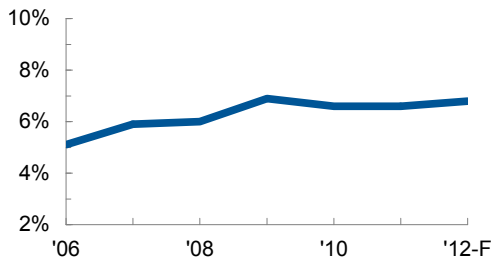


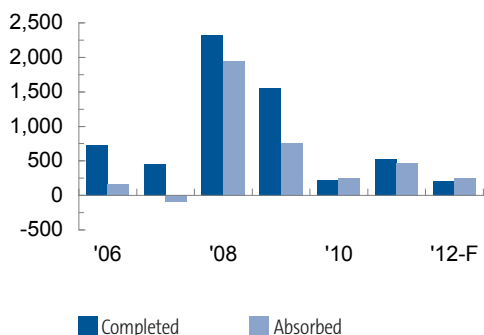
Vacancy



Retail Sector Holding Steady

Despite weak job growth and a housing market that continues to struggle, retail activity remained relatively steady throughout 2011. Vacancy was flat year-over-year at 6 percent as the 475,000 square feet of absorption was surpassed by 529,000 square feet in new space delivered. The weakest property type, shopping centers, saw a slim increase in vacancy to 11 percent compared to 10.7 percent at the end of 2010, as landlords continue to have difficulty filling small spaces in their centers.

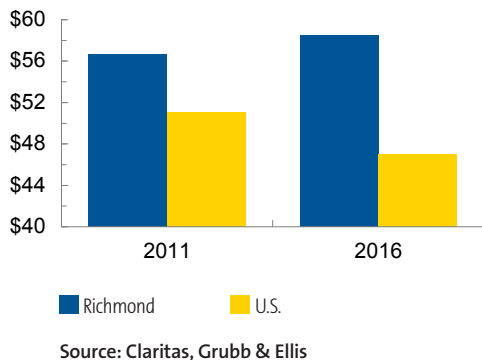
Completions vs. Absorption
(in Thousands of SF)



2011 REVIEW

Leasing activity included a mix of renewals as some retailers took advantage of market conditions to secure extensions at attractive rates, downsizing, relocations to better locations (Bassett Furniture, Costco), and expansion of existing retailers to additional locations (Toys “R” Us/Babies “R” Us, Hobby Lobby, HomeGoods, Fresh Market, Dick’s Sporting Goods) but very few new retailers entering the market (Christmas Tree Shop, Tiffany). Sales activity was at about the same pace as 2010, but included more foreclosures. The largest loan in default was to Taubman Centers, Inc. for Regency Square and that owner transferred the deed to its lender at the end of the year.

Median Household Income



2012 FORECAST

Expect more of the same through 2012, as the general economic recovery proceeds at a slow pace. Look for additional developments in in-fill locations similar to Midlothian Turnpike and Chippenham Parkway where the first phase of the Kroger-anchored Stonebridge project is underway and in Carytown where an obsolete office building is being redeveloped as multi-tenant retail. A new outlet mall is expected to get underway adjacent to the Bass Pro Shop in Hanover. There will be casualties, too, as underperforming stores are targeted for closure, including two each for Kmart and Food Lion already announced. The restaurant sector will continue to be active, as will discount and dollar stores.

KEY TRANSACTIONS FOR 2011

<p>*Toys “R” Us/Babies “R” Us leased 58,820 SF at The Corner at Short Pump Glen Allen, VA from The Rebkee Company</p>	<p>Hobby Lobby leased 55,000 SF at Hancock Village Midlothian, VA from EWN Development Co., Inc.</p>	<p>Westdale Real Estate Investment & Mgmt purchased West Park Shopping Center Richmond, VA from Centro Properties Group for \$23.3 Million</p>
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*Transaction Represented by Grubb & Ellis

By Submarket	Total SF	Vacant SF	Vacancy %	Net Absorption YTD	Deliveries YTD	Under Construction	Asking Rate
Amelia County	154,841	5,700	3.7%	3,050	-	-	\$12.00
Cumberland County	31,579	2,500	7.9%	(2,500)	-	-	-
Dinwiddie County	169,420	1,758	1.0%	(1,758)	-	-	\$16.01
Downtown Richmond	6,521,133	262,462	4.0%	(43,908)	400	-	\$14.04
Goochland County	326,713	9,100	2.8%	9,150	-	-	\$9.29
King & Queen County	37,040	-	-	-	-	-	-
King William County	355,865	69,758	19.6%	12,097	-	-	\$9.52
Louisa County	529,826	28,440	5.4%	48,908	61,428	-	-
New Kent County	320,977	32,290	10.1%	(5,740)	-	-	\$6.00
Northeast Richmond Metro	6,272,740	270,014	4.3%	122,255	45,790	-	\$11.50
Northwest Richmond Metro	26,591,849	1,360,870	5.1%	98,537	6,678	87,222	\$17.29
Powhatan County	553,024	49,273	8.9%	(245)	-	-	\$12.44
Prince George County	833,744	101,110	12.1%	(53,603)	18,000	-	\$9.10
Southeast Richmond Metro	4,239,681	399,352	9.4%	25,419	33,677	-	\$9.46
Southwest Richmond Metro	25,606,077	2,113,052	8.3%	301,300	363,392	62,244	\$12.80
Sussex County	125,277	36,990	29.5%	(5,140)	-	-	\$5.22
TriCities (Hopewell/P'burg/Col Hts)	7,042,089	514,803	7.3%	(32,841)	-	-	\$11.15
Totals	79,711,875	5,257,472	6.6%	474,981	529,365	149,466	\$13.29
By Category	Total SF	Vacant SF	Vacancy %	Net Absorption YTD	Deliveries YTD	Under Construction	Asking Rate
General Retail	38,271,120	1,554,863	4.1%	96,593	245,896	72,224	\$11.18
Mall	9,217,407	364,231	4.0%	226,547	184,667	-	\$18.49
Power Center	3,163,468	161,487	5.1%	(21,294)	1,430	-	\$13.77
Shopping Center	29,005,352	3,176,891	11.0%	173,135	97,372	77,222	\$13.76
Specialty Center	54,528	-	-	-	-	-	-
Totals	79,711,875	5,257,472	6.6%	474,981	529,365	149,466	\$13.29

Source: CoStar Group

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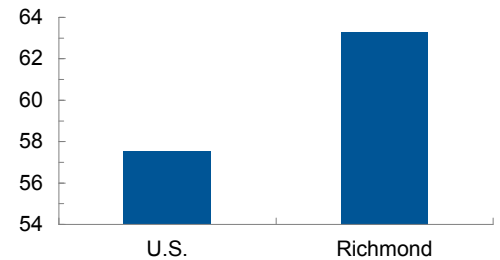
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Retail Square Feet Per Capita
SF/Person



Source: Claritas, Grubb & Ellis

RETAIL TERMS AND DEFINITIONS

Total SF: Retail inventory includes all multi-tenant and single tenant buildings in the Richmond market.

Retail Building Classifications: General Retail are typically single tenant freestanding, general purpose commercial buildings with parking. Malls include Lifestyle Centers, Regional and Super Regional Malls. Power Centers generally consist of several freestanding anchors and only a minimum of small specialty tenants. Shopping Centers include Community, Neighborhood and Strip Centers. Specialty Centers include Airport Retail, Outlet Centers and Theme/Festival Centers.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease

vacant. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country and dollars per square foot per month in areas of California and selected other markets. Retail rents are reported on a triple net basis where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis.

* Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.

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