

March 29, 2017

Sung Yang
 Deputy King County Executive

Matt Griffin
 Pine Street Group, LLC

Name:	<i>King County Metro Convention Place Station Property</i>
Description:	<i>178,099 sf site, fronting Boren Ave, Olive Way, Pine Street, and 9th Ave</i>
Address:	<i>906 Pine Street Seattle, WA</i>
Real Property Description:	<i>King County Assessor No: 066000-1025, -1700 (See property description in the prior appraisal attached)</i>
McKee Appraisal Reference No.:	<i>37077</i>

Dear Mr. Yang & Mr. Griffin:

We have prepared the following appraisal update at your request, with an effective appraisal date of March 28, 2017. This update is attached to and should be used in conjunction with the attached King County Metro Convention Place Station Property appraisal report (earlier effective valuation date of July 7, 2016). Please note that the assumptions and limiting conditions found with the original appraisal document apply to this letter. The definition of Market Value used in this appraisal is found in the Appraisal Description of the attached report. The accompanying appraisal report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP), and the Federal Transit Administration (FTA). This appraisal has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, and is subject to the Assumptions, Certification & Limiting Conditions contained in this report, as well as specific assumptions contained herein.

The subject is a 178,099sf parcel of land zoned DMC340/290-400 in downtown Seattle. Please see the attached appraisal report for visualization of the parcel. The physical description of the property remains unchanged from the previous appraisal.

We have researched additional information, including more recent sales activity of similarly zoned land and evidence of market trends from various real-estate indices and data sources.

Since the date of the last appraisal, there have been additional sales and value indications of development land in the vicinity of the subject with similar zoning. Ultimately, our conclusion of highest and best use for the subject remains unchanged.

Regarding the current fair market value of the property, our conclusion remains unchanged from the July 2017 appraisal. There have been some additional transactions of properties that are relevant to the valuation of the subject property via the sale comparison approach, but these sales bracket our prior conclusion, with some being higher than our prior conclusion and some lower. In addition to analyzing these sales, we have also reviewed national and regional level real estate value indices, and appropriate regional data trends for office, apartments and hotel properties.

A summary of the transactions we considered is attached.

Property Rights Adjustment Conclusion

The various components discussed previously (positive shoring wall impact (+\$1,400,000), negative NEPA/electrical re-location impact (2%, or -\$3,200,000), negative 3-month short term temporary use (-\$2,500,000) and 15-month long term temporary use (-\$1,000,000) total approximately a negative \$5,300,000. This equates to an estimated **negative 3%** property rights adjustment applied to each of the sale comparisons.

Financing terms, conditions of sale, and expenditures after sale

Adjustments have also been considered for financing terms, conditions of sale, and expenditures after sale. No adjustments were made.

Market Conditions

Market conditions are examined next, with some relevant statistics in the chart below.

Index/Data	Prior Period Date	Prior Period Value	Recent Period Date	Recent Period Value	Percent Change
Apartments					
Dupre & Scott Apartment Rents (2010 and newer)	Mar-16	\$ 2,104	Mar-17	\$ 2,141	1.76%
Dupre & Scott Apartment Rents (2010 and newer)	Sep-16	\$ 2,161	Mar-17	\$ 2,141	-0.93%
Office					
CoStar Seattle Class A Office Rents	Q2 2016	\$ 41.00	YTD 2017	\$ 42.38	3.37%
CoStar Seattle Class A Office Rents	Q3 2016	\$ 41.99	YTD 2017	\$ 42.38	0.93%
Hotel					
Kidder Mathews Hotel Report - Seattle CBD RevPAR	Year End 2015	n/a	Year End 2016	n/a	4.00%
Construction Costs					
Turner Construction Cost Index - National	Q2 2016	983	Q4 2016	1006	2.34%
Turner Construction Cost Index - National	Q4 2015	959	Q4 2016	1006	4.90%

The apartment market has clearly plateaued. We analyzed the local Dupre & Scott rent changes for 2010 and newer apartments, since any apartment units built on the subject would be newer.

These statistics showed a 1.76% increase for March 2016 to March 2017 and a 0.93% decrease from September 2016 to March 2017. Given the seasonality of apartment rents the recent decrease is not surprising, but the weak overall increase fits with what we see in our very recent apartment analyses and discussions with local developers.

Class A office rents in the CBD market have continued to increase, although these have slowed to only 0.93% for the last six months, according to CoStar.

The hotel market has been strong for the last several years, though construction of four new hotels will slow the future increases in rate and occupancy. We do not have any Seattle CBD statistics that cover just the relevant timeframe. The Kidder Mathews Hotel Market Research Report reports growth of Revenue Per Available Room from 2015 through 2016 at 4.0% in the CBD market. This covers part of the relevant timeframe.

Land is a component of every improved property. In a theoretical world, if the overall property gains 3% in value and the construction cost to create the building portion increases by 3% then the land value component will also increase at the same 3%. In the very recent environment rental trends for properties have flattened. However, the costs to create the building portion have increased at a higher rate due to the strong construction market, and this puts downward pressure on the land component. The Turner Construction Cost Index for the first quarter of 2017 has not been produced yet, so we have examined the trend for the last 6 months of 2016 and the year over year 2015 to 2016. The year over year increase was 4.9%, and the six-month increase was 2.34%. If we doubled the last six months of increase to estimate a year-over-year increase the rate would be 4.68%. These cost increases have exceeded the rate of rental growth for all of the markets discussed above. Our discussions with local developers indicate Puget Sound cost increases that are much higher than those indicated by the Turner Index.

We also note that the Chinese influence on the market may be waning. Chinese investors have been a significant factor in the development land market over the last two to three years. The Chinese government has been significantly tightening the flow of capital out of the country. We are not aware of any local real estate deals that have been cancelled due to this, but we have seen press reports about business transactions being terminated nationally due to this factor.

The market remains strong but appears to have peaked. There is little direct evidence of changes in value over the last nine months for any of the submarkets that would be relevant to the subject.

Given these trends we have concluded that the market is essentially flat at this time and no market conditions adjustments are necessary.

Location/View Potential:

The comparisons are all generally situated in the Seattle CBD/Denny Triangle neighborhood. The subject is located in the Seattle CBD, adjacent to Interstate 5. While this location is at the

fringe of the CBD, it is near the commercial core, convention center, and has excellent freeway access. Overall, there are positives and minuses to each particular site, but most offer competitive locations, and we made no adjustments.

Zoning:

The zoning adjustment accounts for both the amount of building floor area supported compared to land area (the "Floor Area Ratio", or FAR), and other zoning factors such as maximum height. All of the sales are a slightly inferior DMC 240' / 290' - 400' zoning. The overall zoning is similar, but the max commercial FAR is only 7.0 compared to 10.0 at the subject, warranting an upward adjustment.

Physical Characteristics:

We have also considered the potential for a size adjustment. In this case, the size of a development site is not necessarily a significant adjustment factor, particularly when larger sites are better able to support development projects that maximize the zoning and produce the ideal floor plates, as well as support larger tenants or more cost efficient projects. Larger sites will often require some dedication for site access or fire access. However, we don't believe that is the case for the subject, with adequate site access already in place. We analyzed two transactions in the prior report and concluded that there was not a reason to adjust either upward or downward for the subject's large size, and our conclusion remains the same now.

Next, we considered physical characteristics/block orientation (existing subject shoring/excavation previously discussed in "property rights"). This takes into account the specific situation of the site, being mid-block or corner. The subject is a full-block site, with frontage on four streets. Sales 3, 4 and 5 are all inferior in layout. Sales 3 and 4 are small triangular sites that are relatively inefficient to develop, and have been adjusted upwards. Sale 5 is rectangular but even smaller and an interior site, requiring assemblage with adjoining sites to be efficiently developed. This sale has been adjusted upwards.

Planning/Permitting:

The planning and permitting adjustment accounts for sites that have sold with entitlements like master use permits (MUP's) or building plans. Most of the comparisons did not sell with any planning or permitting in place and thus require no adjustment. We made a downward adjustment to Sale 3 due to the significant planning in place.

Sale Comparison Approach - Conclusion

Prior to adjustments, the five sale comparisons range from \$748/sf to \$1,620/sf. After adjustments, the sales range from \$844/sf to \$1,462 sf. Ultimately, some weight was given to all of these transactions. The two transactions that are most similar are Sales 1 and 2, both development sites in Belltown purchased in December and July 2016 for high-rise development.

The price per square foot for these sites was \$929 and \$845/sf respectively, prior to adjustments for property differences. These sales provide the most compelling indications, after making adjustments for market conditions and physical characteristics. After adjustments these sales indicate \$928 and \$844/sf for the subject, which brackets our previous conclusion.

Sales 3 through 5 were smaller and had more challenging layouts, so were less relevant to the subject, though they do share similar location and zoning characteristics. These sales indicate adjusted values that have a wider spread, in the range of \$857 to \$1,462/sf. Our conclusion is \$910/sf, or \$162,000,000 rounded, which is the same as our prior conclusion.

In summary, our value conclusion is:

<u>Description</u>	<u>Effective Valuation Date</u>	<u>Value Conclusion</u>
Market Value - Fee Simple Interest	March 28, 2017	\$162,000,000

The value estimate is commensurate with a reasonable marketing period and exposure time of 12 months.

Respectfully submitted,



Bates McKee, MAI, CRE
WA State-Certified General Real Estate Appraiser (1100228)



Kenneth Barnes, MAI, CRE
WA State-Certified General Real Estate Appraiser (1100578)

I certify that, to the best of my knowledge and belief

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- Ken Barnes, MAI and Bates McKee, MAI previously appraised the subject property in 2015 and 2016.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Bates McKee, MAI and Ken Barnes, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.
- A personal inspection of the property that is the subject of this report has been made by both signatories.
- No one provided significant real property appraisal assistance to the person signing this certification.



Bates McKee, MAI, CRE, AI-GRS
WA Certified General Real Estate Appraiser (1100228)



Kenneth Barnes, MAI, CRE
WA State-Certified General Real Estate Appraiser (1100578)

Convention Center Expansion Site Land Sale Comparison Summary

Name & Address	Zoning	Land Area (sf)	Yr Blt	Bldg Area (sf)	Sale Date	Analysis Price	\$/sf Land	Proposed FAR	Proposed \$/sf FAR	Comments
1 2nd & Virginia 1919-1935 2nd Ave Seattle, WA <i>Parcel No. 197720-0925, -0926, 0930, -0945, -0946</i>	DMC 240/290-400	19,440 sf <i>0.45 ac</i>	1916 1917 1911	24,044 sf 3,240 sf <u>16,200 sf</u> 43,484 sf	Dec-16	\$18,066,200	\$929	7.88	\$118	Five-parcels (two paved parking lots, office bldg, retail bldg, and mixed-use). Purchased by Great Eagle Holdings (www.greateagle.com.hk) Current plans call for a 209 room hotel in 17 stories. Prior plans included a 38-story hotel/residential project.
2 Fifth & Lenora Site 2021 5th Ave 421-421 Lenora St Seattle, WA <i>Parcel No. 065900-1000, -0990, -0985</i>	DMC 240/290-400	9,720 sf <u>6,480 sf</u> 16,200 sf <i>0.37 ac</i>			Jul-16	\$13,681,840	\$845	22.22	\$38	Vulcan purchase of Diamond Parking lots. Two contiguous properties. One midblock site, two parcels at the corner of 5th and Lenora. Proposed development: 450-500 res units, 340-380,000 sf, 2-5,000 sf of retail, 225-345 parking.
3 Sixth & Wall 600 Wall St Seattle, WA <i>Parcel No. 069700-0370</i>	DMC 240/290-400	10,665 sf <i>0.24 ac</i>			Oct-16	\$17,280,000	\$1,620	37.51	\$43	Marketed as high-rise land with MUPs. Asking price of \$22.5 million. Triangular full city block; 360 views at the end of 6th Ave. Plans for Icon Tower include 43-story, 400 unit apartment building with 284 parking spaces.
4 N. America Seattle Development Site 2300 8th Ave Seattle, WA <i>Parcel No. 066000-0395</i>	DMC 240/290-400	10,665 sf <i>0.24 ac</i>	1970	5,448 sf	Oct-16	\$8,344,430	\$782	33.91	\$23	Triangular parcel at 8th and Denny. Vacant, single story restaurant with basement parking on site. Buyer is a Chinese investor planning for a mixed-use project. Proposed Development: 361,700 sf, 331 residential units, 5,020 sf commercial, 75 parking and 110 bike stalls.
5 Former Jiffy Lube Development Site 2033 4th Ave Seattle, WA <i>Parcel No. 197720-1215</i>	DMC 240/290-400	6,480 sf <i>0.15 ac</i>	1969	3,060 sf	Jun-16	\$4,850,000	\$748	-	-	Marketed at \$4.75 million. Vacant Jiffy Lube. Purchased by Silver Cloud Inn. Future hotel construction. No entitlements or approvals.
Subject Convention Center Expansion Site 906 Pine Street Seattle, WA	DMC 340/290-400	178,099 sf <i>4.09 ac</i>								March 2017 <i>Effective Date of Appraisal</i>

Prepared by McKee Appraisal
March 2017

Convention Center Expansion Site
Land Sale Comparison Adjustment Grid

Sale Number		1	2	3	4	5
Property Name	Subject	2nd & Virginia	Fifth & Lenora Site	Sixth & Wall	N. America Seattle Development Site	Former Jiffy Lube Development Site
Transaction Price		\$18,066,200	\$13,681,840	\$17,280,000	\$8,344,430	\$4,850,000
<i>Property Rights</i>		-3%	-3%	-3%	-3%	-3%
<i>Financing Terms</i>		0%	0%	0%	0%	0%
<i>Conditions of Sale</i>		0%	0%	0%	0%	0%
<i>Expenditures after Sale</i>		\$0	\$0	\$0	\$0	\$0
Adjusted Price		\$17,524,214	\$13,271,385	\$16,761,600	\$8,094,097	\$4,704,500
<i>Unit of Comparison (sf)</i>	<i>178,099 sf</i>	19,440 sf	16,200 sf	10,665 sf	10,665 sf	6,480 sf
Adjusted Unit Price		\$901	\$819	\$1,572	\$759	\$726
Date of Sale	<i>Mar-17</i>	Dec-16	Jul-16	Oct-16	Oct-16	Jun-16
<i>Market Conditions Adjustment</i>	<i>(Appraisal Date)</i>	0%	0%	0%	0%	0%
Subtotal Unit Price-SF		\$901	\$819	\$1,572	\$759	\$726
<i>Location</i>		0%	0%	0%	0%	0%
<i>Zoning</i>		3%	3%	3%	3%	3%
<i>Size</i>		0%	0%	0%	0%	0%
<i>Physical Characteristics</i>		0%	0%	20%	20%	15%
<i>Planning/Permitting</i>		0%	0%	(30%)	0%	0%
Net Adjustment		3%	3%	(7%)	23%	18%
Indicated Unit Value for Subject		\$928	\$844	\$1,462	\$933	\$857

Appraisal of
King County Metro Convention Place Station Property
906 Pine Street
Seattle, WA



APPRAISAL
of
King County Metro Convention Place Station Property

Location:

906 Pine Street
Seattle, WA 98101

Effective Date of Appraisal:

July 7, 2016

Prepared for:

Sung Yang
Deputy King County Executive

Matt Griffin
Pine Street Group, LLC

Prepared by:

Bates McKee, MAI, CRE
Kenneth Barnes, MAI, CRE
Matthew Lange, Appraiser

McKee Appraisal

Real Estate | Consulting

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Reference No. 36208



July 22, 2016

Sung Yang
Deputy King County Executive

Matt Griffin
Pine Street Group, LLC

<i>Name:</i>	<i>King County Metro Convention Place Station Property</i>
<i>Description:</i>	<i>178,099 sf site, fronting Boren Ave, Olive Way, Pine Street, and 9th Ave</i>
<i>Address:</i>	<i>906 Pine Street Seattle, WA</i>
<i>Real Property Description:</i>	<i>King County Assessor No: 066000-1025, -1700 (See property description in the Addenda)</i>
<i>McKee Appraisal Reference No.:</i>	<i>36208</i>

Dear Mr. Yang & Mr. Griffin:

We have prepared the attached appraisal report for the subject property. The property is currently utilized by King County Metro Transit for the Convention Place Station. The total site area is 178,099 sf. We understand that the City of Seattle has street use rights over 2,911 sf of this area, with the County retaining subsurface uses and all development density. The site has frontage on four streets, bounded by Boren Ave, Olive Way, 9th Ave, and Pine Street. The site has been excavated down to approximately 30 feet, together with the construction of significant shoring and other structural support systems.

The purpose of this appraisal is to estimate the unencumbered As-Is Market Value of the fee simple estate. As an extraordinary assumption the property is appraised free and clear of any contamination. We are not aware of any contamination. This assumption affects our conclusion. We have also utilized a hypothetical condition that the Washington State Convention Center (WSCC) will relocate at King County's cost any utilities that will be in the way of convention center construction. This is a reasonable condition for a basis of market value. This does affect our conclusion.

King County Metro buses will be able to use the site for 18 months after closing: they will have use of the entire site for 3 months, and will have use of a 20,000sf portion for the remaining 15 months.

The WSCC will undertake any NEPA filing required for tunnel closure to buses: King County will pay the direct cost of that work but WSCC will bear the risk of any delay due to this filing or dealing with appeals.

The definition of Market Value used in this appraisal is found in the Appraisal Description of the attached report. The accompanying appraisal report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP), and the Federal Transit Administration (FTA). This appraisal has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, and is subject to the Assumptions, Certification & Limiting Conditions contained in this report, as well as specific assumptions contained herein.

