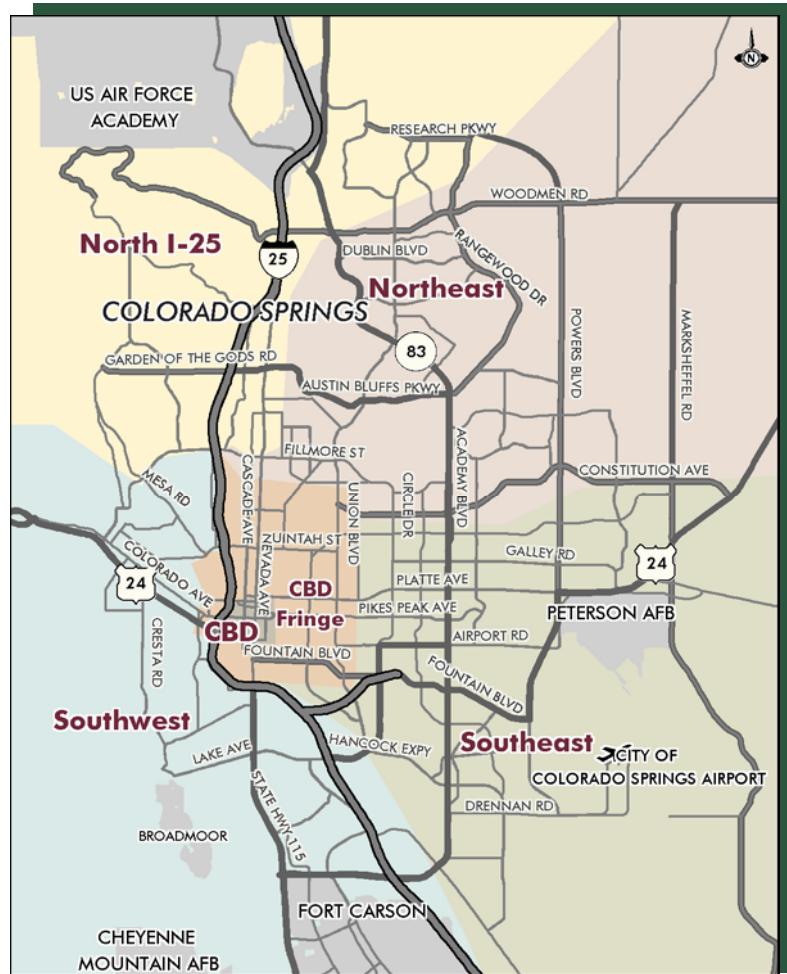




TOP COLORADO SPRINGS LEASE AND SALES TRANSACTIONS

| Size (Sq. Ft.) | Tenant/Building | Address | Sale / Lease |
|----------------|----------------------------------|--------------------|--------------|
| 190,000 | Alamo Corporate Center | 102 S. Tejon | Sale |
| 113,000 | InterQuest Business Park | 9950 Federal Dr. | Sale |
| 19,883 | Barnabus Center / Tiffany Square | 6805 Corporate Dr. | Lease |
| 17,000 | Policy Studies, Inc. | 6 N. Tejon | Lease |
| 8,127 | Signal Oil & Gas | 1755 Telstar Dr. | Lease |

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 rmiller@sierracre.com
 Greg Phaneuf, Director 719.955.2014 gphaneuf@sierracre.com
 Brian Wagner, Director 719.955.2016 bwagner@sierracre.com



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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.

Sierra Commercial Real Estate, Inc.
 102 South Tejon, Suite 750
 Colorado Springs, Colorado 80903
 T. 719.955.2000 • F. 719.955.2019

QUICK STATS

| | Current | Yr. | Qtr. |
|----------------|---------|-----|------|
| Vacancy | 11.39% | ↓ | ↓ |
| Lease Rates | \$10.41 | ↓ | ↓ |
| Net Absorption | 238,548 | ↓ | ↓ |

HOT TOPICS

- Colorado voters approve Referendum C, allowing the state to keep and spend an estimated \$3.7 billion on education, transportation, and health care.
- Southwest Airlines bypasses Colorado Springs and chooses Denver to provide commercial air service.
- Powers Blvd. extends north to Colorado Hwy. 83, providing easier access to the Powers corridor from the city's north side.
- Congress announces \$120 million appropriation for military construction at Fort Carson, Peterson Air Force Base, and the U.S. Air Force Academy.

