

THIRD QUARTER 2011 - STATISTICAL NOTES

FM 1960:

- An undisclosed tenant leased 16,602 square feet of Class B office space at 22485 Tomball Parkway during the third quarter.

Allen Parkway/Montrose:

- PROS Holdings Inc. renewed and expanded its lease from Houston Community College System (HCCS) for its headquarters at 3100 Main St. PROS will increase its leased space by approximately 10,500 square feet on January 1, 2012 to approximately 83,700 square feet. The existing lease was scheduled to expire on July 31, 2011. Under the new lease, PROS has extended through September 30, 2016.

Central Business District:

- Hess moved into the new LEED Gold pre-certified Hess Tower during the third quarter of 2011. Hess formerly occupied approximately 500,000 square feet in Allen Center and Heritage Plaza, so when the firm moved to the 844,763- square-foot Hess Tower building, it expanded its downtown presence significantly.
- Hines' BG Group Place, a 972,474-square-foot Class A office tower located in Houston's CBD, was recently completed during the first quarter of 2011. KPMG moved into 98,000 square feet in February, exercising their contraction option and cutting their space by about 10,000 square feet. In addition, Hines moved their Southwest Regional Office from 717 Texas into about 25,000 square feet in BG Group Place in March. BG Group Plc is doubling the amount of office space it plans to occupy in downtown Houston. The Reading, England-based natural gas and oil company now has under lease 354,000 square feet in BG Group Place, a 46-story building formerly known as MainPlace. BG Group announced last October that it would lease 164,000 square feet in the skyscraper developed by Houston-based Hines at 811 Main. The building was renamed after its main tenant at that time. BG Group exercised an option on another 190,000 square feet to more than double the size of its future office to 354,000 square feet. BG Group will relocate from its current office, spanning approximately 100,000 square feet at 5444 Westheimer, in third quarter 2011. The initial lease downtown was large enough to house 800 employees. The expanded lease gives the company enough room for 1,600 employees. The company had approximately 500 Houston employees as of last October.
- Hess vacated over 430,000 square feet of Class A office space at 500 Dallas during the third quarter and occupied their new building, Hess Tower.
- Shell Oil Co. will take over the former trading floor of Reliant Energy Inc. in the largest downtown office lease signed so far this year. The oil company leased about 300,000 square feet at RRI Energy Plaza, which will revert back to 1000 Main — the building's original name. Shell's trading operation will relocate from 250,000 square feet in Two Houston Center, two blocks away at 909 Fannin. Making the move will be three local trading groups: Shell Energy North America, Shell Trading and Shell North America LNG. A combined staff of 1,400 handles trading of electricity, oil, gas and liquid natural gas. Jeri Ballard, vice president for global strategy and portfolio for Shell Real Estate, says the groups have operated in Two Houston Center for a long time, but the space was not designed for trading.