Mr. Bates McKee, Mr. Ken Barnes, and Mr. Matthew Lange have personally inspected the subject property and substantially participated in the analysis of this appraisal. As a result of our investigation and analysis, our conclusions are:

<u>Description</u>	<u>Effective Valuation Date</u>	<u>Value Conclusion</u>
Market Value - Fee Simple Interest	July 7, 2016	\$162,000,000

The value estimate is commensurate with a reasonable marketing period and exposure time of six months.

Respectfully submitted,



Bates McKee, MAI, CRE
WA State-Certified General Real Estate Appraiser (1100228)



Kenneth Barnes, MAI, CRE
WA State-Certified General Real Estate Appraiser (1100578)



Matthew Lange, Appraiser
WA State-Certified General Real Estate Appraiser (1101679)

I certify that, to the best of my knowledge and belief

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- Our firm previously appraised the subject property in 2015.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Bates McKee, MAI and Ken Barnes, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.
- A personal inspection of the property that is the subject of this report has been made by all three signatories.
- No one provided significant real property appraisal assistance to the person signing this certification.
- As of the date of this report, Matthew Lange has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.



Bates McKee, MAI, CRE
WA Certified General Real Estate Appraiser (1100228)



Kenneth Barnes, MAI, CRE
WA State-Certified General Real Estate Appraiser (1100578)



Matthew Lange, Appraiser
WA Certified General Real Estate Appraiser (1101679)

General Assumptions and Limiting Conditions

The attached report may only be used or reviewed in its entirety. No individual pages, portions, analyses or conclusions may be separated from the complete report or verbally disseminated without transmittal of the entire report. This appraisal is intended for use only by the client and intended users specifically identified in the report, and may not be transferred to any other party without the specific written permission of McKee Appraisal, Inc. Certain aspects of the report (including analysis methodology, spreadsheets, textual formatting and content) are considered the exclusive intellectual property of McKee Appraisal, Inc. All rights are reserved.

The following General Assumptions and Limiting Conditions are supplemented by additional specific assumptions and limiting conditions identified in the report.

It is assumed that there have been no substantial changes to the property between the date of our inspection or most recent investigation and the date of the report.

It is assumed that there are no hidden or unapparent conditions of the property, subsoil, structures, or environment (including asbestos, formaldehyde, radon, soil contamination, structural conditions, legal compliance including zoning and Americans With Disabilities Act compliance, title or legal conditions, mineral or other valuable conditions or rights, or unknown soils, hydrological, or environmental factors) that render it more or less valuable. We have no expertise in any of these areas, and we specifically counsel the client to perform additional investigation by qualified experts. No responsibility is assumed for such conditions or for arranging the studies that may be required to discover them.

The liability of McKee Appraisal, Inc. and its employees is limited to the client only.

The value conclusions are the result of integration of the entire appraisal process, including multiple methodologies, approaches and analyses. Any specific errors or omissions may or may not change the value conclusions.

The appraiser is not required to provide further appraisal services, give further consultation, testimony or attendance in court by reason of this appraisal unless specific arrangements have been previously made.

The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

The forecasts, projections and estimates contained in this report are based on current market conditions, anticipated short-term supply and demand factors, and a stable economy. These forecasts are, therefore, subject to changes with future conditions which are unknown at the date of appraisal. The analyses and conclusions are valid only as of the date of transmittal of the report.

The appraiser has made no survey of the property and assumes no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for the purpose of assisting the reader to visualize the property.

No responsibility is assumed for the legal description or for matters including legal or title considerations. The property is appraised free and clear of any or all liens or encumbrances, unless otherwise stated. Title to the property is assumed to be good and marketable.

Responsible ownership and competent management are assumed.

The allocation of total value to land, buildings, or any fractional part or interest as shown in this report, is invalidated if used separately or in conjunction with any other appraisal.

RESTRICTION UPON DISCLOSURE & USE:

This appraisal is intended for use only by the client and intended users specifically identified in the report, and may not be transmitted or communicated to any other party without the specific written permission of McKee Appraisal, Inc. Disclosure of the contents of this appraisal report is governed by the By-Laws & Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which (s)he is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the signatories. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus or registration without the prior written consent of the appraiser.

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Summary of Important Conclusions

Name of Subject Property:	King County Metro Convention Place Station Property
Address:	906 Pine Street
Municipality:	Seattle, WA, King County
King County Parcel Nos.	066000-1025, -1700
Latitude/Longitude	47.613568, -122.331975
Property Description:	<p>The property is currently used as a Metro transit station (Convention Place Station). The total site area is 178,099 sf. We understand that the City of Seattle has street use rights over 2,911 sf of this area, with the County retaining subsurface uses and all development density. The site has frontage on four streets, bounded by Boren Ave, Olive Way, 9th Ave, and Pine Street. As an extraordinary assumption the property is appraised free and clear of any contamination. We are not aware of any contamination. This assumption affects our conclusion.</p> <p>We have also utilized a hypothetical condition that the Washington State Convention Center (WSCC) will relocate at King County’s cost any utilities that will be in the way of convention center construction. This is a reasonable condition for a basis of market value. This does affect our conclusion.</p> <p>King County Metro buses will be able to use the site for 18 months after closing: they will have use of the entire site for 3 months, and will have use of a 20,000sf portion for the remaining 15 months.</p> <p>The WSCC will undertake any NEPA filing required for tunnel closure to buses: King County will pay the direct cost of that work but WSCC will bear the risk of any delay due to this filing or dealing with appeals.</p>
Land Area:	178,099 sf. We understand that the City of Seattle has street use rights over 2,911 sf of this area, with the County retaining subsurface uses and all development density.
Zoning:	DMC 340’/290’-400’
Appraisers:	Bates McKee, MAI, CRE Kenneth Barnes, MAI, CRE Matthew Lange, Appraiser

McKee Appraisal Reference No:	36208
Effective Date of Appraisal:	July 7, 2016
Date of Report:	July 22, 2016
Property Interest Appraised:	Fee Simple Interest
Purpose and Use of Appraisal:	To provide an opinion of market value of the fee simple interest in the subject property. The intended use will be for use in transaction negotiations.
Signed Certification:	Attached
Assumptions and Limitations:	Attached
Highest and Best Use:	Development of office, hotel, or residential development.
Scope of Work:	The scope of this appraisal assignment is consistent with the Client Agreement. In the course of this assignment we inspected the subject property and researched the subject through public records, discussions with the client, and other sources. We used the Sale Comparison Approach to value the property. Please see the Scope of Work section in the Appraisal Description section of this report for a full discussion of the scope of work.

Market Value - Fee Simple Interest:	\$162,000,000
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Comments

The property is currently used as a Metro transit station (Convention Place Station). The subject property consists of a 178,099 sf contiguous site, with frontage on four streets (Boren Ave, Olive Way, 9th Ave, and Pine Street). We understand that the City of Seattle has street use rights over 2,911 sf of this area, with the County retaining subsurface uses and all development density. The entire site is zoned DMC 340' / 290' -400'.

As an extraordinary assumption the property is appraised free and clear of any contamination. We are not aware of any contamination. This assumption affects our conclusion. We have also utilized a hypothetical condition that the Washington State Convention Center (WSCC) will relocate at King County's cost any utilities that will be in the way of convention center construction. This is a reasonable condition for a basis of market value. This does affect our conclusion.

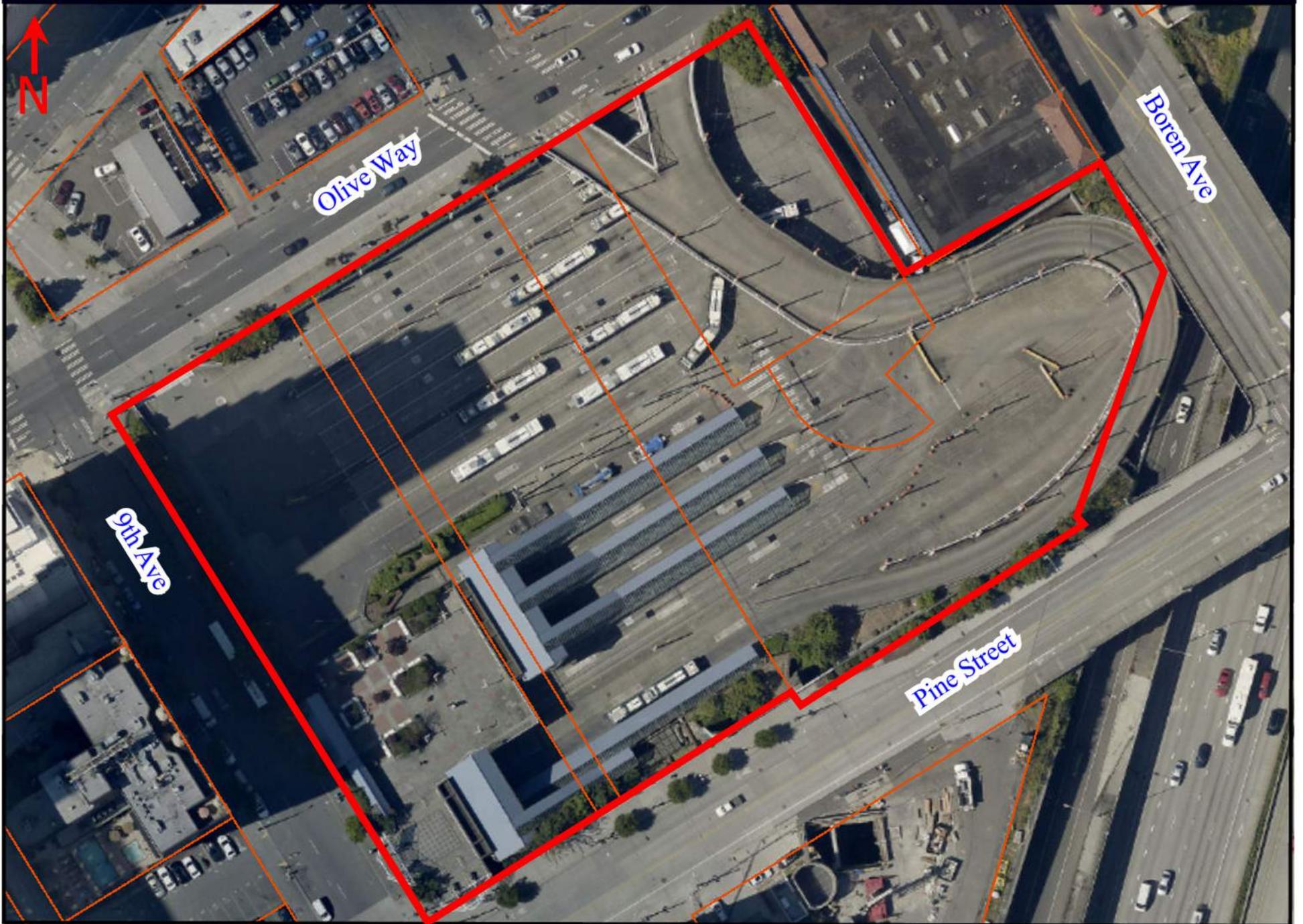
King County Metro buses will be able to use the site for 18 months after closing; they will have use of the entire site for 3 months, and will have use of a 20,000sf portion for the remaining 15 months.

The WSCC will undertake any NEPA filing required for tunnel closure to buses: King County will pay the direct cost of that work but WSCC will bear the risk of any delay due to this filing or dealing with appeals.

The Washington State Convention Center is planning an expansion on the subject site, plus several surrounding parcels, that could total over 1.23 million square feet. Proposed development could include new exhibit hall space, meeting rooms, and potential for future office, hotel, or residential projects on parts of the site.

The purpose of this appraisal is to estimate the unencumbered As-Is Market Value of the fee simple estate, aside from the previously mentioned encumbrances of interim County use and the requirement to relocate utilities and complete a NEPA filing. The Highest and Best Use for the subject has been thoroughly analyzed, and the Sale Comparison Approach has been used for the property valuation. The subject site is located on the northeast side of Downtown Seattle. It benefits from its location near the existing Washington State Convention Center, and within an easy radius of the retail core, Denny Triangle neighborhood, and the Financial District. It is well-suited to a full range of potential development, including office, residential and hotel development as demonstrated by a number of new projects planned, proposed, and under construction in the immediate vicinity. The Seattle market is very strong and there is high demand for downtown development sites by a variety of local, national, and international investors.

Aerial Map



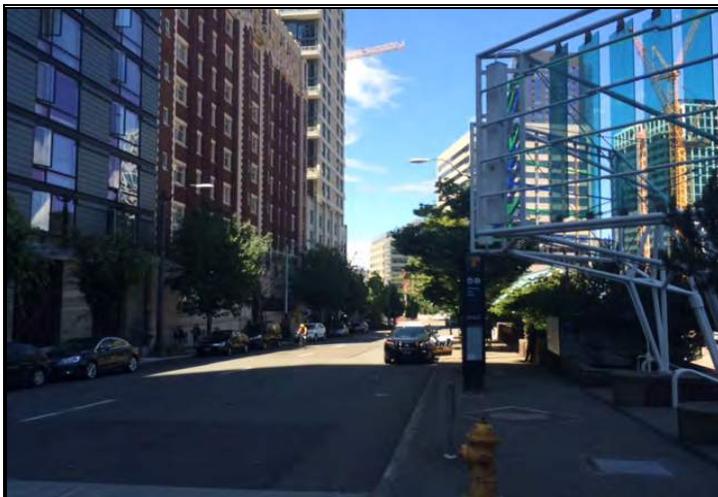
Subject Photographs



1
Photo facing west across subject property. (Please refer to the "Site Map" for cameras depicting locations)



2
Photo facing east along Olive Way, subject property on the right.



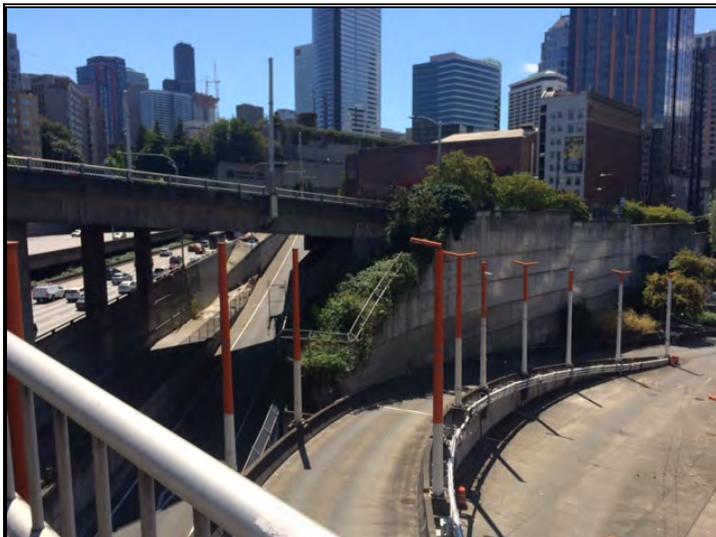
3
Photo facing north along 9th Ave.



4
Photo facing east across subject.



5
Photo facing east along Pine Street.
Subject on the left.



6
Photo facing southwest.



7
Photo facing south along Boren
Ave

Appraisal Description

Identity of Property

The subject property is located at 906 Pine Street, Seattle, WA in King County.

Legal Description

The property can be described as King County Assessor Parcel Number 066000-1025, -1700. Please refer to the "Site Map" exhibit in the Property Description section, and the "Property Description" exhibit in the Addenda for additional detail.

Easements and Other Restrictions

We have not been provided with a title report for the subject property. The appraisal provides an opinion of the unencumbered fee simple interest. The total site area is 178,099 sf. We understand that the City of Seattle has street use rights over 2,911 sf of this area, with the County retaining subsurface uses and all development density. Please refer to assumptions, hypothetical conditions, and extraordinary assumptions discussed later in this section. We assume that there are no easements or other restrictions which encumber the property to a degree that the value would be impaired.

Purpose of Appraisal

The purpose of this appraisal is to estimate the Market Value of the subject property. The following definition of Market Value is found under Advisory Opinion 22 (AO-22) in The Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition, Page 150:

"Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (5) Buyer and seller are typically motivated;*
- (6) Both parties are well informed or well advised and acting in what they consider their own best interests;*
- (7) A reasonable time is allowed for exposure in the open market;*
- (8) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*

- (9) *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*

This definition is consistent with Code of Federal Regulations, Title 12, Part 34, Subpart C, 34.42(g), August 24, 1990.

Client and Intended Users

The clients and intended users King County and WSCC. The Pine Street Group is an additional intended user.

Intended Use of Appraisal

The intended use of this appraisal is to provide an opinion of the Market Value of the fee simple interest in the subject property.

Property Interest Appraised

This is an appraisal of the fee simple interest in the subject property.

Unavailability of Information

We have not been provided with a title, environmental, hydrologic or soils report. We are not expert in these areas, and generally rely on the technical reports of qualified personnel. We specifically assume that there are no unapparent conditions which affect the value or utility of the property.

Assumptions, Hypothetical Conditions, and Limiting Conditions

This appraisal is subject to the General Assumptions and Limiting Conditions found at the beginning of this report. As an extraordinary assumption the property is appraised free and clear of any contamination. We are not aware of any contamination. This assumption affects our conclusion. We have also utilized a hypothetical condition that the Washington State Convention Center (WSCC) will relocate at King County's cost any utilities that will be in the way of convention center construction. This is a reasonable condition for a basis of market value. This does affect our conclusion.

King County Metro buses will be able to use the site for 18 months after closing; they will have use of the entire site for 3 months, and will have use of a 20,000sf portion for the remaining 15 months.

The WSCC will undertake any NEPA filing required for tunnel closure to buses; King County will pay the direct cost of that work but WSCC will bear the risk of any delay due to this filing or dealing with appeals.

