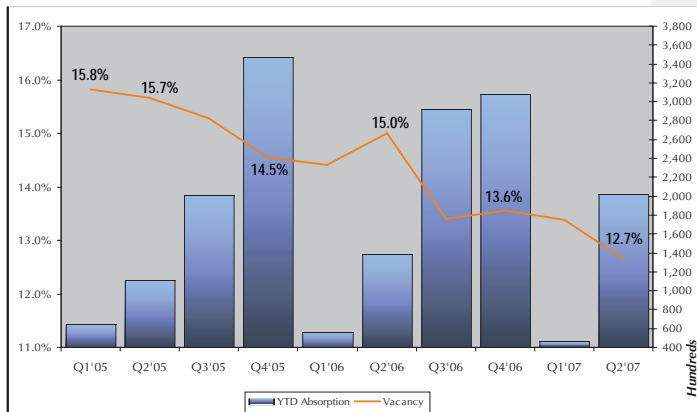


OFFICE MARKET OVERVIEW

DENVER METRO MARKET

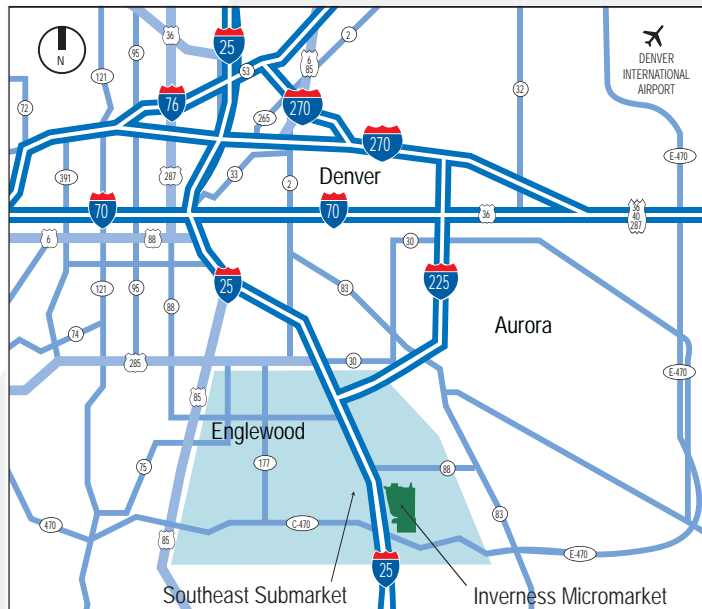
The Denver Metro area's direct vacancy continues its downward trend, dropping from a year-end 2006 vacancy rate of 13.6% to a mid-year 2007 vacancy rate of 12.7%. Overall vacancy rates have dropped over 2 percentage points since mid-year 2006. Vacancy rates have been slowly, but steadily dropping for the past fourteen quarters, since 2004. Sublease vacancy decreased by just over 100,000 square feet, to 1.6 million square feet overall.

DENVER METRO MARKET ABSORPTION/VACANCY COMPARISON



Overall market net absorption since January was approximately 1.5 million s.f. The Downtown and Southeast submarkets boasted the highest net absorption numbers. Current vacancy rates in these submarkets are at 8.2% and 14.6% respectively.

Rental rates for the quarter were an average of \$19.21/s.f., up from \$18.21/s.f., representing a 5.5% increase from year-end



2006. The submarket leaders are the downtown submarket currently at an average asking rate of \$24.12/s.f. and the Cherry Creek submarket at \$20.15/s.f.

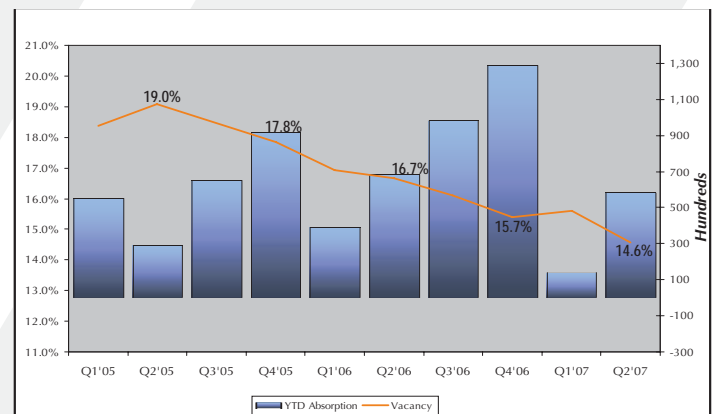
From January through June 2007, 28 new buildings were delivered to the Denver Metro Area, representing just over 1 million square feet. Approximately 700,000 square feet of new projects were under construction at the end of the June in the Metro Area. The largest deliveries to the market year-to-date have been the RE/MAX International Headquarters, a 259,000 s.f. office building delivered in the first quarter and the 186,000 s.f. Signature Centre at Denver West, delivered in the second quarter. Both buildings are 100% committed.

SOUTHEAST SUBMARKET

Office properties in the Southeast Submarket experienced 438,741 s.f. of absorption in the second quarter and year-to-date absorption stands at 580,000 s.f. The overall vacancy rate dropped from 15.7% at year-end 2006 to 14.6% at mid-year 2007. Sublease space also continued its steady decline from 600,000 s.f. at year-end to its current 530,000 s.f.

Rental rates averaged \$19.40/s.f. in the Southeast submarket in the second quarter of 2007, up from \$19.04 at year-end 2006. As average rental rates for the Southeast Submarket begin to stabilize, investor interest in the submarket is gaining momentum with numerous projects planned or currently under construction.

