

LIFE SCIENCE & CLEANTECH

SF Bay Area Real Estate Market Review

1st Quarter 2009

MARKET OVERVIEW

Coming to the end of the First Quarter of 2009 the San Francisco Bay Area life science market is still trying to find a “bottom” to this recessionary downturn. We, at GVA Kidder Mathews, are still seeing more space enter the market than is being absorbed, but the fact is that certain spaces are being taken up and the industry has not come to a grinding halt!

The macro-economic situation is somewhat clearer than it was at the end of last year. The new federal administration, after what was perceived as a stumbling start, seems to have secured a level of confidence that has translated through to the leading commercial banks that is enabling them to find their footing and continue to lend, albeit with tighter credit underwriting.

Unfortunately, the commercial banks do not figure as a major source of finance to the Bay Area’s life science industry. Historically, financing for the life science industry has almost exclusively come through investments by the venture capital community, joint ventures and mergers with pharmaceutical companies and the IPO market. For all intents and purposes, the IPO market is shut now and for the foreseeable future. The venture capital funds are adopting an extremely conservative approach to the financing of companies already within their portfolios and, while still looking at new investment opportunities, are only cautiously committing new money. Among the local companies that were successful in raising venture money was Aerovance of Berkeley which raised \$38 million. However money is still entering the sector through the pharmaceutical industry and in this regard one of the most significant deals that has been concluded was the purchase by Roche of the minority interest it did not own in Genentech. While this will certainly be the largest local deal, we can anticipate more transactions to flow from “Big Pharma”.

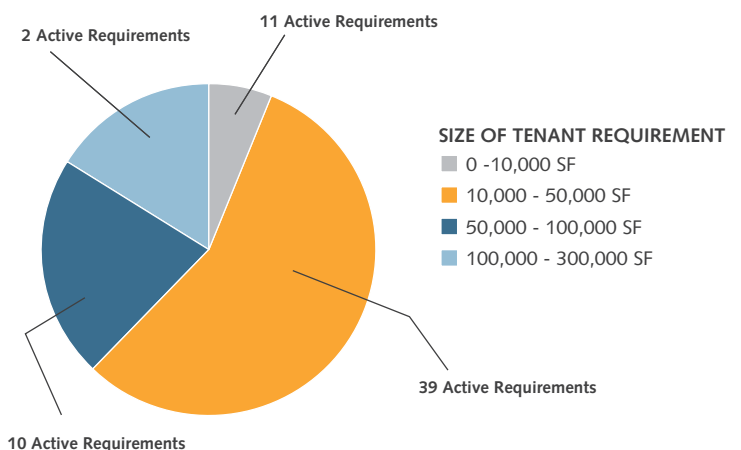
The Bay Area life science real estate market continues to offer extraordinary “value for money” in respect of the properties that are being offered on a sub-lease basis. These properties which are now surplus to requirements because of an acquisition, or the down sizing/right sizing of the previous occupier come fully built

out and at rents that can start at below \$2.00 per foot per month triple net. These spaces on a direct basis and 18 months ago were leasing for rents up to, and in some cases over, \$4.00 per square foot per month triple net. Some of the companies that have taken advantage of these opportunities include Aurora Biofuels lease of space that is surplus to the needs of Avigen, Inc. in Alameda and the leasing by Nodality of space being vacated by Fibrogen in South San Francisco which is now surplus to its needs following its move to Mission Bay, San Francisco.

One local market which is already looking forward to a positive impact as a result of the Roche/Genentech acquisition is South San Francisco where Roche has already announced that it will consolidate its Bay Area presence (to the detriment of Palo Alto) and move personnel from the East Coast. Even prior to the merger agreement Genentech had agreed terms to move into the former Cell Genesys building at 500 Forbes and add this facility to its South San Francisco campus.

GVA Kidder Mathews continues to see demand for space across all our regional markets, but this demand is being tempered by a keen eye on cost. While the tight financing environment continues to dominate we expect those companies needing space will primarily focus on the sub-lease opportunities that abound.

