COLLIERS TURLEY MARTIN TUCKER | ST. LOUIS, MISSOURI

Market Research

OFFICE | SECOND QUARTER | 2009

MARKET INDICATORS
TRENDS GOING FORWARD

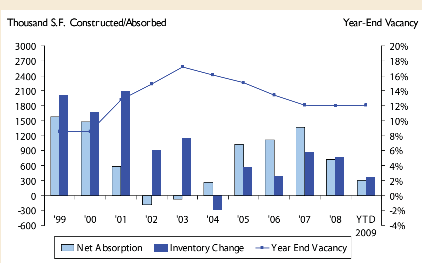
VACANCY RATE ↑

NET ABSORPTION ↓

CONSTRUCTION ↓

RENTAL RATE ↓

UPDATE
ST. LOUIS OFFICE MARKET TRENDS/ INVENTORY CHANGE, ABSORPTION AND VACANCY



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Medical-related Businesses Keep Market Growing

U.S. employment for June fell by 467,000 jobs, the eighteenth straight month of job losses. Job losses in May totaled 322,000 jobs. St. Louis employment through May, the most recent month available, was down by 58,000 jobs from May of 2008, a drop of 4.3%. The comparable May 2008 to May 2009 U.S. figure was 3.9%.

More importantly for St. Louis office occupancy, employment in the three office-using employment categories was down 2.8% May to May. That is a total of 8,700 jobs. Because office occupancy is a lagging indicator, the effects of job losses do not occur until months later. Most economists agree that job losses will continue at least through the end of 2009, so it is likely that the St. Louis office market will see the effects of job losses over the coming twelve months. An increase of 350,000 square feet of sublease space since the first of the year gives some hint as to what may be coming.

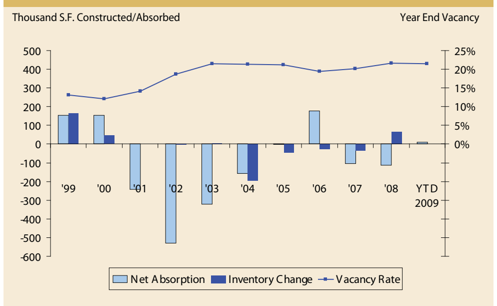
However, St. Louis did continue to record increased occupancy through the second quarter of 2009. Second quarter office absorption stayed in positive territory, recording 28,000 square feet of net absorption. Absorption in the first quarter of 2009 was 267,000 square feet, resulting in a year-to-date total of 295,000 square feet. However, to avoid becoming too complacent, it is necessary to note that the absorption has been unevenly distributed. It has occurred where new buildings have been completed and occupied, or where major leases have been completed.

As the table on Page 3 shows, absorption was highest in Clayton and North County. The Clayton absorption was 86,000 square feet year-to-date, due to the opening of Meridian at Brentwood 4 and 5 with combined occupancy of 114,000 square feet. North County recorded 219,000 square feet of absorption year-to-date. Express Scripts occupied 181,000 square feet in the second building on its headquarters campus, and Essence Health Care occupied 104,000 square feet in Riverport.

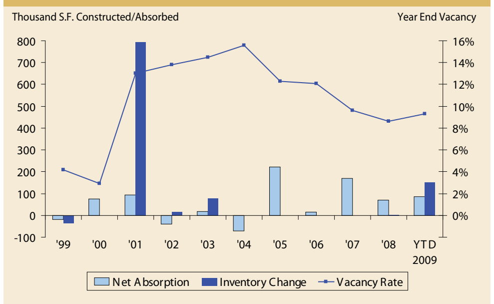
Doing a little math, it is evident that without the growing health care and education tenants filling these spaces, absorption may not have been positive. That will be important going forward. While the recession may reduce jobs in some industries and businesses, St. Louis is fortunate to have businesses that are growing. Over the next 18 months new buildings will be completed for Centene, Edward Jones, and Monsanto. Centene's 477,000 square foot headquarters will accommodate significant expansion for the company, in addition to delivering space for other tenants. Edward Jones buildings of 225,000 square feet and 200,000 square feet are due for completion in late 2009 and late 2010 respectively. Monsanto will occupy the 116,000 square foot Lakeside Crossing Office Two upon completion in fourth quarter.

