

May 8, 2006

A Denver Based Commercial Real Estate Investment and Management Company
Contact Ken Gillis at 303-407-8715

Broomfield Office Buildings Sold for \$35M

California real estate investor Equastone LLC has purchased The Views I & II office property in the Denver-Boulder corridor for \$35 million. Equastone plans to invest a total of \$100 million in Colorado real estate this year, according to the company. Alliance Commercial Partners LLC of Lakewood sold the two, five-story office buildings at 11800 and 11802 Ridge Parkway in Broomfield, near the Interlocken office park. The buildings include a total of 336,760 square feet of space. Data storage provider McData Corp. fully occupies the 11800 building, but the 11802 structure is only one-third leased. Level 3 Communications Inc. built The Views as a corporate facility in two phases, starting in 2001. But the buildings can be used by one or multiple occupants. Todd Parker, Equastone's executive vice president responsible for managing all its Colorado assets, called the acquisition "an opportunity to add value by leasing vacant space in a rapidly recovering submarket." Leasing activity in the Interlocken area has rebounded dramatically, Parker said. Equastone's acquisition of The Views completes a 1031 tax-deferred exchange from the sale of The Quad at Lowry IV office building in Denver. A 1031 exchange allows the capital gain to be deferred on the sale of a piece of real estate, because a similar property is acquired. Equastone sold the 130,000-square-foot Quad at Lowry IV in February of this year to The Schomac Group of Tucson, Ariz., for \$22.7 million. The California company bought the property in 2004. Based in San Diego, Equastone is an opportunistic investor that buys properties that need improvement, improves them and then sells them at a profit. The company acquires properties through its \$53.5 million Equastone Value Fund I, launched in 2004. Since that year, the fund has bought some \$240 million worth of properties in markets from Denver and Colorado Springs to Phoenix and Las Vegas. Purchases were financed with more than \$150 million in debt and \$50 million in equity capital, according to the company. Jeff Schindler, the fund's chief investment officer, said the firm expects to invest more than \$100 million in Colorado this year. Equastone has a regional office in downtown Denver; its headquarters are in San Diego. The company previously was Equus Realty Advisors LLC of La Jolla, Calif., changing its name in 2005. Investment brokers Mary Sullivan, Tim Swan and Ron Urgitus of CB Richard Ellis Inc.'s Denver office represented the seller, Alliance, in the transaction. CB Richard Ellis also will lease and manage The Views. Alliance Commercial Partners, formed in 1996 by former Galbreath Co. senior executives, acquired the buildings in March 2003. **(Denver Business Journal)**

...

New Development Changing DTC Profile

Developers and local dignitaries will break ground Thursday, May 4, on the first tower of The Landmark luxury residential and commercial development in Greenwood Village. "It's the first time where an office in the heart and soul of the Tech Center has been scraped and a residential tower has gone in its place," Zack Davidson, president of Everest Development Co., said in a news release. Building a residential tower and high-end retail shopping and restaurants in what was a traditional office park reflects the changing face of the 44-year-old Denver Tech Center from a business and economic trading center to "a cosmopolitan, urban area

for work and living," Davidson said. The development will be within walking distance of a new light-rail stop and the Greenwood Village trail system. The Landmark plans to include 1 million square feet of mixed-use development, including two luxury condo towers with 252 total residences, 175,000 square feet of retail space, 10 restaurants, a European spa, art house theater, gourmet market and numerous other shops. Features will include 24-hour room service and valet parking, rooftop garden terraces, pools and Jacuzzis, fitness and business centers and private dining and wine-tasting rooms. **(Denver Business Journal)**

...

Corporate Center Sold

Denver-based ProLogis has sold the Circle Point Corporate Center office campus along the U.S. 36 corridor in Westminster to a Washington, D.C.-based company. ProLogis, the world's largest industrial real estate investment trust, acquired the two office buildings as part of its \$4.9 billion purchase of Catellus Commercial Group last year. The price Washington-based Northridge Capital paid wasn't disclosed, but records indicate the two buildings at 11030 and 11080 Circle Point Road sold for \$47 million, or \$172.24 per square foot. The Class A buildings, with a total of 272,873 square feet, are 100 percent leased. The replacement cost of the buildings is estimated at about \$200 per square foot. "The significance of this deal is that it illustrates the ongoing interest in the Boulder corridor," said Tim Swan, who handled the transaction with fellow CB Richard Ellis brokers Mary Sullivan and Ron Urgitus. "That corridor had really been slammed after the tech wreck, but now savvy investors are very aware of its potential and want to ride the recovery," Swan said. He said that more than 120 investors were interested in the buildings, which are near the Westminster Promenade retail center and the Westin Westminster hotel. Doug Bakke and Frank Kelley of CB Richard Ellis will lease the buildings, and Cushman & Wakefield will remain as the property manager. Last year, Northridge paid \$23.5 million for the 210,000- square-foot Mountain Towers, better known as the Darth Vader building, near Interstate 25 and South Colorado Boulevard. "Circle Point Corporate Center is a quality asset with strong near-term cash flow," David Jackson, president of Northridge, said in a statement. "Given the high level of net absorption witnessed in the Northwest submarket over the past year, we felt it was an opportune time to enter the market. We are bullish on the future performance of the property and the Boulder corridor as a whole." Tenants at Circle Point include American Skandia, Allos Therapeutics, SunCorp., CSG Inc. and State Farm Auto Insurance. Swan said it made sense for ProLogis to sell Circle Point. "ProLogis is an industrial -REIT, and these are first-class office buildings, so they don't fit in with their product type," Swan said. **(Rocky Mountain News)**

...

Lakewood Office Building Sells

The Western Area Power Administration's headquarters building in Lakewood has been purchased by a private investor for \$16.8 million. The 115,560-square-foot, single-tenant office building is fully occupied by the federal government, which has a lease until 2014, according to a news release. The three-story building is in the

Union Square submarket at 12155 Alameda Parkway and features some advanced operating systems, such as an uninterruptible power supply, solar water heating, adjustable solar shades and roof-mounted satellite/microwave equipment. The 5.7-acre property was on the market for 60 days from list to closing, Tim Feagans, an associate in the Dallas office of Marcus & Millichap Real Estate Investment Brokerage Co., said in the news release. Feagans and fellow associate Scott Ryan, also in the Dallas office, worked with Adam Christofferson, vice president and regional manager of the Denver office, to represent the seller. Michael Christie, senior investment associate in Marcus & Millichap's Chicago office, and Tammy Saia, also an associate in Chicago office, represented the buyer. **(Denver Business Journal)**

...

Employment on Way Up in Denver Area

The preliminary number of nonfarm payroll jobs in the Denver/Aurora metropolitan area in March rose by nearly 25,000 year over year, or 2.1 percent, to 1.195 million, the Bureau of Labor Statistics in Washington, D.C., reported Wednesday. Unemployment in the Denver/Aurora area was 4.8 percent in March, down from 5.8 percent in March 2005. On April 21, the Colorado Department of Labor and Employment reported that the state's nonfarm employment was about 2.25 million in March and that the seasonally adjusted unemployment rate was 4.3 percent. **(Denver Business Journal)**

...

	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED FUNDS RATE	4.75	4.75	3.00
3 MONTH LIBOR	5.17	5.01	3.23
PRIME RATE	7.75	7.75	6.00
10 YEAR TREASURY	5.16	4.87	4.18
30 YEAR TREASURY	5.23	4.91	4.59