

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A	This return/report is for: <div><div><input type="checkbox"/> a multiemployer plan;</div><div><input checked="" type="checkbox"/> a single-employer plan;</div><div><input type="checkbox"/> a multiple-employer plan; or</div><div><input type="checkbox"/> a DFE (specify) ____</div></div>
B	This return/report is: <div><div><input type="checkbox"/> the first return/report;</div><div><input checked="" type="checkbox"/> an amended return/report;</div><div><input type="checkbox"/> the final return/report;</div><div><input type="checkbox"/> a short plan year return/report (less than 12 months).</div></div>
C	If the plan is a collectively-bargained plan, check here. ▶ <input type="checkbox"/>
D	Check box if filing under: <div><div><input checked="" type="checkbox"/> Form 5558;</div><div><input type="checkbox"/> automatic extension;</div><div><input type="checkbox"/> the DFVC program;</div><div><input type="checkbox"/> special extension (enter description)</div></div>

Part II	Basic Plan Information—enter all requested information
1a	Name of plan HARBOR PROPERTIES, INC. EMPLOYEES SAVINGS & SECURITY PLAN
1b	Three-digit plan number (PN) ▶ 002
1c	Effective date of plan 01/01/1985
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) HARBOR PROPERTIES, INC. 1411 4TH AVENUE STE 500 SEATTLE, WA 98101
2b	Employer Identification Number (EIN) 91-0890949
2c	Sponsor's telephone number 206-623-0916
2d	Business code (see instructions) 531120

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2010	DAWN STEPHENS
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")

HARBOR PROPERTIES, INC.

1411 4TH AVENUE
STE 500
SEATTLE, WA 98101**3b** Administrator's EIN

91-0890949

3c Administrator's telephone number

206-623-0916

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:**a** Sponsor's name**4b** EIN**4c** PN**5** Total number of participants at the beginning of the plan year**5**

312

6 Number of participants as of the end of the plan year (welfare plans complete only lines **6a**, **6b**, **6c**, and **6d**).**a** Active participants.....**6a**

226

b Retired or separated participants receiving benefits.....**6b**

0

c Other retired or separated participants entitled to future benefits.....**6c**

101

d Subtotal. Add lines **6a**, **6b**, and **6c**.....**6d**

327

e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....**6e**

3

f Total. Add lines **6d** and **6e**.....**6f**

330

g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....**6g**

224

h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....**6h**

0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)**7****8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2F 2G 2J 2K 2T 3D 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:**9a** Plan funding arrangement (check all that apply)(1) ☐

Insurance

(2) ☐

Code section 412(e)(3) insurance contracts

(3) ☒

Trust

(4) ☐

General assets of the sponsor

9b Plan benefit arrangement (check all that apply)(1) ☐

Insurance

(2) ☐

Code section 412(e)(3) insurance contracts

(3) ☒

Trust

(4) ☐

General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)**a Pension Schedules**(1) ☒**R** (Retirement Plan Information)(2) ☐**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary(3) ☐**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary**b General Schedules**(1) ☒**H** (Financial Information)(2) ☐**I** (Financial Information - Small Plan)(3) ☐**A** (Insurance Information)(4) ☒**C** (Service Provider Information)(5) ☐**D** (DFE/Participating Plan Information)(6) ☐**G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan HARBOR PROPERTIES, INC. EMPLOYEES SAVINGS & SECURITY PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 HARBOR PROPERTIES, INC.	D Employer Identification Number (EIN) 91-0890949	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FIDELITY INVESTMENTS INST. OPS. CO.
04-2647786

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 37 65 25 60	RECORDKEEPER	7362	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	0	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ABF LG CAP VAL INV - STATE STREET B 04-1867445	0.35%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
AF GRTH FUND AMER R4 - AMERICAN FUN 95-2566717	0.35%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ALLNZ NFJ SMCPVAL AD - BOSTON FINAN 04-2526037	0.35%

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ARTISAN MID CAP VAL - BOSTON FINANC 04-2526037	0.40%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
COLUMBIA ACORN Z - COLUMBIA MANAGEM 04-2838628	0.35%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
NB GENESIS - TR CL - STATE STREET B ONE LINCOLN STREET BOSTON, MA 02111	0.35%

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
PIMCO TOT RETURN ADM - BOSTON FINAN 04-2526037	0.25%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
ROYCE VALUE PLUS SER - BOSTON FINAN 04-2526037	0.45%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
VICTORY DIVERS STK A - BISYS FUND S 13-3532663	0.35%	