Also under construction and scheduled for 2009 completion is Elsevier's new headquarters totaling 146,000 square feet on Riverport Drive. Elsevier, however, will vacate a similar amount of space in West Port. One building of 30,000 square feet on West Clay in St. Charles County was completed in the second quarter. It remains available. Total year-to-date construction has added over 450,000 square feet.

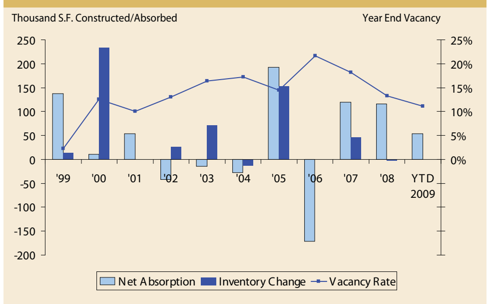
Downtown Office Market Trends
Inventory Change, Absorption and Vacancy



Clayton Office Market Trends
Inventory Change, Absorption and Vacancy



Mid-County Office Market Trends
Inventory Change, Absorption and Vacancy



Downtown

Net change in occupancy of Downtown office space has been minimal, recording a 10,000 square foot increase year-to-date, as gains have largely offset losses. One significant move brought Osborn & Barr Downtown from Clayton into 33,000 square feet of temporary space at Ballpark Lofts II, while a permanent location is prepared in Ballpark Lofts I. Downsizing by Swan Corporation and UMB Bank returned space to the market. Sublease space increased in 2009 by 70,000 square feet to its current 86,000 square feet.

Some of the major downtown law firms in play at the beginning of 2009 have made decisions. Most recently Polsinelli expanded into 80,000 square feet at the Deloitte Building. Their twelve-year lease is evident in a spike in Class A Downtown lease rates for 2009. Armstrong Teasdale will leave Downtown in late 2010 for space in the new Centene headquarters in Clayton. Thompson Coburn will renew 215,000 square feet at U.S. Bank Plaza. Lewis Rice, currently in 110,000 square feet at 500 Broadway Building, has yet to announce plans for when their lease expires in early 2010.

Polsinelli was one of two lead tenants for the proposed Ballpark Village. The other, Stifel Financial, remains committed while that development continues to experience delays in securing financing. Ballpark Village would be the first Downtown multi-tenant office construction in 20 years. Downtown offers the greatest number of large blocks of contiguous space among St. Louis submarkets. Four Class A and two Class B buildings have contiguous spaces of 100,000 square feet or larger.

Clayton

Clayton recorded absorption of 116,000 square feet in the first quarter, followed by negative absorption of 30,000 square feet in the second quarter. Completion of the two Meridian buildings accounted for 114,000 square feet of absorption in the first quarter. Second quarter losses were primarily in Class B buildings, the greatest occurring in the Tower at University Village. Year-to-date, vacancy increased from 8.6% to 9.3%. Class A vacancy increased from 6.0% to 7.6%. Sublease space, primarily in Class A buildings, increased from 5,000 square feet to 40,000 square feet. Of that 40,000 square feet, 32,000 square feet are vacant. The largest sublease space available is a full floor in Bemiston Tower.

Traditionally having one of the region's lowest vacancy rates, Clayton's 9.3% vacancy is now the fourth lowest. The same is true of Clayton's Class A vacancy. However, even though Clayton is one of the largest submarkets in the region, it offers the fewest number of large blocks of contiguous space. No existing building in Clayton has a contiguous block larger than 33,000 square feet, and only two are larger than 20,000 square feet. Class B blocks are all under 15,000 square feet. Centene's headquarters is marketing a total of 121,000 square feet as a block, with availability in the second half of 2010.

Centene recently secured construction financing, while other Clayton projects await improved financial conditions. Brown Shoe, Montgomery Bank, and Carondelet Village include office space in their plans, which together amount to hundreds of thousands of square feet.