Scope of Work

The scope of this appraisal assignment is consistent with the Client Agreement. In the course of this appraisal assignment, we have inspected the subject and the immediate surrounding neighborhood. We communicated with representatives of the subject property as well as knowledgeable, active brokers in the market. Our research of the subject included a review of a variety of documents, including assessor's files, public records, and Seattle zoning code among others. We also visited the subject neighborhood and researched trends and public announcements about the subject and the neighborhood. We valued the subject property using the Sale Comparison Approach, considering relevant transactions of comparable development sites. Overall, the scope of the research and analysis associated with this appraisal is considered to be adequate to support the value conclusion.

Competency

We are competent to appraise the subject property. We have considerable experience in the analysis and valuation of similar development sites, both in the subject neighborhood and throughout the Seattle metropolitan area. Please refer to the Scope of Work, the Appraisers' Qualifications and Experience data in the Addenda, and the research and presentation embodied in this report for verification of our competency.

Ownership of Property

King County Transit

History and Current Status of Property

The subject property has not transacted in the last three years. The property is currently used as a Metro transit station (Convention Place Station). The Washington State Convention Center is planning an expansion on the subject site, plus several surrounding parcels, that could total over 1.2 million square feet. Proposed development could include new exhibit hall space, meeting rooms, and potential for future office, hotel, or residential projects on parts of the site.

Exposure Time and Marketing Time

The value conclusions in this report are as of the effective dates of this appraisal, and assume that a "reasonable exposure time" has preceded those effective dates. Thus the value conclusions are consistent with expected transaction on the effective date of the appraisal after prior exposure. The "marketing time" is that period which would be expected to be incurred to market the property in the current environment as of the date of the appraisal report, with the marketing to occur subsequently. Thus the value conclusion is not necessarily the subsequent value that would be anticipated for transaction of the property after the future marketing time.

Demand for well-located downtown Seattle sites remain strong, and reflected in increases land values. There are 16 multi-family projects currently under construction in the Belltown/Downtown/First Hill markets. Nearly \$1.8 billion in apartments transacted over the first five months in the tri-county area (King, Pierce, Snohomish), compared to less than \$1.4 billion over the same period last year. 2015 sales volume totaled a record high of \$4.7 billion.

Hotel occupancy has been increasing in Seattle, leading to an increase in permitting activity and construction for a number of downtown sites. Office rental rates have been increasing, with several buildings now under construction.

The subject is a 178,099 sf site at the eastern edge of downtown Seattle.

The property's strengths include:

- Frontage on four street with three major corners
- Downtown Seattle location, near Convention Center, near Amazon campus
- DMC 340' /290'-400' zoning
- Potential for views of Lake Union to the north and Seattle skyline to the south
- Portion of existing shoring walls in place (creating positive contributory value)

The property's weaknesses include:

- Tower development requires purchasing development credits, which are more expensive compared to other zones and may increase in the future

The most likely buyer of the subject site is a developer. There are several recent transactions of land in the immediate neighborhood, demonstrating the marketability of development land at this time. After consideration of all of these factors, it is our conclusion that a reasonable average exposure time for the subject property is six months, and the value conclusion presented in this report is consistent with that period.

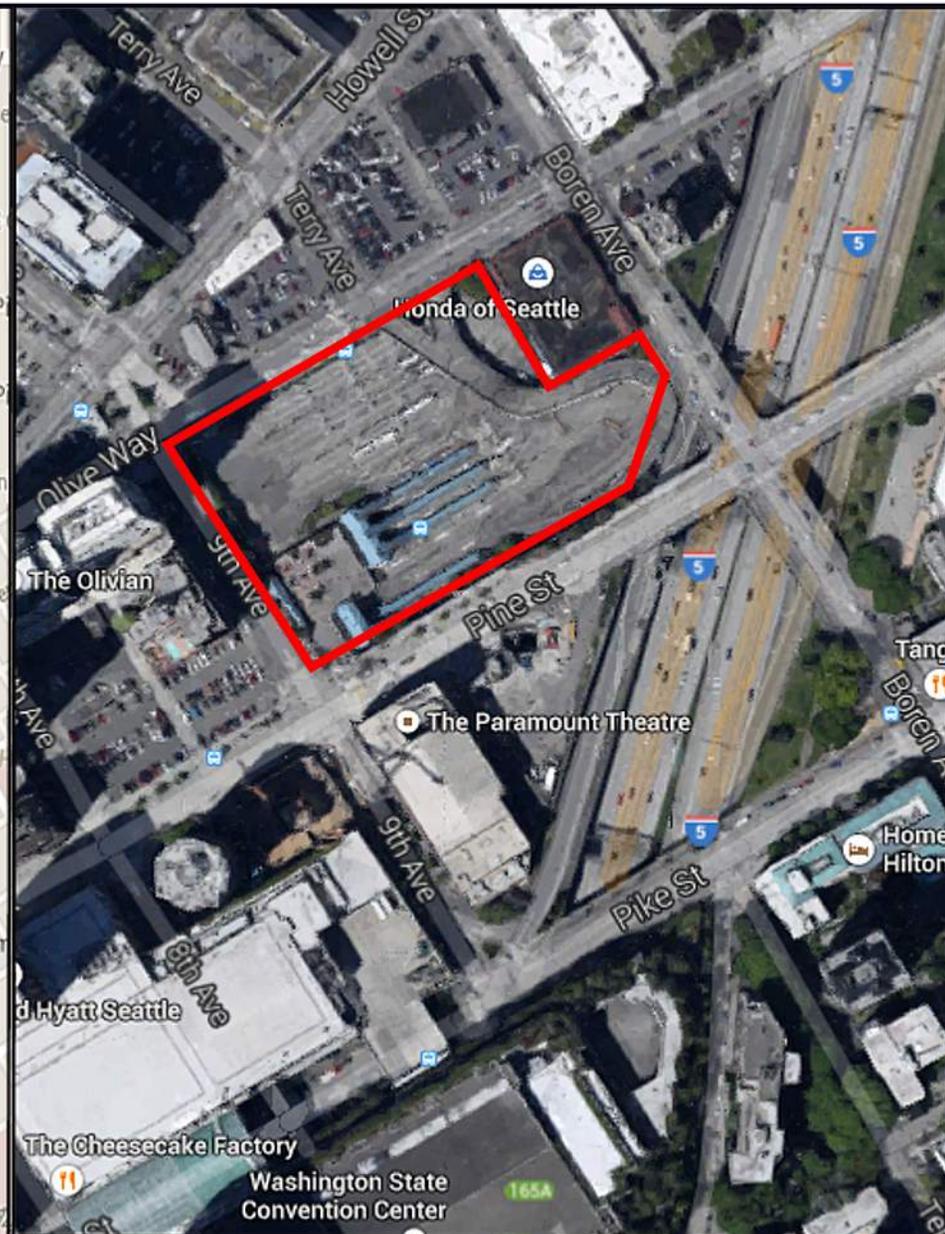
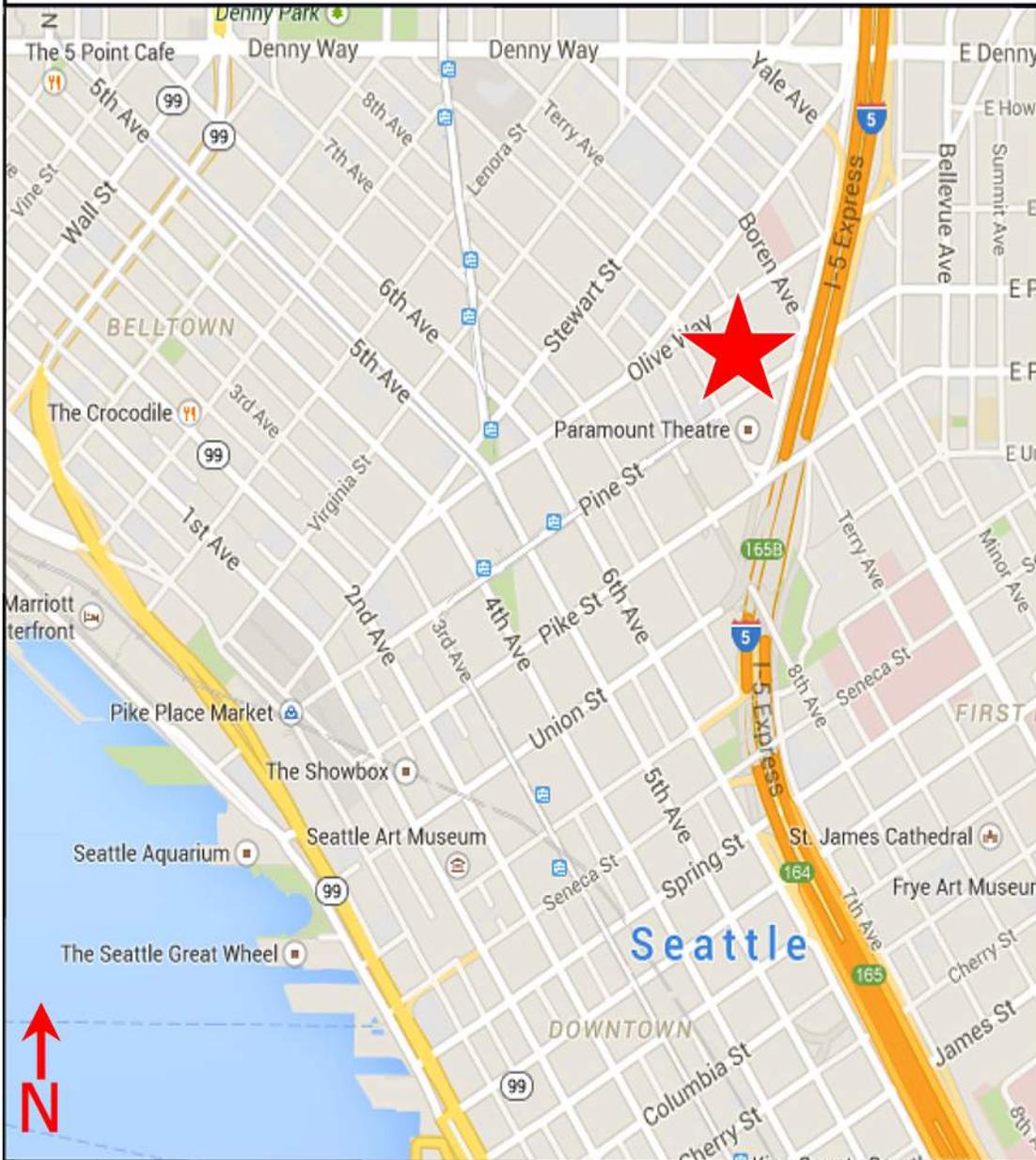
Effective Date of Appraisal

July 7, 2016

Date of Report

July 22, 2016

Neighborhood Map



Neighborhood Description

Regional Overview

The subject is located in downtown Seattle. The subject neighborhood is part of the Greater Seattle Metropolitan Area, which is located in the middle of a five-county area often referred to as the Central Puget Sound Region. Its boundaries extend from Everett in the north to Tacoma in the south with Puget Sound on the west and the Cascade Mountains to the east. The Seattle Metropolitan Area is the central focus of economic activity for the entire Western Washington region and is the largest metropolitan area in the state. The majority of the population growth for the state of Washington is concentrated in the west, and all of the Greater Seattle counties are expected to experience fairly steady population growth over the next decades.

Downtown Seattle Overview

The subject is located on the northeast fringe of the Seattle Central Business District. The CBD is located west of I-5 and east of Alaskan Way, which runs along the Seattle waterfront. The south boundary of the CBD is at about Yesler Way, and the northern boundary is at about Stewart Street. Both the north and south boundaries are somewhat arbitrary, since the separation between Pioneer Square to the south and the Denny Regrade to the north has gradually been blurred with new construction and renovations. The CBD is defined by both geographic constraints and the underlying zoning which allows the highest potential building density (floor area ratio, or FAR) of anywhere in the region.

According to Metro, the Seattle CBD has one of the highest commuter transportation ratios of any western city. This is a result of the strong Park & Ride program. Pedestrian access to and within the CBD is good; however, it is somewhat hampered by the relatively steep topography, particularly between the waterfront and Third and Fourth Avenues. In addition, Sound Transit runs light rail service to the CBD, further facilitating regional access for commuters. Although this light rail system initially runs only south as far as the Seattle Tacoma International Airport, future planned extensions include service to south to Des Moines, north to Lynnwood, and east to Bellevue and Redmond.

Olive Way (I-5 Northbound), Union Street (I-5 Southbound) and Madison Street (I-90/I-5) are the major freeway exits, providing access to the subject's immediate area. Many downtown workers live across Puget Sound in Kitsap County and use the ferry system to commute to work. The subject has good access to the surrounding neighborhoods as well. These include South Lake Union, Belltown, Capitol Hill, and the Downtown Commercial Core, which are all easily accessed via local arterials near the subject, including Westlake Ave to South Lake Union, Olive Way to Capitol Hill and 6th and 7th Aves further south into the downtown core.

Surrounding Uses and Development Activity

The subject is three blocks east of the downtown retail core, with 5th and 6th Ave generally representing the core areas, and consists of Macy's, the flagship Nordstrom Store, and Pacific Place. All of these retail anchors are within a couple blocks of the subject.

To the west across 9th Ave is the 27-story Olivian facing Olive Way (built 2008), the Worldmark by Wyndham lodging in a 10-story historic building, and a 7-story 2015 constructed apartment building at the corner of 9th and Pine and known as the 9+.

Along Pine St, across the street from the subject site, is the Paramount Theatre, and the newly constructed Premiere on Pine, which is a 40-story, 386 unit luxury residential tower that was completed 1st Quarter 2015. To the SW are the 11-story Paramount Hotel and the Olive 8 tower, which is 16 stories, was built in 2005, and includes a Hyatt hotel and residential condominiums. To the north and south is Interstate 5. The freeway provides a view buffer to the north and south. To the north is a portion of the proposed Convention Center expansion on the former Honda properties.

The subject is also very near the Denny Triangle neighborhood, which is located between the Downtown Seattle core and the South Lake Union neighborhood to the north. These neighborhood boundaries are Denny Way (north), I-5 freeway (east), and generally 6th Ave. (southeast). The Denny Triangle neighborhood is a commercial neighborhood with a range of uses, including surface parking, high-rise office, multi-family, retail, light industrial, biotech laboratories, and various mixed use structures. Ongoing development of the new Amazon campus between 6th and 8th Avenue is spurring a variety of other projects following a wave of new construction just before the recession, which included an office project at 2001 8th Avenue - West 8th project - a 28-story office tower with street level retail and two office buildings on the block bounded by 8th and 9th Avenues and Stewart and Virginia Streets - 1818 8th and 818 Stewart.

The very north edge of the downtown core has also witnessed substantial construction in recent years. This includes the new Federal Courthouse at 8th Ave. & Virginia St. and the Corixa biomedical building at 9th Ave. & Stewart St. Also in this vicinity are 2200 Westlake and 2201 Westlake, two mixed-use developments including residential, hotel, office and retail components. The Aspira and Olivian apartment towers were completed just before the Great Recession and are located just north of the subject. As mentioned previously, new growth is also apparent in the subject's immediate area with the Premiere on Pine and the 9+ apartment projects delivering in 2015. Additional recent developments near the subject include Olive 8, which includes first floor retail, a Hyatt hotel with 346 rooms, and 229 luxury condominiums.

The 1800 Terry development (38-story tower with 424 apartment units) is proposed one block to the NW. The 1812 Boren development is under construction one block to the north. Tilt 49 includes a 37-story apartment tower and an 11-story, 300,000 sf office building. The office portion is expected to be done second quarter of 2017 and will include a 7,000-square-foot deck on the ninth floor.

A development at 1823 Minor is under construction (Kinects). The project will include a 40-story tower with 356 residential units.

Trammell Crow's 21-story tower (Midtown 21 at Stewart and Terry) is proposed for nearly 365,000 square feet of office space.

The subject's neighborhood is seeing a lot of planned new hotels, both for current demand and in anticipation of the planned expansion of the Washington State Convention Center. Construction is planned to begin in early 2017. The proposal is to expand northeast from the current facility over the subject property and on the adjacent parcels to the north (see Sale Comparison Number 1) where Honda of Seattle formerly operated. The Convention Center currently has about 205,700 sf of exhibition space, 76,000 sf of meeting rooms, and 45,000 sf of ballrooms. Preliminary estimates indicate that the expansion could be as much as 1.23 million square feet and more than double existing space. Additionally, an 11-story building would be developed at 1600 9th Ave, with 250,000 sf of exhibition space, 120,000 sf of meeting rooms, 60,000 sf of ballroom space, 20 loading bays and parking for 800 vehicles. The \$1.6 billion expansion may also include a 416-unit apartment tower at 920 Olive Way and an office tower at 1711 Boren Ave. These co-development projects got conditional approval from the design review board in May 2016.

Conclusion

The subject has a very good location, just east of the Seattle CBD retail core. The area has been improved over the last 20 years with new office, hotel and residential projects, and is near a vibrant area for business, shopping, and tourism. The neighborhood has good access to the freeway system, surrounding streets, and represents the largest mass-transit hub within the State of Washington. The subject's specific location is very close to the Convention Center and on the edge between the downtown and Denny Triangle neighborhoods, both of which are seeing significant new projects at this time. Overall, the subject neighborhood is the focal point for Seattle's commercial activities and will continue to be so for the foreseeable future.