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>12/31/2009</u>		
A Name of plan <u>HARBOR PROPERTIES, INC. EMPLOYEES SAVINGS & SECURITY PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>HARBOR PROPERTIES, INC.</u>	D Employer Identification Number (EIN) <u>91-0890949</u>	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	4156
(2) Participant contributions	1b(2)	0	8238
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	172362	177625
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	35065	21617
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	4463930	6077478
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	4671357	6289114

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	4671357	6289114
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	154527	
(B) Participants	2a(1)(B)	369614	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		524141

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1163	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	2440	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		3603

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	87843	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		87843

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		1234456
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		1850043

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	216812	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		216812
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		8108
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	7366	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		7366
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		232286

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		1617757
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: VISSE & COMPANY CPAS

(2) EIN: 54-2088418

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		750000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

<div>SCHEDULE R (Form 5500) <div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div>		<div>Retirement Plan Information</div> <div>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>► File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2009</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009					
A Name of plan HARBOR PROPERTIES, INC. EMPLOYEES SAVINGS & SECURITY PLAN				B Three-digit plan number (PN) ► 002	
C Plan sponsor's name as shown on line 2a of Form 5500 HARBOR PROPERTIES, INC.				D Employer Identification Number (EIN) 91-0890949	
Part I Distributions					
All references to distributions relate only to payments of benefits during the plan year.					
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....				1 0	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 04-6568107					
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.					
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....				3	
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)					
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A					
If the plan is a defined benefit plan, go to line 8.					
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____					
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.					
6 a Enter the minimum required contribution for this plan year				6a	
b Enter the amount contributed by the employer to the plan for this plan year				6b	
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....				6c	
If you completed line 6c, skip lines 8 and 9.					
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A					
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A					
Part III Amendments					
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. <input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> Both <input type="checkbox"/> No					
Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.					
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? <input type="checkbox"/> Yes <input type="checkbox"/> No					
11 a Does the ESOP hold any preferred stock? <input type="checkbox"/> Yes <input type="checkbox"/> No					
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) <input type="checkbox"/> Yes <input type="checkbox"/> No					
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? <input type="checkbox"/> Yes <input type="checkbox"/> No					
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.				Schedule R (Form 5500) 2009 v.092308.1	

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

**Harbor Properties, Inc.
Employee Savings & Security Plan**

**Financial Statements and
Supplemental Schedule**

December 31, 2009 and 2008

Harbor Properties, Inc.
Employee Savings & Security Plan

Financial Statements and
Supplemental Schedule

December 31, 2009 and 2008

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INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
Harbor Properties, Inc. Employee Savings & Security Plan

We were engaged to audit the financial statements of the Harbor Properties, Inc. Employee Savings & Security Plan as of December 31, 2009 and 2008 and for the years then ended, and the supplemental schedule as of and for the year ended December 31, 2009 as listed in the accompanying table of contents. These financial statements and schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and the Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the year ended December 31, 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and schedule taken as a whole. The form and content of the information included in the financial statements and schedule, other than that derived from the information certified by the custodian, has been audited by us in accordance with auditing standards generally accepted in the United States, and in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Visse & Company, CPAs

August 16, 2010

HARBOR PROPERTIES, INC.
EMPLOYEE SAVINGS & SECURITY PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Investments		
At fair value:		
Money market	\$ 177,625	\$ 172,362
Mutual funds	6,077,478	4,463,930
Participant loans	<u>30,087</u>	<u>35,065</u>
Total investments	<u>6,285,190</u>	<u>4,671,357</u>
Receivables		
Employer contributions	4,156	-
Participants' contributions	<u>8,238</u>	<u>-</u>
Total receivables	<u>12,394</u>	<u>-</u>
TOTAL ASSETS	<u>6,297,584</u>	<u>4,671,357</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 6,297,584</u>	<u>\$ 4,671,357</u>

HARBOR PROPERTIES, INC.
EMPLOYEE SAVINGS & SECURITY PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ADDITIONS		
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments	\$ 1,234,457	\$ -
Interest	3,964	3,655
Dividends and capital gains distributions	<u>87,843</u>	<u>124,224</u>
	<u>1,326,264</u>	<u>127,879</u>
Contributions:		
Employer contributions	164,708	183,903
Participants' pre-tax contributions	328,881	367,420
Participants' Roth post-tax contributions	<u>30,552</u>	<u>36,650</u>
	<u>524,141</u>	<u>587,973</u>
TOTAL ADDITIONS	<u>1,850,405</u>	<u>715,852</u>
DEDUCTIONS		
Deductions from net assets attributed to:		
Net depreciation in fair value of investments	-	2,648,048
Benefits paid to participants	216,812	1,225,173
Administrative expenses	<u>7,366</u>	<u>22,264</u>
TOTAL DEDUCTIONS	<u>224,178</u>	<u>3,895,485</u>
NET INCREASE (DECREASE)	1,626,227	(3,179,633)
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	<u>4,671,357</u>	<u>7,850,990</u>
End of year	<u>\$ 6,297,584</u>	<u>\$ 4,671,357</u>

