FORECASTING

OFFICE JOBS EMPLOYMENT GROWTH

Economy.com and U.S. Bureau of Labor Statistics data suggests that the U.S. will see significant employment gains over the next three years, including jobs in the office sector, added Dr. Norm Miller, Vice President of Analytics for CoStar, who presented the overview of market conditions, along with Jay Spivey, Senior Director of Analytics. "Professional business service jobs continue, over the last two quarters, to be positive. When you net out the financial jobs that were lost and the information services jobs that were lost, we still have a net positive of 78,000 [office] jobs," Miller said. Miller cited forecasts that the nation would add a net total of 230,000 office jobs this year, resulting in the take-up of an additional 46 million square feet of space.

US OFFICE MARKET AT AN INFLECTION POINT

"More companies that occupy office space began hiring again during the first quarter and tenants are beginning to renew leases and make other occupancy decisions postponed during the past two-and-a-half years of economic dislocation. The increase in transaction activity resulted in plateauing office vacancy rates across many U.S. office markets during the past quarter. "We appear to be at an inflection point," Andrew C. Florance, CEO for CoStar said recently during the company's First Quarter 2010 Office Review. "We're seeing a lot of signs of recovery." "If the economy continues to move in the direction it's moving, we're coming out of the woods here on the leasing marketplace, and it's fairly good news," Florance said. "Any new absorption we see will cause vacancies to go down." As office vacancy rates fall and occupancy levels climb, rents will gradually begin to rise in a couple of markets and will be flat in many others. While rents in a number of metros are still falling, CoStar forecasts that overall U.S. Office rents will be in growth mode by the middle of next year. "

KEY TERMS AND DEFINITIONS

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

Central Business District: The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets.

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

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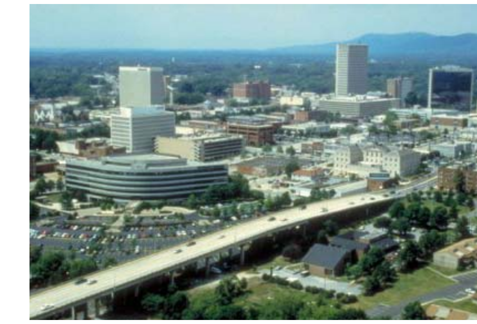
GREENVILLE, SC
2010 MID-YEAR

COMMERCIAL REAL ESTATE ♦ OFFICE MARKET REPORT



The Greenville, SC office market consists of **21,532,322 SF** in the CBD and Suburban markets. While much of the country is still feeling the effects of the lingering recession/financial crisis, the Upstate office market showed promising signs of stabilization during the first half of 2010.

Many consider the vitality of Class A space to be the true barometer of the office market. This statistic improved in both the CBD and Suburban markets over the past six months.

Office Inventory and Vacancy Rates

as of JUNE 2010

	Central Business District		Suburban		Total Market
	Class A	Total	Class A	Total	
Total Inventory	1,965,275	5,869,114	3,456,538	15,663,208	**21,532,322**
Direct Vacant SF	310,687	842,024	453,113	2,226,756	3,068,780
Sub-Lease SF	40,109	73,902	82,817	273,003	346,905
Availability Rate	17.8%	15.6%	15.5%	16.0%	15.9%
Net Absorption	15,514	33,227	18,637	113,717	146,944
New Product	64,280	64,280	43,000	43,000	107,280
SF Under Construction	0	0	0	0	0
Average Asking Rate / SF	$ 19.01	$ 16.38	$ 20.55	$ 13.92	$ 14.56

EXPERT ANALYSIS

"The Greenville office market has avoided overbuilding that has plagued other markets, and should be poised to take advantage of the recovery, which many think has already begun. Markets are cyclical and generally self correcting. The recent activity and changes taking place in our market today show that we are slowly inching back towards 2006 and 2007 vacancy levels. Expect asking rental rates to continue to drop in the near term. As the vacant space slowly fills, a lack of options for new tenants will put upward pressure on lease rates and spur new construction activity."

- Andy Mitchell

UPSTATE SC COMMERCIAL REAL ESTATE FIRMS ♦ OFFICE MARKET RANKINGS

	Company Name	# of Deals	Deals by SF	# of Brokers	City,
1.	NAI Earle Furman	16	54,621	28	Greenville
2.	**Bentley Commercial/CORFAC INTERNATIONAL**	**13**	**36,337**	**9**	**Greenville**
3.	Coldwell Banker Commercial	9	24,539	16	Greenville
4.	Colliers International	4	17,641	8	Greenville
5.	Johnson Management, LLC	2	35,668	N/A	Spartanburg

Source: Co-Star Group (Based on deals closed in past 180 days.)

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TOTAL MARKET

	GREENVILLE SC MID YEAR 2010	US MID YEAR 2010	GREENVILLE SC YEAR END 2009	US YEAR END 2009
VACANCY RATE	14.3%	12.1 %	14.7 %	N/A
AVAILABILITY RATE	15.9 %	12.9 %	16.4 %	12.2 %
NET ABSORPTION (SF)	146,944	1,410,598	8,676	(39,979,266)
RENTAL RATE (/SF)	$14.56	$21.73	$14.75	$22.90

The improvement in the vacancy statistic is primarily due to a net absorption of 146,944 square feet during the first two quarters of 2010. The average asking rental rate decrease is a sign that landlords are getting aggressive with their asking rents in order to entice prospective tenants. Two new buildings totaling 107,280 square feet (Main at Broad in the CBD and University Center at the new Carolina First Campus) were delivered to the market during the first half of 2010. Additionally, there is no new space under construction at the present time.