The Colorado Springs office market has strong momentum going into 2006, with vacancy rates dropping in the 4th quarter from 11.77% to 11.39%. Absorption was also positive in the 4th quarter, increasing from 186,947 SF through the 3rd quarter to 238,548 at the end of the year. Lease rates have also been increasing, from \$10.25/SF

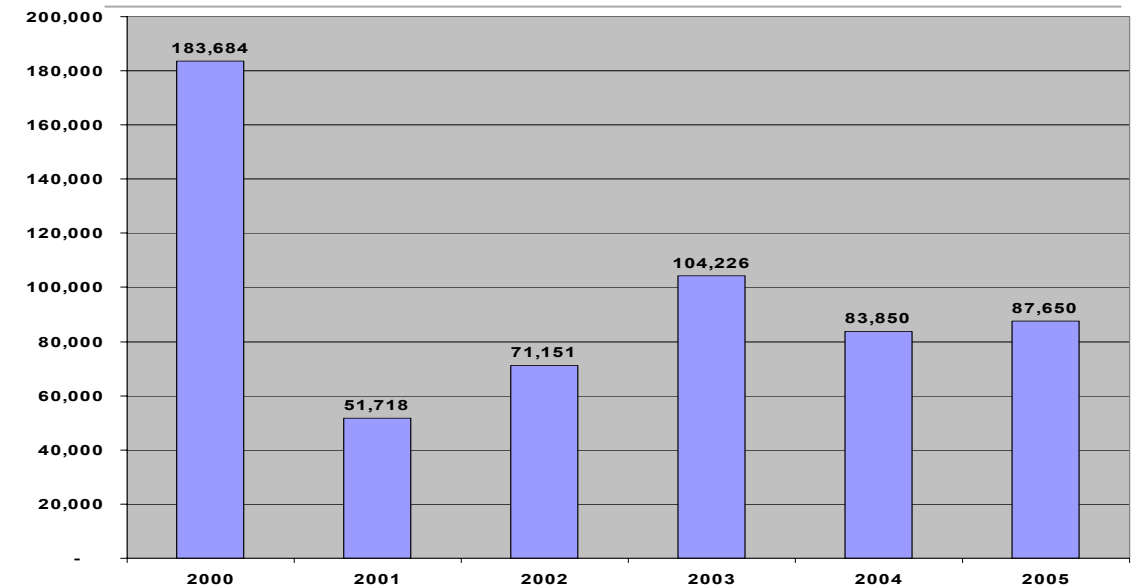
business park, totaling 113,000 SF, sold for \$11.4 million. These Class "A" sales helped boost the average sales price to a record of \$113.21/SF in 2005.

The medical segment of the office market has also played a significant role in 2005. Composed of 159 buildings and 2.5 million square feet, this segment consistently has below-average vacancy rates and above-average lease rates when compared to the overall office market. Two new hospitals currently under construction in the Northeast submarket will spark new medical facility construction in 2006, prompting a shift in occupancy from older facilities into newer buildings.

The medical segment of the office market has also played a significant role in 2005.

Office building sales set records in 2005 for sales volume in dollars and average price/SF, with several sales occurring in the 4th quarter. The 190,000 SF Alamo Corporate Center sold in October for \$26.1 million. In December, two buildings in the InterQuest

MEDICAL BUILDING CONSTRUCTION SINCE 2000



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 | 3,275,248 | 224,914 | 6.87% | 8.82% | \$14.90 | 92,787 | (10,172) |
| CBD Fringe | 2,696,015 | 232,688 | 8.63% | 8.82% | \$10.29 | 73,864 | (45,922) |
| North I-25 | 10,171,860 | 1,408,614 | 13.85% | 14.75% | \$10.19 | 606,522 | 219,100 |
| Northeast | 3,780,977 | 374,699 | 9.91% | 10.13% | \$10.29 | 205,526 | (233) |
| Southeast | 3,624,818 | 494,687 | 13.65% | 14.72% | \$9.24 | 234,097 | 36,032 |
| Southwest | 1,768,085 | 147,436 | 8.34% | 8.34% | \$10.10 | 94,843 | 39,743 |
| Total | 25,317,003 | 2,883,038 | 11.39% | 12.21% | \$10.41 | 1,307,639 | 238,548 |

The Former Progressive Building located in the North I-25 submarket is now owner occupied. It reflects absorption and lease activity of 119,350 SF.