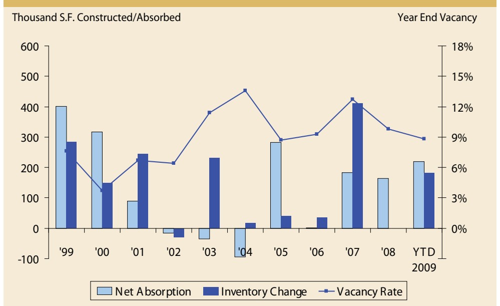
Mid-County

Mid County includes Richmond Heights, Ladue, Olivette, and University City. It is dominated by Class B buildings, which account for 90% of the market's space. Its ten Class A buildings total 241,000 square feet. With little inventory of Class A space, the Class A vacancy in Mid County remains under 1%. Class B buildings absorbed 40,000 square feet in the first quarter and 14,000 square feet in the second quarter. Class B vacancy fell from 14.8% to 12.3% in the first half year. No absorption occurred in Class A buildings. The most significant changes year-to-date were the purchase by Whelan Security of Hanley Corporate Center, in which Whelan occupied 14,000 square feet, and the lease-up of the Louis London building in University City by U. City Lions and Announce Media.

The only office space completed in Mid County in the last five years was second floor space over first floor retail. The Village at Schneithorst with 18,000 square feet of office space was completed in 2004, and Conway Centre with 17,000 square feet was completed in 2007. No construction is underway, nor is any new construction proposed.

Twenty-one Class B buildings have blocks of 5,000 square feet or greater, but only one has more than 50,000 square feet. One of the largest contiguous blocks being marketed in the suburbs is 82,000 square feet available at 2650 South Hanley Road. Currently a total of three buildings in Corporate Square have 35,000 to 50,000 contiguous square feet available for lease.

North County Office Market Trends
Inventory Change, Absorption and Vacancy

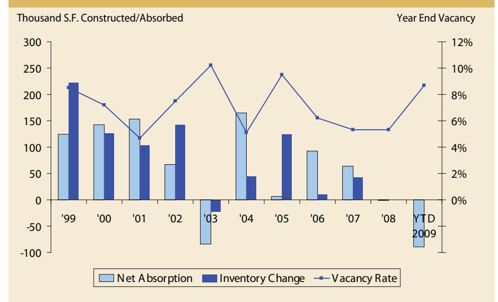


North St. Louis County

The 2009 story of North County has been the growth of two health care-related companies. Following Express Scripts' move into the 181,000 square foot second building of its headquarters, Essence Health Care leased 104,000 square feet in Riverport. Each move represented large expansions for their space occupancy. These moves reduced North County's Class A vacancy rate from 8.4% at the end of 2008 to 6.7% at mid-year. Fireman's Fund will vacate approximately 85,000 square feet of Class A space when a new headquarters is completed in 2010.

The Earth City and Hazelwood portions of North County possess different characteristics. Earth City's inventory is 83% Class A space, while Hazelwood's is 54% Class A. Nearly all the sublease space is in the Earth City portion of North County. Sublease vacancy contributes 0.7% to the overall vacancy rate. The case is similar with large blocks of Class A space. Of spaces 25,000 square feet or larger, five out of six Class A blocks are in Earth City, and four out of five Class B blocks are in Hazelwood. Overall vacancy is 6.5% in Hazelwood and 11.5% in Earth City.

South County Office Market Trends
Inventory Change, Absorption and Vacancy



South St. Louis County

Year-to-date net absorption has been negative 89,000 square feet in South County. Anheuser-Busch vacated 69,000 square feet on Landmark Parkway and made it available for sublease. GroupCast LLC agreed to sublease 16,000 square feet of the A-B space, leaving a 53,000 square foot occupancy loss for the building. Loss-

