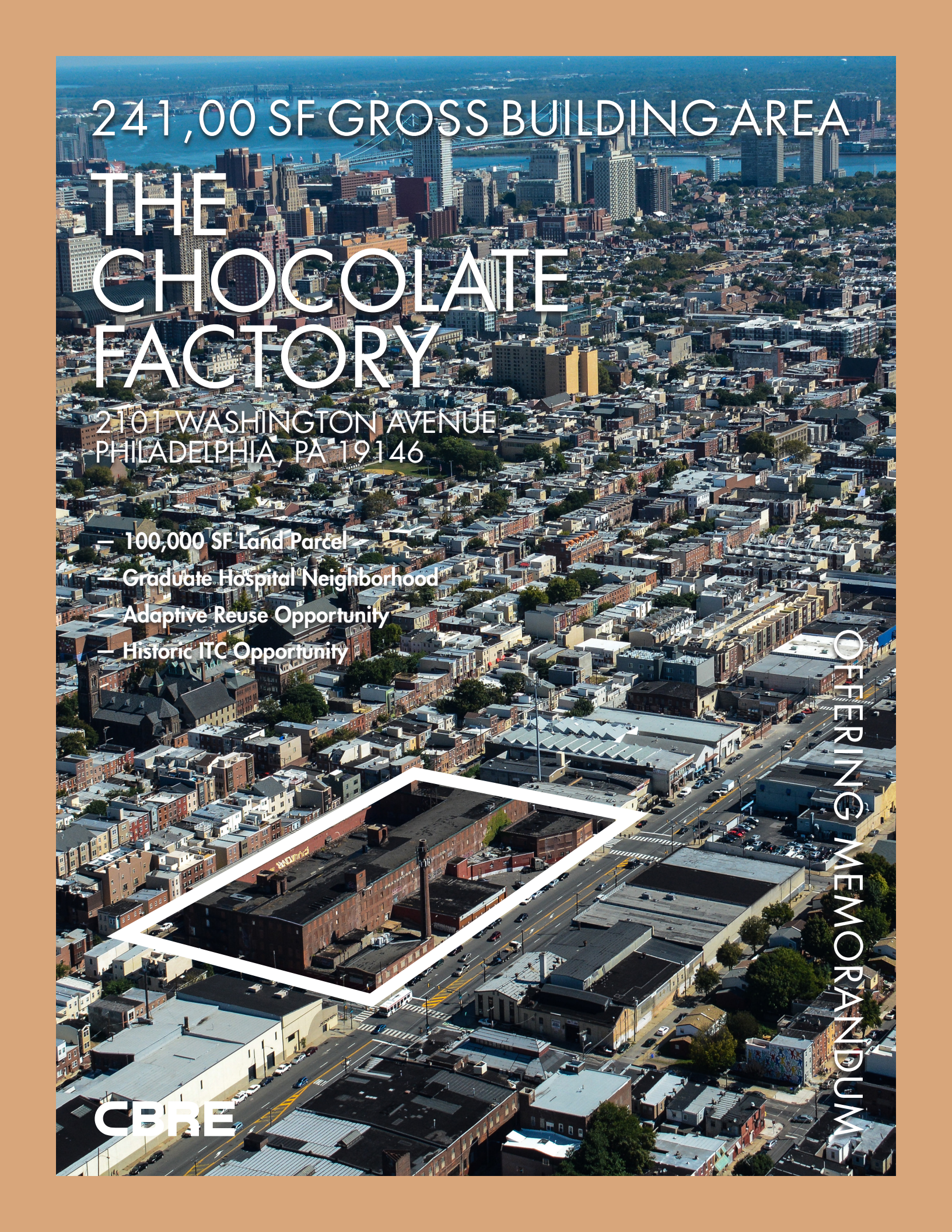




241,00 SF GROSS BUILDING AREA

THE CHOCOLATE FACTORY

2101 WASHINGTON AVENUE
PHILADELPHIA, PA 19146

- 100,000 SF Land Parcel —
- Graduate Hospital Neighborhood
- Adaptive Reuse Opportunity
- Historic ITC Opportunity

OFFERING MEMORANDUM

CBRE

OFFERING PROCESS

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For more information, please visit our website at:

www.cbremarketplace.com/thechocolatefactory

Exclusive Representation

Owner has exclusively retained CBRE, Inc. in this transaction.

Interest Being Offered

The Property is being offered as-is-where-is and free and clear of any financing. A deadline to submit offers will be announced shortly. To schedule a Property inspection or receive answers to questions, please contact the representatives listed on the previous page.

Offer Requirements

Owner has not established an asking price, but is a market-oriented Seller with expectations that are consistent with the unique nature of the opportunity.

All offers should include:

- Purchase price
- Timing for inspection period and closing date
- Amount of earnest money, including the amount that is non-refundable
- Source of funds for the acquisition, and details of any approval process
- Financial strength of purchaser
- Summary of closed transactions and references

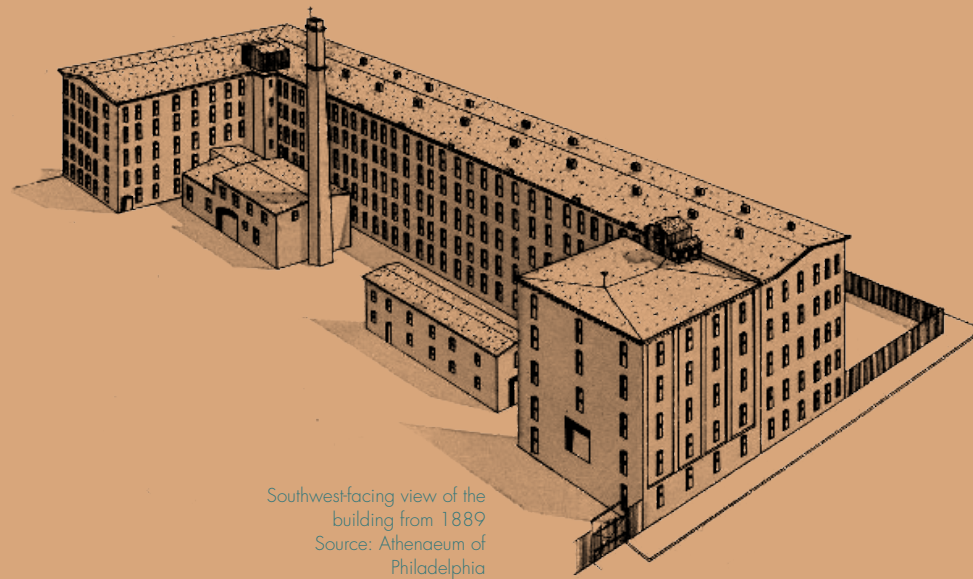
Seller, with its sole and absolute discretion, reserves the right to remove the Property from the market. Seller expressly reserves the right, in its sole and absolute discretion, to reject any and all proposals or expressions of interest in the Property to terminate discussions with any party at any time or to extend the deadlines set forth in the time schedule.

Communication

All communications, inquiries and requests should be addressed to the CBRE Team listed to the left, as representatives of the Seller.

John Howell and John B. Howell settled their Britain-based wallpaper company in Philadelphia in 1820.

1820



Southwest-facing view of the building from 1889
Source: Athenaeum of Philadelphia

A new high-tech factory is built on the 2100 block of Washington Avenue which was previously known as Prime Street. New location gives easy access to freight railroad and more space.

1866

1844

Now a third generation company, John B. Howell's five sons take over the company and rename it Howell & Brothers. In 1844 the company was the first to import a color wallpaper printing machine in America.



