



**MAYFIELDGENTRY**  
REALTY ADVISORS, LLC

March 2011

**RE: MayfieldGentry Year End Portfolio Review and Outlook, 2011**

Dear Friends and Colleagues:

***We kept calm, we carried on.***

In last year's Portfolio Review and Outlook, I left you with advice coined on the eve of war by Britain's Ministry of Information, *Keep Calm and Carry On*. Given the economic uncertainty and financial and fiscal crises we faced twelve months ago, I felt that the slogan was very appropriate. I also knew that because of the systems we have put in place over the last few years, and because of the dedication and skill sets of the professionals we have developed within our company, keeping calm and carrying on would not be a difficult proposition for MayfieldGentry Realty Advisors, LLC. I'm happy to report that despite the challenging environment we faced last year, our portfolio has emerged stronger and better prepared for the next phase of growth in our economy. So, too, has MayfieldGentry.

Here are some of last year's highlights:

**Despite the economy, 2010 proved to be a year of opportunity for leasing.** We saw positive signs throughout the national portfolio and witnessed a number of important successes in several key markets, leading us to believe that 2011 may prove to be perhaps even more fruitful.

- We signed the largest lease last year in North Carolina's Research Triangle market when Wake County Public Schools consolidated its operations at Crossroads Corporate Park in Cary for 175,000 square feet. This transaction earned the distinction of being named "Deal of the Year" by the *Triangle Business Journal*.
- In August, the Raleigh, NC portfolio received another boost when France's SKEMA Business School announced it would locate its first U.S. campus in Raleigh and executed a lease for 20,000 square feet at our North Carolina State University/Centennial Campus property, Venture Center.
- Our Charlotte, N.C. portfolio also saw important gains throughout the year. In May, CIT Group, a global financial services firm, committed to a six-year lease at 201 South Tryon

and in October, the innovative, and rapidly growing Germany-based restaurant chain Vapiano, announced it would locate its first North Carolina restaurant at South Tryon Square as part of its continuing expansion within the US restaurant market.

- The Detroit portfolio saw positive gains throughout the year, culminating in the signing in October of an 81,000 square foot lease for the Internal Revenue Service at One Detroit Center. The lease was one of the largest in the city for 2010 which is one of the most challenged commercial real estate markets in the U.S.

These are just a few of the major new lease transactions we completed in 2010 and are not inclusive of our team's success at securing the renewals of a number of existing portfolio tenants, often early and at competitive rates. I want to complement and congratulate our asset management and leasing teams for the high level of perseverance and professionalism they showed in 2010 to close deals like those highlighted here.

I also want to commend our team for the often highly innovative ways in which they approach matters at the property level. A good example of what I mean is our pursuit of Wake Forest University (WFU) to take space for its Charlotte business school campus in our South Tryon buildings in downtown Charlotte. The Wake Forest University Business School pursuit was one of the most hotly contested in downtown Charlotte. There were many presentations made to WFU last spring, but **only** ours was the subject of a March 26, 2010 article in the *Charlotte Business Journal*, which focused on the fact that our presentation – which included cheerleaders, MayfieldGentry staff wearing WFU colors, and a WFU alumni reception – broke the mold for office pitches in a very traditional market. This is a great example of the creativity and passion our team members possess.

**We began marketing of our second investment fund.** MGRA Genesis Value Fund II is projected to raise up to \$400 million in equity for investment in value-added real estate opportunities in markets like Washington, D.C., greater Boston, Raleigh and Charlotte, N.C. As with its predecessor fund, we are targeting assets allowing us the opportunity to add value through re-positioning, renovation or re-leasing. One strategy we intend to deploy is to acquire assets to which we can enhance energy efficiencies using our in-house expertise in sustainability and practical “greening.” We anticipate a first, “soft” close for Fund II by the summer of 2011.

**We continue to attract top talent across all levels of the organization.** Building upon the strategic expansion of our “bench” in 2010, we continued to seek out and bring on board talented individuals who we feel complement our operations and enhance our services to clients. We welcomed retired judge and renowned real estate attorney A. Kay Stanfield Spinks to the team in our corporate office in Detroit. In addition to providing legal support as Special Counsel, Kay is also responsible for supporting business development in the public and

private sectors by responding to RFP/RFQs, working on collaborative projects and Joint Ventures with corporate partners and overseeing special projects. To date, her work has resulted in increased visibility for MayfieldGentry among prospective clients and within relevant databases.

In addition, Carmen Ortiz-McGhee joined our team as VP of Business Development and Investor Relations. Carmen works directly with me for the development and maintenance of current and prospective institutional investors and new business initiatives. Prior to joining MayfieldGentry, she served as the President of The Marathon Club, a membership organization designed to create and augment domestic and international private equity access for enhanced wealth creation and deal flow for financial professionals of diverse ethnicities.

**We completed the first phase of our program to make all of our portfolio buildings energy efficient.** Sustainability and operational efficiency as a value creator are key components of our investment strategy. We pride ourselves on approaching the ownership and operation of each building in our portfolio with a practiced eye in order to deliver excellent returns and superior performance. We have now instituted energy efficiency programs within most of the office buildings in our portfolio and have obtained Energy Star ratings for them. Our use of emerging technologies in energy management allows us to deliver efficient, reliable energy solutions to our tenants while minimizing operational expense, thereby driving greater overall returns for our investors. It's a simple goal but one that is not always easy to achieve. Nonetheless, our team has not only achieved its objectives, it is also continually looking for additional ways to more efficiently use energy for both our investors' bottom line, as well as for the planet as a whole.

Finally, we have continued to enhance our corporate website: [www.mayfieldgentry.com](http://www.mayfieldgentry.com). The website includes several new features and we encourage you to visit it when you have a moment. One of the new things you'll find on the site is a five-minute corporate video outlining our operational philosophy and detailing our core competencies. We think we are different from many other real estate investment managers, and the video tells you why. I'd be interested in your feedback on the piece if you get a chance to view it.

So, with 2010 behind us, what can we expect in real estate in 2011? Economists foresee 2011 as a year of stabilization and moderate growth in the GDP. The one-year reduction in payroll taxes should boost spending by consumers, which will help keep the economy moving. With moderate growth in the economy at large, the real estate markets should also begin to strengthen, although at a slower pace. Rental rates will remain steady. Concessions and vacancy rates, which are tied together, should start to drop slowly after mid-year when economists are hoping businesses will recognize that their productivity and profitability cannot increase without additional employees. Credit markets saw improvement in 2010, and are expected to continue to improve during

2011, bringing investors back into the market after sitting on the side lines for two years. Banks are looking for deals to do; they have been stockpiling cash and are under great pressure from the government to lend. This will hopefully create a boom for both real estate and small businesses.

At the company level, some of the things we hope to achieve this year are:

- Enhanced global presence for MayfieldGentry.
- Continuation of the marketing of the MGRA Genesis Value Fund II.
- Continued out-performance of industry benchmarks for portfolio returns.

Of course, this letter doesn't touch on everything we've been able to achieve or even what we hope to achieve this year. There are positive aspects of our business in 2010 that are too numerous to go into detail in the pages of this letter. Similarly, there are opportunities we hope to leverage in 2011 that are still forming within our overall business strategy. As always, if you want to discuss the track record of our business or where we are headed, I encourage you to reach out to me personally or any of the senior executive team. It only remains for me to wish you, your families and your colleagues a safe, healthy and prosperous 2011.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Mayfield', written in a cursive style.

Chauncey C. Mayfield