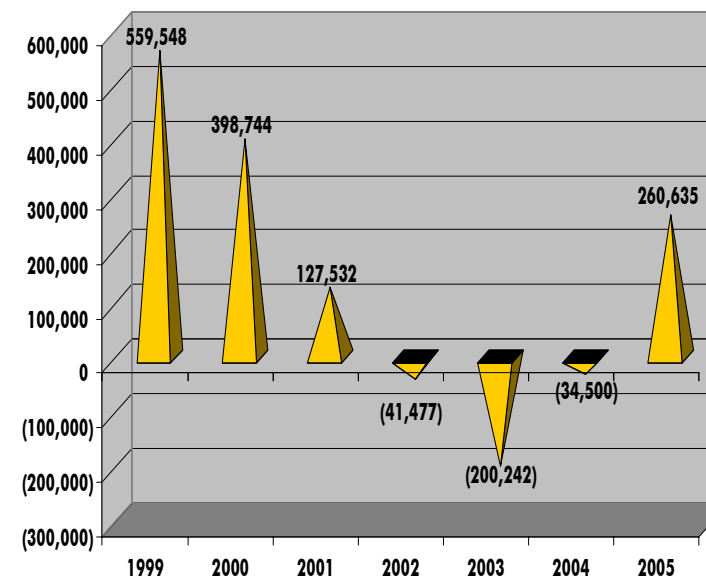
CLASS "A" OFFICE STATISTICS

| 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 | 821,047 | 19.16% | 20.71% | \$10.23 | 384,924 | 257,188 |
| CBD | 1,766,482 | 137,321 | 7.77% | 10.08% | \$15.82 | 55,135 | 3,580 |
| Southeast | 1,306,157 | 292,997 | 22.43% | 22.85% | \$9.65 | 81,692 | (133) |
| Total | 7,357,843 | 1,251,365 | 17.01% | 18.54% | \$10.71 | 521,751 | 260,635 |

The Former Progressive Building located in the North I-25 submarket is now owner occupied. It reflects absorption and lease activity of 119,350 SF.

CLASS "A" ABSORPTION

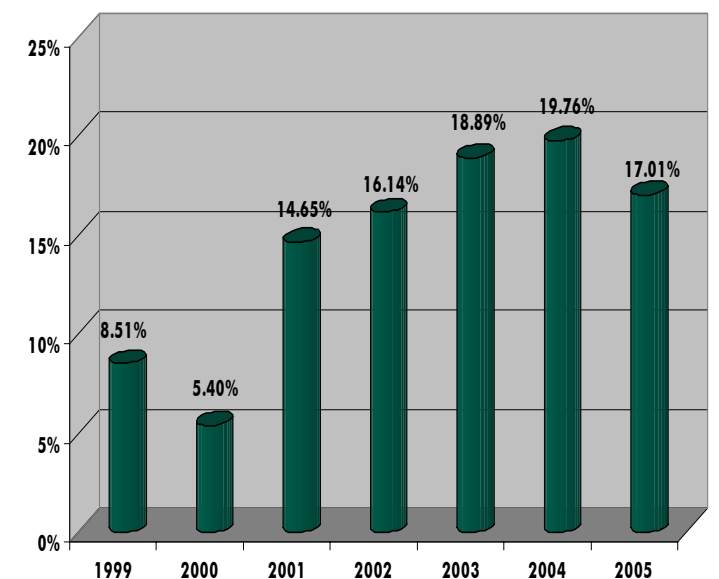
Annual Absorption 260,635



Absorption for the Class "A" market has rebounded strongly in 2005. Total Class "A" absorption in 2005 was 260,635 SF and was the first year since 2001 to have positive Class "A" absorption.

