping to stabilize both rents and sales prices of retail real estate.

The outlook for 2009 is dependent upon many factors, but it is clear that success in this new environment will require creativity. Just as global and national changes triggered the retail industry's current slow down, it will take dramatic and positive changes at these levels to reinvigorate the local market. Much of retail's future success hinges upon the restoration of consumer confidence. Once customers trust that banking and credit markets are stabilized, they will spend. This renewed cash flow will encourage retailers to open new stores, expand concepts, and pursue new ventures. As a result, the retail real estate industry will be bolstered as vacant spaces are leased and new stores are built.

NOTABLE RETAIL TRANSACTIONS | leasing

LOCATION	SUBMARKET	TENANT	AMOUNT LEASED (SF)
QUARTERFIELD CROSSING	I-97 CORRIDOR	LA-Z-BOY	16,500
COLUMBIA MARKETPLACE	COLUMBIA	RETRO FITNESS	11,951
SEVERNA PARK MARKETPLACE	ROUTE 2 CORRIDOR	CHIPOTLE	6,000
FESTIVAL AT BEL AIR	BEL AIR	CONTE'S BIKE AND FITNESS	5,206
THE AVENUE AT WHITE MARSH	WHITE MARSH	MEN'S WEARHOUSE	4,765
RIVER HILL VILLAGE CENTER	COLUMBIA	MASSAGE ENVY	4,172

NOTABLE RETAIL TRANSACTIONS | sales

LOCATION	SUBMARKET	PRICE	PSF	BUILDING SIZE (SF)
METRO SQUARE	OWINGS MILLS	\$15,250,000	\$209.87	72,665
2310 W. PATAPSCO AVE	BALTIMORE CITY	\$4,662,500	\$308.37	15,120
206 W. PRATT ST	CITY CENTER	\$2,000,000	\$170.94	11,700



ABOUT US

Founded in 1968 as MacKenzie & Associates, Inc., today the MacKenzie Companies has 150 employees and sales and leasing associates. Through our affiliates, MacKenzie Commercial Real Estate Services and MacKenzie Retail (brokerage division), MacKenzie Capital (finance division), MacKenzie Management Company (property management services division), MacKenzie Contracting Company (construction division), MacKenzie Development Company (commercial development division), and MacKenzie Communities (residential development division), we offer a full array of commercial real estate services. The MacKenzie Companies, one of the largest commercial real estate service firms in Maryland, has offices in Baltimore, Lutherville, Columbia, Annapolis, Bel Air, and Maple Lawn.

MacKenzie Commercial Real Estate Services, LLC, completed more than 773 office, retail, industrial, and land transactions during 2008. Transactions this past quarter spanned the State including a new location for Chesapeake Urology, P.A. at 7625 Maple Lawn Boulevard in Howard County. MacKenzie's medical practice group represented the tenant and the landlord in this transaction. The retail group represented M&T Bank for a new branch location on Taneytown Pike in Carroll County. Construction has begun and should be complete in the Summer of 2009. The Baltimore City office team represented the landlord in negotiating the 20,050 sf lease for the Office of the Public Defenders at 100 S. Charles Street in Baltimore City. Additionally, the industrial team represented Athletic Republic in their 9,000 sf lease at 4891 Telsa Drive in Bowie, Prince George's County. Athletic Republic promotes a science-based sports training system. This is their first franchise location in Maryland.

MacKenzie Capital, LLC - The credit markets have continued in their frozen status and even deteriorated further towards the end of 2008. The banks are reluctant to lend, with preservation of capital being paramount until they have a better handle on the depth and breadth of this downturn and their existing portfolio exposures. The life companies for the most part had satisfied their CRE allocations by the 4th quarter and were satisfied to sit on the sidelines until they received 2009 allocations. We continue to see capital available further up the capital stack looking to take advantage of the market with higher yielding mezzanine, preferred equity, or joint venture capital. We know of several players looking to buy discounted notes from financial institutions. Hopefully with the new administration in Washington and the stimulus packages being proposed, the thaw will soon begin.

MacKenzie Contracting meets the construction needs of its clients no matter how challenging. Their commitment to quality craftsmanship, competitive pricing and on-time completion has been demonstrated with repeat clients and many awards. MacKenzie Contracting recently completed the 135,000 sf Brigade Sports Complex for the Naval Academy Athletic Association. The project included an olympic-size ice rink, six indoor and six outdoor tennis courts, golf pro shop, indoor putting green, fitness center, locker rooms for visiting and home teams, a conference center, coaches' offices, and a restaurant.

MacKenzie Development continues to look for more development opportunities. They recently completed Schilling Place at Hunt Valley, a 480,000 sf office building complex in Baltimore County. The newest tenant, Bill Me Later, took occupancy in June bringing 101 Schilling Road to 100% occupancy. In addition, construction was completed in February at 11201 Pepper Road. This 30,000 sf building houses the Forbush School, a facility for children with autism, and a subsidiary of Shepard Pratt Health System. At 45 Schilling, a 5.25 acre lot, MacKenzie is working with a partner to develop an Extended Stay Hotel as well as a 40,500 sf office building. The office building broke ground in September with completion anticipated for June of 2009. Additionally, MacKenzie is acting as development consultant for the owners of Ten Acres Medical Center, a 167,000 sf medical office building on the campus of Howard County General Hospital. In Bel Air, Maryland, MacKenzie is developing a parking garage with an 85,000 sf medical office building on top, on the campus of Upper Chesapeake Health System. The building is completed with tenants taking occupancy and is currently 60% leased.

MacKenzie Management Company provides asset management, property management, facility management, and maintenance services for more than 3 msf of office, medical, retail, and flex space throughout the Baltimore Metropolitan area. Assignments include owner-occupied corporate facilities as well as multi-tenanted properties. Over one-third of the properties managed by MacKenzie are third-party accounts.

MacKenzie Communities develops award-winning residential communities in Maryland and Pennsylvania. MacKenzie has developed and delivered over 2,000 home sites to national and custom homebuilders including single-family, condominiums, town homes and senior living retirement communities. In Baltimore County, the group is currently developing Worthington Green, a 41-lot luxury custom home community, which is 60% sold; and Windlass Overlook, a 61-lot, single-family home community located in the Route 43 primary designated growth area, is being offered as finished lots or as a record plat purchase.