As a John Wanamaker Warehouse in 1914
Source: PhillyHistory.org

2006

The factory housed among others, the American Can Company, a John Wanamaker warehouse until the 1970's and Frankford Candy & Chocolate Company until 2006. Frankford Candy & Chocolate Company is one of the largest producers of chocolate rabbits in the United States, making over 100 varieties. It still operates in the Frankford section of Philadelphia. Current Ownership acquired The Chocolate Factory in 2007 and has focused its efforts on a mixed-use redevelopment.



C O N T E N T S

EXECUTIVE SUMMARY 8

Introduction

Map

Investment Highlights

PROPERTY OVERVIEW 16

Property Description

Site Plan

Zoning Summary

Historic Tax Credit Opportunity

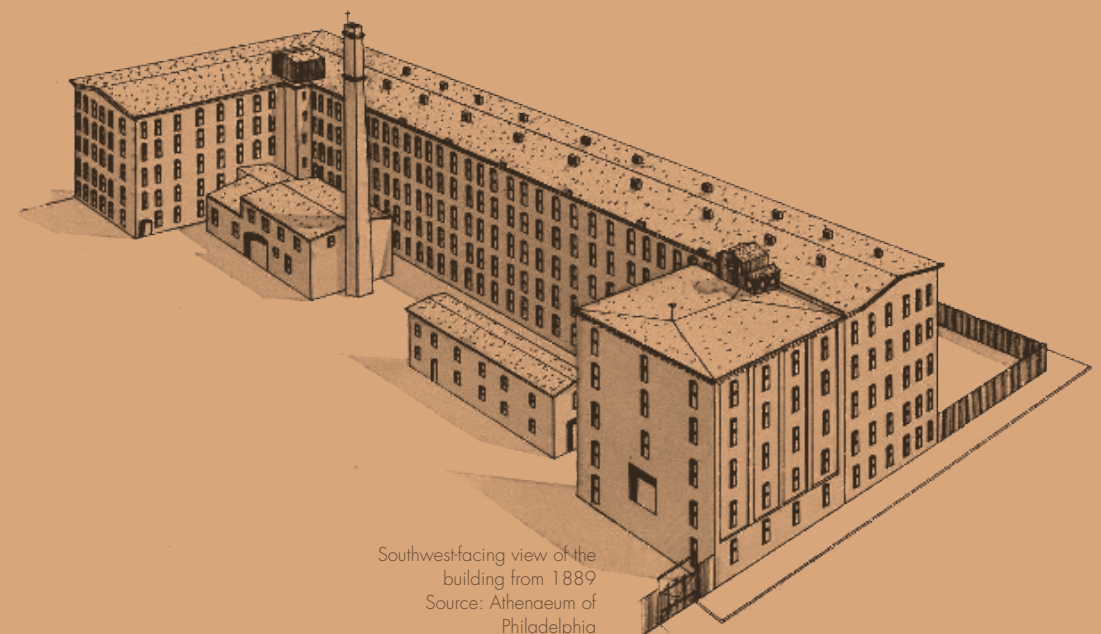
Floor Plans

CENTER CITY PHILADELPHIA OVERVIEW 24

Center City Overview

Neighborhood Overview

Recent Immediate Area Amenity completions



Southwest-facing view of the
building from 1889
Source: Athenaeum of
Philadelphia

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

An Exceptional Offering

On behalf of Ownership, CBRE, Inc. is pleased to present The Chocolate Factory ("Chocolate Factory", "2101 Washington Avenue", "The Property"), which offers the opportunity to redevelop the 240,682 Gross SF former Frankford Chocolate Factory that rests on 99,637 SF of land area into a mixed-use complex that takes advantage of the booming demand for residential and commercial space in the area. The Chocolate Factory is strategically located in the thriving Graduate Hospital neighborhood, in the Southwest corner of Center City Philadelphia which allows for easy access to the Central Business District, Rittenhouse Square and University City areas of Philadelphia.

Premier Development Opportunity

The Chocolate Factory represents an outstanding opportunity to acquire a historically rich property, occupying a full city block in Philadelphia's most explosive residential neighborhood, Graduate Hospital. The Property's location provides excellent access to an affluent and growing residential population, 44 Million SF of office space, award winning dining, luxury retail and nightlife just a few short blocks to the North, as evidenced by the Property's Walk Score of 92. The Chocolate Factory is located at the northwest corner of 21st Street and Washington Avenue, spanning a full block to 22nd Street. The Graduate Hospital neighborhood has seen dynamic growth over the past 10-15 years, where the population has grown by 16%, the median income has gone up 106% and the median housing value has gone up 240% since 2000.

Historic Investment Tax Credits

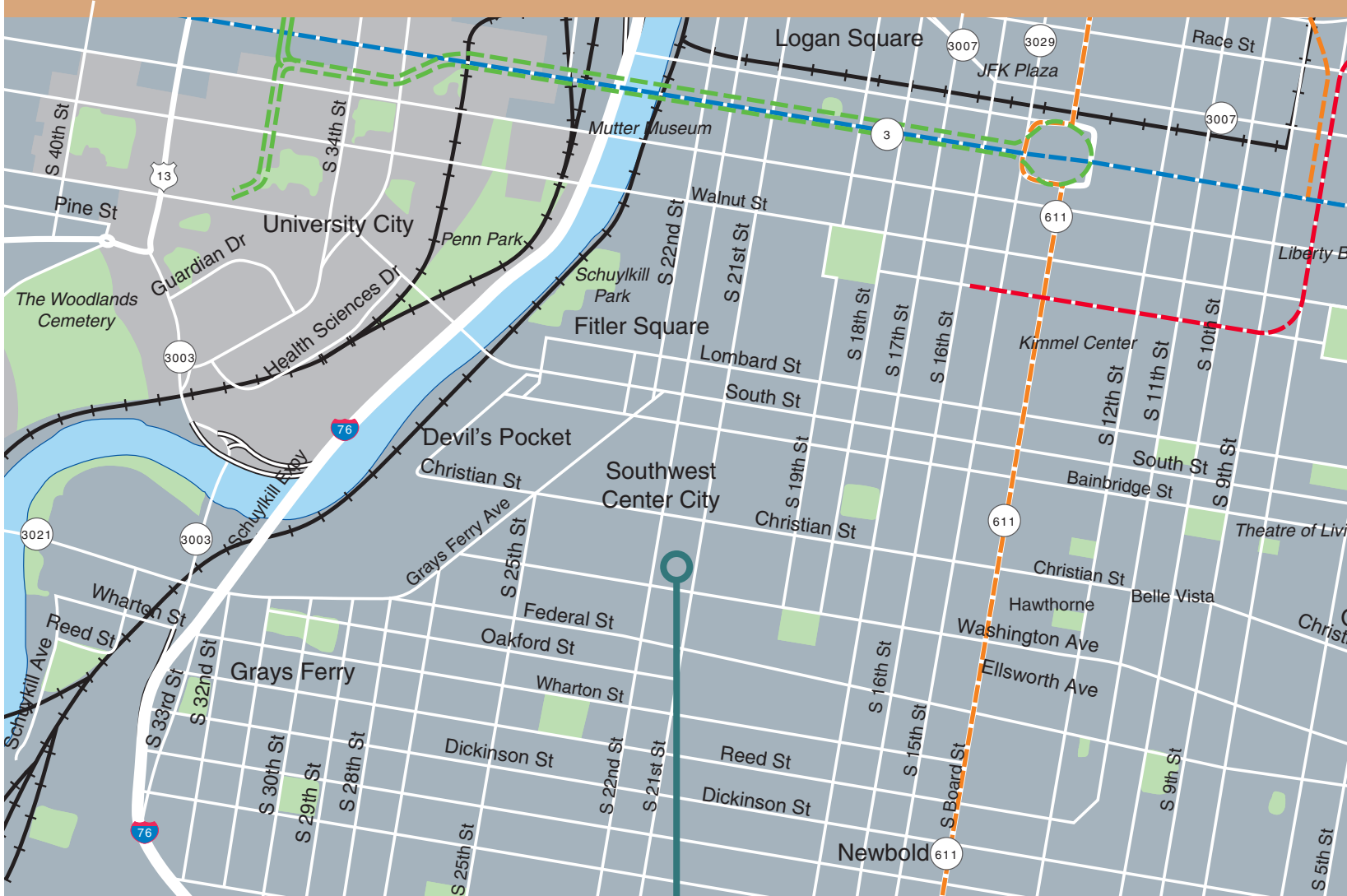
The Chocolate Factory has a long history dating back to the mid 1800s. The original structure was built in 1865. A redevelopment of the existing structure could meet the criteria for federal Historic Investment Tax Credits, which can help to finance the redevelopment of the project.

