INDUSTRIAL MARKET UPDATE

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&
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July 2009
Denver Industrial Market

QUICK FACTS

- ± 224 Million Square Feet (Year 2000 ± 211 Million Square Feet)
- 22nd Largest Industrial Market
- 2nd Tier Distribution Market – (1st Tier Chicago, New Jersey, Dallas, Los Angeles)
- Center of the Rocky Mountain Region
- Large Geographic Area/Small Population
- Denver CSA Population: 2.75 Million
- Key Location for National Users
COMPANY PICNIC
FOR THE SELF EMPLOYED
YTD DENVER METRO INDUSTRIAL MARKET STATS

- 224,252,267 Existing RBA
- 169,635 SF Under Construction
- 7.1% Vacancy

- 9.6% Available
- -238,000 SF of Absorption

DENVER MARKET TRENDS

Square Feet

0 1,000,000 2,000,000 3,000,000 4,000,000 5,000,000 6,000,000

-1,000,000

Year

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

Vacancy %

0% 1% 2% 3% 4% 5% 6% 7% 8% 9% 10%

Absorption

Vacancy
OVERALL INDUSTRIAL ACTIVITY

User Sale and Leasing Activity in Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Activity (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>10.14</td>
</tr>
<tr>
<td>1998</td>
<td>12.62</td>
</tr>
<tr>
<td>1999</td>
<td>13.37</td>
</tr>
<tr>
<td>2000</td>
<td>10.90</td>
</tr>
<tr>
<td>2001</td>
<td>8.14</td>
</tr>
<tr>
<td>2002</td>
<td>9.08</td>
</tr>
<tr>
<td>2003</td>
<td>9.59</td>
</tr>
<tr>
<td>2004</td>
<td>10.18</td>
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<tr>
<td>2005</td>
<td>10.77</td>
</tr>
<tr>
<td>2006</td>
<td>17.59</td>
</tr>
<tr>
<td>2007</td>
<td>17.41</td>
</tr>
<tr>
<td>2008</td>
<td>13.78</td>
</tr>
<tr>
<td>2009</td>
<td>8.84</td>
</tr>
</tbody>
</table>

Annualized
## YTD MAJOR TRANSACTIONS – USER SALES AND LEASES

<table>
<thead>
<tr>
<th>Company</th>
<th>Size</th>
<th>Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>O’Reilly Automotive</td>
<td>360,000</td>
<td>A</td>
</tr>
<tr>
<td>Colorado Petroleum</td>
<td>230,636</td>
<td>B</td>
</tr>
<tr>
<td>Kevry Corp</td>
<td>135,246</td>
<td>B</td>
</tr>
<tr>
<td>Anheuser-Busch</td>
<td>119,116</td>
<td>A</td>
</tr>
<tr>
<td>MBM</td>
<td>110,000</td>
<td>A</td>
</tr>
<tr>
<td>Drive Train Industries</td>
<td>96,842</td>
<td>B</td>
</tr>
<tr>
<td>Propack</td>
<td>96,000</td>
<td>B</td>
</tr>
<tr>
<td>AtLast Holdings, Inc.</td>
<td>87,372</td>
<td>A</td>
</tr>
<tr>
<td>Bunzl Distribution</td>
<td>84,000</td>
<td>A</td>
</tr>
<tr>
<td>Playtime Creations</td>
<td>65,000</td>
<td>A</td>
</tr>
<tr>
<td>Colorado Distribution</td>
<td>65,000</td>
<td>A</td>
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<tr>
<td>US Bank</td>
<td>65,000</td>
<td>A</td>
</tr>
<tr>
<td>Adams Reload</td>
<td>62,000</td>
<td>B</td>
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<tr>
<td>Anderson Corp</td>
<td>59,916</td>
<td>B</td>
</tr>
<tr>
<td>Stranahans</td>
<td>56,954</td>
<td>B</td>
</tr>
<tr>
<td>Sunflower Market</td>
<td>50,981</td>
<td>B</td>
</tr>
</tbody>
</table>

Class A = 8
Class B = 8
O’Reilly Automotive

ProLogis

CBRE

360,000 Square Feet
Anheuser-Busch / MBM

MAJESTIC REALTY CO.
Leaders in Real Estate Development since 1948...

Anheuser-Busch
119,116 Square Feet

MBM
110,000 Square Feet
AtLast Holdings, Inc.

87,372 Square Feet
US Bank

65,000 Square Feet
Industrial Market Comparisons

Western Industrial Markets – Absorption & Vacancy Trends YTD

-9,000,000 -8,000,000 -7,000,000 -6,000,000 -5,000,000 -4,000,000 -3,000,000 -2,000,000 -1,000,000 0

Phoenix Los Angeles Metro Denver Oakland Las Vegas

SF

0 -1,000,000 -2,000,000 -3,000,000 -4,000,000 -5,000,000 -6,000,000 -7,000,000 -8,000,000 -9,000,000

Net Absorption Vacancy Rate

% 0.00% 2.00% 4.00% 6.00% 8.00% 10.00% 12.00% 14.00% 16.00%
“The credit-card company wants to know what happened to our irresponsible spending habits.”

© Barrons 2009
2009 Completions
- Ascendant/Cobalt in DBC
  - 100,000 SF
- Lot C-7 in SBC
  - 56,350 SF
- Shaffer Greens
  - 52,320 SF

Currently U/C
- Concord Business Center
  - 55,680 SF
  - 85,008 SF

No New Industrial Development in 2009
Denver Business Center

100,000 Square Feet
Stapleton Business Center

56,350 Square Feet
Industrial Market Trends | 2009

- Flight to Quality
  - Class A space demand as asking rates drop

- Downward Pressure On Pricing
  - Lease Rates
  - Sale Prices
  - Land Prices

- Shrinking Demand

- Blend and Extend

- Short Term Leases

- Extended Deal Cycle
• Limited Capital

• Wide Gap in Bid/Ask Price
  • Dramatic Change in CAP Rates
  • Expensive Debt
  • Expensive Equity

CAPITLIZATION RATES

Mid Year Sales Denver
• American Recovery and Reinvestment Act (ARRA) 2009
  • $213.8 M spent in CO as of 6/11/09
    • Nationally, 10% released

• Infrastructure Growth
  • Central Park Interchange at Stapleton - $12 M
    • Links Commercial and Residential
  • Denver Union Station - $18.9 M
    • Bus and Fastracks
  • NREL
    • $100 M Const & Upgrades
    • $10 M Wind Power Testing
Central Park Interchange at Stapleton
Major Firms Locating in Colorado

- Vestas
  - 600,000 SF – Pueblo
  - 230,000 SF – Windsor
  - 384,000 SF – Brighton
- Hexcel
  - 100,000 SF
- AVA (Abound) Solar
  - 126,245 SF
- Ascent Solar
  - 145,000 SF
- NREL
  - 218,000 SF
  - 665,000 SF
Denver Industrial Market Forecast

- Construction Costs Stabilizing
  - Slight Increase in Commodities Pricing Since Q1

- Underwriting
  - Dramatically Higher Returns
  - Huge Gap Between Current Market and Required Lease Rates

- Increased Downward Pricing Pressure from Users

- Increased Default Rate
  - Private Owners / Developers

- Land Sales
  - Weak User and Developer Demand
  - Significant Price Correction

- Market Doldrums Through 2010
  - No Supply of New Space
  - Absorption of Current Inventory of Class A Space
  - Gradual Strengthening of Class B & C Space
Denver Industrial Market Outlook 2009