CLASS "A" VACANCY

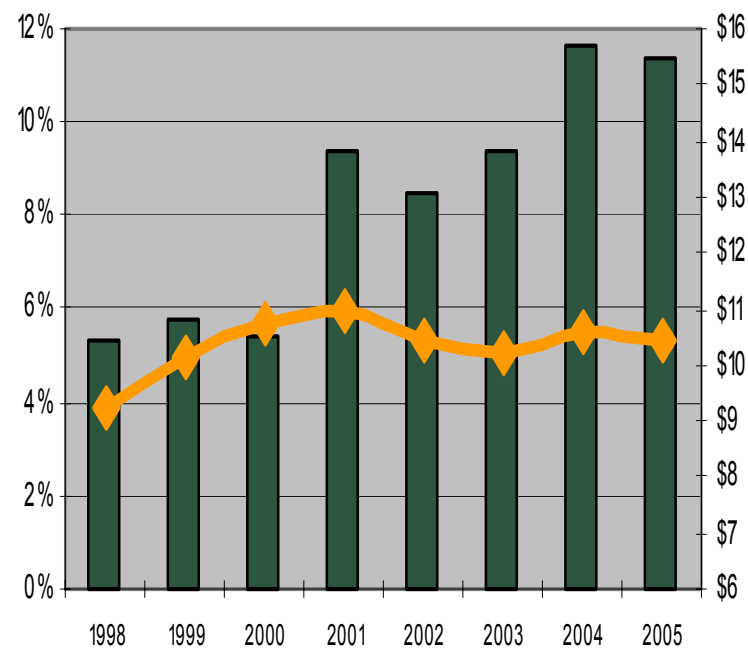
Annual Vacancy 17.01%



Class "A" vacancy rates continue to decrease, dropping from 19.76% at the end of 2004 to 17.01% at the end of 2005. The decreased supply in available Class "A" office space has caused rents to climb to a current level of \$10.71 SF NNN.

METRO VACANCY/LEASE RATES

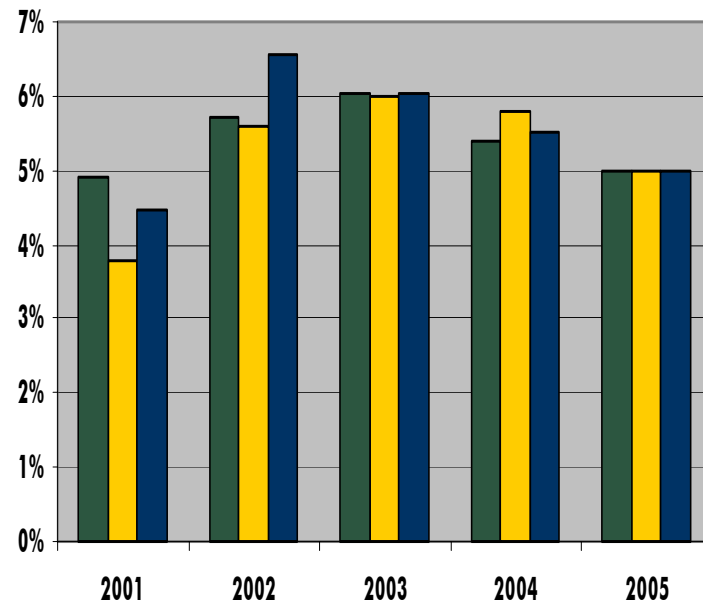
Lease Rates \$10.41
Vacancy 11.39%



Vacancy rates at the end of 2005 have decreased from year end 2004, currently at 11.39%. Lease rates continue to be near 2004 levels, currently at \$10.41.

UNEMPLOYMENT

United States 5.0%
Colorado 5.0%
El Paso County 5.0%



The unemployment rate in El Paso County dropped in the 4th quarter from 5.1% to 5.0%. Unemployment rates both locally and nationally are at their lowest year end figures since 2001.

MARKET OUTLOOK FOR 2006

- On-going improvement in the office market with Class "A" availability rates, although statistically high, continuing to drop creating fewer opportunities for large floor plate users.
- Several speculative projects planned for the Central Business District will get closer to reality and new construction on the North I-25 corridor should occur in late 2006 and early 2007.
- Continued job growth with positive employment gains, along with subsequent population growth, will be experienced throughout 2006.
- Cap rates for investment properties will peak in early 2006 and begin to move higher in conjunction with rising interest rates.