Property Summary

Property Address	The Chocolate Factory 2101 Washington Avenue Philadelphia, PA 19146
Building Area Size	240,682 SF
Land Area	99,637 SF (2.29 acres)
Year Built	1865
Zoning	I-2, Medium Industrial
Traffic Count	15,300 Cars Daily



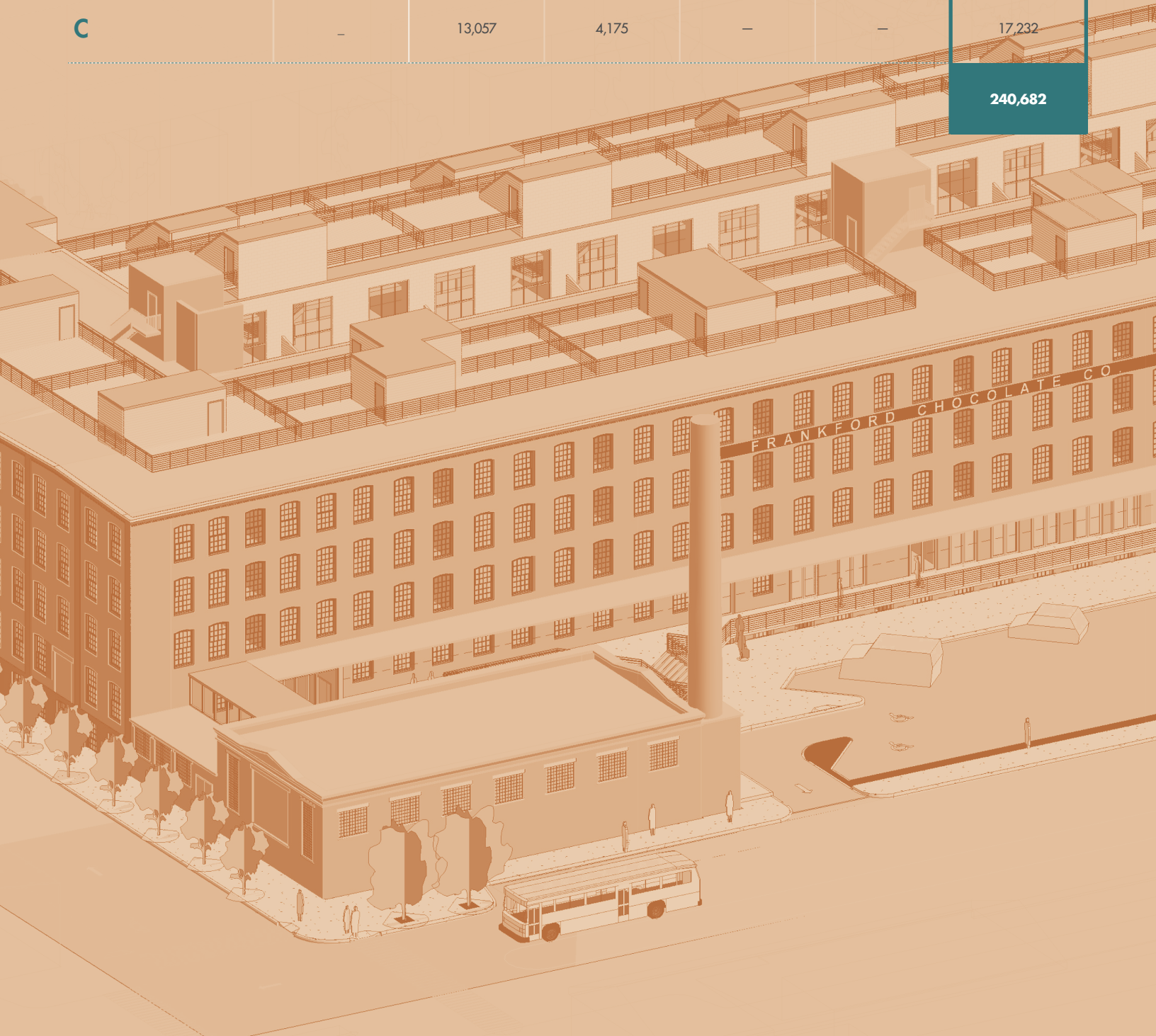
PHILADELPHIA MAP



THE CHOCOLATE FACTORY

BUILDING AREA SUMMARY

BLDG	Below Grade	Floor 1	Floor 2	Floor 3	Floor 4	Total SF
A	32,347	32,039	32,086	32,091	32,091	160,654
A - ANNEX	11,396	34,207	10,765	—	—	56,368
B	2,492	3,936	—	—	—	6,428
C	—	13,057	4,175	—	—	17,232
						240,682



INVESTMENT HIGHLIGHTS

Graduate Hospital Dynamics

The Chocolate Factory is located within one of Philadelphia’s most up and coming residential submarkets, Graduate Hospital. Graduate Hospital is an area defined as from the Schuylkill River to Broad Street and from South Street to Washington Avenue. Over the past few years, the area has seen explosive and dynamic residential growth. The growth can be attributed to its proximity to the urban core and Rittenhouse Square, the most-coveted residential address in all of Philadelphia, featuring high-end retail, award winning restaurants, nightlife and cultural attractions. Rittenhouse Square is the northern border of Graduate Hospital, offering residents an easy walk to work and play destinations. Residential growth has continued to shift South as demand for close proximity to Rittenhouse outpaces supply. In addition, the Graduate Hospital growth can be attributed to its quality and affordable housing stock, where a home can cost anywhere from 15%-50% less than that of a similar quality in Rittenhouse Square. These drivers have resulted in astounding demographic changes, where the **population has grown by 16%, the median household income has increased by 106% and the median housing value has increased by 240% from 2000 to 2014.** Furthermore, these changes and the increased population have resulted in additional retail and restaurant offerings opening in the submarket, further enhancing the amenity base. These demographic changes drastically outpace Center City and its surrounding submarkets, and are projected to continue as additional amenities come to the submarket.

Property

The Chocolate Factory occupies a city block, running from 21st Street to 22nd Street on Washington Avenue and to Kimball Street on the North. The site area is 99,637 SF and it is zoned I-2. The Property has a rich history, dating back to 1865. The Property currently has development approvals in place to redevelop the existing structure into a premium mixed-use residential and commercial adaptive-reuse, consisting of multihousing, commercial and parking. The Chocolate Factory offers an investor the opportunity to convert the existing building into a residential use with commercial space while emphasizing the historic aspect, or demolish the building and start from the ground up.

Center City Apartment Fundamentals Remain Strong

The Q3-14 vacancy rate in Center City is 4.2%; with continued strong demand and new employment drivers, CBRE-Econometric Advisors is projecting vacancy rates to remain relatively stable over the next 5 years, while market rents are projected to grow by an average of 2.7% annually over the same time period.

True-In Fill Location

The Property is located in a true in-fill location. The Graduate Hospital area is a dense and populous area with limited opportunities for new development.