Apartment Vacancy, Rent & Concessions Trends

Current Vacancy by Unit Type:

	<u>All</u>	<u>Studio</u>	<u>1 bed</u>	<u>2/1ba</u>	<u>2/2ba</u>	<u>3/2 ba</u>
Belltown/Dtwn/SLU	4.4%	4.5%	3.9%	5.7%	5.0%	6.8%
Capitol Hill/Eastlake	3.5%	3.1%	3.4%	5.8%	4.4%	0.0%
Queen Anne	3.6%	3.2%	3.5%	3.8%	3.7%	2.9%
King - Central	3.9%	3.6%	3.8%	4.7%	4.6%	2.9%

King County - Central Apartment History

	<u>Sep-11</u>	<u>Mar-12</u>	<u>Sep-12</u>	<u>Mar-13</u>	<u>Sep-13</u>	<u>Mar-14</u>	<u>Sep-14</u>	<u>Mar-15</u>	<u>Sep-15</u>	<u>Mar-16</u>	5-YR AVG.
% Vacancy Rate	3.5%	3.1%	3.3%	2.9%	3.1%	3.6%	3.4%	3.7%	3.9%	3.9%	3.4%
Average Rent	\$1,254	\$1,272	\$1,347	\$1,410	\$1,459	\$1,530	\$1,612	\$1,650	\$1,733	\$1,766	\$1,503
% Offering Incentives	6%	6%	3%	6%	5%	9%	10%	12%	7%	14%	8%
Proj.Avg.Rent Increases	3.6%	3.5%	3.5%	3.6%	3.3%	2.9%	2.6%	3.2%	3.5%	3.5%	3.3%
New Units	0	357	479	2,274	1,093	1,120	2,245	1,568	1,667	1,234	1,204

Belltown/Downtown/South Lake Union - Apartment History

	<u>Sep-11</u>	<u>Mar-12</u>	<u>Sep-12</u>	<u>Mar-13</u>	<u>Sep-13</u>	<u>Mar-14</u>	<u>Sep-14</u>	<u>Mar-15</u>	<u>Sep-15</u>	<u>Mar-16</u>	5-YR AVG.
% Vacancy Rate	4.7%	4.2%	4.9%	3.8%	3.9%	3.9%	3.8%	4.1%	4.6%	4.4%	4.2%
Average Rent	\$1,568	\$1,571	\$1,651	\$1,712	\$1,741	\$1,855	\$1,906	\$1,968	\$2,035	\$2,053	\$1,806
% Offering Incentives	14%	12%	8%	15%	10%	23%	22%	34%	12%	22%	17%
Proj.Avg.Rent Increases	3.2%	3.5%	3.1%	3.6%	2.7%	2.5%	2.1%	3.6%	3.7%	3.1%	3.1%
New Units	0	0	184	862	579	731	954	951	684	389	533

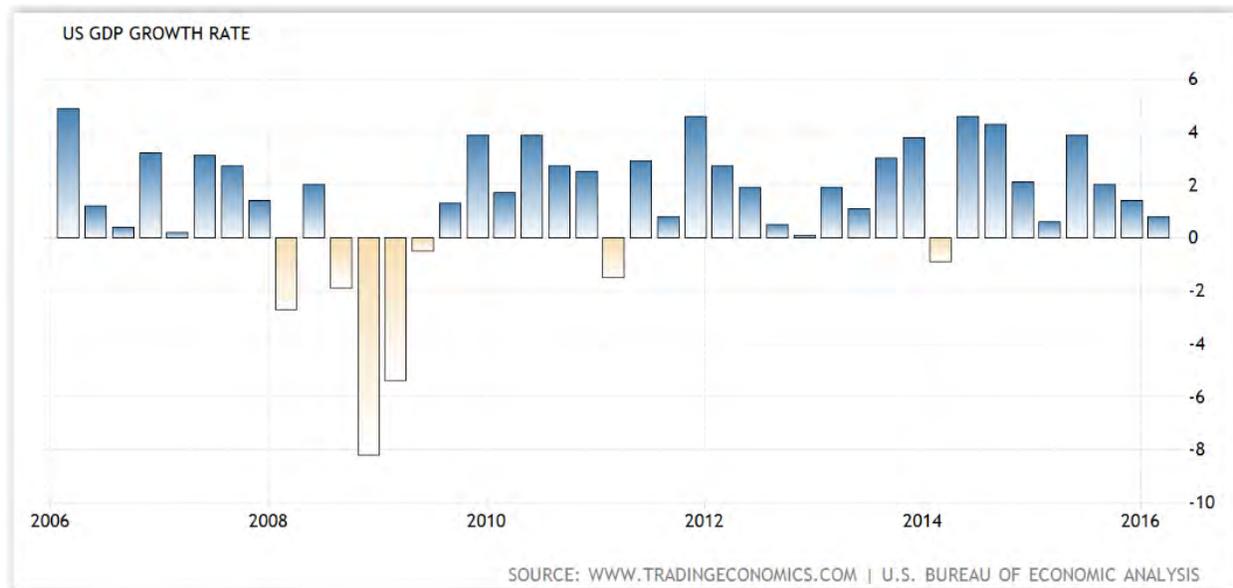
Source: *The Apartment Vacancy Report, April 2016* . Dupre + Scott Apartment Advisors, Inc.

King County Central includes Belltown/Downtown/South Lake Union, Capitol Hill/Eastlake, Central, First Hill, Madison/Leschi, Magnolia and Queen Anne markets

The subject is situated in an urban core market in an active municipal setting. It is influenced by regional and national economic trends. It has the highest and best use for continued use as a retail and office property for some period, followed by eventual redevelopment. Considering the nature of the property, the most likely redevelopment is residential, with ground floor retail required and desirable. In this market analysis we will focus on these sectors.

Regional and National Economics

Economic indicators show that the national economy continues to be moderately strong. GDP increased at an annual rate of 0.8 percent in the first quarter of 2016. This follows a rate of 1.0 percent in the fourth quarter of 2015 and 2.0 percent in the third quarter of 2015. In the second quarter, real GDP increased 3.9 percent. GDP increased at an annual rate of 2.4 percent in 2015. While this is reasonably strong, it is hardly robust, and the pace of growth remains relatively slow for an expansionary recovery period. 2015 was the ninth consecutive year in which GDP did not grow by 3.0 percent, per the BEA. According to the U.S. Department of Labor, the unemployment rate was 4.7 percent in May 2016 (the lowest rate since June 2008).



While growth within the national economy remains slower than expected for a recovery period, we have seen strong evidence that demand for high quality investment properties has risen substantially. As competition for the best investments pushed down rates of return, there is increasing evidence that investors are moving up the risk spectrum and turning their attention to “value add” properties with good prospects in desirable markets. This trend is highly positive for the commercial real estate industry, and is expected to continue in the near to medium term.

The Moody's/RCA Commercial Property Indices (July 2016 report, data through May 2016) national all-property composite index decreased by 1.7% in May 2016. The national all property index is up 6.7% the past year.

Exhibit 3-1 U.S. Markets to Watch: Overall Real Estate Prospects

	Investment	Development	Homebuilding
1 Dallas/Fort Worth (2, 3, 1)	3.87	3.79	4.34
2 Austin (4, 1, 2)	3.82	3.83	4.17
3 Charlotte (11, 5, 4)	3.71	3.69	4.07
4 Seattle (3, 10, 5)	3.84	3.57	4.00
5 Atlanta (5, 6, 8)	3.79	3.68	3.93
6 Denver (8, 13, 3)	3.74	3.51	4.14
7 Nashville (7, 2, 14)	3.75	3.81	3.67
8 San Francisco (9, 14, 12)	3.73	3.51	3.77
9 Portland, OR (10, 7, 16)	3.71	3.63	3.64
10 Los Angeles (1, 8, 25)	3.87	3.61	3.50

Investors continue to view the Seattle area favorably relative to other metropolitan areas. The most recent Emerging Trends report from the Urban Land Institute and PWC shows Seattle holding a #4 ranking in its list of top US commercial/multifamily investment markets for 2016. The report has previously cited Seattle’s diverse group of major employers, geographic barriers-to-entry which

control overbuilding, and finally proximity to international shipping lines as strong positioning points for the local market. More recently, the 2016 report indicated that investors are more focused on Seattle as a market that contains job-producing industries. Additionally, the survey adds that the 2016 outlook for all the commercial sectors of the Seattle market is relatively strong with the exception of hotels. Over the long term, we expect the Puget Sound region to remain a major business and economic center, leading to continued investment.

Apartment Market

Please refer to the exhibit entitled “Apartment Vacancy, Rent and Concessions” located in this section. The vacancy rate in King-Central is at 3.9%, per the latest data from *The Apartment Vacancy Report, April 2016*, published by Dupre + Scott Apartment Advisors, Inc. This is a publication updated twice per year and includes surveys of over 232,000 units in the region (or nearly 90% of the market). The rental market survey found that rents in the Puget Sound region climbed 3.3% in the past six months and a total of 9.1% in the past year. Market vacancy in the King-Central submarket for new construction (2010 and newer) is 4.2%, with an actual rent of \$2.97/sf. The subject is specifically situated in the “Belltown/Downtown/SLU” market, per Dupre + Scott’s market boundaries. Current vacancy in this market is 4.4%.

While average rents have gone up significantly in the last few years, it is not at an atypical rate, especially when the “skew of the new” is taken into account. With new units removed from the statistics, the “same store” rent growth is about 3.4% annually since 1997.

Population growth, net migration changes, income, demographic changes and other factors all impact demand. Seattle just became the nation’s 21st largest city, surpassing Boston, and grew at the highest rate among the 50 most-populous U.S. cities due to job growth. Seattle ranked 8th in the U.S. in the top real estate markets for 2015, according to the new report by Urban Land Institute and PwC.

Future population growth for the Puget Sound area in general is projected to be significant, with an estimated 2% increase in King County between 2000 and 2020. There are 2 million jobs in King, Pierce, Snohomish, Kitsap and Island counties and approximately 259,000 occupied units, or 7.7 jobs for every occupied apartment. According to Dupre + Scott, a rough rule of thumb is that every 8 to 9 new jobs create demand for one new unit, consistent with the current job to occupancy ratio. A total of 7,200 units opened in 2013, and another 8,700 units opened in

2014. Approximately 12,000 opened in 2015 and another 11,000 units are expected to open in 2016. In the past 12 months, the Puget Sound region added 42,800 jobs and the apartment market absorbed almost 8,800 units. This works out to 4.9 jobs per unit, and above average demand.

Growth is expected to be relatively steady over the next few decades at about 11% per decade. Based on current trends, including the emergence of Seattle as a software, medical and research hub, these projections may be modest. Whereas historically most of the forecast population growth in King County has been expected to occur in outlying areas where vacant land is more plentiful, demand for in-city living locations has increased dramatically. Much of the projected population growth will occur in new and infill development in established urban centers.

In the latest Puget Sound Economic Forecaster by Conway Pedersen, the region was forecasted to add 125,500 jobs between now and the end of 2020. Dupre and Scott anticipate demand for 37,500 units (just 3.3 jobs per unit of demand). The difference is coming from millennials, with this 25 to 34-age bracket consisting of mostly renters.

The Seattle market will be heavily influenced by Amazon's construction of a 3.3 million square foot complex at 7th & Lenora, on 3 adjacent blocks that they purchased in December 2012 in downtown Seattle. At Amazon's current density, this complex might house over 20,000 employees total, representing a substantial potential addition to both employment and housing.

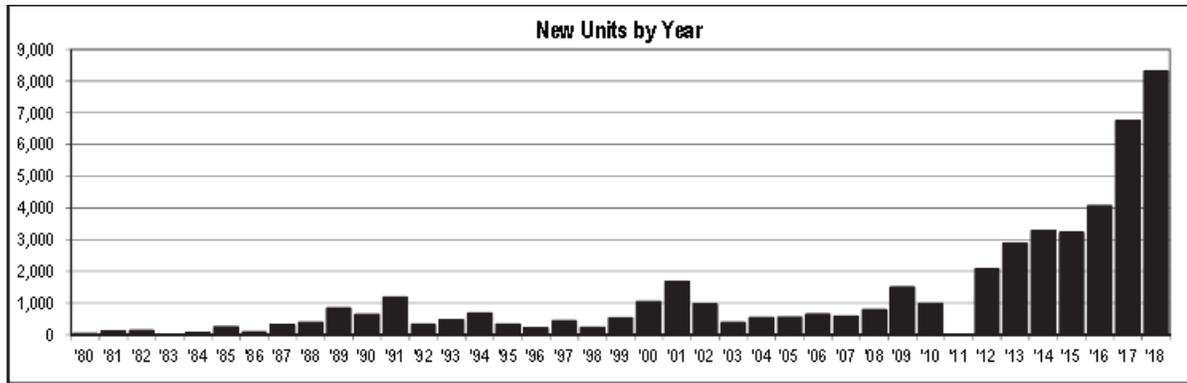
In total, Amazon plans to have 10 million square feet by 2019, indicated by John Schoettler, Director of Global Real Estate and Facilities with Amazon. 10 million square feet would be enough space for 60,000 to 70,000 employees. That would make Amazon the largest employer in Seattle. The company has an existing 4.1 million sf, plus 4.9 million of space in planning, indicating the need for another 1 million sf by 2019. The impact of Amazon and subsequent demand for new housing is significant.

Overall, Conway Pedersen Economics expects vacancies to stay below 5% over the next five years. Dupre and Scott forecast that vacancy rates in the region will increase moderately over the next six months to 4.4%, increasing to 5.8% by December 2017 and peaking at 7.5% in 2018, then starting to fall again.

Supply

Please refer to the historic absorption graph and construction timeline in this section. Each set of data is provided by Dupre + Scott Apartment Advisors and McKee Appraisal surveys and analysis. There are 41,120 existing units in the King-Central submarket (existing market rate apartments in 20+ unit complexes). The market absorbed about 2,900 units over the past year preceded by about 3,800 units the previous year.

There are projects with about 19,121 units under construction in the King-Central market that are planned for completion between now and the end of 2018. The anticipated supply (under construction), represents about an approximate 25% increase. The table below shows the historical and near-term forecast for new units that will be added over the next couple of years.



New Units* by Year (f=forecast)

Neighborhood	Pre '06	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016f	2017f	2018f
Belltown	8,309	303	199	331	629	497		392	1,715	1,607	1,620	1,687	3,354	5,102
Capitol Hill/Eastlake	6,989	104	60	133	321	450		341	330	778	608	369	765	626
Central	2,256			80	328			249			140	599	612	755
First Hill	5,098		243		81			367	120	134	604	801	463	1,077
Madison/Leschi	552													
Magnolia	1,520			32					236	117		24	97	230
Queen Anne	6,266	234	63	205	137	29		717	472	645	244	583	1,461	516
King-Central Total	30,990	641	565	781	1,496	976		2,066	2,873	3,281	3,216	4,063	6,752	8,306

The subject’s market has garnered all of this new construction due to its excellent location amidst the tech job growth of the last several years and the increasing desire by apartment dwellers to be in walkable locations near employment centers.

Homeownership Trends and Condo Development

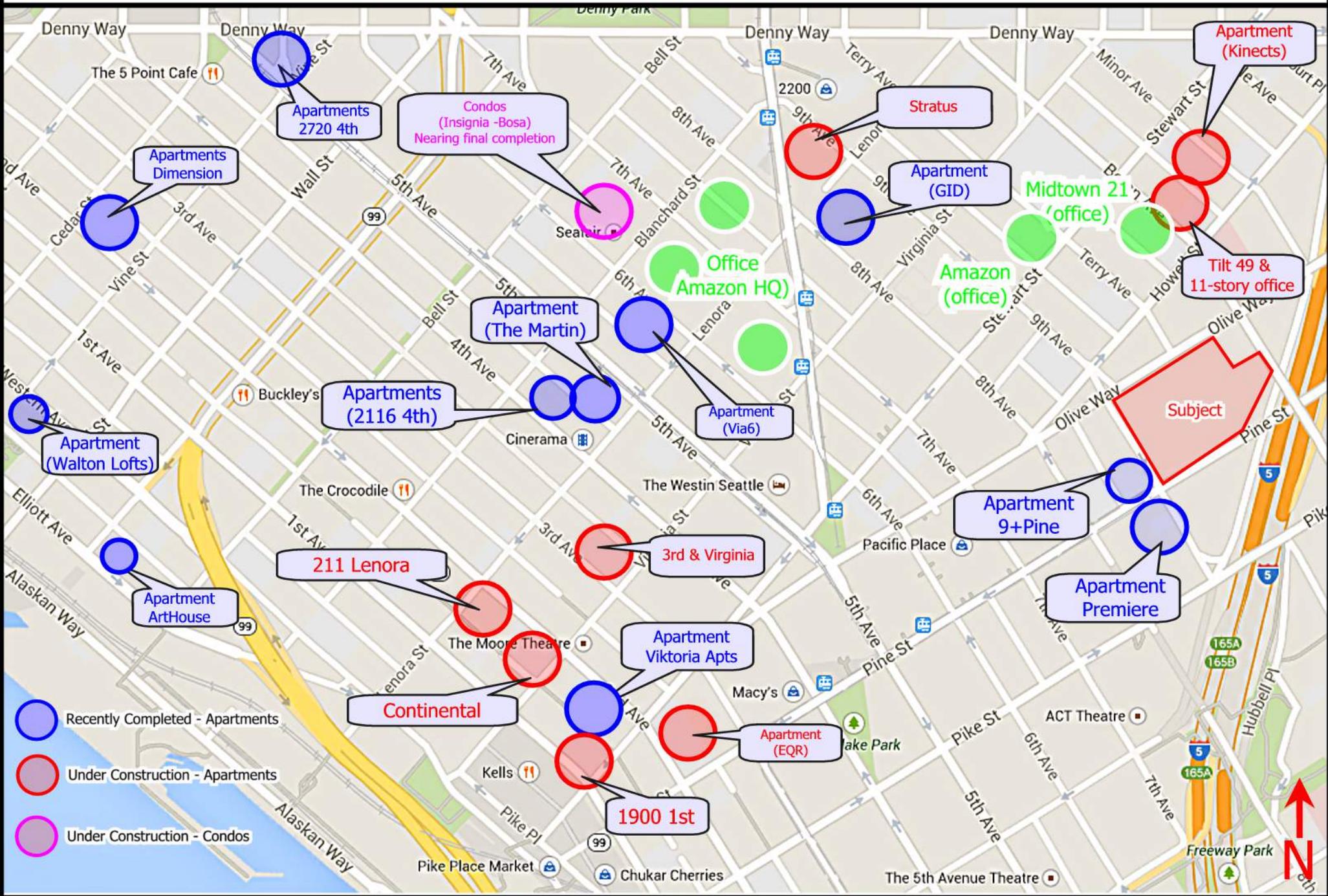
The S&P/Case-Shiller Home Price Indices as of April 2016 (published June 2016) indicated that Seattle area home prices were up 10.7% the past 12 months, and up 2.1% in the past month. Prices are up 2.5% from the July 2007 peak.