- Carrizo Oil & Gas Inc. will increase its office size by 50 percent this year due to a new, 95,000-square-foot lease signed in One Allen Center at 500 Dallas St. The company will occupy approximately three and a half floors of the 993,000-square-foot center when it relocates in December from Wells Fargo Plaza — a 1.7 million-square-foot building at 1000 Louisiana St.
- The General Services Administration has committed to a 10-year lease for 132,539 square feet at Wells Fargo Plaza in downtown. The U.S. Attorney's office will occupy the Class A office space, which is located at 1000 Louisiana St. The U.S. Attorney's office will relocate from its existing location at 919 Milam St. to its new space in late 2011. It will occupy roughly 10% more square feet at Wells Fargo Plaza than it does now.
- Citigroup Inc. has leased 50,000 square feet in Houston's newest downtown skyscraper, BG Group Place at 811 Main. Citi will shift 100 employees to BG Group Place in October from Williams Tower in the Galleria area. Investment bankers, risk bankers, corporate bankers and private wealth managers will make the move, leaving approximately 125 employees in Williams Tower. BG Group Place is 60 percent leased.
- The Greater Houston Convention and Visitors Bureau has leased 29,000 square feet in the 12-story 4 Houston Center — located atop the Shops at Houston Center in the 1200 and 1300 blocks of Lamar — for a new office. The bureau, which has approximately 80 employees, will relocate in the fourth quarter. The Harris County-Houston Sports Authority will office in about 2,000 square feet of the bureau's space.
- Credit Suisse leased 26,021 square feet of Class A office space at 700 Louisiana and will occupy during the fourth quarter of 2011.
- Wells Fargo leased 24,756 square feet of Class A office space at 1000 Louisiana and will occupy during the fourth quarter of 2011.
- Hilcorp Energy Company took down 24,227 square feet of Class A space at 1201 Louisiana during the third quarter.
- Energy Partners, Ltd. leased 17,634 square feet of Class B office space at 919 Milam and will move in during the fourth quarter.
- Hein & Associates leased 14,476 square feet of Class A office space at 500 Dallas and will move in later this year.
- Credit Suisse and Fortis combined to vacate over 100,000 square feet of Class A office space at 1100 Louisiana during the third quarter of 2011.
- Carrizo Oil and Gas will vacate 25,126 square feet of Class A office space at 1000 Louisiana during the fourth quarter.
- Houston Municipal Employees Pension System vacated about 17,000 square feet of Class A office space at 1111 Bagby during the third quarter and relocated to 1201 Louisiana.
- Skanska USA Commercial Development has acquired the Houston Club building at 811 Rusk St. in downtown Houston. Skanska has yet to announce plans for the 18-story building, which consists of 348,000 square feet of rentable space. The Houston Club, which has occupied space in the building since 1948, announced it has secured funding for a new downtown location — its current below-

market lease on 100,000 square feet runs through 2015. The prominent downtown building was foreclosed on last September by Wells Fargo, which originally tried to take control of the troubled asset in March 2010. Skanska also announced plans a year ago plans to develop a 300,000-square-foot office building at 3009 Post Oak Blvd., but has yet to break ground on the project. The 20-story glass building does not need a tenant to move forward, but it must await internal funding approval from Skanska.

- The 24-story, 373,000-square-foot office building at 1001 McKinney in downtown Houston has earned a LEED Gold certification for existing buildings in the category of operations and maintenance. This is the first building to gain this particular LEED designation on the National Register of Historic Buildings, according to building owner Cameron Management Inc. The building was constructed in 1947.
- Jones Lang LaSalle has been selected to market 1301 Fannin, a 25-story, 784,143-square-foot tower in the Central Business District. The building is 86-percent leased. Current owners are Houston-based Griffin Partners and financial partner Urdang Capital Management Inc. of Pennsylvania, which purchased the building in March 2007 for \$114.5 million.
- Transwestern is selling the former Travis Tower at 1300 Main which totals 507,000-square feet for a court-appointed receiver represented by special servicer C-III Asset Management LLC. Behringer Harvard previously owned the building, which is 42 percent leased.

Far Southwest:

- Amerigroup Corp leased 50,000 square feet for its West Regional Service Center at 5959 Corporate Dr. The company will add 300 to its statewide workforce when its new facility ramps up this summer. The Greater Houston Partnership played a significant role in facilitating the initial discussions between Amerigroup and landlord WiredZone Property. WiredZone is a wholly owned subsidiary of Prescott Realty Group and was one of the first properties to join the Partnership's Certified Property Program. The facility is now 75% leased and can offer up to 75,000 square feet of contiguous space on the same floor.
- The Willis Group leased 12,473 square feet of Class B office space at 9700 Bissonnet during the third quarter.

Greenspoint IAH/Northbelt:

- Neutex Advanced Energy Group is retooling a 40,000-sf building near Bush Intercontinental Airport at 15700 Vickery Rd. The locally based company is shifting its operations from China to the U.S. The 20-employee company announced plans to add 50 jobs in May and up 500 if sales projections are met. Neutex opted to redevelop the vacant building instead of develop from the ground-up.
- The nine-story Intercontinental Center Office Building, which sits on a 5.14-acre site and contains approximately 198,090 square feet of net rentable area, has been sold. Strategically located on John F. Kennedy Blvd. on the North side of Houston, it is just seconds away from George Bush Intercontinental Airport. The new owners intend to implement a program to further upgrade the building, while exploring additional development opportunities to maximize the site, aiming at providing an overall enhanced atmosphere for tenants and visitors.