Possible New Skyline View

PHILADELPHIA'S
EXCELLENT DEMOGRAPHICS



	Fairmount	Lofts District / Northern Liberties	Fishtown	University City	Market West	Rittenhouse Square	Market East	Old City	Queen Village / Bella Vista	Graduate Hospital	Point Breeze	South Philadelphia West	South Philadelphia East	Philadelphia MSA	USA
ZIP CODE	19130	19123	19125	19104	19102	19103	19107	19106	19147	19146	19146	19145	19148		
POPULATION GROWTH 2000 - 2014 - %	13%	51%	1%	5%	18%	16%	37%	39%	16%	16%	-10%	8%	4%	13%	6%
CHANGE IN AVG. HOUSEHOLD INCOME %	40%	133%	28%	23%	32%	27%	80%	41%	45%	106%	17%	33%	31%	21%	24%
CHANGE IN MEDIAN HOUSING VALUE %	225%	275%	203%	177%	168%	159%	99%	113%	272%	240%	252%	198%	202%	51%	120%

PROPERTY
OVERVIEW

PROPERTY DESCRIPTION

Address	2101 Washington Avenue
Land Area	99,637 SF (396 X 252)
Building Area	240,682
Building Description	3 Buildings (2-4 stories per building)
Zoning	I-2, Medium Industrial
Real Estate Tax ID	88-4-006345
Real Estate Taxes	\$58,051
Access	Washington Avenue South 21st Street Kimball Street South 22nd Street

FOUNDATION: Building A, the original 4-story section has a stone foundation. The later additions are assumed to have concrete footings and foundation walls.

FRAME: Heavy mill-type framing within the original Building A. Building A Annex and Buildings B and C are of masonry and steel construction.

EXTERIOR WALLS: Brick

FLOOR STRUCTURE: The floors throughout Building A are of wood (mill-type construction). The floors throughout the remaining buildings are poured concrete.

INTERIOR WALLS & CEILINGS: A majority of the building is unfinished with the original Building A containing exposed brick walls with concrete filled windows and concrete block partitioned areas. The additions contains exposed concrete block walls with corrugated metal floor decking over steel trusses. The ceilings are of exposed pine wood construction in the original Building A. The buildings are in shell condition with some remnants of prior uses.

FENESTRATION: All windows in the building have been sealed with concrete block.

ELECTRICAL: None.

PLUMBING & FIXTURES: None.

HVAC: None.

ELEVATORS: There were four (4) 4,000 pound cable electric freight elevators serving the basement through 4th floors. The elevator system is out of service.

FIRE PROTECTION/ALARM SERVICES: None.

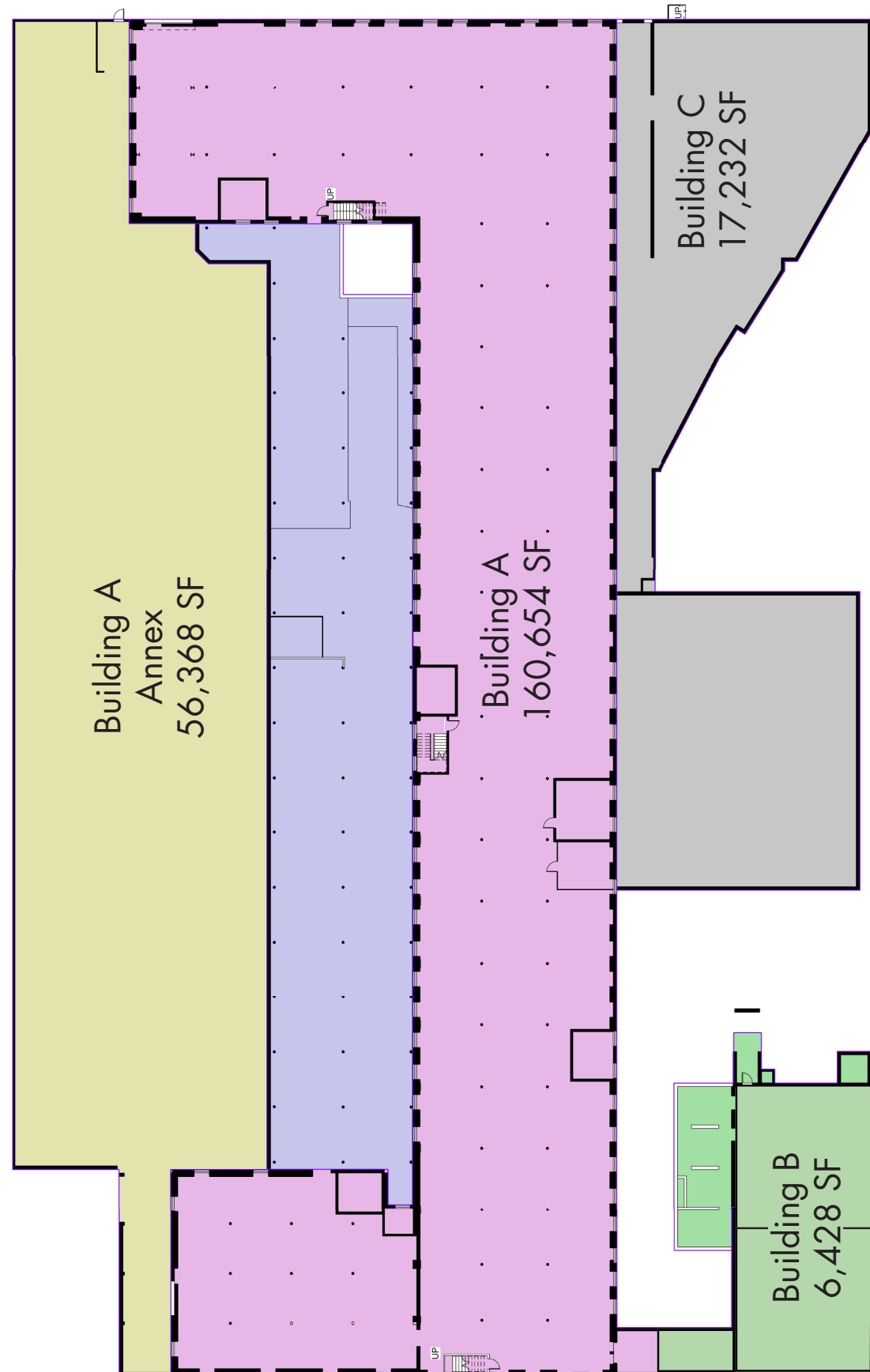
CEILING HEIGHTS/COLUMN SPACING: Clear ceiling heights in the original Building A are predominately 10 ± feet on all four floors with column spacing of 18’ x 18’. The latest addition, along Kimball Street, has ceiling heights of 16 ± feet with irregular column spacing. Building B, the former power house, has 15 foot ceilings and Building C has ceiling heights of 10 feet or more in most areas.

LOADING DOCKS: There are four 12’ x 16’ steel roll-up doors along Washington Avenue.

AGE AND CONDITION: The building improvements were constructed in various stages with the original Building A portion developed in ~ 1860 and the most recent addition, Building A Annex, completed in 1968. The mechanical and electrical systems have been removed and the complex is in shell condition.



SITE PLAN



The Chocolate Factory's history dates back to the 1800s and has been occupied by multiple warehouse and manufacturing tenants over the years. Each Tenant had different utilizations and made alterations to the both the interior of the building and the building's footprint. The Property is now divided into three connected buildings, varying from 2 to 4 floors above grade.

The main building is Building A, which contains 160,654 square feet of the 240,682 total square feet. Building A represents the larger northern rectangular shape. Building A is further divided amongst the main building and the annex. Main Building A has 160,654 SF with one below grade level, and four levels above grade. Main building A currently offers access points from Washington Avenue, S. 21st Street and S. 22nd Street. The Building A annex represents the Northern section of the Property and runs the length of Kimball Street from S. 21st Street to S. 22nd Street. Building A annex totals 56,368 SF, with one below grade level and two levels above grade. The second level of Building A annex offers a higher floor-to-ceiling height than the rest of the Property.