DEMAND FOR LIFE SCIENCE SPACE



COMPANIES FUNDED

NAME	CITY	INDUSTRY	\$ FUNDED	SERIES TYPE
ACCLARENT, INC.	MENLO PARK	Medical Devices	\$26,000,000	Series D
ACHAOGEN	SOUTH SAN FRANCISCO	Life Sciences	\$5,600,000	Undisclosed
ALIOS BIOPHARMA INC.	SOUTH SAN FRANCISCO	Pharmaceuticals	\$8,400,000	Series A
ANACOR PHARMACEUTICALS	PALO ALTO	Life Sciences	\$50,000,000	Equity
APTUS ENDOSYSTEMS	SUNNYVALE	Medical Devices	\$30,000,000	Series C
ARCXIS BIOTECHNOLOGIES INC.*	PLEASANTON	Medical Devices	Undisclosed	Series B
ARDIAN	MENLO PARK	Medical Devices	\$47,000,000	Series C
ARRESTO BIOSCIENCES, INC.*	PALO ALTO	Biotechnology	Undisclosed	Series C
AVANTIS MEDICAL	SUNNYVALE	Medical Devices	\$10,000,000	Series C
AVIIR	PALO ALTO	Life Sciences	\$7,900,000	Bridge Financing
BIPAR SCIENCES INC.	BRISBANE	Pharmaceuticals	\$20,000,000	Series B
CARDIMA	FREMONT	Medical Devices	\$20,000,000	Share Placements
CONCENTRIC MEDICAL	MOUNTAIN VIEW	Medical Devices	\$15,000,000	Undisclosed
CORTHERA	SAN MATEO	Life Sciences	\$10,000,000	Series C
COULOMB TECHNOLOGIES*	CAMPBELL	Cleantech	\$3,750,000	Series A
CRUX BIOMEDICAL, INC.	MENLO PARK	Medical Devices	\$8,000,000	Series B
DFINE, INC.	SAN JOSE	Medical Devices	\$35,000,000	Series D
DIADEXUS	SOUTH SAN FRANCISCO	Medical Devices	\$9,200,000	Series F
EIGER BIOPHARMACEUTICALS INC.	PALO ALTO	Pharmaceuticals	\$7,100,000	Series A
GENE SECURITY NETWORK	REDWOOD CITY	Life Sciences	\$6,000,000	Series B
HX DIAGNOSTICS INC.	EMERYVILLE	Medical Devices	\$3,120,000	Series A
IGENICA, INC.	SAN FRANCISCO	Biotechnology	\$6,100,000	Series A
INTERMOLECULAR, INC.	SAN JOSE	Life Sciences	\$20,000,000	Series D
INTRADIGM CORPORATION	PALO ALTO	Biotechnology	\$21,400,000	Series B
ISCIENCE INTERVENTIONAL CORP.	MENLO PARK	Medical Devices	\$20,500,000	Series F
LENEX LASERS, INC.*	REDWOOD CITY	Medical Devices	\$22,000,000	Series B
LINKAGE BIOSCIENCES	SAN FRANCISCO	Biotechnology	\$2,000,000	Series A
NEOVISTA, INC.	FREMONT	Medical Devices	\$18,000,000	Series D
NEURALTUS PHARMACEUTICALS INC.	MENLO PARK	Pharmaceuticals	\$17,000,000	Series A
NUMERATE, INC.	SAN BRUNO	Biotechnology	\$5,500,000	Series B
PELIKAN TECHNOLOGIES	PALO ALTO	Life Sciences	\$25,000,000	Undisclosed
PHARMACYCLICS	SUNNYVALE	Life Sciences	\$5,000,000	Debt Financing
POSIT SCIENCE	SAN FRANCISCO	Life Sciences	\$5,600,000	Series C
PRIMAEVA MEDICAL, INC.	PLEASANTON	Medical Devices	\$6,000,000	Series C
RELYPSA, INC.	SANTA CLARA	Pharmaceuticals	\$10,000,000	Series A
SANARUS MEDICAL	PLEASANTON	Medical Devices	\$3,000,000	Undisclosed
SFJ PHARMACEUTICALS	PLEASANTON	Life Sciences	\$45,000,000	Series A
SINGULEX, INC.*	ALAMEDA	Biotechnology	\$19,000,000	Series E
SOLFOCUS	MOUNTAIN VIEW	Alternative Energy	\$19,280,000	Series C
SONITUS MEDICAL, INC.	MENLO PARK	Medical Devices	\$13,500,000	Series B
SPINALMOTION INC.*	MOUNTAIN VIEW	Medical Devices	\$500,000	Series C
THE FOUNDRY, LLC	MENLO PARK	Medical Devices	\$5,000,000	Series A
VIVALDI BIOSCIENCES*	SAN FRANCISCO	Biotechnology	\$23,000,000	Series A