There are three condominium projects under construction, including Insignia (nearing final completion), Gridiron and Luma. The housing crash has had a lingering effect on homebuyer psychology, with renters still more reluctant to enter the homeowner’s market. Nonetheless, the stabilization of the housing market, coupled with the affordability of the housing stock, creates some incentive for renters to consider home purchases. High down payment requirements and challenging underwriting have still suppressed sales activity.

Conclusions

Overall, the local apartment markets continue to be very strong, characterized by low vacancy, increasing rents, and elevated sales volume. Specifically near Seattle’s core, the demand driver has been the past and anticipated growth of tech companies with high paying jobs. There is substantial supply delivering to the Puget Sound market over the next three years. However, prospective job growth suggests that the apartment market will absorb this new supply over time and will go on to be a mature market. It is anticipated that vacancy rates have bottomed out, and will increase over the next three years, with a peak in 2018.

Downtown Development Map



Recently Completed and Under Construction Inventory- Belltown/Downtown/SLU & First Hill Apartment Markets

Source: THE APARTMENT DEVELOPMENT REPORT, © Dupre + Scott Apartment Advisors;

Status: A = finished apartment; U = under construction; X = planned;

Neighborhood	Status	Units	End Construction	Property Name	Street No.	Street	Developer
Completed Since 2014							
Belltown/Dwntn/S Lk Union	A	134	Feb-14	Rivet	1201 Mercer Street		Holland Residential
Belltown/Dwntn/S Lk Union	A	249	Feb-14	Viktoria	1915 2nd Avenue		Goodman Real Estate
Belltown/Dwntn/S Lk Union	A	49	May-14	N-Habit Belltown	2217 3rd Avenue		Daly Partners
Belltown/Dwntn/S Lk Union	A	258	Sep-14	The Century	101 Taylor Avenue N		RD Merrill Company
Belltown/Dwntn/S Lk Union	A	175	Apr-14	AMLI SLU-I	1260 Republican Street		AMLI Residential
Belltown/Dwntn/S Lk Union	A	139	May-14	ArtHouse	2334 Elliott Avenue		The Pauls Corporation
Belltown/Dwntn/S Lk Union	A	303	Jun-14	Wave-Stadium Place-South	201 S King Street		Daniels Real Estate
Belltown/Dwntn/S Lk Union	A	118	May-15	AMLI SLU II	528 Pontius Ave N		AMLI Residential
Belltown/Dwntn/S Lk Union	A	298	Nov-14	Dimension by Alta	2625 3rd Avenue		AMLI
Belltown/Dwntn/S Lk Union	A	386	Dec-14	Premiere on Pine	815 Pine Street		Holland Residential
Belltown/Dwntn/S Lk Union	A	106	Nov-14	Aperture on Fifth	500 John Street		L&P Partners
Belltown/Dwntn/S Lk Union	A	56	Jun-15	Hyatt House	416 John Street		The Pauls Corporation
Belltown/Dwntn/S Lk Union	A	74	Jun-15	9+Pine	1601 9th Ave		Teutsch Partners
Belltown/Dwntn/S Lk Union	A	161	Mar-15	Verve	2720 4th Ave		Columbia Pac. Adv.
Belltown/Dwntn/S Lk Union	A	137	Jul-15	Walton Lofts	2521 Western		Schuster
Belltown/Dwntn/S Lk Union	A	355	Aug-15	Cirrus	2030 8th Avenue		GID Urban Development Group
First Hill	A	335	May-15	Cielo	802 Seneca		Laconia
First Hill	A	134	Mar-14	Three20	320 E Pine St		Equity
First Hill	A	<u>179</u>	Sep-15	Panorama	1100 University St.		Security Properties
		3,646					
<u>Under Construction</u>							
Belltown/Dwntn/S Lk Union	U	282	2016	Radius	400 Boren Ave N		Greystar
Belltown/Dwntn/S Lk Union	U	45	2016	80 Main	80 S Main St		Goodman Real Estate
Belltown/Dwntn/S Lk Union	U	174	2016	Mark on 8th	285 8th Ave N		MacFarlane Partners
Belltown/Dwntn/S Lk Union	U	211	Mar-16	8th & Republican	430 8th Ave N		Wolff Company
Belltown/Dwntn/S Lk Union	U	398	Feb-17	204 Pine (39-story)	204 Pine Street		EQR
Belltown/Dwntn/S Lk Union	U	125	2016	Publix	504 5th Ave S		Uwajimaya
Belltown/Dwntn/S Lk Union	U	97	2016		1900 1st Ave		Touchstone
Belltown/Dwntn/S Lk Union	U	169	Jul-16	Cyrene	50 University		Mack Urban
Belltown/Dwntn/S Lk Union	U	264	Nov-16	Cascade I	221 Minor Ave N		Equity
Belltown/Dwntn/S Lk Union	U	225	Nov-16	Cascade II	222 Fairview Ave N		Equity
Belltown/Dwntn/S Lk Union	U	356	May-17	Kinects	1823 Minor Ave		Security Partners
Belltown/Dwntn/S Lk Union	U	314	2/2017	Tower 12	2015 2nd Avenue		Continental
Belltown/Dwntn/S Lk Union	U	107	2016	Lenora	211 Lenora		CWS Partners
Belltown/Dwntn/S Lk Union	U	83	2016	Minnie Flats	101 Denny Way		Johnson & Carr
Belltown/Dwntn/S Lk Union	U	294	1/2017	Modera	435 Dexter Ave N		Mill Creek Resid.
Belltown/Dwntn/S Lk Union	U	393	7/2017	Tilt 49	1812 Boren Ave		AMLI Resid
Belltown/Dwntn/S Lk Union	U	396	1/2018	Stratus	2101 9th Ave		GID Urban Dev.
Belltown/Dwntn/S Lk Union	U	433	2018	3rd & Virginia	2000 3rd Ave		beIMC
First Hill	U	137	2016	Pike Motorworks	714 E Pike		Wolff Co.
First Hill	U	90	2016	Cue	721 E Pine St.		O&S Partners
First Hill	U	89	2016	Dunn Automotive	501 E Pike		Hunters Capital
First Hill	U	249	2016	AVA Capitol Hill	600 E Pike		Avalon Bay Communities
First Hill	U	<u>221</u>	Jun-16	Excelsior	301 E Pine		Madison
		5,152					
<u>Condos</u>							
Belltown/Dwntn/S Lk Union	U	707	2015/2016	Insignia - twin 41-story tower	2200 6th Ave		Bosa
Belltown/Dwntn/S Lk Union	U	107		Gridiron	589 Occidental		Daniels RE
Belltown/Dwntn/S Lk Union	U	<u>168</u>	2016	Luma (24-stories)	1321 Seneca		Low Enterprise
		982					

Proposed Inventory - Belltown/Downtown/SLU & First Hill Apartment Markets

Source: THE APARTMENT DEVELOPMENT REPORT, © Dupre + Scott Apartment Advisors;
 Status: A = finished apartment; U = under construction; X = planned;

Neighborhood	Status	Units	End Construction	Property Name	Street No.	Street	Developer
<u>Planned:</u>							
Belltown/Dwntn/S Lk Union	X	77	future		201 Westlake		MacFarlane Partners
Belltown/Dwntn/S Lk Union	X	49	future		525 Boren Avenue N		Wilshire Capital
Belltown/Dwntn/S Lk Union	X	109	future		1232 Harrison St.		Holland
Belltown/Dwntn/S Lk Union	X	206	future		624 Yale Ave N		Blume
Belltown/Dwntn/S Lk Union	X	100	future		3031 Western Ave		Martin Selig
Belltown/Dwntn/S Lk Union	X	384	future	31-stories	2031 3rd Ave		Martin Selig
Belltown/Dwntn/S Lk Union	X	461	future	40-sty	970 Denny		Holland
Belltown/Dwntn/S Lk Union	X	242	future		427 9th Ave		Wilshire Capital
Belltown/Dwntn/S Lk Union	X	433	future		425 Fairview		Greystar
Belltown/Dwntn/S Lk Union	X	400	future	Icon	600 Wall St.		Laconia
Belltown/Dwntn/S Lk Union	X	1067	future	Denny/Fairview	1120 Denny		omni
Belltown/Dwntn/S Lk Union	X	843	future	Denny/Fairview	1120 Denny		omni
Belltown/Dwntn/S Lk Union	X	292	future		901 Harrison St.		MacFarlane Partners
Belltown/Dwntn/S Lk Union	X	447	future	Two towers - 40-sty	2202 8th Ave		Clise
Belltown/Dwntn/S Lk Union	X	150	future	9-sty Car Toys Bldg.	307 Broad		HB Capital
Belltown/Dwntn/S Lk Union	X	400	future	Florist Block	1255 Harrison St.		Vulcan
Belltown/Dwntn/S Lk Union	X	340	future	West Edge Tower	1430 2nd Avenue		Urban Visions
Belltown/Dwntn/S Lk Union	X	550	future	1200 Stewart	1200 Stewart St.		Lexas Co.
Belltown/Dwntn/S Lk Union	X	152	future	Natasha - 7-stories	2134 Western Ave		Lexas Co.
Belltown/Dwntn/S Lk Union	X	196	future	39-stories	1613 2nd Avenue		Wood Partners
Belltown/Dwntn/S Lk Union	X	132	future	Civic Square	601 4th Avenue		Triad Dev.
Belltown/Dwntn/S Lk Union	X	200	future		2603 3rd Ave		HB Capital
Belltown/Dwntn/S Lk Union	X	310	future		210 Wall St.		Avalon Bay
Belltown/Dwntn/S Lk Union	X	40	future	Cannery	213 S Main St		Barrientos
Belltown/Dwntn/S Lk Union	X	200	future	Rainier Square	1301 5th Ave		Wright Runstad
Belltown/Dwntn/S Lk Union	X	200	future	Ava	802 Pine Street		Exec. Group of Companies
Belltown/Dwntn/S Lk Union	X	199	future		316 Alaskan Way S		Gerdling Edlen
Belltown/Dwntn/S Lk Union	X	394	future	50-sty plus hotel rooms	1933 5th Ave		Douglaston Dev.
Belltown/Dwntn/S Lk Union	X	294	future	Block 56	401 8th Ave N		Vulcan
Belltown/Dwntn/S Lk Union	X	470	future	Block 48	101 Westlake Ave N		Vulcan
Belltown/Dwntn/S Lk Union	X	250	future		630 Boren Avenue N		Vulcan
Belltown/Dwntn/S Lk Union	X	368	future		625 Boren Avenue N		Vulcan
Belltown/Dwntn/S Lk Union	X	218	future		630 Westlake Ave N		Vulcan
Belltown/Dwntn/S Lk Union	X	223	future	50-sty hotel, apt, condo	1903 5th Ave		Stanford Hotels
Belltown/Dwntn/S Lk Union	X	686	future		2301 7th Ave		Clise
Belltown/Dwntn/S Lk Union	X	160	future		888 2nd Avenue		Urban Visions
Belltown/Dwntn/S Lk Union	X	706	future		1931 Minor Ave		Crescent Heights
Belltown/Dwntn/S Lk Union	X	260	future		403 Dexter		Wilshire Capital
Belltown/Dwntn/S Lk Union	X	130	future		200 9th Ave		Vulcan
Belltown/Dwntn/S Lk Union	X	89	future		665 S King St.		Barrientos
Belltown/Dwntn/S Lk Union	X	300	future		1800 Terry Ave		Seawest
Belltown/Dwntn/S Lk Union	X	107	future		1212 Harrison St.		Holland
Belltown/Dwntn/S Lk Union	X	430	future		1001 John Street		Mack Urban
Belltown/Dwntn/S Lk Union	X	339	future	Potala Tower	2116 4th Avenue		Path
Belltown/Dwntn/S Lk Union	X	428	future	Convention Center	920 Olive		Pine Street Group
Belltown/Dwntn/S Lk Union	X	82	future		123 3rd Ave S		JANDS Ctr
Belltown/Dwntn/S Lk Union	X	63	future		2234 2nd Avenue		Minglian Holdings
Belltown/Dwntn/S Lk Union	X	110	future		2401 3rd Ave		Alekson
Belltown/Dwntn/S Lk Union	X	124	future		2214 2nd Avenue		Wood Partners
Belltown/Dwntn/S Lk Union	X	840	future		701 4th Avenue		Crescent Heights
Belltown/Dwntn/S Lk Union	X	200	future		2005 5th Ave		Alekson
Belltown/Dwntn/S Lk Union	X	54	future		608 6th Ave S		
Belltown/Dwntn/S Lk Union	X	812	future		2326 6th Ave S		
First Hill	x	287	future		800 Columbia St		Alecta
First Hill	x	50	future	Crosby	1517 Bellevue		
First Hill	x	44	future		101 Broadway		Henbart
First Hill	x	105	future	Boylston Flats	1404 Boylston Ave		Johnson & Carr
First Hill	x	60	future		601 E Pike		Intracorp
First Hill	x	194	future	Yesler Terrace (parcel 2)	123 Broadway		Vulcan
First Hill	x	74	future	Broadstone I	1050 James		Alliance
First Hill	x	90	future		722 E Pike		Johnson & Carr
First Hill	x	338	future	Broadstone II	1001 James		Alliance
First Hill	x	265	future		1001 Broadway		Columbia Pac. Adv.
First Hill	x	275	future		1124 Columbia St		High Street
First Hill	x	207	future		1122 Madison		Holland
First Hill	x	200	future		1013 8th Ave		beIMC
First Hill	x	329	future		500 Terry Ave		Alecta
<u>Planned:</u>		18,834					
<u>Condos</u>							
Belltown/Dwntn/S Lk Union	X	160	future		888 2nd		
Belltown/Dwntn/S Lk Union	X	364	future	Nexus Tower	1200 Howell		Burrard Group
Belltown/Dwntn/S Lk Union	X	300	future	25-stories	2302 4th Ave		
Belltown/Dwntn/S Lk Union	X	105	future	Stadium Terrace	589 Occidental Ave S		Lakeside Cap. Mgmt
Belltown/Dwntn/S Lk Union	X	95	future	Daola Tower-42 sty	1121 Stewart		RBF Property (China)