Building B is the southwestern corner of the Property, which previously housed the mechanical systems and is the site of the smokestack. Building B totals 6,428 SF and has one floor below grade and one floor above grade. Building B has access on both Washington Avenue and S. 22nd Street.

Building C is the southeastern section of the Property, which previously housed office space and garage space with interior loading docks. Building C contains two floors above grade and totals 17,232 SF. Building C has access points on Washington Avenue, S. 21st Street and S. 22nd Street.

The current owner had planned to redevelop the complex into a mixed-use development which encompassed residential, retail, parking and office uses. A variance was granted and issued March 29, 2011. Conceptual building plans pertaining to this proposed redevelopment can be found on the marketing website. The design work has been led by James C. Campbell, AIA, LEED-AP, of Campbell Thomas & Co.



PROPERTY DESCRIPTION

ZONING SUMMARY

Current Zoning Classification

I-2, Medium Industrial

Permitted Uses in I-2 Zoning District Residential Use Category

- Caretaker quarters (caretaker of an industrial use)

Parks & Open Space Use Category

- Passive recreation

Public, Civic, Institutional Use Category

- Safety services
- Transit station
- Utilities and Services (Basic & Major)
- Wireless service facility

Office Use Category

- ALL office types permitted, except sole practitioner medical, dental, health practitioner

Retail Use Category

- Building supplies and equipment
- Animal services
- Building services
- Business support
- Financial services
- Maintenance and repair of consumer goods
- Marina
- Non-accessory parking
- Radio, TV, Recording Services

Vehicle & Vehicular Equipment Sales & Services Category

- ALL uses permitted

Industrial Use Category

- Artist studios and artisan industrial
- Limited and general industrial
- Research and development
- Trucking and transportation terminals

Urban Agriculture Use Category

- ALL uses permitted

Maximum Density (FAR)

500% (subject to height limitation of 60 feet and other dimensional restrictions due to adjacent residential zoning district)

Quantity of Permitted Uses Per I-2 Zoning District

No restriction on number of different uses on the same lot.

Variance Approval/Permitted Uses Per Variance

Use variances were obtained by the current Owner for the

following uses:

- Four (4) doctors' offices
- Uses permitted in "Area Shopping Center" Zoning District (refer to historical version of the Zoning Code, § 14-309 for a complete list)
- Thirteen (13) eat-in/take-out restaurants
- Maximum of fifty-four (54) dwelling units
- Four (4) health spas
- Three (3) gymnasiums

All other proposed uses were permitted by-right, including 136 interior and exterior parking spaces.

Quantity of Permitted Uses Per Variance

A maximum of fifty-four (54) dwelling units was approved.

Approximately fifty-four (54) non-residential tenant spaces were approved, but there is no limit on the number of spaces allowed.

Term of Variance

Valid until July 1, 2016 (pursuant to PA Senate Bill 1263, Act 87 and upon receipt of a valid extension permit)

Term of Variance

A detailed zoning history and analysis can be found on the marketing website.

www.cbremarketplace.com/thechocolatefactory



HISTORIC TAX CREDIT OPPORTUNITY

Through Section 47 of the Internal Revenue Code, the federal government offers historic tax credits (HTCs) to encourage the preservation and adaptive reuse of certified historic and older buildings. HTCs are a dollar-for-dollar reduction of federal income tax liability.

The dollar value of the credit is calculated as a percentage of the qualified rehabilitation expenditures (QREs) incurred during the course of construction. For the rehabilitation of certified historic buildings, the percentage is equal to 20 percent of QREs; for the rehabilitation of non-historic, non-residential buildings built before 1936, the percentage is 10 percent of QREs. The credits become available to the building owner when the completed project is placed-in-service.

Tax credit equity investments can be an extremely valuable part of a historic or older building rehabilitation financing plan. For profit developers can use the subsidies from tax credits as part of a "gap" financing strategy. In the case of a nonprofit developer, such as a community development corporation, the availability of tax credit equity can help a nonprofit with fundraising by showing prospective donors that tax credit equity will reduce the amount of charitable funds that have to be raised.

To qualify for either the 20 percent or the 10 percent historic tax credit, the rehabilitation must be "substantial". A substantial rehabilitation means that a taxpayer's QREs during a 24-month or 60-month measuring period (for a phased project) must exceed the "adjusted basis" of the building or \$5,000, whichever is greater. The adjusted basis is generally defined as the purchase price, minus the cost of the land, plus the value of any capital improvements made since the building acquisition, minus any depreciation already taken. Eligible properties must be income-producing to qualify for historic tax credits; therefore, owner-occupied residences are not eligible.

To qualify for the 20 percent credit, the rehabilitation must also be certified as conforming to the Secretary's Standards for Historic Rehabilitation. This certification is achieved by completing a three-part application process which is reviewed first by the state historic preservation office (SHPO) and then by the National Park Service (NPS).

Virtually all of the rules that apply to the 20 percent historic credit apply to the 10 percent credit with a few notable exceptions. The 10 percent credit requires no design review at the state or federal level, but there is a "wall test" requiring that three of the original four exterior walls remain intact. If this property is located within a historic district, the Part 1 application must be filed and approved by the National Park Service to confirm its non-contributing status. To redeem the 10 percent credit, the developer simply needs to attach Form 3468 to his/her tax return.

The compliance and recapture period for the federal historic credits is five years from the date the property is placed in service. Twenty percent of the recapture risk burns off every year.

Tax Incentives for Preserving Historic Properties

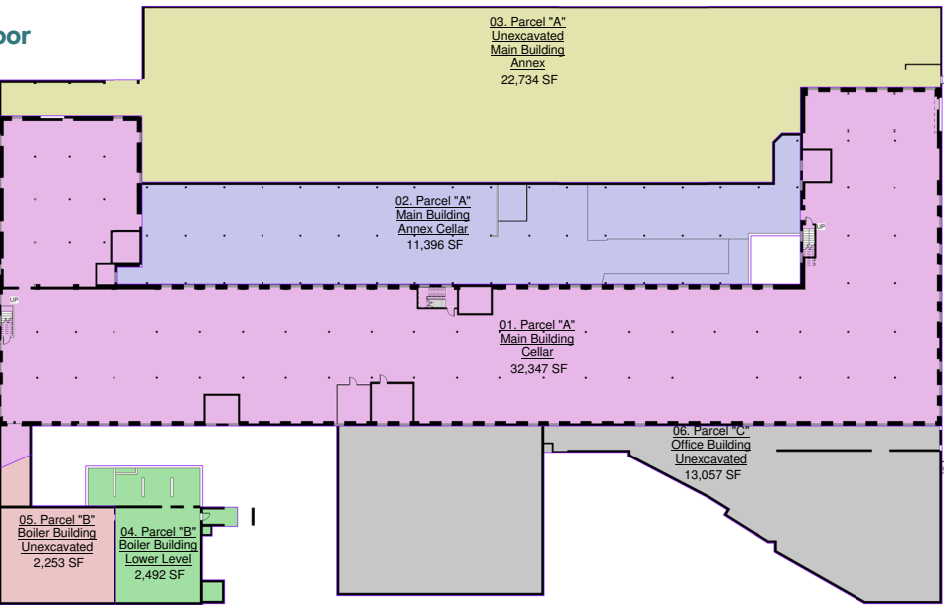
The Federal Historic Preservation Tax Incentives program encourages private sector investment in the rehabilitation and re-use of historic buildings. It creates jobs and is one of the nation's most successful and cost-effective community revitalization programs. It has leveraged over \$69 billion in private investment to preserve 39,600 historic properties since 1976. The National Park Service and the Internal Revenue Service administer the program in partnership with State Historic Preservation Offices.