Greenway:

- The Art Institute of Houston recently occupied over 104,000 square feet of Class A office space at 4140 Southwest Freeway during the third quarter.
- Oxy leased over 81,000 square feet of Class A office space on the top two floors at 5 Greenway Plaza during the third quarter.
- Bridgeway Capital leased 14,256 square feet of Class A space at 20 Greenway and will move in during the third quarter.
- Briggs & Veselka leased about 13,000 square feet of Class A office space at 9 Greenway Plaza during the third quarter.
- Direct Energy's logo will be added to the monument sign at 12 Greenway Plaza after signing a renewal of 72,570 square feet and an expansion of 21,023 square feet. A tenant for almost 10 years, Direct Energy has grown to more than five floors in the building which houses the firm's Direct Energy Residential and Direct Energy Upstream & Trading business lines. Direct Energy is part of the Centrica group of companies.
- New York-based DRA Advisors LLC has acquired the 120,000-square-foot Shepherd Place from Younan Properties Inc. The 14-story building at 2323 S. Shepherd Dr. is a little more than 90 percent occupied.

Gulf Freeway/Pasadena:

- United DC recently moved their corporate office to Clay Development's Deerwood Glen Business Park at 4400 Highway 225 in Deer Park. The new 6,000 square foot office is now home to the country's leading contract packager for plastic resin.

Katy Freeway:

- BP Plc is taking an additional 60,000 square feet of Class A office space in Three Eldridge Place, giving the company the entire 305,000-square-foot building in Houston's Energy Corridor. BP signed the lease in September for the west Houston building, according to a source familiar with the deal. The energy company had an option for the extra space when it leased the first 245,000 square feet in July. The company will begin taking occupancy this quarter. Some BP employees who will work in the space will be relocating from the Chicago and San Francisco areas. This is the first time Three Eldridge Place has been occupied since it was developed in 2009 by Dallas-based owner Behringer Harvard
- Nexen Petroleum U.S.A. Inc. will move its headquarters from Plano to Houston and consolidate hundreds of employees from both cities into a new office building that will be developed in west Houston by MetroNational Corp. Nexen plans to lease approximately 250,000 square feet in a MetroNational development. The new 14-story office building is expected to be a mirror image of the 325,000-square-foot building MetroNational developed in 2009 as the U.S. headquarters for Cemex Inc. at 920 Memorial City Way. The new office facility will be located on Gaylord, immediately east of The Fountains at Memorial City, an apartment complex. About 300 employees will be moving to the new office, the bulk of them coming from Plano.

- An undisclosed tenant leased 67,943 square feet of Class A space at 16285 Park Ten Place with expected move-in during the third quarter of 2011.
- After outgrowing its current office space, 2H Offshore Inc. has expanded into 31,792 square feet at Timberway One in the Energy Corridor submarket. The global engineering company, which recently won a large contract for Chevron's Big Foot field development in the Gulf of Mexico, signed a long-term lease at the 92,606-square-foot, class A- building. It will move into its new space in 15990 North Barkers Landing by the end of the year. Currently, 2H Offshore's local office is located in Gulf Plaza at 16010 Barkers Point Lane. The 120,651- square-foot building, which is owned by Hartman Inc., could not accommodate its expansion needs. 2H Offshore will occupy the entire second floor of Timberway One. The building currently is fully leased to Subsea7; however, the company was recently acquired and relocated to its new owner's office, leaving Timberway One empty.
- Sidewinder Drilling Inc. leased 16,403 square feet of Class A office space at 952 Echo Lane and will move in during the third quarter.
- Conoco vacated about 41,000 square feet of Class B office space at 900 Threadneedle during the third quarter.
- Huber Oil will vacate over 20,000 square feet of Class A office space at 11451 Katy Freeway next year.
- Construction recently started on the 120,000-square-foot Class A City Centre III in Houston's Katy Freeway submarket.
- LaSalle Investment Management Inc. has acquired CityCentre II from a partnership between a proprietary fund managed by Dallas-based L&B Realty Advisors LLP and Houston-based Midway Cos. — the developer of the 1.8 million-square-foot CityCentre. The six-story CityCentre II — which is 90.2 percent leased — has 128,000 square feet of office space and 21,000 square feet of retail space located at I-10 and Beltway 8. LaSalle Investment and Midway have created a partnership to develop CityCentre III, an office building that is already under construction. The six-story structure — which is 44.3 percent preleased — will have 103,000 square feet of office space and 17,000 square feet of retail space when completed in late 2012.