UPDATE
MARKET COMPARISONS - SECOND QUARTER 2009

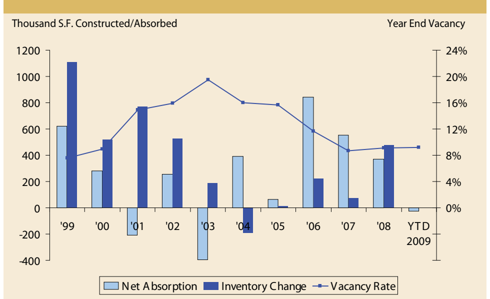
	Existing Properties						Absorption		Construction		Rental Rate
Market	Bldgs	Total Inventory Sq. Ft.	Direct Vacancy Rate	Sublease Vacancy Rate	Vacancy Rate Current Qtr	Vacancy Rate Prior Qtr	Net Absorption Current Qtr	Net Absorption YTD-Sq. Ft.	Inventory Change Current Qtr Sq. Ft.	Under Construction Sq. Ft.	Asking Full Service Rent $ Per Sq. Ft.
DOWNTOWN:											
A	23	6,842,000	21.1%	0.4%	21.5%	21.1%	(22,000)	12,000	0	0	$17.80
B	40	4,559,000	21.6%	0.0%	21.6%	21.5%	(2,000)	(2,000)	0	0	$14.55
Total	63	11,401,000	21.3%	0.2%	21.5%	21.3%	(24,000)	10,000	0	0	$16.26
CLAYTON											
A	30	4,783,000	7.0%	0.6%	7.6%	7.5%	(4,000)	92,000	0	477,000	$25.72
B	41	2,196,000	12.8%	0.2%	13.0%	11.8%	(26,000)	(6,000)	0	0	$20.49
Total	71	6,979,000	8.8%	0.5%	9.3%	8.9%	(30,000)	86,000	0	477,000	$22.34
MID-COUNTY											
A	10	241,000	0.5%	0.0%	0.5%	0.5%	0	0	0	0	$21.00
B	62	2,169,000	12.3%	0.0%	12.3%	12.9%	14,000	54,000	0	0	$12.88
Total	72	2,410,000	11.1%	0.0%	11.1%	11.7%	14,000	54,000	0	0	$13.19
WEST COUNTY											
A	109	10,477,000	6.5%	0.7%	7.2%	6.9%	(33,000)	(76,000)	0	541,000	$22.27
B	165	6,307,000	12.3%	0.3%	12.6%	12.4%	(13,000)	51,000	0	0	$17.65
Total	274	16,784,000	8.7%	0.5%	9.2%	8.9%	(46,000)	(25,000)	0	541,000	$19.42
NORTH COUNTY											
A	26	3,840,000	6.0%	0.7%	6.7%	9.5%	104,000	228,000	0	146,000	$19.34
B	41	1,853,000	12.5%	0.5%	13.0%	12.9%	(2,000)	(9,000)	0	0	$13.43
Total	67	5,693,000	8.1%	0.7%	8.8%	10.6%	102,000	219,000	0	146,000	$15.44
SOUTH COUNTY											
A	21	1,095,000	4.4%	0.0%	4.4%	4.4%	0	(8,000)	0	0	$20.54
B	48	1,554,000	8.3%	3.4%	11.7%	10.9%	(13,000)	(81,000)	0	0	$18.36
Total	69	2,649,000	6.7%	2.0%	8.7%	8.2%	(13,000)	(89,000)	0	0	$19.13
ST. CHARLES COUNTY											
A	59	3,608,000	9.1%	0.9%	10.0%	9.9%	25,000	39,000	30,000	0	$18.02
B	24	631,000	8.7%	0.0%	8.7%	8.7%	0	0	0	0	$12.99
Total	83	4,239,000	9.1%	0.7%	9.8%	9.8%	25,000	39,000	30,000	0	$16.30
SUBURBAN TOTAL											
A	255	24,044,000	6.8%	0.6%	7.4%	7.7%	92,000	275,000	30,000	1,164,000	$21.98
B	381	14,710,000	11.8%	0.6%	12.4%	12.1%	(40,000)	9,000	0	0	$17.41
Total	636	38,754,000	8.7%	0.6%	9.3%	9.4%	52,000	284,000	30,000	1,164,000	$19.12
GRAND TOTAL											
A	278	30,886,000	10.0%	0.6%	10.6%	10.7%	70,000	287,000	30,000	1,164,000	$20.95
B	421	19,269,000	14.2%	0.4%	14.6%	14.3%	(42,000)	7,000	0	0	$16.98
Total	699	50,155,000	11.6%	0.5%	12.1%	12.1%	28,000	294,000	30,000	1,164,000	$18.58
QUARTERLY COMPARISON AND TOTALS											
Q2-09	699	50,155,000	11.6%	0.5%	12.1%	12.1%	28,000	294,000	30,000	1,164,000	$18.58
Q1-09	698	50,125,000	11.6%	0.5%	12.1%	12.0%	267,000	267,000	331,000	292,000	$18.71
Q4-08	696	49,794,000	11.4%	0.6%	12.0%	11.8%	128,000	721,000	309,000	573,000	$18.55
Q3-08	692	49,485,000	11.1%	0.7%	11.8%	12.2%	338,000	593,000	138,000	900,000	$18.33
Q2-08	691	49,347,000	11.6%	0.6%	12.2%	11.9%	65,000	255,000	262,000	993,000	$18.39

