HOT TOPICS

• Lease rates have increased year-over-year by 10% metro-wide and 20% Downtown
• Vacancy falls over 90 basis points year-to-date
• Thirteenth straight quarter of positive absorption
• EPA, RE/Max headquarters deliver as well as the Signature Centre at Denver West
• Several projects breaking ground Downtown and Southeast, with plans for additional projects metro wide.

DENVER QUICK STATS

<table>
<thead>
<tr>
<th>Direct Vacancy</th>
<th>13.4%</th>
<th>Overall Lease Rates</th>
<th>$18.86</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A Rates</td>
<td>$21.94</td>
<td>Construction</td>
<td>1.6M</td>
</tr>
</tbody>
</table>
DOWNTOWN MARKET CONDITIONS

DOWNTOWN QUICK STATS

Direct Vacancy  9.7%  Overall Lease Rates  $24.12
Class A Rates  $26.63  Construction  1.2M
SO UTHEAST MARKET CONDITIONS

SOUTHEAST QUICK STATS

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Vacancy</td>
<td>12.6%</td>
</tr>
<tr>
<td>Overall Lease Rates</td>
<td>$19.40</td>
</tr>
<tr>
<td>Class A Rates</td>
<td>$23.35</td>
</tr>
<tr>
<td>Construction</td>
<td>442K</td>
</tr>
</tbody>
</table>
NORTHWEST MARKET CONDITIONS

NORTHWEST QUICK STATS

- Direct Vacancy: 15.7%
- Overall Lease Rates: $18.54
- Class A Rates: $23.04
- Construction: 0
How do the Denver Office Market fundamentals measure up to other Transit Markets?

These graphs illustrate the benchmarks set by markets with comparable Transit infrastructure. Transit has been noted as one of the most significant factors in the performance of an office market, and therefore this benchmark is indicative of the potential that the Denver office market has upon full implementation of the FasTracks transit project.
How do the Denver Office Market fundamentals measure up to other Energy Markets?

These graphs illustrate the benchmarks set by markets with a comparable Energy economic base. The graphs illustrate Denver losing ground with the comparable markets, falling from outperforming to underperforming. This indicates the potential that Denver has for an upward correction, closing this gap in the near future.
Where is the Denver Office Market in the Cycle?

- **Expansion**
  - Declining Vacancy
  - New Construction
  - Rent Growth

- **Recovery**
  - Declining Vacancy
  - Limited Construction
  - Rent Growth Negative or < Inflation Rate

- **Hypersupply**
  - Increasing Vacancy
  - New Construction
  - Rent Growth Positive but Declining

- **Recession**
  - Increasing Vacancy
  - More Completions
  - Rent Growth Negative or < Inflation Rate

Office - Downtown

Overall Market

Office - Suburban

2004-2006

2000-2003

Current
The Denver Office Market Pipeline

NEARLY 2 MILLION SF OF OFFICE SPACE UNDER CONSTRUCTION

1001 17th Street
623,334 SF
Miller Global
2007 Occupancy
Rates TBD
Downtown

Palazzo Verdi
312,000 SF
John Madden
2008 Occupancy
$19 - $23 NNN
Southeast

Signature Centre
186,000 SF
Aradex
Completed June 2007
$18 NNN
West

1515 Wynkoop
285,000 SF
Hines
2008 Occupancy
$24 - $28 NNN
Downtown

1400 Wewatta
350,000 SF
Opus
2008 Occupancy
$23 - $26 NNN
Downtown

Lincoln Station
143,000 SF
Westfield
2008 Occupancy
$19.5 - $22.5 NNN
Southeast

In addition, Granite/Urban Frontier and Hines have purchased land sites in the Northwest Office Market
The Denver Office Market Pipeline

GEOGRAPHIC ALLOCATION OF PIPELINE
Projects under construction & proposed

- Southeast: 28%
- Downtown: 48%
- Northwest: 10%
- Remaining Sectors: 14%

How does the current phase compare with past construction booms?

<table>
<thead>
<tr>
<th>Year</th>
<th>SF Delivered</th>
<th>Vacancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>14,357,580</td>
<td>28.1%</td>
</tr>
<tr>
<td>1985</td>
<td>6,995,353</td>
<td>27.7%</td>
</tr>
<tr>
<td>1999</td>
<td>6,020,523</td>
<td>7.10%</td>
</tr>
<tr>
<td>2007 est</td>
<td>1,000,000</td>
<td>13.0%</td>
</tr>
<tr>
<td>2009 forecast</td>
<td>2,000,000</td>
<td>11%</td>
</tr>
</tbody>
</table>
Investment Activity & Impact on Rental Rates

**Top Metro Denver Office Sales YTD July 2007**

<table>
<thead>
<tr>
<th>Property</th>
<th>Sales Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.) Callahan Capital Portfolio</td>
<td>$770 M</td>
</tr>
<tr>
<td>2.) Denver Place Towers</td>
<td>$200 M</td>
</tr>
<tr>
<td>3.) Park Central</td>
<td>$140 M</td>
</tr>
<tr>
<td>4.) 151 Detroit</td>
<td>$64 M</td>
</tr>
<tr>
<td>5.) Lincoln Center</td>
<td>$45 M</td>
</tr>
</tbody>
</table>

2007 YTD TOTAL $2.6 Billion ($141.53 PSF)

Of the major Denver office buildings that have traded in the last year, the rental rate increase under new ownership averages 13%
Rental Rates and Expenses

The cost of occupancy Downtown in 2010 for Class A space will likely average above $35.

Current Operating Expenses

Downtown - $11.92
Suburban - $8.40
Economic Projections

• Continued Job Growth – expected to be moderate

• High energy costs and rising interest rates – expenses will continue to increase

• Housing Market- Cooling nationally, less so in Denver

• Construction Costs Rising

• Economic indicators point to a slowdown in late 2007

LONG-TERM FACTORS FOR DENVER

• Well Capitalized Ownerships (equity/interest rates)

• Strong Long-Term Fundamentals
  • Labor Force - Demographics
  • Housing
  • FasTracks- Light Rail

• Out-of-State Activity

• Land Opportunities
Market Outlook

• Rental rate growth will taper from its current pace, but continue to grow above-average and above-inflation

• Select markets will see a spike in rental rates due to a lack of supply, such as the Northwest or West

• Vacancy rate stabilization of 10% by late 2008

• Investment activity will remain strong throughout 2007. Denver is still a more attractive market to invest in than major markets even with trend of lower cap rates

• Downtown will act as a catalyst for improving vacancy and rising rental rates in other markets