



INVERNESS BUSINESS PARK FOURTH QUARTER 2006 SUMMARY

OFFICE

Total Buildings	54	
Total Square Feet	2,351,514	
Total Vacant	426,676	18.14%
Total Sublease	29,044	1.24%
Total Available	455,720	19.38%
Quarterly Absorption	(22,450)	
YTD Absorption	338,418	

R&D

Total Buildings	36	
Total Square Feet	1,333,195	
Total Vacant	353,569	26.52%
Total Sublease	-	- %
Total Available	353,569	26.52%
Quarterly Absorption	30,333	
YTD Absorption	70,574	

SINGLE TENANT / OWNER OCCUPIED

Total Buildings	53	
Total Square Feet	2,968,590	
Total Vacant	64,689	2.18%
Total Sublease	-	- %
Total Available	64,689	2.18%
Quarterly Absorption	41,413	
YTD Absorption	(18)	

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

Total Buildings	143	
Total Square Feet	6,653,299	
Total Vacant	844,934	12.70%
Total Sublease	29,044	0.44%
Total Available	873,978	13.14%
Quarterly Absorption	49,396	
YTD Absorption	408,974	

INVERNESS BUSINESS PARK MICROMARKET

2006 net absorption in Inverness was over 400,000 s.f., reflecting an improving economy and related increases in leasing activity. Though the overall vacancy in the Park was up slightly in the fourth quarter of 2006, due to the addition of a 42,000 s.f. partially leased building (155 Inverness) that was formerly classified as a single-tenant, owner occupied building. Office sublease vacancy in the Park increased slightly by 15,000 s.f. in the same quarter, accounting for 1.24% of the overall vacancy in the Park.

The Inverness Business Park currently has 873,978 s.f. of its 6.6 million square feet available for lease or sublease. Multi-tenant office space accounts for 455,720 s.f., office/flex and industrial accounts for 353,569 square feet, and single-tenant/owner-occupied vacancies account for the remaining 64,689 s.f. The overall absorption in the Park during the 4th quarter was 49,396 r.s.f. According to CoStar, the average rental rate in the fourth quarter was \$19.91/s.f., up from \$18.96/r.s.f. at the beginning of 2006. Rental rates within the submarket are expected to continue to increase throughout 2007.

The only office construction project underway within the Park is Phase II of the Office Court on Inverness, a popular small-user condominium project, offering for lease or for sale space that recently delivered seven new buildings totaling 45,000 s.f.

OUTLOOK

The outlook for Denver for 2007 continues to be positive as office vacancies drop and as out of state investors continue to acquire properties that are perceived to be available at bargain prices, compared to other primary markets within the US. Upside potential, combined with prices well below replacement costs will continue to drive demand for high quality, multi-tenant office properties. Increased leasing demand, driven by organic growth in the energy sector businesses, as well as by an improving economy will continue to put upward pressure on rental rates. Increasing rents will also help buyers rationalize aggressive buying tendencies in a compressed capitalization rate environment and very competitive acquisition marketplace.

Job growth is expected to match '06 levels and the unemployment levels are expected to remain constant, but outpace the national average. Some concerns about a slow down in the national economy may begin to affect Denver's economic outlook. However, Colorado is poised to experience the fourth fastest population growth in 2007, as job seekers, retirees and businesses continue to be attracted by its overall quality of life and cost of living advantages. Investors will continue to flock to Denver, seeking buying opportunities in all classes of commercial real estate, as the market perceives this area as offering solid opportunities for short term value appreciation, at below replacement costs prices.



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OFFICE MARKET OVERVIEW

RECENT SALES TRANSACTIONS

Sales transactions within Inverness in 2006 included the following sample buildings and sites.

BUILDING SALES

Name/Address	Total RSF	YOC	Sales Date	Sales Price	Price/RSF	Occupancy at Sale	Comments
1. 98 Inverness Drive East Englewood, CO 80112	37,569	1981	12/19/06	\$4,000,000	\$106.79	100%	Class B multi-tenant property.
2. 116 Inverness Drive East Englewood, CO 80112	213,534	1982	7/27/06	\$27,012,000	\$126.49	60%	Purchased by Legacy Partners and has recently been renovated.

LAND SALES

Buyer/Address	Acres	Use	Sales Date	Price/SF	Comments	Occupancy at Sale	Comments
1. OPUS Northwest 349 Inverness Drive South	5.49	Speculative Office	12/22/06	\$4.28	Spec office development planned.	100%	Class B multi-tenant property.
2. Century Communities 300 Inverness Way South	4.47	Multi-Family Condos	12/8/06	\$7.50	Planning Avalon at Inverness, a condominium project.	60%	Purchased by Legacy Partners and has recently been renovated.
3. Metropolitan Homes Inverness Drive West	23.4	Multi-Family Condos	9/15/06	\$11.00	Multi-family development planned, similar to the 400+ units currently under construction.		
4. Metropolitan Homes Inverness Drive West	9.04	Multi-Family Condos	6/15/06	\$9.15	Condo units under construction for 400+ units.		