King County Metro Convention Place Station Property

Seattle Existing Hotel Inventory

2000-Present				
<u>Year</u>	<u>Name</u>	<u>Location</u>	<u># Rooms</u>	<u>% of Total</u>
2016	The Thompson	110 Stewart St	158	1.7%
2015	Hilton Garden Hotel	1821 Boren Ave	222	2.4%
2015	Hyatt House	201 5th Ave N	172	1.9%
2014	Kimpton Palladian (Remodel; Built 1910)	2000 2nd Ave	97	1.1%
2012	Hotel Five (Remodel; Built 1978) - former Ramada	2200 5th Avenue	116	1.3%
2012	Travelodge Seattle University (Remodel; Built 1960)	4725 25th Avenue NE	74	0.8%
2010	Hyatt Place	110 6th Ave N	160	1.7%
2010	Maxwell Hotel	300 W Roy St	139	1.5%
2010	Marriott Courtyard Motel (Remodel; Built 1904)	612 2nd Avenue	220	2.4%
2009	Hyatt @ Olive 8	8th & Olive	346	3.8%
2008	Four Seasons	99 Union Street	147	1.6%
2007	Sheraton Hotel Expansion	1400 6th Avenue	415	4.5%
2006	Silver Cloud Inn Stadium	1046 1st Avenue S	212	2.3%
2006	Pan Pacific Seattle	2200 Building	160	1.7%
2009	Arctic Club Hotel-Doubletree (Remodel; Built 1917)	700 3rd Avenue	120	1.3%
2005	Hotel Max (Remodel; Built 1926)	620 Stewart Street	164	1.8%
2005	Madison Tower/Hotel 1000	1000 1st Avenue	120	1.3%
2004	<i>Hotel Deca (Remodel; Built 1931)</i>	<i>4507 Brooklyn Avenue NE</i>	<i>158</i>	<i>1.7%</i>
2003	Marriott Waterfront Hotel	2100 Alaskan Way	349	3.8%
2003	Silver Cloud Inn Broadway	1100 Broadway	179	1.9%
2002	The Mediterranean Inn	425 Queen Anne Avenue N	180	2.0%
2001	Grand Hyatt Hotel	Convention Center	425	4.6%
2001	<i>Watertown Hotel</i>	<i>4242 Roosevelt Way NE</i>	<i>100</i>	<i>1.1%</i>
2001	SpringHill Suites	1800 Yale Avenue	234	2.5%
2001	The Holiday Inn	211 Dexter Avenue N	224	2.4%
			Subtotal	4,891
				53.1%
1990-1999				
<u>Year</u>	<u>Name</u>	<u>Location</u>	<u># Rooms</u>	<u>% of Total</u>
1999	Comfort Suites	601 Roy Street	159	1.7%
1998	<i>Courtyard Marriott Lake Union</i>	<i>925 Westlake Avenue N</i>	<i>248</i>	<i>2.7%</i>
1998	<i>Silver Cloud Inn Lake Union</i>	<i>1150 Fairview Avenue N</i>	<i>184</i>	<i>2.0%</i>
1998	Homewood Suites	208 Elliott Avenue W	161	1.7%
1998	W Seattle Hotel	1112 4th Avenue	425	4.6%
1997	Holiday Inn Express	236 Aurora Avenue N	195	2.1%
1996	Hawthorne Suites	Seattle Center	75	0.8%
1996	Paramount Hotel	724 Pine Street	146	1.6%
1996	Hampton Inn & Suites	925 Westlake Avenue N	125	1.4%
1995	Pioneer Square Hotel	75 Yesler Way	75	0.8%
1994	<i>Silver Cloud Inn University</i>	<i>5036 25th Avenue NE</i>	<i>180</i>	<i>2.0%</i>
1992	Hotel Vintage Park (re-opened)	5th & Spring	129	1.4%
1991	Plaza Park Suites	Pike & Boren	193	2.1%
1990	Residence Inn Marriott	800 Fairview Ave	234	2.5%
1990	Ramada Inn Northgate	2140 N Northgate Way	169	1.8%
			Subtotal	2,698
				29.3%
1980-1989				
<u>Year</u>	<u>Name</u>	<u>Location</u>	<u># Rooms</u>	<u>% of Total</u>
1987	The Roosevelt (Remodel; Built 1929)	1531 7th Avenue	151	1.6%
1985	Inn At The Market	Pike Place	70	0.8%
1983	Renaissance Madison Hotel	515 Madison Street	548	6.0%
1983	Alexis Hotel (Remodel; Built 1904)	1007 1st Avenue	121	1.3%
1982	Four Seasons Olympic (Re-opened)	4th & University	450	4.9%
1982	Westin (North Tower)	1900 5th Avenue	450	4.9%
1982	Sheraton Seattle	1400 6th Avenue	839	9.1%
1981	Sorrento	900 Madison Street	76	0.8%
1980	Warwick	401 Lenora Street	230	2.5%
1980	Crowne Plaza	1113 6th Avenue	415	4.5%
			Subtotal	3,350
				36.4%
1970-1979				
<u>Year</u>	<u>Name</u>	<u>Location</u>	<u># Rooms</u>	<u>% of Total</u>
1977	Best Western Executive Inn	200 Taylor Avenue N	121	1.3%
1973	Red Lion on 5th Avenue	1415 Fifth Avenue	297	3.2%
			Subtotal	418
				4.5%
Pre-1970				
<u>Year</u>	<u>Name</u>	<u>Location</u>	<u># Rooms</u>	<u>% of Total</u>
1969	Westin (South Tower)	1900 5th Avenue	441	4.8%
1969	Seattle Hilton	1301 6th Avenue	237	2.6%
1969	Hotel Monaco	1101 4th Avenue	189	2.1%
1968	<i>Hotel Nexus</i>	<i>2140 N Northgate Way</i>	<i>169</i>	<i>1.8%</i>
1962	Edgewater	2411 Alaskan Way	234	2.5%
1962	University Motel	4731 12th Avenue	21	0.2%
1962	<i>University Inn</i>	<i>4140 Roosevelt Way NE</i>	<i>102</i>	<i>1.1%</i>
1959	Travelodge Space Needle	200 6th Avenue	89	1.0%
1958	6th Avenue Motor Inn	2000 6th Avenue	167	1.8%
1929	Washington Athletic Club	1325 6th Avenue	109	1.2%
1928	Pacific Plaza	4th & Spring	153	1.7%
1927	Mayflower Park	405 Olive Way	187	2.0%
1926	Hotel Andra	2000 Fourth Avenue	119	1.3%
1926	Heart of Seattle	315 Seneca Street	73	0.8%
1923	Fairmont Olympic Hotel	411 University Street	450	4.9%
			Subtotal	2,740
				29.8%
TOTAL			9,206	100.0%

Note: Includes most significant downtown hotel rooms.

Hotel Market

According to the most recent Kidder Mathews Seattle Hotel survey (4th Quarter 2015), hotel occupancy rates have improved in most of the region, and average room rates are continuing to increase today. However, given the new hotels that are under construction and proposed, Kidder Mathews suggests that the new competition will put downward pressure on occupancy rates for the next several years, with a forecasted trough in 2018 and recovering to more typical long term levels by 2022.

In the Seattle CBD, it was the fourth consecutive year with annual occupancy near 80%. The average room rate increased by 10% year over year to \$213/night (upscale hotels). The Daily RevPAR was also up 10.7% to \$175.

Situs RERC rates the hotel market as a 5.4 on a scale of 10. The hotel sector rating has been declining for the past two years. According to Smith Travel Research, hotel occupancy decreased 0.5% to 60.7% on a year-over-year basis in 1st Q 2016. This was the first quarterly occupancy decline since 4th Q 2009. In contrast, RevPAR (revenue per available room) increased 2.7%.

Hotel Supply

We have analyzed new construction in the greater local Seattle hotel market. Three hotels opened in the past year - The Thompson (158 rooms), Hilton Garden Hotel (222 rooms), and The Hyatt House (172 rooms). The Hill 7 Touchstone project a few blocks from the subject at Boren and Howell was completed. The building is 11-stories and consisting of the 222-room Hilton Garden Inn, a 300,000-square-foot office building, and underground parking garage. Other relatively new hotels include Hyatt at Olive 8, which is across the street from the subject. On average, approximately 300 rooms have been added to the Seattle market per year over the past 30 years.

The most ambitious (and large) hotel project is located just a couple blocks from the subject at 9th and Stewart (Hedron site). The new building is expected to contain 1,260 hotel rooms within a 43-story structure. The project is expected to cost \$400-500 million and is slated for 2018. It will be the largest convention hotel north of San Francisco and one of the largest on the West Coast.

The 184-room SLS Hotel located at 800 5th Ave is planned for 2017 opening. The new luxury hotel will be part of a new 660-foot skyscraper in downtown Seattle. The 43-story tower is scheduled to open in 2017 with a 15-story hotel consisting of 184 rooms.

Farther north at 1121 Stewart, a 11-story hotel is planned at 1121 Stewart Street in the Denny Triangle.

Construction is currently underway for a 15-story, 302-room Residence Inn by Marriott in downtown's Denny Triangle neighborhood. The new hotel, scheduled to open in fall 2017, is located at Howell Street and 9th Avenue.

Portland-based Provenance Hotels will open the 151-room Hotel Theodore at 7th and Pine Street (previously the Roosevelt Hotel).

Pineapple Hospitality plans the 208-guest room Hotel Clare at 2nd Avenue and Virginia near the Pike Place Market in downtown Seattle. The project will be developed by Columbia West and is scheduled for completion in 2018.

On the other side of downtown, near Pike Place Market, Touchstone has started construction on its long planned 1st and Stewart hotel and apartment project. The 11-story project at the northeast corner for First Avenue and Stewart Street will include a "premier boutique hotel" with about 160 hotel rooms, 4,800 square feet of indoor meeting space, a restaurant and bar, and 97 upscale apartments. There will be a rooftop deck with interior bar/event space and 8,000 square feet of outdoor space.

Several other projects are also in the works, the most substantial of which is at 1200 Stewart. This is a permitted project, which would include 252-rooms and 340 condos. Construction has not yet begun, and the building permit expires in August 2016.

Phase 2 of the mixed use Stadium Place Project just north of Seattle's CenturyLink Field will include a 282-guest room Embassy Suites Hotel.

Hotel Market Conclusions

The hotel market in downtown Seattle is bustling with many new projects under construction and planned as revenues are expected to increase in the area in general. The subject's positioning near the convention center is beneficial for hotel use as evidenced by the largest project currently planned being located very nearby. All of the new hotel construction would present significant new competition for the subject once developed, though demand for this type of use is expected to keep up with supply, particularly if the convention center expands.

Office Market Analysis

The subject property is within the Financial District submarket of the CBD market area. The Central Business District (CBD) is a more general term that also includes areas north of the office / retail "Cores" within the Denny Regrade and South Lake Union areas. Further, the CBD term also includes the relatively smaller areas south of the Financial District / Office Core, notably Pioneer Square and the International District. The northern CBD areas contain a substantial number of potential development sites, and the southern CBD areas contain a substantial number of older, historic buildings. Demand from office users makes up the biggest demand source at the subject, since monthly parking makes up over 60% of the total monthly tenants. Therefore, we have briefly analyzed the local office market.

Over the past five years, vacancy has decreased in the Seattle market, and there are new examples of developers building office again. The following data is the most recent office market data from Cushman & Wakefield. The subject is in the Pioneer Square/International District area.

Seattle CBD Market Class A, B, & C	Inventory	Direct Vacant Area	Overall Vacancy Rate	Overall YTD Absorption	Direct Avg. FS Rate
Denny Regrade	8,637,232	483,373	6.3%	195,294	\$40.21
Pioneer Square/ID	4,044,486	111,437	4.1%	-65,057	\$32.47
CBD	23,360,606	1,680,121	8.6%	303,029	\$44.55
Lwr. Q.A./Lk. Union	10,464,703	659,028	7.2%	-30,443	\$32.94
Totals & Averages:	46,507,027	2,933,959	7.5%	402,823	\$40.97

Based on the Cushman Wakefield data above, office vacancy in the CBD has dropped over 10% since 2011, from about 18% to 7.5% in the most recent data shown above.

Projected New Supply: All Downtown Submarkets

The buildings on the following list are under construction, and are expected to be delivered in 2016-2018. Several of these are speculative projects, but a large number are preleased to Amazon. Other tenants are also taking new space, as the Weyerhaeuser Building is essentially a build-to-suit.

The largest upcoming projects are expected to be directly owned and occupied by Amazon.com. When its spheres and remaining surrounding towers are completed, the company will have 10 million square feet of office space in Seattle, more than 15 percent of the city's inventory, on a campus that occupies more than 10 square blocks. The company has also indicated that they may build a fourth tower, however the timing of these plans are more ambiguous. This move by Amazon has somewhat dampened the desire to build speculatively under the hope Amazon would take the space, but several projects in the area hope to capture tenants that want to be situated in close proximity.

2016	
Midtown 21	332,000 sf
Troy Laundry Site - South Tower	395,000 sf
Troy Laundry Site - North Tower	422,000 sf
Urban Union	285,000 sf
Weyerhaeuser Building	166,000 sf
2400 Third (Belltown)	71,120 sf
NorthEdge (Fremont)	210,000 sf
Total:	1,881,120 sf

2017	
Madison Centre	770,000 sf
5th + Columbia	528,000 sf
Tilt 49	307,000 sf
Hawk Tower @ Stadium Place	180,000 sf
Amazon.com Rufus 2.0 Phase II	1,100,000 sf
Amazon.com Rufus 2.0 Phase II	
Biodome	65,000 sf
Total:	2,950,000 sf

2018	
Amazon.com Rufus 2.0 Phase III	1,100,000 sf
Total:	1,100,000 sf

2019	
2&U - Skanska 2nd & University	725,000 sf
Total:	725,000 sf

There are many other buildings proposed, although we expect that none will be delivered without significant preleasing. The following list includes all projects announced, some with announced timeframes and others without timeframes. Those marked “ready when needed” have more specificity in planning, while the “unknown timeframes” indicates projects that have been talked about but are either less definite or are by sponsors without much office development experience.

Planned Projects - ready when needed:	
300 & 333 Eighth Ave N	388,400 sf
Total:	388,400 sf

Planned Projects - ready when needed:	
300 & 333 Eighth Ave N	388,400 sf
Total:	388,400 sf

Additional Projects - Unknown Timeframe	
Mercer Blocks Office Component	156,000 sf
520 Westlake Ave N	322,000 sf
Denny & John, Westlake & 9th Tower	398,900 sf
888 Second Avenue	1,700,000 sf
Merrill Place Expansion	155,000 sf
Rainier Square II (Office Portion)	750,000 sf
220 Elliott	71,500 sf
4th and Columbia (Office Portion)	75,000 sf
Total:	3,628,400 sf

In total, there is nearly 6.7 million square feet of expected delivery in the larger CBD by 2019, of which 4.0 million square feet expected to be constructed by or for Amazon.com. This follows around 2.85 million delivered in 2015, 556,000sf delivered in 2014, 370,000 sf in 2013, 500,000 sf in 2012, 540,000 sf in 2011, almost 1.7 million square feet in 2010, and over 2.1 million square feet in 2009. Amazon.com was previously located within the southern portion of downtown and within a building on Beacon Hill and buildings within the International District area.

The move by Amazon to South Lake Union is highly positive for the northern CBD area, particularly due to the ongoing absorption by Amazon of substantial speculative space in addition to their 1.6 million square foot campus.

Absorption Analysis

Historic CBD absorption since 1989 (through 2016) has been approximately 750,000 square feet annually. Over this same period, almost 22.4 million square feet were added. Under construction product totals just under 6.7 million square feet, indicating that there is nearly 9 years of total inventory is expected to be completed in a 5 year period, from 2015 through 2019.

Given the existing vacancy rates and product under construction, we anticipate modulation in vacancy levels moving forward. At an absorption rate equal to the annual average of around 750,000 sf, market vacancy would peak at 14% in 2017. However, we expect absorption to be stronger than average over the next several years, lowering vacancy in the short to mid-term.

We have created a supply-demand model that predicts absorption based upon regional employment. We were unable to find a good correlation between job growth and absorption on a year-to-year basis, primarily because we think absorption is “sticky.” That is, tenants cannot absorb another 1,000 square feet just because they hired 5 new employees last week. They squeeze them in until their lease expiration arrives. Similarly, if a firm lays off 10 employees, they cannot shrink their lease

Year End	Vacancy %	Actual/Projected Absorption	Projected New Supply	Occupancy Growth %	Actual/Projected New Jobs
2003	14.9%	449,585	903,173	N/A	(13,300)
2004	15.2%	(34,761)		-0.3%	9,500
2005	11.6%	1,306,168		4.3%	34,100
2006	9.9%	1,478,680	1,123,000	5.1%	44,300
2007	8.8%	618,149	277,000	2.3%	44,000
2008	11.0%	(239,429)	700,705	0.4%	17,800
2009	21.1%	(2,121,887)	2,112,242	-5.6%	(76,300)
2010	20.8%	284,594	1,688,873	2.1%	(18,100)
2011	19.5%	1,076,474	539,000	4.1%	27,200
2012	16.5%	1,427,932	497,816	3.1%	41,000
2013	12.8%	5,104,000	369,201	4.3%	116,000
2014	9.1%	2,024,000	556,000	5.6%	46,000
2015	10.3%	2,068,000	2,845,000	5.4%	47,000
2016	11.1%	1,320,000	1,881,120	3.3%	30,000
2017	14.0%	1,188,000	2,950,000	2.9%	27,000
2018	13.8%	1,012,000	1,100,000	2.4%	23,000
2019	13.3%	924,000	725,000	2.1%	21,000
2020	11.3%	1,012,000		2.3%	23,000
2021	9.4%	968,000		2.1%	22,000
2022	7.4%	1,056,000		2.3%	24,000
2023	5.3%	1,056,000		2.2%	24,000
Avg. (2015+)	10.6%	1,178,222	1,900,224	2.8%	26,778

until expiration. However, we have calculated the Seattle CBD absorption per Seattle PMSA (region) employee over the last 24 years, and the long-term average has remained at or close to 44 square feet of CBD absorption per new job.

Although 22 sf per job was the historic pattern, we have concluded that a transition is now taking place within our market. Employers increasingly desire high density, walkable neighborhoods and we observe employers such as Amazon and Weyerhaeuser following this trend. We do not specifically know how much upcoming absorption will occur in Seattle in relation to the rest of the market, however we expect this to be more than average. One major

component of this expectation is the amount of space that is currently under construction for Amazon, which is all located in Seattle and is expected to be occupied near completion.

The results of our analysis are below. The chart indicates a double share (44 sf / person) compared to historical averages, which we consider to be reasonable given current trends.

Our job growth projections for 2016 through 2023 are taken from the most recent projections by Conway Pederson, a local economic consulting firm. In reality Seattle area growth tends to have higher peaks and lower troughs than is represented here, but this model has historically provided a good illustration of the timing of CBD market trends in vacancy.

Our historic research suggests that rent growth is negative when vacancy rates exceed 12%, and is flat when vacancy rates are in the 10%-12% range. When vacancy rates reach the range of 8% to 10%, rents tend to grow at a rate equal to inflation. At vacancy rates of below 7% rent growth accelerates, and depends mostly upon the local economic and absorption momentum.

The historic rate characteristics described above do not appear to apply in the current market, with positive rent growth despite vacancy rates having been in the 10% range. We think this could reflect an increasing disparity between Class A- product and Class A/A+ product, along with locational factors.

Additionally, investor underwriting for several recent CBD sales continues to reflect above-inflationary expected rent growth over the holding period, including growth within the first several years. Within our analysis, we have reflected the current "market" underwriting. The chart and graph to follow illustrate these trends during our data collection period.

In the broader CBD market, we have evidence that rates have increased in the past year and brokers report that high quality space is fairly limited at this time.

Subject Area Retail Market

In order to analyze the subject retail market, we have utilized the CoStar database. CoStar tracks over fourteen thousand retail properties and over 131 million square feet of existing retail space within the Puget Sound area. Vacancy for the Puget Sound area as a whole currently stands at 4.5%. The downtown Seattle retail markets (Ballard/U District), Belltown/Denny, Capitol Hill, Lake Union, Pioneer Square, Queen Anne/Magnolia, S Seattle, and Seattle CBD) includes approximately 26 million square feet. The vacancy rate is 2.1%.