HARBOR PROPERTIES, INC.
EMPLOYEE SAVINGS & SECURITY PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Note 1. – DESCRIPTION OF PLAN

The following description of the Harbor Properties, Inc. (the “Company”) Employee Savings & Security Plan (the “Plan”) provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan’s provisions.

General. The Plan is a defined contribution plan covering substantially all employees of the Company and its affiliates, Harbor Properties Investors, LLC and New Stevens, LLC. Employees of Harbor Properties and Harbor Properties Investors, LLC are eligible to participate in the Plan if they have completed three months of service, as defined in the plan, and attained age 20-1/2. Employees of New Stevens, LLC are eligible to participate in the Plan if they have completed one year of service, as defined in the Plan, and attained age 20-1/2. The Plan does not include employees whose employment is governed by a collective bargaining agreement. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions. Each participant may elect to defer and contribute a percentage of his or her annual compensation, as defined in the Plan, pretax. In addition, effective January 1, 2007 the Plan allows participants to contribute to Roth 401(k) accounts on a post-tax basis. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers 24 mutual fund choices with Fidelity Management Trust Company (see Note 8). The Company matches 100% of the participant’s contributions for Harbor Properties and New Stevens employees, limited to 4% of the participant’s compensation. The match is considered a safe-harbor match that allows the Plan to satisfy non-discrimination tests required by the Internal Revenue Code. Additional discretionary profit sharing amounts may be contributed at the option of the Company’s board of directors. The Company did not make a discretionary contribution for 2009 or 2008. Contributions are subject to certain limitations.

Participant Accounts. Each participant’s account is credited with the participant’s contributions, earnings from individually directed investment accounts and allocations of the Company’s contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.

Vesting. Participants are immediately vested in their elective contributions and safe-harbor match, plus actual earnings thereon. Vesting in the Company’s discretionary contribution portion of their accounts plus earnings thereon is based on credited years of service with the Company. A participant is 100% vested after three years of credited service.

HARBOR PROPERTIES, INC.
EMPLOYEE SAVINGS & SECURITY PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Note 1. – DESCRIPTION OF PLAN, continued

Participant Loans. Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum of \$50,000 or 50% of their vested account balance, whichever is less. The loans are secured by the balance in the participant's account. Loan interest is fixed at the time of the loan and is determined by the Plan Administrator based on prevailing rates charged for similar loans. Principal and interest are paid ratably through payroll deductions. Repayment of loans other than home loans must not exceed five years. Home loans may be repaid over a period not to exceed ten years.

Payment of Benefits. Upon termination of service due to retirement, death, disability, or termination of employment, a participant may elect to receive the value of their vested account balance in the form of an annuity payable over single or joint life expectancies, installments over a period not to exceed life expectancy, a single lump-sum payment, or a direct rollover to an eligible retirement plan.

Subject to Plan Committee approval, participants with immediate financial hardships may receive a partial or total distribution.

Administrative Expenses. Administrative expenses of the Plan are paid by the Plan from forfeited accounts, and from participant accounts, with the remainder absorbed by the Company. Participant accounts are charged fees for loans, and processing withdrawals and distributions.

HARBOR PROPERTIES, INC.
EMPLOYEE SAVINGS & SECURITY PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Note 2. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review

Subsequent events were evaluated through August 17, 2010, which is the date the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan Administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 3 for discussion on fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Participant loans are valued at their outstanding balances, which approximate fair value.

Payment of Benefits

Benefits are recorded when paid.

HARBOR PROPERTIES, INC.
EMPLOYEE SAVINGS & SECURITY PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Note 3. – FAIR VALUE MEASUREMENTS

The Plan's investments are reported at fair value in the accompanying Statements of Net Assets Available for Benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

		Fair Value Measurements using:	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
December 31, 2009			
Money market	\$ 177,625	\$ 177,625	\$ -
Mutual funds	6,077,478	6,077,478	-
Participant loans	30,087	-	30,087
Total	\$ 6,285,190	\$ 6,255,103	\$ 30,087
December 31, 2008			
Money market	\$ 172,362	\$ 172,362	\$ -
Mutual funds	4,463,930	4,463,930	-
Participant loans	35,065	-	35,065
Total	\$ 4,671,357	\$ 4,636,292	\$ 35,065

Continued on Page 8-

HARBOR PROPERTIES, INC.
EMPLOYEE SAVINGS & SECURITY PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Note 3. – FAIR VALUE MEASUREMENTS, continued

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No level 2 inputs were used by the Plan.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values held by the Plan year-end. The fair values of common stocks and limited partnerships are based on the closing price reported on the active market where the individual securities are traded.