SOUTHEAST SUBMARKET ABSORPTION/VACANCY COMPARISON



INVERNESS BUSINESS PARK MICROMARKET

During the second quarter of 2007, the direct multi-tenant office vacancy rate in the Inverness Business Park dropped from 18% in the first quarter to 17.2% at mid-year. Office sublease vacancy in the Park dropped in the first quarter from 47,000 s.f. in the first quarter to 32,000 s.f. in the second quarter, accounting for 1.38% of the vacant multi-tenant office space in the Park. Office absorption in the first quarter was a negative 17,971 s.f., but the product type bounced





INVERNESS BUSINESS PARK MID-YEAR 2007 SUMMARY

OFFICE

Total Buildings	54	
Total Square Feet	2,354,596	
Total Vacant	405,016	17.20%
Total Sublease	32,415	1.38%
Total Available	437,431	18.58%
Quarterly Absorption	36,260	
YTD Absorption	18,829	

R&D

Total Buildings	37	
Total Square Feet	1,435,272	
Total Vacant	278,198	19.38%
Total Sublease	61,580	4.29%
Total Available	339,778	23.67%
Quarterly Absorption	(47,500)	
YTD Absorption	13,791	

SINGLE TENANT / OWNER OCCUPIED

Total Buildings	52	
Total Square Feet	2,869,960	
Total Vacant	91,469	3.19%
Total Sublease	11,612	0.40%
Total Available	103,081	3.59%
Quarterly Absorption	3,152	
YTD Absorption	(38,392)	

Total Inverness Business Park Summary (Office, R&D and Single Tenant/Owner Occupied)

Total Buildings	143	
Total Square Feet	6,659,828	
Total Vacant	774,683	11.63%
Total Sublease	105,607	1.59%
Total Available	880,290	13.22%
Quarterly Absorption	(8,088)	
YTD Absorption	(6,312)	



INVERNESS PROPERTIES, LLC

2 INVERNESS DRIVE EAST, SUITE 200
ENGLEWOOD, COLORADO 80112
303.799.9500

PETER COAKLEY 720.274.8359
SCOTT BEASLEY 720.274.8368
CHARLIE DAVIS 720.274.8394
BILL WOODWARD 720.274.8313

back in the second quarter with more than 36,000 s.f. being absorbed, bringing the mid-year absorption number for office space back to a positive 18,829 s.f.

The Inverness Business Park currently has 880,290 s.f. of its 6.65 million square feet available for lease or sublease. Multi-tenant office space accounts for 437,431 s.f., office/flex and industrial accounts for 339,778 square feet, and single-tenant/owner-occupied vacancies account for the remaining 103,081 s.f.

Overall vacancy within the Park is at 13.2%, up slightly from 2006 year-end vacancy of 13.1%. Contributing to this slight increase is the negative absorption of 47,500 s.f. seen in the R&D/Flex product type within the park in the second quarter and negative absorption of 40,000 s.f. in the single-tenant/owner-occupied product type. While the increase in vacancies in the R&D/Flex product type are spread over numerous buildings, the increase in vacancy in single tenant/owner occupied properties can be attributed to Nestle vacating their offices at 18 & 20 Inverness, for a total of 49,000 s.f. Those buildings remain vacant at mid-year and are currently being marketed for lease to single tenant users.

According to CoStar, the average office rental rate in at mid-year 2007 has broken the \$20.00 mark, standing at \$20.78/s.f. up from the year-end 2006 average of \$19.91/s.f. The average non-office rental rate is \$8.73/s.f. NNN. Rental rates within the submarket are expected to remain steady through the remainder of 2007.

Opus Northwest announced the development of Parkside Office Plaza at Inverness, a new "value priced" 98,500 rsf office building. It will feature covered parking, LEED certified shell & core and dramatic mountain views. It is the first multi-tenant office building to be built in Inverness, on a purely speculative basis, since 2000 and is scheduled to be completed in July of 2008.

OUTLOOK

The outlook for the Denver Market in 2007 continues to be positive as almost all submarkets have experienced dropping vacancies and increasing rental rates. Investment sales activity is on track to out perform 2006, a former record year. Over 11 million square feet of commercial properties have traded hands in the first half of '07, the most notable being the former Equity Office Properties portfolio sale of \$770 Million of their CBD holdings.

Occupancy will continue to come from almost all business sectors, with a high percentage as a result of organic growth. Mid-year job growth numbers, of around 20,000 jobs, have helped stimulate the economy and contribute to increasing occupancy levels. However, job growth is expected to be moderate in the second half of the year. Though statewide unemployment levels are expected to remain the same, concerns about a national slow down or recession will likely moderate the pace of growth.

As occupancy levels increase, more new projects are being announced throughout the Denver Metro area, with the largest number of projects occurring downtown and along the I-25 corridor. Rental rates have risen to a level to support new construction and approximately 1.5 million square feet of projects are under construction at mid-year '07. Though a number of additional projects are planned, tightening capital markets and cautious lending practices are helping to temper some of the development exuberance.



OFFICE MARKET OVERVIEW

BUILDING SALES COMPARABLES

Name/Address	Total RSF	YOC	Sales Date	Sales Price	Price/RSF	Occupancy at Sale	Comments
1. 61 Inverness Drive East Englewood, CO 80112	85,458	1982	8/3/07	\$9,600,000	\$112.34	79%	Class B multi-tenant property purchased by Alliance Commercial Partners.
2. 181 Inverness Drive West Englewood, CO 80112	93,902	1981	7/31/07	\$7,300,000	\$77.74	28%	Class B multi-tenant property purchased by Catlin Properties, Inc.

LAND SALES COMPARABLES

Name/Address	Acres	Use	Sales Date	Price/SF	Comments
1. Adler Real Estate Inverness Drive South	9.39	Speculative Office	2/22/07	\$6.53	Spec office development planned.
2. Catlin Properties 171 Inverness Drive West	4.91	Retail	8/28/07	\$13.75	Retail development planned.