Overall, sustained low vacancy with little new supply should positively affect leasing rates in the coming years. Vacancy rates in the CBD and in the subject's immediate area are below the rates reported in the entire city of Seattle and in the region. Overall, the CBD retail market is much more stable than other submarkets in the region due to the prime location at the heart of the metropolitan area, which guarantees high income levels and large amounts of pedestrian traffic.

Property Description

Please refer to the "Aerial Map", and "Site Map" which show the subject boundaries. Please refer to the subject photographs at the beginning of this report for further visualization of the subject site.

Land Area

The subject property consists of a 178,099 sf contiguous site, with frontage on four streets (Boren Ave, Olive Way, 9th Ave, and Pine Street). We understand that the City of Seattle has street use rights over 2,911 sf of this area, with the County retaining subsurface uses and all development density.

The developable surface area is 175,189 sf.

Frontage

The subject property has about 440' of frontage along Olive Way, 80' on Boren Ave, 350' on Pine Street, and 350' on 9th Ave.

Soil Conditions

We have not been provided with a soils report. We specifically assume the soils are adequate to support the existing and/or proposed structures.

Topography

The subject is at grade with 9th Ave. Pine Street slope upwards to the east, and the subject is below grade from both Pine and Boren, and the NE corner of Olive Way. The site is relatively at grade with the NW portion of Olive Way.

Hydrology and Flood Hazard

We have not been provided with a hydrologic report for the subject property. According to FEMA flood map panel 53033 0630F, dated May 16, 1995, the subject is in Zone X, which is outside of the 500-year floodplain.

Environmental Conditions

We have not been provided with an environmental report for the subject. We are unaware of any environmental factors. The property is appraised free and clear of any contamination.

Utilities

All public utilities are available including electricity, gas, water, sewer, and telephone.

Streets and Access

The subject has frontage on four surrounding streets. Current vehicle access to the site is via Olive Way.

Assessment and Taxes

King County assessments are based on 100% of market value. The property is assessed at \$53,160,000 and \$2,017,500, totaling \$55,177,500. The property is currently tax exempt (with the exception of surface water, noxious weed, and conservation fees totaling \$14,397).

Zoning

The subject is zoned DMC-340'/290'-400'. This is a Downtown Mixed Commercial zoning. Uses include a wide range from office, retail, hotels and residential. The base commercial FAR is 5.0 and the FAR can be increased to 10.0 if certain criteria are met, such as transfer of development rights, low income housing or open space. The maximum height limit for non-residential is 340'. The base height for residential use is 290' and the maximum height is 400' with no restrictions on FAR. An additional 40' is allowed for recreational or mechanical space on the top.

Payments can be made to achieve additional heights, with \$10 per square foot of net residential floor area sought as bonus development between the height of 85' and the base height limit for residential, \$15 square foot for the first 4 floors above the base height limit for residential use, \$20/sf for the next three floors and \$25/sf of the remaining floors up to the maximum residential height limit. Structures may exceed the maximum height limit for residential use by 10% if the facades of the portion of the structures above the limit do not enclose an area greater than 9,000 sf. The street level use requirements say that 75% of frontage must be occupied by retail, human services/daycare, customer service, entertainment, or a museum. The subject is also located in the Denny Triangle Urban Center Village overlay. Parking requirements have been eliminated inside Urban Center Villages.

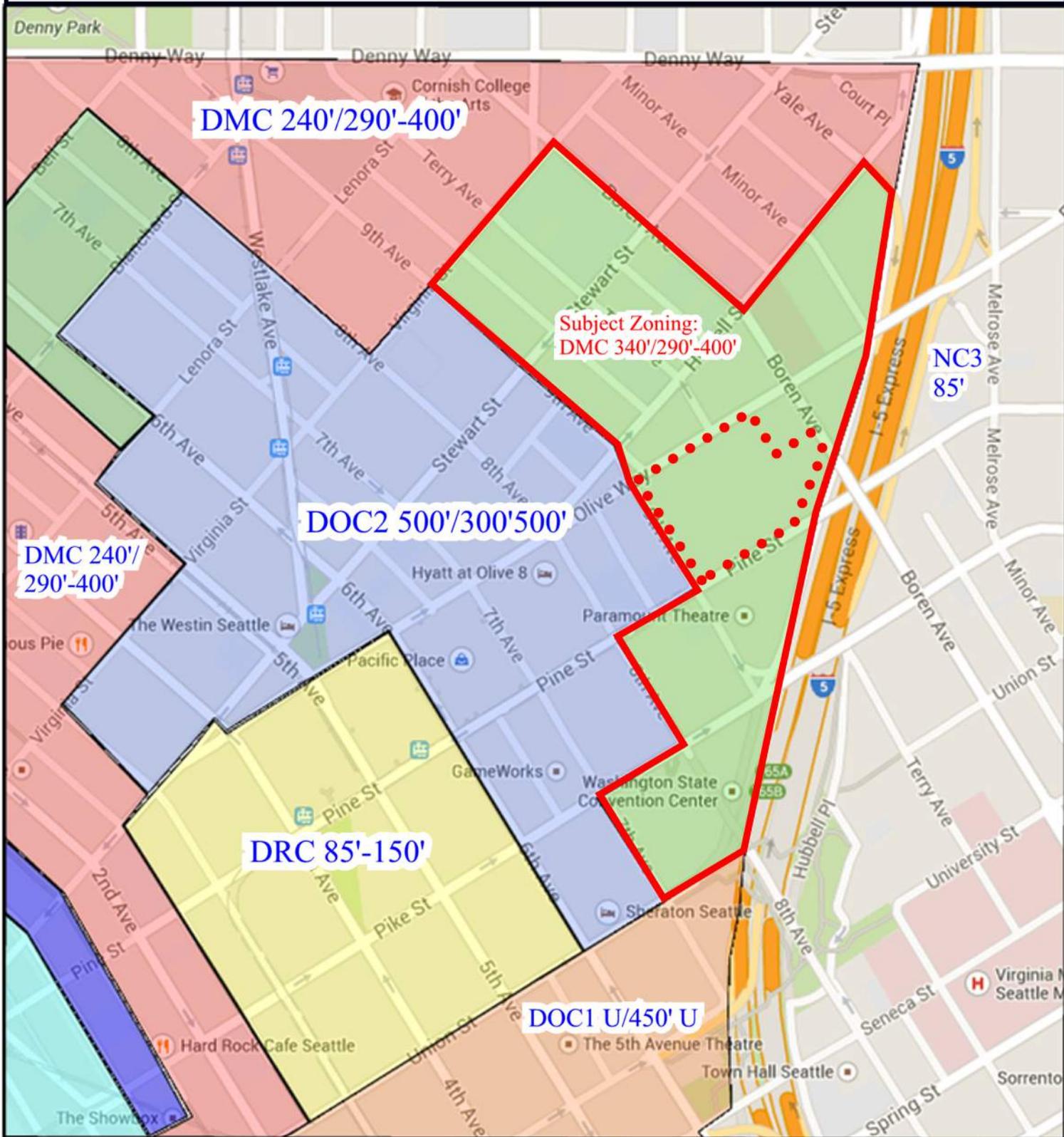
Site Functionality

The shape and dimensions of the site, as well as the street frontage along four streets, make it well-suited for larger institutional uses or for a mix of towers for office, hotel, or residential development.

The site has been excavated down to approximately 30 feet together with the construction of significant shoring and other structural support systems. An exhibit in the Addenda provided by Derek Beaman, Senior Principal with Magnusson Klemencic Associates (MKA), a Seattle structural and civil engineering firm, summarizes the extent of the existing shoring, the portions of the existing shoring that are being re-used for the WSCC project, and the portions of the existing shoring that are not being reused. Overall, it is estimated that 30,800 sf of existing wall can be re-used, with creates positive value to the subject site (discussed further in the valuation section).

Positive attributes for functionality include the potential for Lake Union views to the north, unimpeded views to the east, and downtown Seattle to the south and west. The zoning steps down to DMC 240' to the north, and Interstate 5 buffers the subject to the east (with 85' zoning to the east of I-5). The site is adjacent to the existing Washington State Convention Center and future expansion parcels to the north. Overall, the subject has a good location and the subject's large site area is a positive influence on functionality. Overall, the subject property would be perceived as very desirable for development allowed by the zoning.

Zoning Map



Highest and Best Use

"Highest & Best Use" is defined by the Appraisal Institute as:

The reasonably probable and legal use of vacant land or improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value.

The concept of Highest and Best Use is based on the most profitable and valuable use that is both probable and appropriately supported. The Highest and Best Use must meet four criteria: it must be legally permissible, physically possible, financially feasible, and maximally productive.

Highest and Best Use As If Vacant and Unimproved

Legally Permissible

The site is zoned DMC 340'/290'-400' (290' base, up to 400' with bonus), and is located within an urban center village overlay. This zoning allows for development of commercial services, offices, hotel, entertainment, retail, and multi-family residential uses. Please see the zoning narrative of the Site Description located in the previous section of this report for further elaboration on the legally permitted uses at the subject.

Based on the zoning, the subject site could achieve a 5.0 base FAR for commercial development, or a 10.0 max commercial FAR (non-residential developments). A higher FAR (estimated 22.0 to 24.0 based on zoning/comparisons) could be achieved for residential development, but incentives are required under a "bonus" system to achieve maximum FAR (and height limits still apply for residential development).

The number of potential towers is limited by block facing and tower spacing. The large size without an intervening street grid make an accurate calculation difficult. However, based on 60' permitted tower spacing, we have estimated that six or seven towers could be achieved, equating to average tower site sizes of about 25,000 to 29,000 sf. While this is larger than the five tower sites indicated in the Sale Comparison Summary (ranging from 12,960 sf to 21,420 sf in sales 2 through 4, and sales 6 and 7), the full subject block size would likely be designed with more open space, and view corridors. Office and hotel use are also permitted.

Physically Possible

The subject property consists of an irregular shaped (mostly rectangular) 178,099 sf contiguous site, with frontage on four streets (Boren Ave, Olive Way, 9th Ave, and Pine Street). We understand that the City of Seattle has street use rights over 2,911 sf of this area, with the County retaining subsurface uses and all development density. The subject has good regional and local access near I-5, Hwy-99, major surface streets, and the Seattle CBD.

The site slopes upward to the east, with a total grade change of about 20' to 25'. There is potential for lake views to the north, and unobstructed views to the east (Capitol Hill, Cascade Mountains).

The site has been excavated down to approximately 30 feet together with the construction of significant shoring and other structural support systems. An exhibit in the Addenda provided by Derek Beaman, Senior Principal with Magnusson Klemencic Associates (MKA), a Seattle structural and civil engineering firm, summarizes the extent of the existing shoring, the portions of the existing shoring that are being re-used for the WSCC project, and the portions of the existing shoring that are not being reused. Overall, it is estimated that 30,800 sf of existing wall can be re-used, with creates positive value to the subject site (discussed further in the valuation section).

The site is amply sized to support development and there are no other particular physical limitations to full and efficient development of the site.

Financially Feasible and Maximally Productive

The next two tests for highest and best use are financial feasibility and maximum productivity. Please refer to the neighborhood description and market analysis in the previous pages of this report for details regarding the general market in which the subject exists.

Please refer to the Market Analysis for an overview of current development trends within the downtown Seattle area. The subject site is outside of the retail "core" of downtown Seattle. Therefore, we would not expect significant retail development to occur at the subject site, aside from that supporting the larger development and in line with the ground floor zoning requirements.

As discussed in the "Market Analysis" section of this report, there projects ranging from multi-family apartments, condos, office, and hotels under construction or planned in the immediate vicinity of the subject. While office development is underway on a few sites, the majority of new development in the area is mixed use projects with multi-family residential (apartments and condos) and hotel uses. Construction of new mixed use towers is considered to be feasible at this time.

Examples of proposed, large development sites include the Hedreen - Greyhound site (808 Howell) which is approximately 75,000 sf (full block between 8th/9th, Olive Way/Stewart Street). The site is zoned DOC2 500'/300'-500', but planned for just a single tower on the nearly two block site. Plans are for a 45-story tower with a 1,264 room hotel, 154 residential units, 17,000 sf of retail, and parking for 505 vehicles.

Clise is seeking a master use permit for a large development on a 32,400 sf site. The project would have two towers on a 10-story podium. The podium would include townhouse units, five levels of office space and parking for residents. There would be two 40-story towers containing 686 residential units, 21,000 sf of retail space, and 185,000 sf office space

In conclusion, the maximally productive use is the use that would provide the greatest return, and this perception may vary somewhat for different owners or developers. In the valuation analysis, a 10.0 maximum commercial FAR is forecasted. While a higher FAR could be achieved building residential towers, much of the area over the podium height must be purchased at additional fees. The subject represents a prime office site that could deliver approximately 1.75 million square feet of office. There are no available/potential sites in the Seattle CBD at this magnitude, with future viable users including Amazon.

Without a mega tenant, a phased development with a mix of parking, office, residential/hotel, and some street level retail is probable. This would likely be done with phased construction of multiple towers, starting with construction of a shared subterranean parking garage.

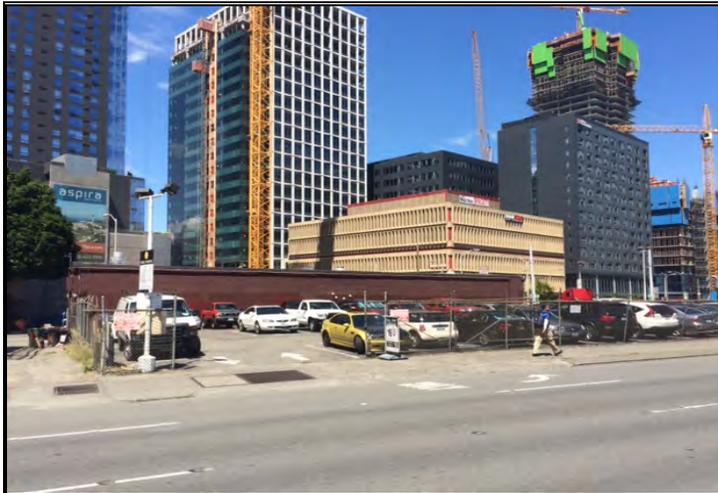
As an additional check of reasonableness to the concluded value of \$162,000,000 discussed in the following section, we have considered the subject as if developed solely with residential use. The residential tower comparisons (2 through 4, and 6 through 7) indicate \$/FAR pricing from \$28/FAR to \$55/FAR (with achieved FAR's ranging from 19 to 35). Based on an estimated 23.0 residential FAR for the subject, the concluded value of \$162,000,000 equates to a \$40/FAR, and is supported by the residential tower sales. Conversely, we estimate the subject could achieve up six to seven individual tower sites as previously discussed in Legally Permissible. The total value equates to \$23 to \$27 million per tower site. This falls at the higher end of the range, but would be justified given the larger site area and development flexibility.