* Data provided by www.VentureDeal.com

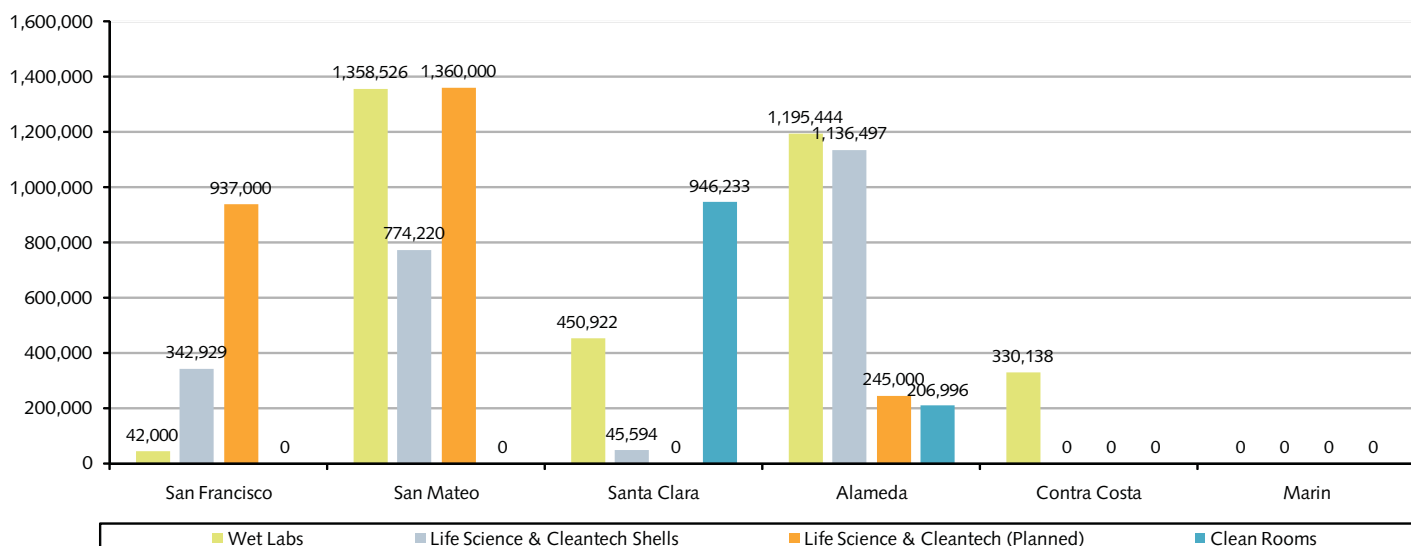
SIGNIFICANT TRANSACTIONS 1ST QUARTER 2009

TENANT	SQUARE FEET	CITY
CALISOLAR	138,698	Sunnyvale
CLONTECH LABORATORIES	57,810	Mountain View
NR2B RESEARCH	49,800	San Mateo
IRIDEX CORPORATION	37,116	Mountain View
BIOIMAGENE	25,259	Sunnyvale
ACCLARENT, INC	22,012	Menlo Park
CARDIVA MEDICAL	21,196	Sunnyvale
I ZUMI BIO	19,988	South San Francisco
MIRAMAR LABS, INC.	18,472	Sunnyvale
AURORA BIOFUELS	16,550	Alameda
SILICON VALLEY SOLAR	15,211	Sunnyvale
TRANSCPT PHARMACEUTICALS	12,257	Richmond
CRYSTAL BIOSCIENCES	6,820	Emeryville
ACUMEN	6,570	Daly City
A-CUBE	6,300	Belmont
NEURALIEVE	5,630	Sunnyvale
ACCEL BIOTECH	4,170	Campbell
Y'S THERAPEUTICS	3,215	San Bruno/Millbrae
CRYSTAL BIOSCIENCES	2,776	Emeryville

AVAILABILITY SUMMARY

County	Totals		Totals Clean Rooms (Non Life Science Use)	Totals Wet Labs / Device Space	Wet Labs / Device Space with		
	Biotech Shells	Biotech Shells - Planned			cGMP	Vivarium	Clean Room
San Francisco	342,929	937,000	0	42,000	0	0	0
San Mateo	774,220	1,360,000	0	1,358,526	46,075	49,838	7,000
Santa Clara	45,594	0	946,233	450,922	0	4,000	17,500
Alameda	1,136,497	245,000	206,996	1,195,444	106,051	33,303	10,700
Contra Costa	0	0	0	330,138	110,000	0	0
Marin	0	0	0	0	0	0	0
GRAND TOTALS	2,299,240	2,542,000	1,153,229	3,377,030	262,126	87,141	35,200

AVAILABILITY BY AREA



This information supplied herein is from sources we deem reliable. It is provided without any representation, warranty or guarantee, expressed or implied as to its accuracy. Prospective Buyer or Tenant should conduct an independent investigation and verification of all matters deemed to be material, including, but not limited to, statements of income and expenses. CONSULT YOUR ATTORNEY, ACCOUNTANT, OR OTHER PROFESSIONAL ADVISOR.