es of 7,000-8,000 square feet occurred in four other South County buildings to account for the 89,000 square foot year-to-date loss.

At mid-year 228,000 square feet of sublease space were available, one-third of the region's total. All except 4,000 square feet were spaces occupied by Anheuser-Busch in five buildings. Anheuser-Busch still occupies 171,000 square feet of the space offered for sublease.

South County vacancy climbed to 8.7% at mid-year, from 5.3% at the end of 2008. With the addition of the Anheuser-Busch space and space vacated by Progressive Casualty Insurance, available blocks of contiguous space numbered eighteen at mid-year, compared to ten six months earlier. These are significant changes for a market that has been among the healthiest in St. Louis. But the availability of some of the region's largest blocks, and the long-term attractiveness of the South County market should serve well in bringing tenants to the sublease space.

West County Office Market Trends
Inventory Change, Absorption and Vacancy



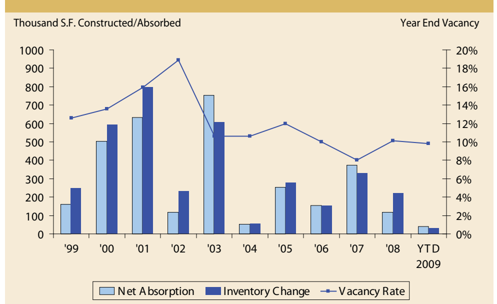
West St. Louis County

Half year absorption for West County totaled negative 25,000 square feet, a combination of negative 76,000 square feet for Class A space and positive 51,000 square feet for Class B space. The largest Class A loss was due to Verizon Wireless' move from 100,000 square feet in the IBM building in Maryville Centre. The building was purchased by Scottrade and will become part of Scottrade's expansion. Essence Health Care vacated two spaces in Creve Coeur totaling 26,000 square feet in moving to its new headquarters in Riverport.

Class A leases include Wachovia Mortgage's lease of 15,000 square feet at Chesterfield Grove III, and Computer Sciences Corporation's lease of 14,000 square feet at Creve Coeur Center III. Gains in Class B buildings included occupancy by the Special School District, The Work Center, and Guardian Healthcare Providers for a gain of 32,000 square feet at The Crossings at West Port, and numerous smaller leases of less than 10,000 square feet.

Large contiguous blocks of space are not plentiful for a market the size of West County. Only three blocks could accommodate a 50,000-63,000 square foot tenant, and ten could accommodate a tenant needing 30,000-50,000 square feet.

St. Charles Office Market Trends
Inventory Change, Absorption and Vacancy



St. Charles County

Absorption in St. Charles County was positive 39,000 square feet in the first half of 2009. The largest leases recorded were 10,000 square feet by E-sponder at 64 West Business Park and 26,000 square feet by Dealer Preferred Warranties at 370 Corporate Center IV. A 30,000 square foot building at 3030-3050 West Clay was completed in the second quarter and remains available. No office construction is currently underway.

Significant leases signed for future occupancy include Fireman's Fund for 116,000 square feet at Progress Point Center, scheduled for January 2010 occupancy, and ESRI for 34,000 square feet at 370 Corporate Center II, scheduled for third quarter 2009 occupancy. Mid-year Class A vacancy for St. Charles County stood at 10.0%, and for Class B, 8.7%. St. Charles County has one large block of contiguous space. The former Westar Headquarters could accommodate a 70,000 square foot tenant. Other than that, there are two blocks of 25,000-27,000 square feet. All three are in Class A buildings.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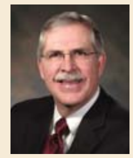
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