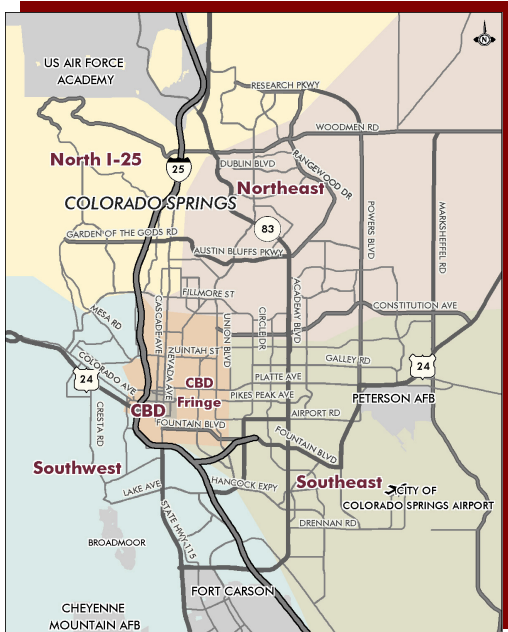


TOP COLORADO SPRINGS LEASE TRANSACTIONS

Size (Sq. Ft.)	Tenant	Address
18,478	Xaware	5555 Tech Center Dr.
5,719	Integrated Information Technology	1755 Telstar Dr.
6,628	Col. Springs Construction News Service	4775 Centennial Blvd.
15,082	Westwood-Travel Corporation	12320 Oracle Rd.
25,614	University of Phoenix	5725 Mark Dabling Blvd.

COLORADO SPRINGS OFFICE SUBMARKET MAP



OFFICE BROKERAGE SERVICES:
Kenton R. Mau, Senior Managing Director 719.955.2013 kmau@sierracre.com
Randy Miller, Managing Director 719.955.2015 miller@sierracre.com
Greg Phaneuf, Director 719.955.2014 gphaneuf@sierracre.com
Brian Wagner, Director 719.955.2016 bwagner@sierracre.com



© Information herein has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the market. This information is designed exclusively for use by Sierra Commercial Real Estate, Inc. and CB Richard Ellis clients, and cannot be reproduced without prior written permission of Sierra Commercial Real Estate, Inc. and CB Richard Ellis.



MARKET VIEW
COLORADO SPRINGS OFFICE

FIRST QUARTER 2005

AVERAGE ASKING LEASE RATE

Rate determined by multiplying the asking net lease rate for each building by its available space, summing the products, then dividing by the sum of the available space with net leases for all buildings in the summary.

NET LEASES

Includes all lease types whereby the tenant pays an agreed rent plus most, or all, of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses.

MARKET COVERAGE

Includes all competitive office buildings 5,000 square feet and greater in size.

NET ABSORPTION

The change in occupied square feet from one period to the next.

NET RENTABLE AREA

The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies, and stairwell areas.

OCCUPIED SQUARE FEET

Building area not considered vacant.

UNDER CONSTRUCTION

Buildings which have begun construction as evidenced by site excavation or foundation work.

AVAILABLE SQUARE FEET

Available Building Area which is either physically vacant or unoccupied, including sublease space.

AVAILABILITY RATE

Available Square Feet divided by the Net Rentable Area. This calculation includes vacant and sublease space and is given as a percentage.

VACANT SQUARE FEET

Existing Building Area which is physically vacant or immediately available and does not include sublease space.

VACANCY RATE

Vacant Building Feet divided by the Net Rentable Area. This calculation is given as a percentage and includes vacant space but does not include sublease space.

NORMALIZATION

Due to a reclassification of the market, the base, number and square footage of buildings of previous quarters have been adjusted to match the current base. Availability and Vacancy figures for those buildings have been adjusted in previous quarters.

For more information regarding the Colorado Springs office market, please contact one of the office brokers listed.