AVAILABILITY BY COUNTY

San Francisco County	Shells	Shells (Planned)	Clean Rooms (Non Life Science Use)	Wet Labs / Device Space with		
				Wet Labs / Device Space		
				cGMP	Vivarium	Clean Room
Under 4,999 sf				1		
5,000 - 9,999 sf						
10,000 - 14,999 sf	2					
15,000 - 19,999 sf						
20,000 - 24,999 sf		2				
25,000 - 29,999 sf	1					
30,000 - 34,999 sf						
35,000 - 39,999 sf		1				
40,000 - 44,999 sf		1		1		
45,000 - 49,999 sf						
50,000 - 54,999 sf						
55,000 - 59,999 sf						
60,000 - 64,999 sf						
65,000 - 69,999 sf		1				
70,000 - 74,999 sf						
75,000 - 79,999 sf						
80,000 - 84,999 sf						
85,000 - 89,999 sf						
90,000 - 94,999 sf						
95,000 - 99,999 sf						
Over 100,000 sf	2	4				

San Mateo County	Shells	Shells (Planned)	Clean Rooms (Non Life Science Use)	Wet Labs / Device Space with		
				Wet Labs / Device Space		
				cGMP	Vivarium	Clean Room
Under 4,999 sf	1			4		
5,000 - 9,999 sf	2			14		1
10,000 - 14,999 sf	2			11	1	3
15,000 - 19,999 sf	1			5		
20,000 - 24,999 sf	3	1		1		
25,000 - 29,999 sf	2			3		2
30,000 - 34,999 sf	2	2		7		3
35,000 - 39,999 sf	1					1
40,000 - 44,999 sf	3			1		
45,000 - 49,999 sf		1		2		1
50,000 - 54,999 sf				3		2
55,000 - 59,999 sf						
60,000 - 64,999 sf	1			2		1
65,000 - 69,999 sf	1			2	1	
70,000 - 74,999 sf	1					
75,000 - 79,999 sf				1		1
80,000 - 84,999 sf						
85,000 - 89,999 sf	1					
90,000 - 94,999 sf		1		1		1
95,000 - 99,999 sf						
Over 100,000 sf	2	3		2	1	

Santa Clara County	Shells	Shells (Planned)	Clean Rooms (Non Life Science Use)	Wet Labs / Device Space with		
				Wet Labs / Device Space		
				cGMP	Vivarium	Clean Room
Under 4,999 sf				4		
5,000 - 9,999 sf			4	5		
10,000 - 14,999 sf	1		2	6		
15,000 - 19,999 sf			4	3		1
20,000 - 24,999 sf			4	5	1	1
25,000 - 29,999 sf			1	4		
30,000 - 34,999 sf			3	1		
35,000 - 39,999 sf	1		1	1		
40,000 - 44,999 sf			1	1		
45,000 - 49,999 sf			2			
50,000 - 54,999 sf			3			
55,000 - 59,999 sf						
60,000 - 64,999 sf						
65,000 - 69,999 sf				1		1
70,000 - 74,999 sf						
75,000 - 79,999 sf			1			
80,000 - 84,999 sf						
85,000 - 89,999 sf						
90,000 - 94,999 sf						
95,000 - 99,999 sf						
Over 100,000 sf			1			

Alameda County	Shells	Shells (Planned)	Clean Rooms (Non Life Science Use)	Wet Labs / Device Space with		
				Wet Labs / Device Space		
				cGMP	Vivarium	Clean Room
Under 4,999 sf				8	1	
5,000 - 9,999 sf			1	10		1
10,000 - 14,999 sf	3		4	6		
15,000 - 19,999 sf	2		2	3	1	2
20,000 - 24,999 sf	3			3		1
25,000 - 29,999 sf	2		1	1		1
30,000 - 34,999 sf	1			4	2	
35,000 - 39,999 sf			1	1		1
40,000 - 44,999 sf	1			4		
45,000 - 49,999 sf	2			1		
50,000 - 54,999 sf			1	4	1	1
55,000 - 59,999 sf	1					
60,000 - 64,999 sf				3	1	1
65,000 - 69,999 sf				1	1	
70,000 - 74,999 sf						
75,000 - 79,999 sf						
80,000 - 84,999 sf						
85,000 - 89,999 sf	1					
90,000 - 94,999 sf						
95,000 - 99,999 sf				1	1	
Over 100,000 sf	5	2		1		

