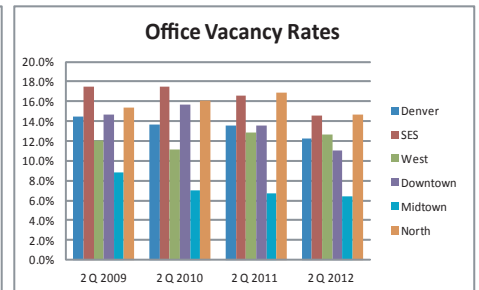
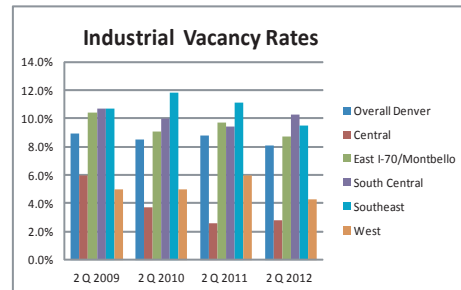
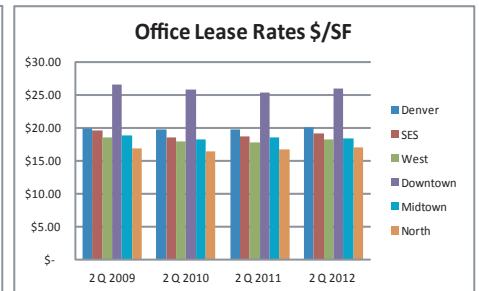
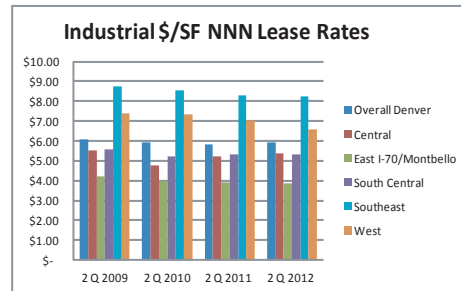


Denver Real Estate

Large user requirements continue considering Denver as a location to anchor their worldwide headquarters, in the office and industrial markets. Office leasing activity supports a recovering real estate market in Denver. Vacancy rates dropped from 13.6% in 2Q2011 to 12.3% in 2Q2012, average lease rates are \$19.97 SF. Although rates are not where they once were in 2008 prior to the economic downturn, Denver is currently experiencing vacancy rates 1.2% lower than reported in 2008. The first half of 2012 has seen a significant increase in activity in the industrial sector, resulting in 1.5 million SF of positive absorption. Since the end of 2Q2011, industrial vacancy rates have dropped by 2% to below 6.5%.

Available large block office space is becoming a rare commodity in Denver. As a result developers are seizing the opportunity to reconsider speculative development previously shelved. Specifically large block, class-A product along light rail is being highly sought after and rarely exists creating the opportunity for build to suit TOD projects. Despite heightened interest in class-A space along light rail, investors aren't convinced spec construction is the way to go. Equity sources are setting pre-leasing obligations prior to funding. Tenants will be charged a significant premium for large block new class-A product along light rail, because of project amenities and close proximity to light rail.

The industrial market is seeing proactive measures from Owners who are spending capital on improving second generation space by upgrading lights to high efficiency fluorescents and upgrading sprinkler systems allowing Tenant's to take advantage of the full cubic SF leased. Several build to suits are underway, including Interline Brands' new 260,000 SF facility in ProLogis Park 70, targeted for an August move-in. Institutional investment groups have aggressively earmarked a portion of their capital to be deployed in Denver on industrial product.



U.S. Employment By The Numbers

Nonfarm payroll employment: +80,000 ▼ Civilian labor force participation rate: 63.8% N/C
Source: Bureau of Labor Statistics, July 2012

**Inside The Market
Denver 2Q2012 Real Estate Activity**

- Beacon Capital Partners Inc. purchases Wells Fargo Center, 1700 Lincoln Street from MPG Office Trust Inc. and Charter Hall Office REIT for \$387.5 million. A 1.2 million SF 52 story Class A office building.
- Clarion Partners sold Plaza Tower One (6400 S Fiddlers Green Circle, Englewood) to Granite Properties Inc. for \$82.5 million. A 468,885 SF Class A office building built in 1985.
- DIATC LLC selected a site in Commerce City at the northwest corner of Pena Blvd and Tower Road for new 200 acre Business Park. Zoning will allow for a 400 key hotel, 1.5 million SF of commercial, and a 25 acre airport surface parking lot. The project has the potential economic value of 4,000 employees.
- TriZetto announced 2Q 2012 they will build a new 165K SF worldwide headquarters in the Meridian International Business Center. This will generate 500 construction jobs and possibly 750 future jobs. The headquarters will bring \$250 million of capital investment to Colorado, and \$70 million in worker pay annually, money that will be reinvested largely in Colorado's economy.
- Montbello Industrial Park leases 151,929 SF to One Trac of Phoenix at 5000 Lima Street.
- Bal Seal is building a new 155k SF manufacturing facility at InterQuest business park in Colorado Springs. Estimated project cost \$45 million generating as many as 400 jobs in 6 years to the Colorado Springs region.