Kimberly R. Charity, Director of Market Research
 Sierra Commercial Real Estate, Inc.
 102 South Tejon, Suite 750
 Colorado Springs, Colorado 80903
 T. 719.955.2000 • F. 719.955.2019
 kcharity@sierracre.com

QUICK STATS

	Current	Change from last Yr.	Otr.
Vacancy	11.32%	↑	↓
Lease Rates	\$10.35	↔	↓
Net Absorption	90,846	↑	↑
Construction	88,835 SF	↓	↑

HOT TOPICS

- Colorado Springs ranked 8th by infoUSA among nation's largest metro areas for business growth; Springs added 3,500 businesses from 2000-2004
- 390-acre urban renewal project planned on North Nevada Avenue
- Colorado Springs Metro Interstate Expansion (COSMIX) to begin I-25 expansion in mid-2005

The office market started off strong in the first quarter of 2005. Not only has vacancy remained stable, but absorption is also showing a positive sign. For the metro market, the vacancy rate is 11.32% and is expected to decrease throughout 2005 as more direct space is filled. Lease rates displayed a slight decrease to \$10.35, down from \$10.60 at the end of 2004.

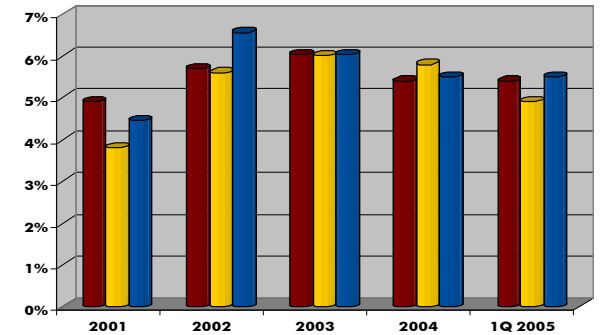
Both the metro office market and the Class "A" office market boast positive absorption figures. The metro market absorbed 90,846 SF in the first quarter, with the North I-25 and Southeast submarkets showing the highest absorption figures. All three Class "A" submarkets reflected positive absorption as well. Total Class "A" absorption for the first quarter is 65,088 SF. This trend is expected to carry throughout 2005 and indicates that the market has stabilized and no further signs of increased vacancy will take place.

Leasing activity for the metro market is 401,103 SF. The North I-25 submarket shows the highest lease activity with most of the leasing taking place in the Class "A" sector. Leasing transactions included Westwood Travel taking up 15,082 SF, Xaware with 18,478 SF, and Pulte Homes occupying 17,816 SF. The University of Phoenix also occupied 25,614 SF in Northcreek I.

Employment is also showing positive signs for El Paso County and the State of Colorado. Through February of 2005, Colorado's unemployment rate has dropped to 4.9%, down from the 2004 average of 5.8%. El Paso County's unemployment rate is remaining stable at 5.5%. The Colorado Department of Labor and Employment stated that February 2005 was Colorado Spring's 14th straight month to boast job growth. The economic sectors reflecting job growth in February were manufacturing, professional and business services, and government.

...February 2005 was Colorado Spring's 14th straight month to boast job growth.

UNEMPLOYMENT RATE



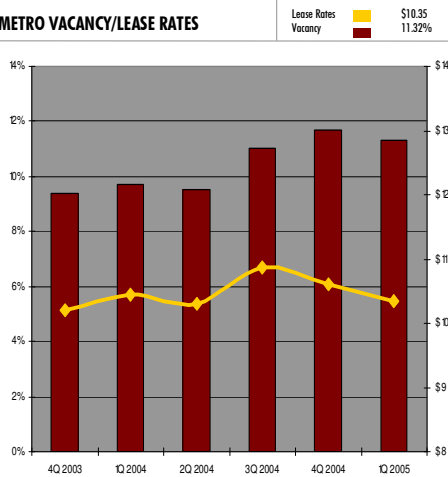
Source: U.S. Department of Labor

© 2005 Sierra Commercial Real Estate, Inc.