20% Tax Credit

A 20% income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service, to be "certified historic structures." The State Historic Preservation Offices and the National Park Service review the rehabilitation work to ensure that it complies with the Secretary's Standards for Rehabilitation. The Internal Revenue Service defines qualified rehabilitation expenses on which the credit may be taken. Owner-occupied residential properties do not qualify for the federal rehabilitation tax credit. Learn more about this credit before you apply.

FLOOR PLANS

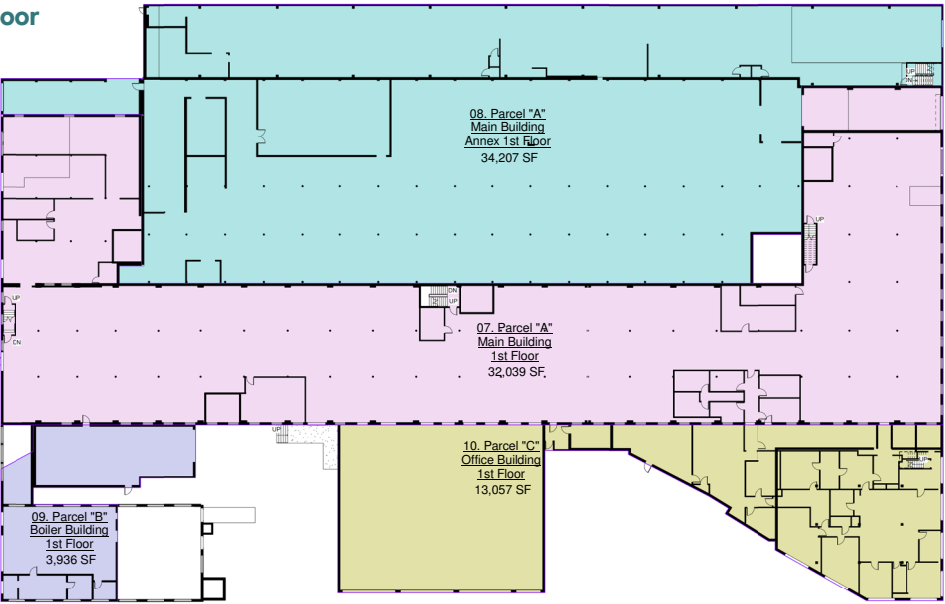
Ground Floor



- Gross Areas of Existing Structures
- 01. Parcel "A" Main Building Cellar
 - 02. Parcel "A" Main Building Annex Cellar
 - 03. Parcel "A" Unexcavated Main Building Annex
 - 04. Parcel "B" Boiler Building Lower Level
 - 05. Parcel "B" Boiler Building Unexcavated
 - 06. Parcel "C" Office Building Unexcavated

5 - EXG. CELLAR/ GROUND FLOOR
1" = 20'-0"

First Floor

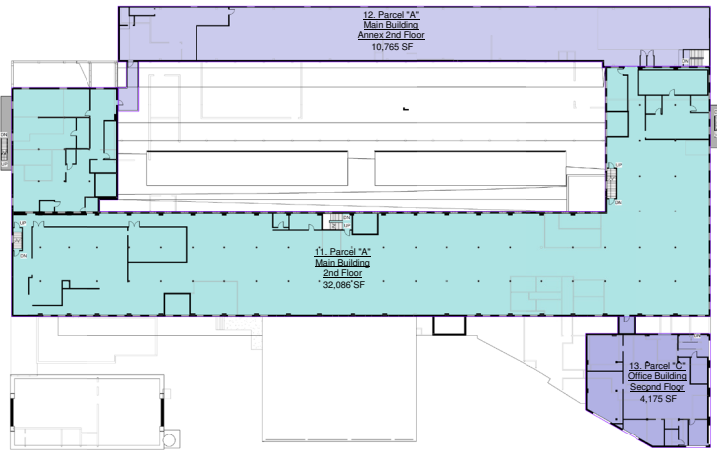


- Gross Areas of Existing Structures
- 07. Parcel "A" Main Building 1st Floor
 - 08. Parcel "A" Main Building Annex 1st Floor
 - 09. Parcel "B" Boiler Building 1st Floor
 - 10. Parcel "C" Office Building 1st Floor

1 - EXG. FIRST LEVEL
1" = 20'-0"

FLOOR PLANS

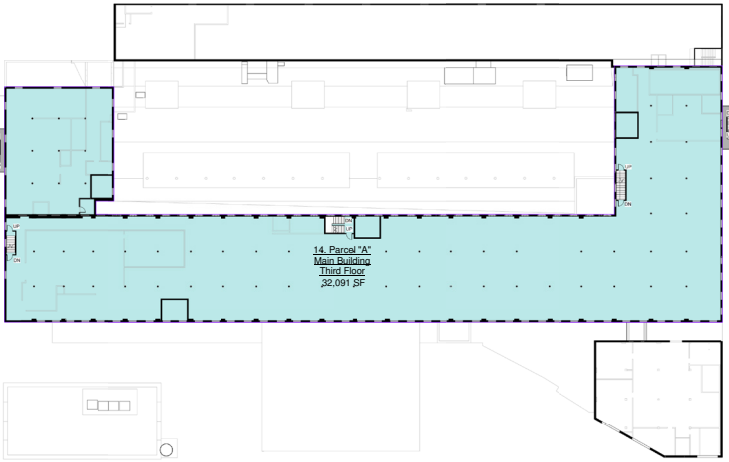
Second Floor



- Gross Areas of Existing Str
- 11. Parcel "A" Main Building 2nd
 - 12. Parcel "A" Main Building Ann
 - 13. Parcel "C" Office Building Se

2 - EXG. SECOND LEVEL
1" = 20'-0"

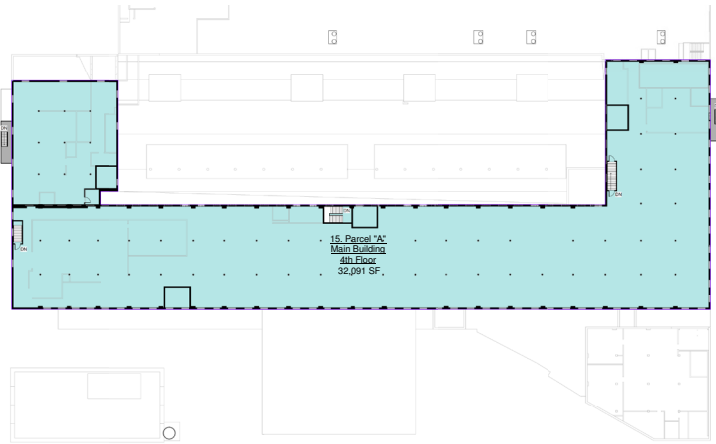
Third Floor



- Gross Areas of Existing Structures
- 14. Parcel "A" Main Building Third Floor

3 - EXG. THIRD LEVEL
1" = 20'-0"

Fourth Floor



- Gross Areas of Existing Structures
- 15. Parcel "A" Main Building 4th Floor

4 - EXG. FOURTH LEVEL
1" = 20'-0"

CENTER CITY PHILADELPHIA OVERVIEW



CENTER CITY OVERVIEW

Greater Philadelphia, the nation’s fifth largest metropolitan area and fifth largest city, is situated in the heart of the Northeast Corridor and is the keystone of major north-south, east-west highway and rail networks. MSA Population is estimated to be approximately 6 million, with projected population growth of 1.7% from 2011 to 2016. The Greater Philadelphia market area spans eleven counties in Southeastern Pennsylvania, Southern New Jersey and Northern Delaware.

Philadelphia boasts strong economic fundamentals. According to the US Bureau of Economic Analysis, the Gross Metropolitan Product for the Philadelphia Region is the ninth largest in the U.S. (\$335 billion). The strength and desirability of Greater Philadelphia is characterized by its economic diversity and population density. Its location, high concentration of educational, medical and government facilities, and a strong transportation network underscore these strengths. Residents of the Philadelphia area have always enjoyed a quality of life ranked among the highest in the country. In addition to the numerous and growing number of high quality urban housing opportunities, there are abundant desirable suburban communities that are easily accessible by one of the country’s best highway and mass transit system.

