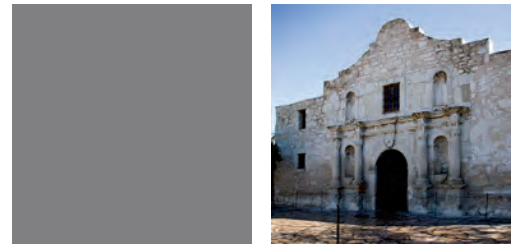


San Antonio Medical Report

Second Quarter 2009



TRENDS:

Vacancy Rate



Net Absorption



Construction



Asking Rents

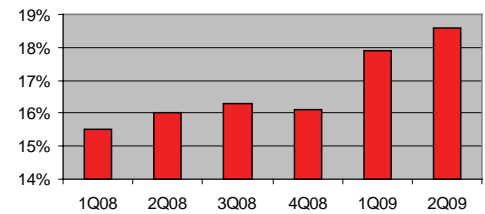


Overview

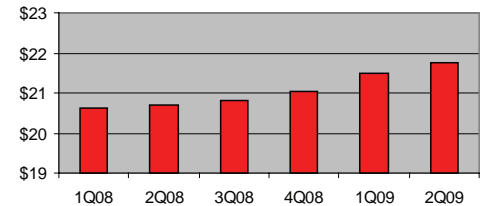
Topping second quarter news, Medtronic, Inc. leased the entire Overlook at the Rim (145,000 sf) – one of the newest speculative office buildings in the area's traditional office inventory totaling 26.4 million square feet. The Overlook will serve as Medtronic's Diabetes Therapy Management and Education Center supporting the growing Healthcare and Bioscience industry which generates an annual economic impact of approximately \$16.3 billion and accounts for more than 116,000 jobs.

In addition to the traditional market, San Antonio has more than 5.7 million square feet of multi-tenant, medical office space. Second quarter activity among medical buildings generated 18,371 square feet of positive net absorption led by the 20-year lease signed by Acuity Healthcare to fill recently completed Lexington Plaza (33,431 sf). Acuity plans to turn the speculative building into a long-term acute care facility (LTAC). In the South Texas Medical Center, the Villa Rosa Medical Plaza (66,226 sf) building came online anchored by Renal Associates. The amount of new supply outweighed positive absorption resulting in a citywide vacancy rate of 18.6% compared to 17.9% last quarter and 16.0% recorded a year ago. At the same time, the citywide average quoted rental rate for medical office space rose to \$21.76 per square foot annually on a full-service basis – an over-the-quarter gain of twenty-eight cents and over-the-year gain of \$1.05 or 5.1% which reflects the impact of new product. Although the pace of construction has slowed significantly over the past several months, the San Antonio medical market continues to expand. In the emerging Far West sector, the Christus Santa Rosa Hospital is scheduled to reach completion mid-July and Oaks Development Group recently kicked off the construction of 1234 Westover Hills (95,000 sf). In the Far North Central sector, 18707 Hardy Oak (113,786 sf) is moving towards its scheduled January 2010 completion and in the South Texas Medical Center the University of Texas Health Science Center's Medical Arts Research Center, known as The MARC (256,000 sf), is slated to reach completion later this year.

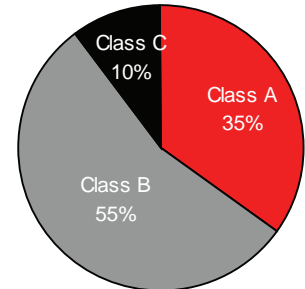
Overall Vacancy (%)



Average Asking Rental Rate



Market Inventory %



Major Lease Transactions

| Tenant | Building | Size | Submarket |
|------------------------------------|------------------------------|---------|--------------------|
| Medtronics, Inc. | Overlook at the Rim | 145,000 | Northwest |
| S.A. Preventative & Diagnostic Med | Highpoint Tower I & II | 9,499 | Northwest |
| Radiant Clinical Research LP | Ashford Oaks Office Building | 7,184 | Northwest |
| Alamo Mental Health Group | The Vistas | 5,917 | Northwest |
| Sonterra Medical Orthopedic Group | Century Building | 5,808 | Core North Central |
| Texas Sleep Specialists | Remington Oaks | 5,146 | Far North Central |

*All rents are per SF/per YR unless otherwise noted.