METRO OFFICE STATISTICS

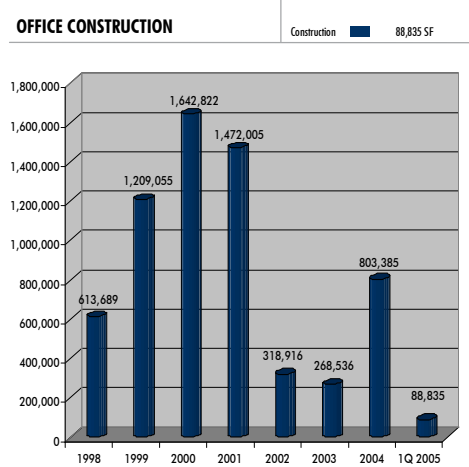
Office Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Net Average Asking Lease Rate \$ SF/YR	YTD Leasing Activity	YTD Absorption SF
CBD	3,269,398	249,886	7.64%	9.98%	\$12.78	32,730	11,875
CBD Fringe	2,680,458	179,163	6.68%	6.86%	\$10.65	19,542	-1,357
North I-25	9,717,359	1,367,103	14.07%	15.43%	\$9.91	153,641	30,617
Northeast	3,637,410	340,378	9.36%	9.44%	\$11.10	60,365	-17,964
Southeast	3,563,269	488,631	13.71%	15.50%	\$10.03	96,812	40,937
Southwest	1,657,463	151,865	9.16%	9.32%	\$9.35	38,013	26,738
Total	24,525,357	2,777,026	11.32%	12.48%	\$10.35	401,103	90,846

METRO VACANCY/LEASE RATES



Lease rates have decreased from \$10.60 in the fourth quarter of 2004 to \$10.35 for the first quarter of 2005. Vacancy rates show little change from last quarter, which reflects stabilization in the metro office market. The current vacancy rate is 11.32%

OFFICE CONSTRUCTION

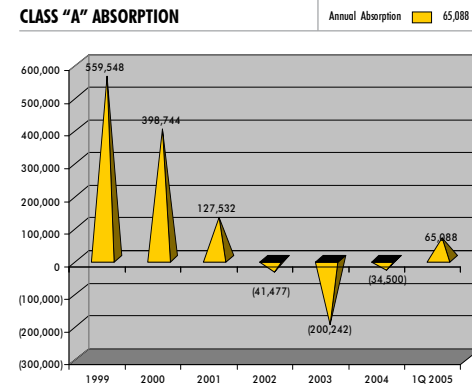


Metro office construction for the first quarter of 2005 is at 88,835 SF. This figure has decreased from 2004's first quarter figure of 341,201 SF. Total commercial construction is currently at 311,791 for the quarter.

CLASS "A" OFFICE STATISTICS

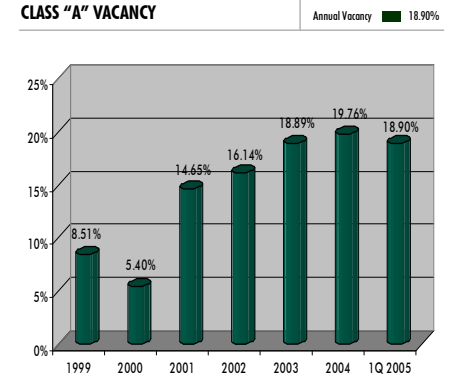
Office Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Net Average Asking Lease Rate \$ SF/YR	YTD Leasing Activity	YTD Absorption SF
North I-25	4,285,204	1,002,746	23.40%	26.34%	\$10.00	121,574	31,589
CBD	1,766,482	139,363	7.89%	10.95%	\$14.85	15,655	10,464
Southeast	1,237,929	235,342	19.01%	19.45%	\$9.59	41,423	23,035
Total	7,289,615	1,377,451	18.90%	21.44%	\$10.42	178,652	65,088

CLASS "A" ABSORPTION



Absorption for the Class "A" market is rebounding in the first quarter of 2005. All three Class "A" submarkets displayed positive absorption to make up a total of 65,088 SF.

CLASS "A" VACANCY



Vacancy rates for the Class "A" Market are showing a decrease to 18.90% for the first quarter of 2005. The decreased vacancy is a positive sign for a Class "A" market that displayed an increase in vacancy over the past several years.

MARKET OUTLOOK FOR 2005

Prospects for the office market in 2005 look good for both the short-term and much better in the medium-term. Calendar year 2005 should be a year that exhibits positive job growth and establishes momentum for continued lease absorption. The office market will be in the recovery phase for a while, until the market reaches stabilized vacancy rates. The good news is that 2005 will be a year that presents significant opportunities for office investors. As vacancy rates are worked down, significant increases in net rental rates will have to occur. The leading indicator will be employment gains.