Level 3 Fair Value Measurements

Participant loans are not actively traded and significant other observable inputs are not available. The fair value of participant loans approximates the amortized cost of the loans because the loans are secured by each respective participant's account balance. The following table provides further details of the Level 3 fair value measurements.

	<u>Participant Loans</u>	<u>Total</u>
December 31, 2009		
Beginning balance	\$ 35,065	\$ 35,065
Interest credited	2,802	2,802
Total gains (losses) (realized and unrealized) included in changes in net assets available for benefits	-	-
Purchases, sales, issuances and settlements	<u>(7,780)</u>	<u>(7,780)</u>
Ending balance	<u>\$ 30,087</u>	<u>\$ 30,087</u>

Continued on page 9

HARBOR PROPERTIES, INC.
EMPLOYEE SAVINGS & SECURITY PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Note 3. – FAIR VALUE MEASUREMENTS, continued

	<u>Participant Loans</u>	<u>Total</u>
December 31, 2008		
Beginning balance	\$ 37,693	\$ 37,693
Interest credited	3,655	3,655
Total gains (losses) (realized and unrealized) included in changes in net assets available for benefits	-	-
Purchases, sales, issuances and settlements	<u>(6,283)</u>	<u>(6,283)</u>
Ending balance	<u>\$ 35,065</u>	<u>\$ 35,065</u>

Gains and losses (realized and unrealized) included in changes in net assets available for benefits for the years ended December 31, 2009 and 2008 are reported in net appreciation (depreciation) in fair value of investments.

HARBOR PROPERTIES, INC.
EMPLOYEE SAVINGS & SECURITY PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Note 4. – INFORMATION PREPARED AND CERTIFIED BY THE CUSTODIAN

The following information included in the accompanying financial statements and supplemental schedule was obtained from data that has been prepared and certified by Fidelity Management Trust Company, the trustee, as complete and accurate in accordance with Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

	<i>December 31,</i>	
	<u>2009</u>	<u>2008</u>
Fidelity Management Trust Company		
Mutual funds, at fair value:		
Columbia Acorn Fund Class Z	\$ 337,751	\$ - *
American Beacon Large Cap Value Plan Ahead Class	522,771	383,246
Neuberger Berman Genesis Fund	360,907	285,458
American Funds - Growth Fund of America R4	1,084,070	744,864
Victory Diversified Stock A	799,613	639,717
Fidelity Balanced Fund	651,162	564,046
Fidelity International Discovery Fund	1,110,697	793,602
Fidelity US Bond Index Fund	291,405 *	347,212
Other mutual funds	<u>1,096,727</u>	<u>878,147</u>
 Total Mutual Funds	 <u>\$ 6,255,103</u>	 <u>\$ 4,636,292</u>

* - Investment did not represent 5% of the Plan's net assets in the year noted.

Investments above that represent 5% or more of the net assets of the Plan at December 31, 2009 and 2008 are stated separately.

Net appreciation (depreciation) in the fair value of mutual fund investments listed above for the years ended December 31, 2009 and 2008 was \$1,234,457 and (\$2,648,048), respectively.

Reinvested dividends and capital gains distributions during 2009 and 2008 totaled \$87,843 and \$124,224, respectively.

The Plan's independent accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

HARBOR PROPERTIES, INC.
EMPLOYEE SAVINGS & SECURITY PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

Note 5. – PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

Note 6. – TAX STATUS

The Internal Revenue Service has determined and informed the Company by letter dated March 23, 1995, that the Plan and related trust are designed in accordance with the applicable sections of the Internal Revenue Code (IRC). Effective July 20, 2009, the Company amended and restated its Plan by adopting a volume submitter defined contribution plan prepared by Fidelity Management & Research Company. The Internal Revenue Service has determined and informed Fidelity Management & Research Company that its volume submitter defined contribution plan and related trust are designed in accordance with the applicable sections of the IRC. Although the Plan has been amended several times since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Note 7. – RISKS AND UNCERTAINTIES

The plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

Note 8. – RELATED-PARTY TRANSACTIONS

Certain Plan investments with Fidelity Funds are managed by affiliates of Fidelity Management Trust Company, the trustee. The affiliates receive investment management fees for their services. These transactions, therefore, qualify as party-in-interest transactions. Any such fees are offset against plan investment income and losses as presented in the statement of changes in net assets available for benefits. The prospectus of each investment should be referred to for details on the various types and amounts of investment fees charged.