Economic Diversity

Greater Philadelphia has one of the most diverse economies in the nation. The region is home to the headquarters of more than 150 national and international companies. Long established corporations, including Comcast, E.I. du Pont de Nemours and

Company, CIGNA, Aramark, Dow Chemical, Campbell Soup, Crown Holdings, NRG Energy, Unisys, SunGard Data Systems, IKON Office Solutions, Verizon, ACE USA, Shire and Aetna/US Healthcare, Inc. have made a significant contribution to the broad economic base that provides a stable regional economy and positive business climate.

Transportation

The Greater Philadelphia area is crossed by more than 2,500 miles of interstate, state and local highways and roads that connect it to neighboring states and the rest of Pennsylvania.

Principal highways in Greater Philadelphia include:

- The Pennsylvania Turnpike, which provides east-west access, as well as northern connections via Interstate 476 (Northeast Extension) and connections to the New Jersey Turnpike
- Interstate 95, a major north-south freeway that follows the Delaware River and passes by the Philadelphia International Airport
- Interstate 476 (the Blue Route) which connects Interstate 95 with the Pennsylvania Turnpike as it runs north-south, continuing northward to Allentown as the Northeast Extension of the Pennsylvania Turnpike
- Interstate 76 (the Schuylkill Expressway) which links south Philadelphia and southern New Jersey to the western suburbs through Center City
- Interstate 676 (the Vine Street Expressway) runs through Center City Philadelphia

- The New Jersey Turnpike runs from New York City to the Delaware state line
- The Atlantic City Expressway is the main route for travelers to the New Jersey shore
- Interstate 495 is an alternate express route to Interstate 95 that circles around the Wilmington, DE area
- The Ben Franklin, Betsy Ross, Walt Whitman, Commodore Barry and Tacony-Palmyra bridges carry traffic between Pennsylvania and New Jersey

Philadelphia is at the heart of the Northeast Corridor rail system. Amtrak’s 30th Street Station is the second busiest in the United States with more than 3.6 million passengers using the station each year. Hourly train service to New York and Washington is provided, with total station volume exceeding 550 trains per week. The Acela Express is a highspeed train that provides access between Washington, D.C. and Boston through Philadelphia’s 30th Street Station. New York City is only a one hour five minute train ride from 30th Street Station. Conrail provides rail freight service via an extended network through the region. Center City Philadelphia is accessible to all surrounding Pennsylvania counties by train via the Southeastern Pennsylvania Transportation Authority (SEPTA). With approximately 50 bus and rail lines, SEPTA is the fourth largest mass transit system in the nation and has one of the most comprehensive bus, subway and commuter rail systems in the United States. The PATCO high-speed line and New Jersey Transit links the New Jersey suburbs with Center City Philadelphia and the Pennsylvania suburbs.

The Port of Philadelphia has the largest volume of tonnage on the East Coast with maritime facilities on the Delaware River in Pennsylvania, New Jersey and Delaware. The port does in excess of 70 million tons of cargo per year. Philadelphia’s central location and sophisticated transportation network enable distributors to provide next day/second day delivery to 65% of the United States and 67% of Canada. It is the largest importer of paper products, meat, iron, steel and winter fruit on the East Coast. The port has the largest concentration of petroleum products on the East Coast and is the fourth largest U.S. seaport for imported goods.

Education

Philadelphia’s educational heritage began with the founding of the University of Pennsylvania, the nation’s first university and world renowned Ivy League school. Today, Greater Philadelphia has 92 degree granting institutions offering the highest concentration of colleges and universities in the United States and producing over 66,000 new graduates every year. Twenty-six of these institutions, including the five largest within the region, are located within the City itself.

Notable area schools include: Bryn Mawr College, Drexel University, Haverford College, LaSalle University, Philadelphia University, Princeton University, Rutgers University, St. Joseph’s University, Swarthmore College, Temple University, The University of Delaware, The University of Pennsylvania, Villanova University and Widener University. Many of these schools received top rankings in the U.S. News and World Report annual survey. Three



CENTER CITY OVERVIEW

major universities (Drexel University, Temple University and the University of Pennsylvania) are immediately adjacent to Center City. Philadelphia also boasts six medical schools and 26 teaching hospitals. Area medical schools include the University of Pennsylvania, Jefferson, Temple, Drexel University College of Medicine, Philadelphia College of Osteopathic Medicine and The Medical College of Pennsylvania.

Healthcare

One of the nation’s largest concentrations of health care resources is here in Greater Philadelphia. In addition to the large number of medical schools, the region also has two dental schools, three pharmacy schools, veterinary, optometry, and podiatry schools, with multiple area universities offering advanced degrees in biological sciences. There are more than 120 hospitals in the Philadelphia area including specialized institutions such as Children’s Hospital of Philadelphia and Hospital of the University of Pennsylvania, just a short distance from the Property. Well known medical research centers include the Wistar Institute and Fox Chase Cancer Center. Correspondingly, the Greater Philadelphia Region ranks in the top 10 U.S. metros in the number of engineering degrees obtained per year.

Culture

Since the 1700’s, Philadelphia has been a center of excellence in the visual and performing arts. The Philadelphia Orchestra and the Philadelphia Museum of Art (third largest in the United States) are recognized as world-class institutions. The Impressionist collection at the Art Museum combined with the Barnes Foundation form the largest collection of impressionist art outside Europe. The Rodin Museum has the largest collection of this sculptor’s work outside Paris. Cultural and entertainment opportunities in the region include:

- Academy of Fine Arts
- Academy of Natural Sciences
- Philadelphia Museum of Art
- Philadelphia Orchestra
- Franklin Institute
- Mann Music Center
- Rodin Museum
- Opera Company of Philadelphia
- The Philadelphia Zoo
- Pennsylvania Ballet
- Kimmel Center for the Performing Arts
- National Constitution Center

Summary

The Greater Philadelphia region is an area rich in history and prosperity. As the fifth largest metropolitan center in the United States, the region offers an extensive array of cultural, historical and recreational facilities. From its position in the center of the eastern megalopolis to its diverse economy, the Greater Philadelphia region is poised for continued growth and prosperity.

NEIGHBORHOOD OVERVIEW

Neighborhood Overview

Graduate Hospital is a 0.5 square mile area in the southwest section of Center City Philadelphia. Graduate Hospital is defined as the Schuylkill River to the west, Broad Street to the east, South Street to the north and Washington Avenue to the south. Once a run-down neighborhood characterized by vacant homes and crime, Graduate Hospital has grown into one of the safest, most popular and affluent neighborhoods in the city of Philadelphia.

Demographics

The population in Graduate Hospital has grown by leaps and bounds over the past few years. Residents seeking to be within walking distance of offices along Market Street, employers and schools in University City, and easy access to the rest of the Philadelphia MSA by way of the MSA’s highway system or Philadelphia’s public transportation system, SEPTA, are all flocking to Graduate Hospital. The population has grown by 16% since 2000 to 12,299 people and an additional 1,700 residents now call Graduate Hospital Home. Of the Graduate Hospital residents, 49% rent and over 65% have moved into the neighborhood since 2005. The average median income growth has significantly outpaced all of the other surrounding submarkets, showing a 106% increase since 2000 compared to 21% in the entire Philadelphia MSA and 26% in the US. Moreover, the median home value for Graduate Hospital has grown by 240% since 2000, compared to a 51% increase in the Philadelphia MSA and a 120% increase in the US, further demonstrating the demand for residential real estate in Graduate Hospital. (Source: Claritas)

Housing

Housing in Graduate Hospital is characterized by a mix of single-family and multi-family 19th and early 20th century row homes, as well as recently completed gut-rehabs and brand new row homes. Over the past several years, developers have been purchasing dilapidated and vacant houses and redeveloping them. A recent study by the Fels Institute of Government at the University of Pennsylvania showed a decline of vacant houses in the Graduate Hospital neighborhood of 91% over a 10 year period. These homes have either been rehabbed or demolished and rebuilt. That number is expected to continue to improve as less opportunities for redevelopment are available and more residents want to live in the neighborhood.