CENTRAL BUSINESS DISTRICT

	GREENVILLE SC MID YEAR 2010	US MID YEAR 2010	GREENVILLE SC YEAR END 2009	US YEAR END 2009
VACANCY RATE	14.4 %	10.7 %	14.2 %	10.2 %
AVAILABILITY RATE	15.6 %	11.7 %	17.1 %	11.3 %
NET ABSORPTION (SF)	33,227	(3,714,989)	(15,520)	(14,006,359)
RENTAL RATE (/SF)	$16.38	$26.67	$16.71	$28.19

The General Services Administration announced that they were moving forward with their plans to acquire a site for a new federal courthouse in the Greenville CBD. While this project has been under consideration since 2005, an official announcement was made in late March. The new building will be located at the intersection of East North, North Irvine, North Spring, and East Coffee Streets. Early plans call for an approximate 204,000 square-foot facility. Construction is scheduled to begin in 2013.

Also, a new mixed-use development was announced for Greenville's CBD earlier this year. The development, known as Main at McBee, is planned as a two story, approximately 36,000 square foot Class A office and retail building. CVS will occupy the entire first floor, leaving just under 16,500 square feet of office space available for prelease. The project is set to begin construction in fall 2010 with the building being ready for occupancy in third quarter 2011. While the overall impact of this development will be minimal on the office market, it is further indication of the vibrancy of Greenville's CBD.

SUBURBAN MARKET

	GREENVILLE SC MID YEAR 2010	US MID YEAR 2010	GREENVILLE SC YEAR END 2009	US YEAR END 2009
VACANCY RATE	14.2 %	12.56 %	15.1 %	12.8 %
AVAILABILITY RATE	16.0 %	13.3 %	16.2 %	13.7 %
NET ABSORPTION (SF)	113,717	5,125,587	24,196	(25,972,907)
RENTAL RATE (/SF)	$13.92	$20.67	$14.07	$21.75

TOP OFFICE LEASE TRANSACTIONS

BUSINESS NAME	LOCATION	SUBMARKET	BUILDING SIZE (SF)	QRT.
Guardian Healthcare	856 S. Pleasantburg Dr.	South Pleasantburg	15, 136	1st
University of Phoenix	Parkway Plaza	Pelham/I-85	12, 232	1st
Brown Mackie College	Two Liberty Square	Greenville CBD	15, 188	2nd
US Attorney's Office	One Liberty Square	Greenville CBD	15,362	1st
KPMG	Main at Broad	Greenville CBD	8, 150	2nd
Hendrick LeBlanc Lewis	116 S. Pleasantburg Dr.	South Pleasantburg	7, 741	1st
*Crowns Now Family Dentistry	2080 Woodruff Rd.	Woodruff/I-385	5, 713	2nd
*Piedmont Eye Associates	21 Brendan Way	Pelham Rd.	4,341	1st
*Applied Control Technology	198 Roper Mountain Rd. Ext.	Pelham Rd.	2, 468	1st
*Medical Services of America	20 Roper Corners Circle	Pelham Rd.	2,360	2nd
*Brightmoor Pediatrics	2076 Woodruff Rd.	Woodruff/I-385	2, 340	2nd

*Bentley Commercial, LLC/CORFAC INTERNATIONAL transactions.

OFFICE SALES ACTIVITY SUMMARY

Sales activity for the first half of 2010 slowed as a result of the tighter lending practices by banks as they perceive more risk in the marketplace. The lack of sales activity and increased leasing activity for 2010 shows that many businesses may have struggled to obtain acceptable financing, thus, pushing them to lease space rather than to purchase. One of the most significant sales for the first two quarters of 2010 was the $1,851,132 sale (7.79% Cap Rate) of 101 Halton Road – Building #6. Greenville Hospital System signed a seven year lease on this property in the fourth quarter of 2009. Other significant transactions and their details are noted on the table below.

TOP OFFICE SALE TRANSACTIONS

Building Address	Submarket	Class	Size (SF)	Sale Date	Sale Price	Price (/SF)
101 Halton Road – Building #6	Woodruff/I-385	B - Medical	8,750	6/03/2010	$ 1,854,132	$ 211.56
164 Milestone Way	Pelham/I-85	B	14,336	3/19/2010	$ 1,457,046	$ 101.64
10 McCar Drive	Woodruff/I-385	B	7,016	4/13/2010	$ 850,000	$ 121.15
15 Century Drive	Pelham Road	C	4,856	5/12/2010	$ 440,000	$ 90.61
420 The Parkway – Building A	Pelham/I-85	B - Medical	3,000	5/28/2010	$ 424,437	$ 141.48
17 Caledon Court – Unit B	Pelham Road	B	3,000	3/31/2010	$ 275,000	$ 91.67
40 Parkway Commons	Pelham/I-85	B	1,915	4/29/2010	$ 169,000	$ 88.25
42 Parkway Commons	Pelham/I-85	B	1,915	7/09/2010	$ 160,000	$ 83.55

NEW BUSINESS FLYING IN TO GREENVILLE

Southwest Airlines announced in early May that it intends to fly out of Greenville-Spartanburg International Airport and Charleston International Airport starting next year. This announcement is a huge plus for the state of South Carolina, as many felt the lack of a low-cost airline put the area at a competitive disadvantage for business development and expansion, particularly here in the Upstate. Southwest's service to the Upstate will help draw new companies and corporate headquarters to the area. This announcement coupled with Greenville's ability to accommodate the relocation of a major corporate headquarters or major office user at the Carolina First Campus off Interstate 85, could mean big things for the Upstate in years to come.

Also in May, TD Bank Financial Group, the U.S. counterpart to Canada's Toronto-Dominion Bank, announced its plans to acquire The South Financial Group Inc., also known as Carolina First. TD Bank is one of the 15 largest commercial banks in the United States.