Contra Costa County	Shells	Shells (Planned)	Clean Rooms (Non Life Science Use)	Wet Labs / Device Space with		
				Wet Labs / Device Space		
				cGMP	Vivarium	Clean Room
Under 4,999 sf				1		
5,000 - 9,999 sf						
10,000 - 14,999 sf				2		
15,000 - 19,999 sf				1		
20,000 - 24,999 sf						
25,000 - 29,999 sf						
30,000 - 34,999 sf						
35,000 - 39,999 sf				1		
40,000 - 44,999 sf						
45,000 - 49,999 sf				1		
50,000 - 54,999 sf				1		
55,000 - 59,999 sf						
60,000 - 64,999 sf						
65,000 - 69,999 sf						
70,000 - 74,999 sf						
75,000 - 79,999 sf						
80,000 - 84,999 sf						
85,000 - 89,999 sf						
90,000 - 94,999 sf						
95,000 - 99,999 sf						
Over 100,000 sf				2	1	

Marin County	Shells	Shells (Planned)	Clean Rooms (Non Life Science Use)	Wet Labs / Device Space with		
				Wet Labs / Device Space		
				cGMP	Vivarium	Clean Room
Under 4,999 sf						
5,000 - 9,999 sf						
10,000 - 14,999 sf						
15,000 - 19,999 sf						
20,000 - 24,999 sf						
25,000 - 29,999 sf						
30,000 - 34,999 sf						
35,000 - 39,999 sf						
40,000 - 44,999 sf						
45,000 - 49,999 sf						
50,000 - 54,999 sf						
55,000 - 59,999 sf						
60,000 - 64,999 sf						
65,000 - 69,999 sf						
70,000 - 74,999 sf						
75,000 - 79,999 sf						
80,000 - 84,999 sf						
85,000 - 89,999 sf						
90,000 - 94,999 sf						
95,000 - 99,999 sf						
Over 100,000 sf						

GVA KIDDER MATHEWS LIFE SCIENCE & CLEANTECH REAL ESTATE GROUP

A Commitment to Excellence

GVA Kidder Mathews is a full service commercial real estate firm representing the best interests of life science and cleantech companies locally and worldwide. We partner with our clients to define and refine an acquisition strategy and then develop a real estate solution that best fits the company's business model and growth. GVA Kidder Mathews' superior market knowledge delivers more options to our clients. This has enabled them to achieve better transaction economics, a reduction of capital costs while minimizing their out of pocket expense.

Business executives are faced with real estate decisions that are growing in scope, complexity, and financial impact. They have to anticipate their company's space requirements and implement effective solutions. With our commitment to excellence, clients can rely on GVA Kidder Mathews for guidance in these real estate decisions.

Experienced Professionals

- Experts in assessing laboratory requirement
- Over 90 years of combined life science and cleantech real estate experience
 - Strategic real estate planning
 - Real estate acquisition services
 - Financial analysis
 - Real estate disposition services
 - Specialized laboratory database
 - Lease re-structuring

Sophisticated Solutions Enhance Shareholder Value

- Through superior market knowledge
- This increases our client's leverage during the negotiation process
- The strategic planning process results in optimal real estate occupancy cost savings

Outstanding Results

- Our clients' lease transactions have generated substantial savings from current market rates over the life of their real estate commitment

- Completed 25 life science and cleantech projects totaling 1,500,000 sf worth over \$350 million in the past 24 months
- Currently representing 3.5 million sf of life science and cleantech projects

Key Strategic Real Estate Decisions Focus On

- What type of facilities are required
- The timing of the requirement
- How to acquire the real estate and what are the occupancy costs
- How to finance the tenant improvements

Comprehensive Life Science and Cleantech Database

- Tracks wet lab and clean room spaces
- Tracks off market wet lab and clean room opportunities not ordinarily known to other brokerage firms
- Tracks lease expiration dates of current life science and cleantech tenants
- Tracks current and up-coming life science and cleantech requirements
- Tracks companies that are getting funding
- Tracks companies that are re-structuring or engaged in M&A discussions

NORTHERN CALIFORNIA LIFE SCIENCES REAL ESTATE SURVEY

GVA Kidder Mathews co-authors the Bay Bio Life Sciences Real Estate Survey which will be presented at the 12th Annual Gene Acres Conference and is updated and presented on an annual basis. Last year, the survey was sent to 400+ life science companies throughout the Bay Area, which contained questions about market lease rates/ trends, community rankings, planning consideration, build out costs and future space demands. The results can be obtained by contacting Janice Hennessey at 415.229.8950 or at janiceh@gvakm.com.

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