Philadelphia has long been known as a high-barrier to entry market. Historically, there have been very few sites of comparable size to The Chocolate Factory in the entire Center City area. There are currently no multihousing properties greater than 50 units within the Graduate Hospital area.

Employment

One of the largest drivers of growth in Graduate Hostital submarket is its proximity to offices along the Market Street corridor, as well as its proximity to University City. The Market Street corridor is home to numerous corporations and boasts the largest majority of Center City employment. University City is located just across the Schuylkill River from Graduate Hospital and is some of the region’s largest employers including The Children’s Hospital of Philadelphia (“CHOP”) and The University of Pennsylvania Health System. In addition, six colleges and universities are located in University City, with many of its faculty, staff and students choosing to live in Graduate Hospital.

CHOP recently broke ground on a 2.5MSF office and research development in the northwestern corner of Graduate Hospital along the Schuylkill River. The project will be completed in phases with Phase 1 including a 22-story office building, scheduled to be completed in 2017. CHOP’s expansion is expected to bring an additional 1,000 employees to Graduate Hospital.



NEIGHBORHOOD OVERVIEW

Access And Walkability

Many residents choose to live in Graduate Hospital for its accessibility and walkability. The Chocolate Factory has a Walk Score of 92, a Transit Score of 72 and a Bike Score of 99. Over 40% of the residents do not own a car. Approximately 60% of the workforce either walks, bicycles or takes public transportation to work. Over 65% of the population commutes less than 30 minutes each day, and 16% commute less than 15 minutes daily.

The neighborhood is serviced by Septa Bus Routes 2, 7, 12, 17, 40 and 64. In addition, SEPTA's Broad Street Subway Line, which runs North and South on Broad Street has two subway stops in Graduate Hospital. Residents of Graduate Hospital further benefit from its walking-distance proximity to SEPTA's regional rail stations at Suburban Station and University City, serving the surrounding suburbs, as well as Amtrak's 30th Street station serving the Northeast Corridor of the United States.

Philadelphia has made a push to become a more bicycle friendly city. Under recent political leadership, Philadelphia has added over 200 miles of bike lanes, resulting in improved environmental conditions and healthier residents as well as offering improved safety conditions for those that ride a bicycle in the city. Philadelphia's expanding bike lane offerings make it the 5th most bike-friendly city in the country, and it's 2.3% bicycle-commuter rate makes ranks first among the 10 largest cities in the US. Graduate Hospital is a particularly bicycle-oriented population with 9% commuting to work daily by bicycle, compared to both the Philadelphia and National average of 0.6%.

Graduate Hospital's link to I-76 (The Schuylkill Expressway), University City and West Philadelphia is made on the recently rebuilt South Street Bridge. The South Street Bridge is the main artery into University City, with 1,000s of cars, bikes and pedestrians crossing it daily.

Quality Of Life

Graduate Hospital is home to some of the city's best restaurants, bars, coffee shops and shopping destinations. Many of these restaurants and stores are located along South Street, a pedestrian friendly stretch of 10 blocks. Catering to the new resident base, South Street offers a variety of restaurant types, bars, coffee shops, grocery stores, boutique shopping, music venues and more.

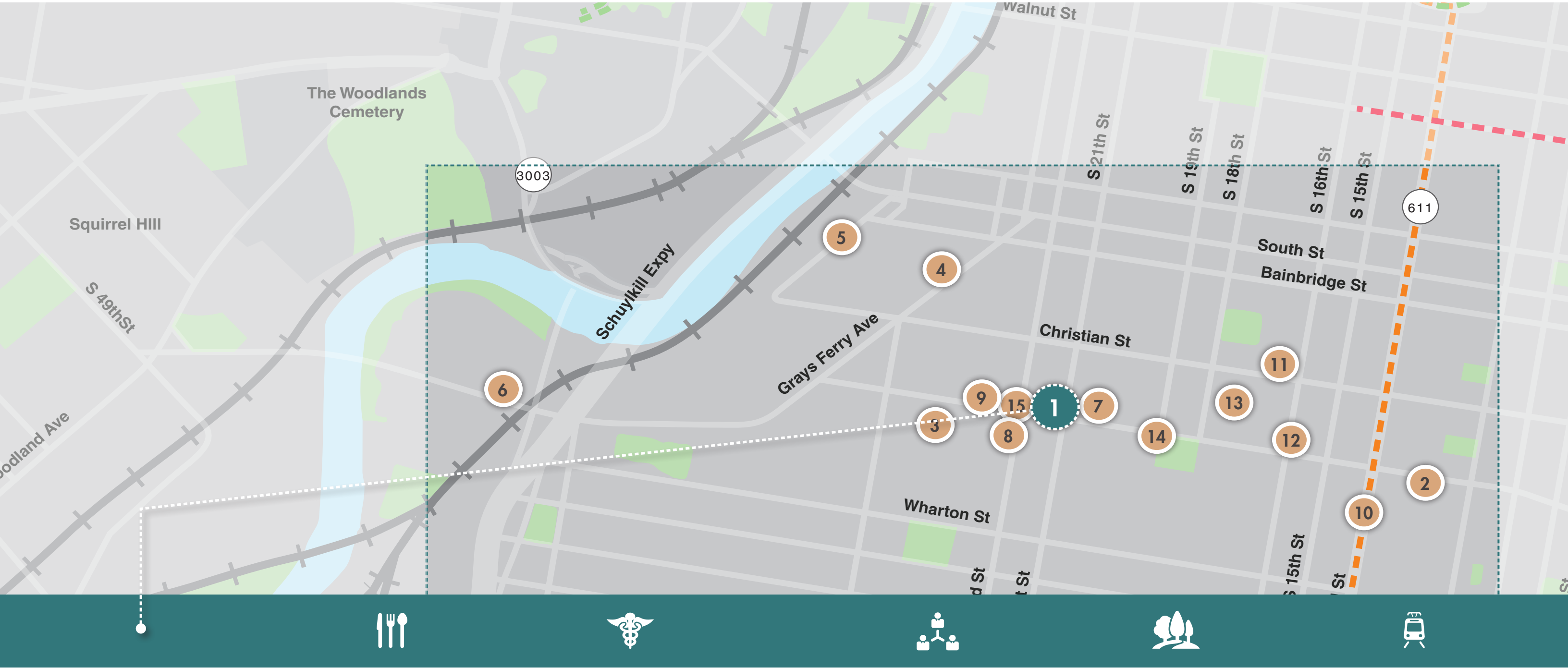
Graduate Hospital also has access to the Schuylkill Banks, which connects Center City with one of the country's largest urban parks, Fairmount Park. The Schuylkill Banks recently completed an \$18M, 2,000 Ft long Boardwalk over the Schuylkill River extending the trail further. The Schuylkill Bank's landscaped 8-mile span averages 19,000 visitors per week and begins in Graduate Hospital.

Summary

Graduate Hospital is one of Philadelphia's most affluent and desirable places to live. The area benefits from its proximity to CBD employers as well as University City employers and schools. The changes have attracted a large number of people to live in the area, as well as restaurants and retail to support the growing and changing resident base. Demand for quality housing continues to grow, with very limited opportunities for large-scale multihousing construction. The area is poised for continued growth and prosperity.



RECENT IMMEDIATE AREA AMENITY COMPLETIONS



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and other documents of whatever nature independently and not rely on the contents of this Memorandum in any manner.

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