Denver Employment

National Unemployment Average 8.2%—June 2012—NSA

	Employment Change*	Unemployment Rate
Apr-11	+11,617	8.1%
Apr-12	+3,614	7.9%
May-11	+2,342	8.3%
May-12	+11,310	8.1%

Source: Bureau of Labor Statistics NSA = not seasonally adjusted *Change from prior month

Local Trends

Quick Fact

4.0%

The increase in hourly wages from June 2011 to June 2012 in the state of Colorado.

The current average hourly wage for the private sector is \$21.04.

Source: Bureau of Labor Statistics

Cost of Living Index Denver (Nat'l Avg = 100)

All items	105.0
Grocery	101.2
Housing	113.8
Utilities	90.1
Transportation	93.9
Health care	107.4
Miscellaneous	106.5

Source: ACCRA 1st Qtr. 2012

Denver Employment Mining, Logging, Construction

2006	94,400
2007	92,900
2008	91,500
2009	76,700
2010	69,700
2011	69,700
2012-YTD	72,400

Source: Bureau of Labor Statistics

Denver Income Per Capita Personal Income

2005	\$43,250
2006	\$46,211
2007	\$47,501
2008	\$48,595
2009	\$46,611
2010	\$42,295
2011	\$44,088

Source: Bureau of Economic Analysis

Colorado Employment Growth Rates Change from Prior Year

	Q1-12	Q4-11	Q1-11	2011	2010
Total nonfarm	2.1%	1.6%	1.2%	1.5%	-1.0%
Manufacturing (6%)	2.9%	1.9%	2.4%	2.8%	-3.2%
Other (nonmanufacturing) goods-producing (6%)	4.8%	1.7%	-1.7%	0.3%	-10.3%
Private service-producing (71%)	2.4%	2.0%	1.7%	1.9%	0.4%
Government (18%)	0.0%	0.0%	0.0%	-0.3%	0.9%
Unemployment rate (percent of labor force)	7.8%	8.0%	8.6%	8.3%	8.9%

Source: FDIC

National Trends

CEO Survey—First Quarter 2012

	Increase	No Change	Decrease
How do you expect your company's sales to change in the next six months?	81%	16%	3%
How do you expect your company's U.S. capital spending to change in the next six months?	48%	41%	11%
How do you expect your company's U.S. employment to change in the next six months?	42%	43%	16%

Source: Business Roundtable Q2 2012. Survey is a forecast of economic conditions in the next six months. Percentages may not equal 100 due to rounding.

U.S. Job Openings, SAAR

Survey Date	Job Openings (000s)
May 2012	3,642
April 2012	3,447
March 2012	3,498
February 2012	3,477
January 2012	3,498
December 2011	3,376
November 2011	2,921
October 2011	3,315

Source: Bureau of Labor Statistics SAAR = seasonally adjusted annual rate

Employment Cost Index, NSA

	Index Number	12-Month Change
Q2-2011	114.8	2.2%
Q3-2011	115.2	2.8%
Q4-2011	115.5	2.0%
Q1-2012	116.5	2.0%

Source: Bureau of Labor Statistics 2005 = 100.0 NSA = not seasonally adjusted

Consumer Price Index Medical, NSA

	May-11	May-12	Y-Y Change
Medical care	399.3	413.6	+3.6%
Medical care services	422.4	438.7	+3.9%
Hospital services*	240.3	252.4	+5.1%
U.S. all items	225.9	229.8	+1.7%

Source: Bureau of Labor Statistics 1982-84 = 100.0 NSA = not seasonally adjusted *1996 = 100.0

Domestic Automotive Units (000s)

	U.S. Production	Unit Sales	Inventory Level
Apr-11	228.1	379.2	630.4
Apr-12	365.7	435.5	860.7
May-11	244.0	323.6	581.1
May-12	365.2	408.4	844.1

Source: Bureau of Economic Analysis

Personal Income

In Billions of Dollars, SAAR

	Dec-11	Jan-12	Feb-12 (r)	Mar-12 (r)	Apr-12 (r)	May-12
Personal income	13,201 ▼	13,169 ▼	13,226 ▲	13,280 ▲	13,309 ▲	13,334 ▲
Disposable personal income	11,763 ▲	11,729 ▼	11,778 ▲	11,826 ▲	11,845 ▲	11,864 ▲
Personal consumption expenditures	10,886 ▲	11,933 ▲	11,039 ▼	11,048 ▲	11,064 ▲	11,059 ▼

Source: Bureau of Economic Analysis

SAAR = seasonally adjusted annual rate

(r) = revised

Gross Domestic Product

Q1-11	0.4%
Q2-11	1.3%
Q3-11	1.8%
Q4-11	3.0%
Q1-12 (r)	1.9%

Source: Bureau of Economic Analysis Percent change from prior qtr. (r) = revised

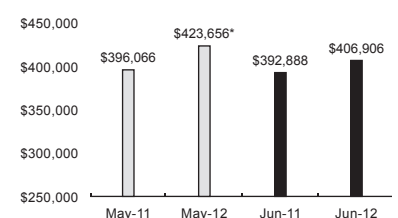
Consumer Confidence Index

Feb-12	71.6
Mar-12	69.5
Apr-12	68.7
May-12 (r)	64.4
Jun-12 (p)	62.0

Source: The Conference Board 1985 = 100 (p) = preliminary (r) = revised

Total U.S. Retail Sales

In Millions (000,000s) NSA



Source: U.S. Department of Commerce NSA = not seasonally adjusted *revised data Most recent data available