Medical Market Snapshot

Second Quarter 2009



CITYWIDE

| | 2Q 2009 | 2Q 2008 |
|----------------------|-----------|-----------|
| All Classes | | |
| Inventory | 5,719,752 | 5,415,781 |
| Available | 1,062,123 | 866,524 |
| %Vacant | 18.6% | 16.0% |
| Average Rent | \$21.76 | \$20.71 |
| 2Q Absorption | 18,371 | (15,253) |
| YTD Absorption | 45,656 | 15,177 |
| Class A Space | | |
| Inventory | 1,989,136 | 1,812,566 |
| Available | 423,105 | 308,325 |
| %Vacant | 21.3% | 17.0% |
| Average Rent | \$25.32 | \$23.45 |
| 2Q Absorption | 1,012 | 20,069 |
| YTD Absorption | 40,015 | 50,961 |
| Class B Space | | |
| Inventory | 3,148,077 | 3,026,960 |
| Available | 545,995 | 505,414 |
| %Vacant | 17.3% | 16.7% |
| Average Rent | \$20.22 | \$19.69 |
| 2Q Absorption | 27,925 | (29,795) |
| YTD Absorption | 25,494 | (22,598) |
| Class C Space | | |
| Inventory | 582,539 | 576,255 |
| Available | 93,023 | 52,785 |
| %Vacant | 16.0% | 9.2% |
| Average Rent | \$17.96 | \$17.51 |
| 2Q Absorption | (10,566) | (5,527) |
| YTD Absorption | (19,853) | (13,186) |

CENTRAL BUSINESS DISTRICT

| | 2Q 2009 | 2Q 2008 |
|----------------------|-----------|----------|
| All Classes | | |
| Inventory | 1,011,989 | 977,592 |
| Available | 139,699 | 140,043 |
| %Vacant | 13.8% | 14.3% |
| Average Rent | \$18.29 | \$17.52 |
| 2Q Absorption | 25,059 | (5,911) |
| YTD Absorption | 33,486 | (17,284) |
| Class A Space | | |
| Inventory | 89,906 | 89,906 |
| Available | 10,213 | 10,213 |
| %Vacant | 11.4% | 11.4% |
| Average Rent | \$17.25 | \$17.00 |
| 2Q Absorption | 0 | (1,222) |
| YTD Absorption | 0 | (1,222) |
| Class B Space | | |
| Inventory | 850,942 | 816,545 |
| Available | 117,177 | 117,327 |
| %Vacant | 13.8% | 14.4% |
| Average Rent | \$18.37 | \$17.50 |
| 2Q Absorption | 24,465 | (356) |
| YTD Absorption | 33,292 | (10,958) |
| Class C Space | | |
| Inventory | 71,141 | 71,141 |
| Available | 12,309 | 12,503 |
| %Vacant | 17.3% | 17.6% |
| Average Rent | \$18.66 | \$18.37 |
| 2Q Absorption | 594 | (4,333) |
| YTD Absorption | 194 | (5,104) |

NON-CBD

| | 2Q 2009 | 2Q 2008 |
|----------------------|-----------|-----------|
| All Classes | | |
| Inventory | 4,707,763 | 4,438,189 |
| Available | 922,424 | 726,481 |
| %Vacant | 19.6% | 16.4% |
| Average Rent | \$22.51 | \$21.42 |
| 2Q Absorption | (6,688) | (9,342) |
| YTD Absorption | 12,170 | 32,461 |
| Class A Space | | |
| Inventory | 1,899,230 | 1,722,660 |
| Available | 412,892 | 298,112 |
| %Vacant | 21.7% | 17.3% |
| Average Rent | \$25.71 | \$23.78 |
| 2Q Absorption | 1,012 | 21,291 |
| YTD Absorption | 40,015 | 52,183 |
| Class B Space | | |
| Inventory | 2,297,135 | 2,210,415 |
| Available | 428,818 | 388,087 |
| %Vacant | 18.7% | 17.6% |
| Average Rent | \$20.91 | \$20.49 |
| 2Q Absorption | 3,460 | (29,439) |
| YTD Absorption | (7,798) | (11,640) |
| Class C Space | | |
| Inventory | 511,398 | 505,114 |
| Available | 80,714 | 40,282 |
| %Vacant | 15.8% | 8.0% |
| Average Rent | \$17.87 | \$17.39 |
| 2Q Absorption | (11,160) | (1,194) |
| YTD Absorption | (20,047) | (8,082) |

Statistical Information is calculated for all multi-tenant medical office buildings 20,000 sq. ft. and larger (excluding Single-Tenant, Owner-Occupied and Clinical Facilities). Average Rental Rates reflect asking rental rates quoted on an annual basis for full service. Individual building rates are weighted by the total rentable square footage of the building.