Near Southwest:

- I Drive Safely leased over 20,000 square feet of Class B space at 7324 Southwest Freeway during the third quarter.
- Fugro Properties purchased 6671 Southwest Freeway. The eight-story, 149,379-square-foot building known as Southwest Center was purchased from NHP Houston, MOB. Moody Ramin's Bob Gulley and Chris Dray represented the buyer and HFF's Danny Miller repped the seller.

Northeast/Kingwood/Humble:

- Eminent Realty Development Group purchased 1075 Kingwood Dr, a two-story, 32,000-square-foot office building in northeast Houston. HFF repped seller Brookfield Real Estate Opportunity Fund, a division of Brookfield Asset Management. The property's 91% leased and Eminent bought it free and clear of debt.

Northwest Freeway/North Loop:

- GE Oil & Gas has leased an entire building in northwest Houston. The company will move into 182,000 square feet in Westway III at 4425 Westway Blvd. It will consolidate multiple locations across the city into the new space, located in the Westway Park development near the Beltway and Clay Rd. Westway III was completed in 2008 and has LEED Gold certification. Principal Real Estate Investors purchased Westway III in December 2010, when the property was vacant.
- Manhattan Life purchased 10777 Northwest Freeway and will move into 50,000 square feet of Class B office in May 2012.
- Behringer Harvard reports that it has sold its AMEC Paragon I & II properties in Houston for a contract sales price of \$25 million. AMEC Paragon I & II consists of two buildings and contain approximately 227,000 combined square feet. Located northwest of downtown Houston off the Sam Houston Toll Rd., at 10777 Clay Rd., the two office buildings are on a 12.1-acre site in the Spring Shadows Business Park. The buildings were constructed in two phases in 1999 and 2003. They are 100 percent leased to AMEC Paragon Inc., an international project management and services company. The Dallas-based REIT said there was no gain or loss recognized on the sale.

Sugar Land:

- Atos Origin Inc. has chosen Sugar Land for the location of its North American headquarters. The international information technology services provider will bring a minimum of 55 jobs to the city starting this August. To attract Atos Origin, the Sugar Land Economic Development Department crafted an incentive package which based on the company locating to Sugar Land in the Offices of Kensington (on Texas Highway 6), maintaining a certain number of jobs and generating new sales tax revenues for the City. As one of the top ten international IT service providers in the world, Atos Origin generates annual revenues of \$7.2 billion dollars and employs 49,000 people. From Sugar Land, the firm will oversee 800 employees in the United States and Canada.

The Woodlands:

- Newfield Exploration Co. is relocating its headquarters to 90,000 square feet in 4 Waterway Square in The Woodlands. The Houston-based company will hold onto its current space in Greenspoint at 363 N. Sam Houston Parkway East. About 130 employees are expected to move to the new corporate headquarters site. The Woodlands Development Co. completed the 216,000-sf 4 Waterway late in 2009.
- Mott MacDonald, an international engineering consulting firm, will expand its office space when it moves to The Reserve at Sierra Pines, a three-story building measuring 175,000 square feet in The Woodlands, in October. The company has signed a lease for 11,000 square feet at The Reserve at Sierra Pines.
- Praxair took down 30,000 square feet of Class A office space at 1585 Sawdust during the third quarter.
- Crane Energy leased 20,000 square feet of Class B office space at 4526 Research Forest during the third quarter.
- Energy Quest leased 16,500 square feet of Class B office space at 4526 Research Forest during the third quarter.