HARBOR PROPERTIES, INC.
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Note 9. – RECONCILIATION TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2009 and 2008 to the Form 5500:

	<u>2009</u>	<u>2008</u>
Net assets available for benefits per the financial statements	\$ 6,297,584	\$ 4,671,357
Defaulted participant loans	(8,108)	-
Interest on defaulted loans	<u>(362)</u>	<u>-</u>
Net assets available for benefits per the Form 5500	<u>\$ 6,289,114</u>	<u>\$ 4,671,357</u>

The following is a reconciliation of the increase (decrease) in net assets per the financial statements for the years ended December 31, 2009 and 2008 to the Form 5500:

	<u>2009</u>	<u>2008</u>
Increase (decrease) in assets per the financial statements	\$ 1,626,227	\$ (3,179,633)
Defaulted participant loans	(8,108)	-
Interest on defaulted loans	<u>(362)</u>	<u>-</u>
Increase in net assets per the Form 5500	<u>\$ 1,617,757</u>	<u>\$ (3,179,633)</u>

SUPPLEMENTAL SCHEDULE

HARBOR PROPERTIES, INC.
EMPLOYEE SAVINGS & SECURITY PLAN
December 31, 2009
EIN: 91-0890949 PLAN # 002

Schedule of Assets Held for Investment Purposes

(a)	(b) identity of issue, borrower, lessor, or similar party	(c) Description of investment / # of shares	(d) Cost	(e) Current value	
	Columbia Acorn Fund Class Z	Mutual Fund	13,685.213	n/a	\$ 337,751
	American Beacon Large Cap Value Plan	Mutual Fund	31,837.462	n/a	522,771
	Neuberger Berman Genesis Fund	Mutual Fund	9,195.092	n/a	360,907
	Pimco Total Return Admin Fund	Mutual Fund	23,090.515	n/a	249,378
	American Funds - Growth Fund of America R4	Mutual Fund	39,987.820	n/a	1,084,070
	Victory Diversified Stock A	Mutual Fund	57,196.896	n/a	799,613
	Artisan Mid Cap Value Fund	Mutual Fund	8,772.175	n/a	157,724
	Allianz NFJ Small Cap Value Admin	Mutual Fund	1,293.523	n/a	29,945
	Royce Value Plus Fund	Mutual Fund	2,164.779	n/a	24,332
*	Fidelity Balanced Fund	Mutual Fund	39,802.052	n/a	651,162
*	Fidelity International Discovery Fund	Mutual Fund	36,596.280	n/a	1,110,697
*	Fidelity Emerging Market Fund	Mutual Fund	2,675.592	n/a	60,495
*	Fidelity Freedom 2000 Fund	Mutual Fund	251.490	n/a	2,854
*	Fidelity Freedom 2010 Fund	Mutual Fund	2,080.086	n/a	26,022
*	Fidelity Freedom 2030 Fund	Mutual Fund	55.360	n/a	686
*	Spartan Extended Market Index Inv Fund	Mutual Fund	73.895	n/a	2,246
*	Fidelity Retirement Money Market Portfolio	Mutual Fund	177,624.970	n/a	177,625
*	Spartan US Equity Index Fund	Mutual Fund	7,702.891	n/a	303,725
*	Fidelity US Bond Index Fund	Mutual Fund	26,347.676	n/a	291,405
*	Fidelity Freedom 2040 Fund	Mutual Fund	3,350.624	n/a	23,990
*	Fidelity Freedom 2015 Fund	Mutual Fund	1,619.857	n/a	16,879
*	Fidelity Freedom 2025 Fund	Mutual Fund	53.571	n/a	557
*	Fidelity Freedom 2035 Fund	Mutual Fund	1,050.572	n/a	10,779
*	Fidelity Freedom 2045 Fund	Mutual Fund	147.162	n/a	1,246
*	Fidelity Freedom 2050 Fund	Mutual Fund	987.304	n/a	8,244
	Participant Loans	5.25% to 10.25%			<u>30,087</u>
					\$ 6,285,190

* - denotes party-in-interest

HARBOR PROPERTIES, INC.
EMPLOYEE SAVINGS & SECURITY PLAN
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