- An undisclosed tenant leased over 20,000 square feet of Class A office space at 1330 Lake Robbins during the third quarter.
- Afton Chemicals leased 6,800 square feet of Class B office space at 4526 Research Forest during the third quarter.
- DKI Consulting leased 4,100 square feet of Class B office space at 4526 Research Forest during the third quarter.
- Construction continues on Technology Professional Plaza, a new 50,000-square-foot tilt wall and glass office building, located at 4055 Technology Forest Blvd. According to the state, the project has an estimated cost of \$3 million. Technology Professional Plaza is a Class A, two-story building situated on 3.83 acres. D'Agostino Companies broke ground on the building in February 2011. It is expected to be completed and ready for general and medical office tenant occupancy in December 2011.

Uptown/Galleria:

- Gainer, Donnelly & Desroches LLP will move its offices from San Felipe Plaza to Two Riverway, at Woodway Dr. and Post Oak Ln., next August. The company will lease approximately 45,000 square feet on the 15th and 16th floors of the 370,000-square-foot, Class A building, which will raise its occupancy to 94 percent. The company's current lease at San Felipe is 31,000 square feet.
- After an 18-month market evaluation and negotiation period, Cornerstone Mortgage Company has signed a long-term renewal and expansion lease for 49,574 square feet at 1177 West Loop South. The company has been a tenant in the class A building for 12 years and uses the space for its corporate headquarters. Cornerstone Mortgage's lease at the 341,947-square-foot building was set to expire in December 2011. The company initially considered purchasing its own property, but decided to against it because the cost was prohibitive and concerns about lack of flexibility, according to Marshall Clinkscales of Colliers International's local office. Cornerstone Mortgage expanded its footprint in the 18-story building by about 5,000 square feet. As part of the new lease, the company received an allowance that will allow it to refurbish its existing space on floors two, three, four, five and eight, as well as build out new space. With the Cornerstone Mortgage renewal and expansion, 1177 West Loop is nearly 90% leased.
- Several undisclosed tenants combined to take down over 23,000 square feet of Class A office space at 777 Post Oak Blvd.
- BG Group vacated their space at 5444 Westheimer and relocated into about 244,000 square feet so far at 811 Main.
- Symantec vacated 120,000 square feet of Class A office space at 5151 San Felipe while NiSource already backfilling 53,000 square feet of that space.
- The Art Institute of Houston vacated over 96,000 square feet of Class B office space at 1900 Yorktown during the third quarter.
- BBVA Compass, a financial institution that operates 380 branches in Texas, has broken ground on its new corporate office building, a 22-story, 312,000-square-foot LEED Gold certified structure of which BBVA Compass will occupy approximately 150,000 square feet and six floors in Houston. BBVA Compass' current corporate office buildings are located throughout the greater Houston area and

were established when BBVA combined its four U.S. subsidiaries — Compass Bank, State National Bank, Texas State Bank and LNB (formerly Laredo National Bank) — under the BBVA Compass banner in 2009. The new office will centralize the bank's local executives, multiple business areas and staff units under a single roof at 2200 Post Oak Blvd. in Houston.

Westchase:

- CB Richard Ellis has brokered a lease renewal agreement for an office space in Houston. Commonwealth Engineering and Construction has signed a lease renewal deal for 25,155 square feet at 10255 Richmond. The company will continue to reside on the second-floor space of the 100,000-square-foot property. The property is owned by Caroline Partners.
- ION Geophysical Corp. has renewed lease for its 115,056-square-foot headquarters space in CityWestPlace at 2105 CityWest Blvd. The property is owned by TPG/Cal/STRS, a partnership between the California State Teachers' Retirement System and Thomas Properties Group.
- Smith, Seckman Reid, Inc. leased 29,199 square feet of Class A office space at 3700 W Sam Houston during the third quarter
- Capstone Financial leased 17,412 square feet of Class A office space at 3700 W Sam Houston and will move in during the third quarter.
- Tristream Energy LLC leased 5,621 square feet of Class A office space at 10370 Richmond during the third quarter.
- Peloton Capital Partners, in partnership with an Austin-based real estate private equity firm, has bought a five-building, 347,258-square-foot office portfolio in Houston's Westchase and Energy Corridor submarkets. Three of the properties included in the transaction include: 1250 Wood Branch in Houston; 10200 Richmond in Houston; and 11931 Wickchester in Houston. Peloton plans to open its Houston property management office to oversee the recently acquired portfolio.