Land Sale Comparison Photographs



Land Sale Comparison No. 1

Honda Site
920 Olive Way,
Howell & Terry
Seattle, WA



**Additional Photo - facing south on
Boren Ave**

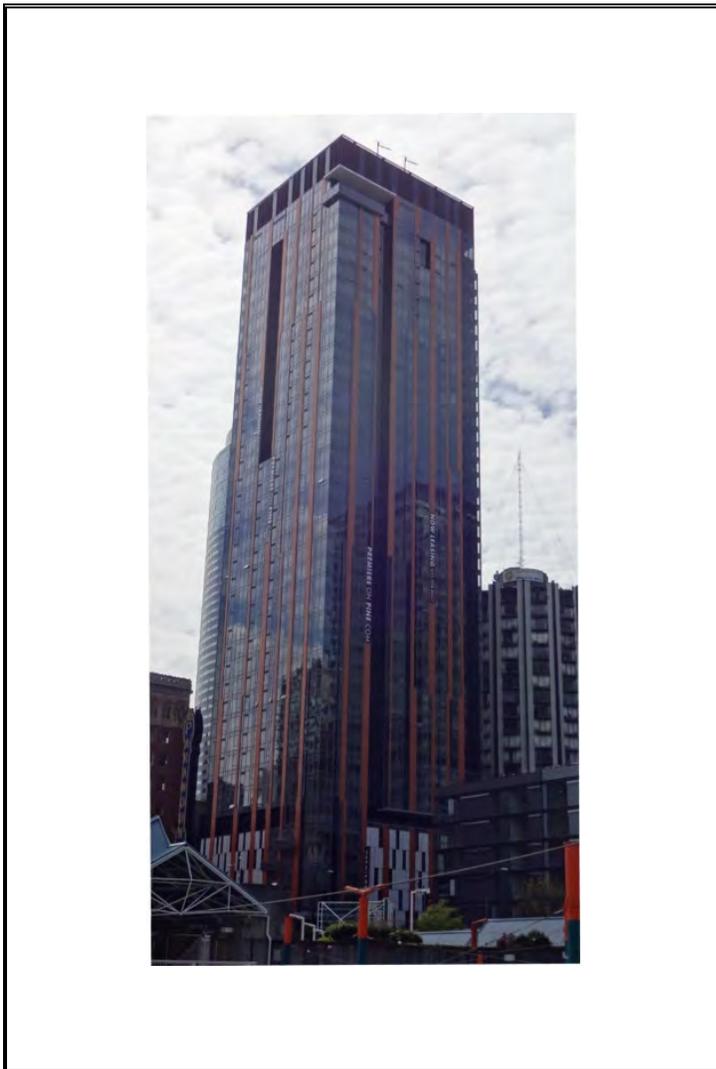


**Additional Photo - facing south on
Boren Ave**



Land Sale Comparison No. 2

Premiere on Pine Site
815 Pine Street
Seattle, WA

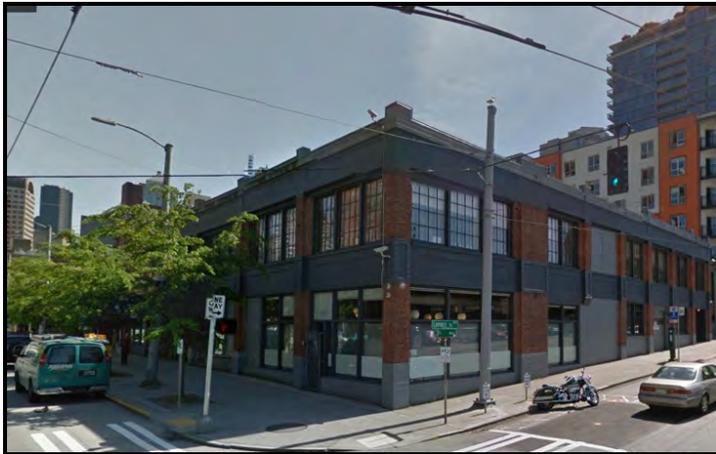


**Additional Photo - 41-story
apartment tower completed April
2015**



Land Sale Comparison No. 3

Selig 3rd & Lenora Site
2031 3rd Ave
Seattle, WA



Additional Photo



Land Sale Comparison No. 4

Former Cornish College - GID Site
2101 9th Ave
Seattle, WA

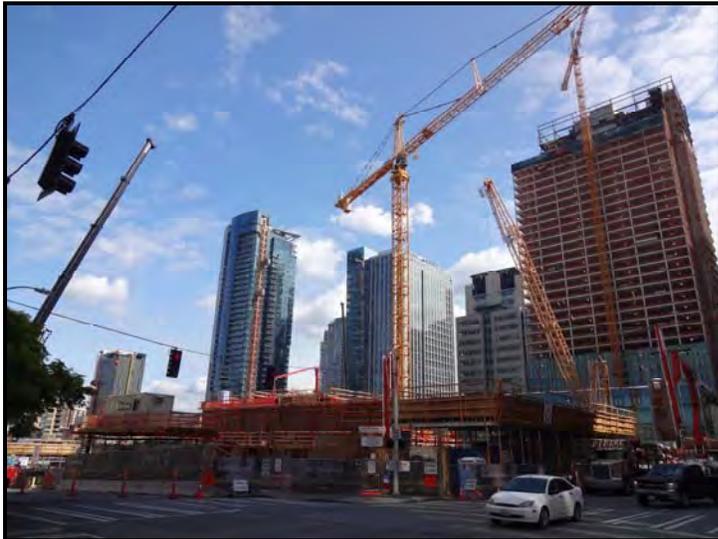


Additional Photo

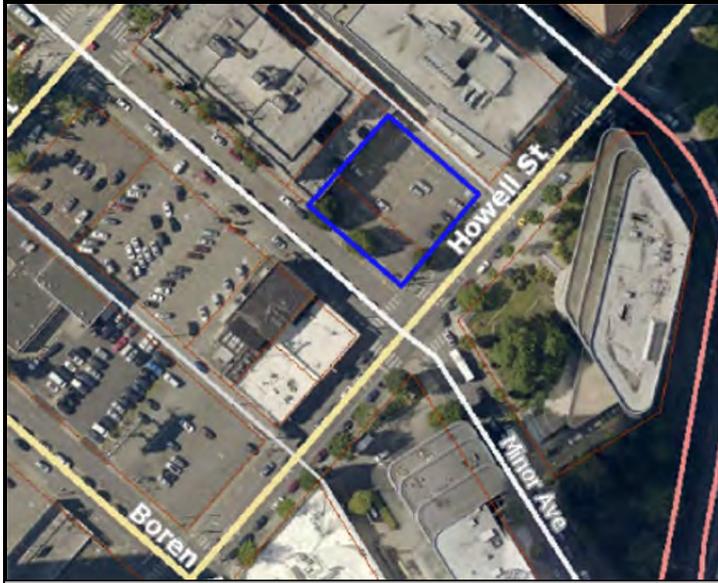


Land Sale Comparison No. 5

Amazon Headquarters Site
2100 6th & 7th Ave
2101 8th Ave
Seattle, WA



Additional Photo



Land Sale Comparison No. 6

1200 Howell Site
1200 Howell Street
Seattle, WA



Additional Photo

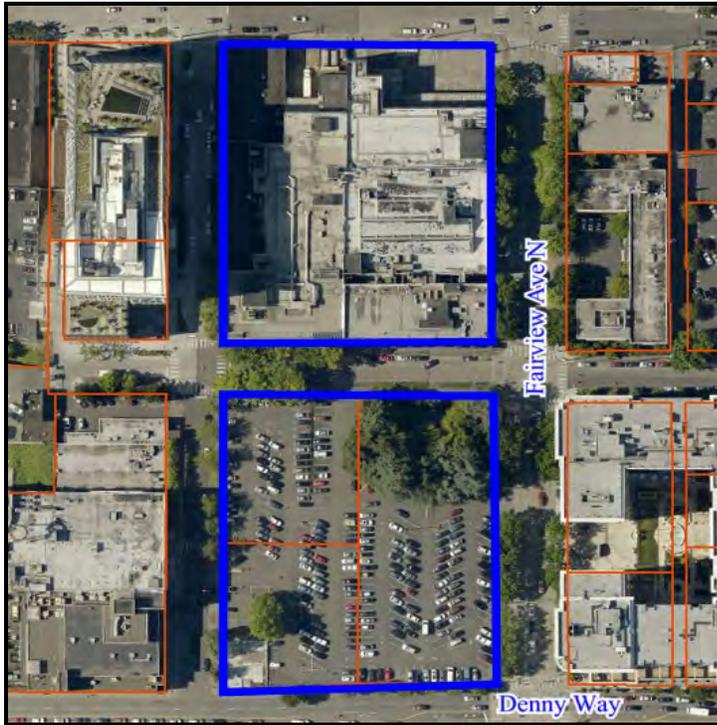


Land Sale Comparison No. 7

Martin Selig Site - 3rd/Virginia
1925-1931 3rd Ave
Seattle, WA



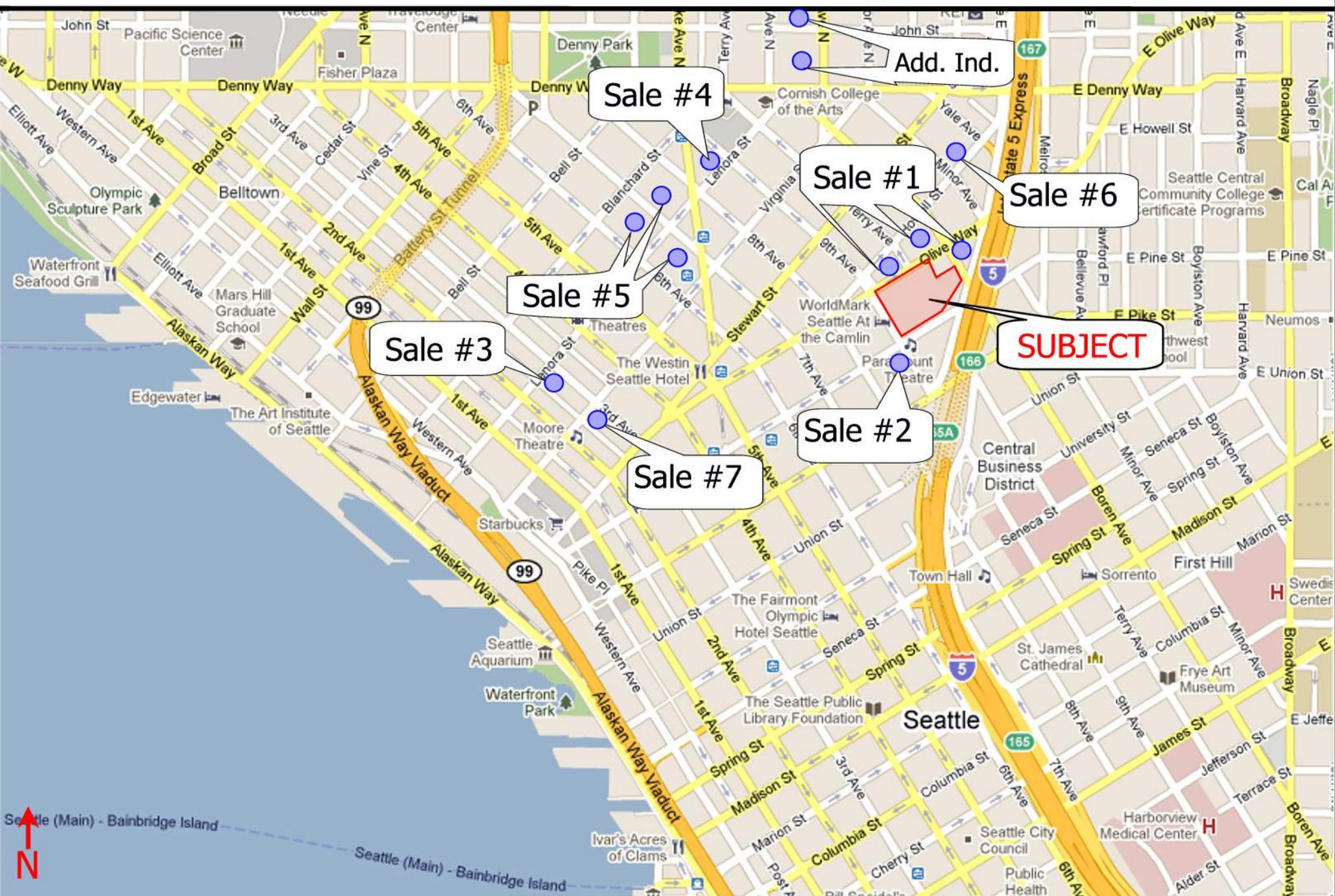
Additional Photo



Additional Indication

Onni/Seattle Times Sites
101 Fairview Ave N
1120 John Street
Seattle, WA

Land Sale Comparison Map



King County Metro Convention Place Station Property
Sale Comparison Summary

No. Name/Address	Zoning	Land Area (sf)	Sale Date	Sale Price	\$/sf Land	Max Comm. FAR	\$/sf FAR	Proposed FAR	\$/sf Prop. FAR	Comments
1 Cassieford/Honda Site 920 Olive Way, Howell & Terry Seattle, WA	DMC 340/ 290'-400'	86,840 sf	Dec-13	\$56,446,000	\$650	10.0	\$65	N/A	N/A	Sales of 5 non-contiguous properties (7 separate tax lots) to WA Convention Center. The five blocks total 10,370 sf, 21,352 sf, 26,379 sf, 21,546 sf, and 7,193 sf. Price negotiated November 1, 2013. Seller to pay all site cleanup costs (estimated at \$5.0 to \$5.9 million). Openly marketed. Across the street from the subject.
2 Premiere on Pine Site 815 Pine St Seattle, WA	DMC 340/ 290'-400'	13,560 sf	Jun-12 ext. fee	\$10,500,000 \$250,000 \$10,750,000	\$774	10.0	\$77	27.6	\$28	Sale price included partially approved MUP, plans for 347 units. Buyer redesigned the project to increase the development to 386 units. Buyer also paid additional \$2.006M for affordable housing fees (in lieu of building rent restricted units that are required for height bonus). 41-story apartment building with ground floor commercial space was completed April 2015.
3 Selig 3rd & Lenora Site 2031 3rd Ave Seattle, WA	DMC 240'/290'-400'	19,440 sf	Oct-14	\$16,900,000	\$869	7.0	\$124	23	\$38	Buyer planning a 36-story tower, with 158 residential units, and approx. 291,000sf of office and retail below. 5-floors of underground parking and 250 stalls. Former Jewish Federation Site. SW corner of 3rd/Lenora. Approx. FAR of 23. Buyer is Martin Selig.
4 Former Cornish - GID Site 2101 9th Ave Seattle, WA	DMC 240'/290'-400'	21,420 sf	Sep-14	\$16,000,000	\$747	7.0	\$107	22	\$34	Buyer is GID Urban development. Former Cornish College site. Buyer is planning a 41-story, 430-unit residential tower, with 6,697 sf of street level retail. 238 parking stalls in 6-levels of below grade parking. Approximate 22 FAR. Adjacent to a future city park. Denny Triangle location.
5 Amazon Headquarters Site 2100 6th & 7th Ave 2101 8th Ave Seattle, WA	DOC2 500/ 300'-500'	227,142 sf	Dec-12	\$207,500,000	\$914	14.0	\$65	14.5	\$63	Purchase by Amazon of three full blocks between 6th and 8th Ave for phased development of their new headquarters totalling over 3.3 million sf. Included additional option and offsite rights. Confidential at request of Amazon.
6 1200 Howell St 066000-2325 066000-2310 Seattle, WA	DMC 240/290-400	<u>14,400 sf</u> 4,800 sf 9,600 sf	Apr-16 Apr-16	<u>\$14,950,000</u> \$4,983,433 \$9,966,567	\$1,038 \$1,038 \$1,038	10.0	\$104	19.0	\$55	Assemblage of two adjacent sites. Buyer is planning a 40 story residential tower with 403 units. 6 stories of above grade parking and 7 stories of below grade parking for a total of 317 stalls. Total gross Residential area of 279,973 sf according to planning documents. Cost to purchase extra FAR is about \$3m.
7 Martin Selig Site 1925-1931 3rd Ave Seattle, WA	DMC 240'/290'-400'	<u>12,960 sf</u> 6,480 sf 6,480 sf	Feb-15 May-15	<u>\$14,000,000</u> \$6,500,000 \$7,500,000	\$1,080 \$1,003 \$1,157	10.0	\$108	35 (approx potential mixed-use)	\$31	Corner parcel (earlier sale) improved with a two-story parking structure. Midblock parcel improved with 3-story retail/office building. No permits. Buyer approached sellers directly and reportedly plans an office tower. Initial planning indicates a mix of 400,000 sf of residential use and additional commercial use.
<u>Additional Indication</u> Onni/ Seattle Times Sites 101 Fairview Ave N 1120 John Street Seattle, WA	SM 240'/125'-400' SM 160'/85'-240'	109,781 sf <u>110,609 sf</u> 220,390 sf	Jul-13 Nov-13	\$33,500,000 <u>\$29,000,000</u> \$62,500,000	\$305 <u>\$262</u> \$284	7.0 7.0	\$44 \$37	10.3 7.6	\$30 \$34	Seller received 15 offers, most for smaller portions of the sites. Buyer is a developer, who announced plans for residential, office and retail, taking advantage of higher zoning and achieving 2 million sf. Fairview site has parking encumbrance to provide 285 stalls for 1000 Denny building. John Street site has significant improvements (Seattle Times printing facility), including a building with landmark status; also environmental concerns on this site.
<i>SM-125' and IC-85' at neg.</i>										
<u>Subject</u> King County Metro Convention Place Station Property 906 Pine Street Seattle, WA	DMC 340'/290'-400'	178,099	7/7/2016	Appraisal		10.0				Almost a full block site, with frontage on 9th Ave, Boren Ave, Pine Street, and Olive Way. Site also includes 2,911 sf of subterranean development rights along Pine Street. City retains rights to above ground use. Total site area is 178,099 sf.

Property Valuation

We have used the Sale Comparison Approach for valuation. This approach uses analysis of sales of comparable properties to derive units of comparison that are then used to indicate the value of the subject property. The details of these sale comparisons are summarized at the beginning of this section. Photographs of the comparisons and a map showing their location relative to the subject are also found on the previous pages. Sale Comparison Detail sheets are included in the Addenda.

Selection Criteria/Results of Sale Comparison Search

The highest and best use of the subject property is for redevelopment. Therefore, we searched for recent transactions of similarly zoned development properties in Seattle, with similar highest and best use and development potential as the subject. The search for comparable land sales was extensive and encompassed a variety of sources, including the CoStar database, CBA, and in-house files. We included three sales over 85,000 sf, plus one similarly zoned/located smaller residential tower sale, plus four DMC 240' smaller residential sites. We used \$/sf of land as the primary unit of comparison in this analysis. We also considered \$/FAR as a check of reasonableness.

Please see the comparative analysis below for details regarding each of the sale comparisons and the adjustments made. As adjustment factors, we considered property rights, conditions of sale, market conditions, location, zoning, physical characteristics, and planning/permitting.

Land Sale Comparison No. 1 is the December 2013 purchase of a large multi-parcel transaction adjacent to the subject property. The seller was Cassieford, and the most of the property was leased to Honda. Honda was planning to construct a new car dealership in Sodo. The sale includes separate non-contiguous parcels, totaling 7 different tax parcels. The property was openly marketed (beginning 1st Q 2013), and went under purchase and sale agreement on November 1, 2013 (with the price negotiated about two months prior). The property received multiple competitive bids, and the WA Convention Center was ultimately selected as the top bidder. An overall price of \$650/sf was agreed on the property as a whole. As part of the sale agreement, Honda agreed to continue making rent payments for 15 months to the buyer (\$50,000/mo in 2014, \$60,000/mo in 1/2015, \$70,000/month in 2/2015, and \$80,000/mo in 3/2015). The seller will pay potential clean-up costs (estimated at \$5 million to \$5.9 million). The five different blocks total sizes of 10,370 sf, 21,352 sf, 26,379 sf, 21,546 sf, and 7,193 sf. The purchase by the WA Convention Center provides additional area to build a subterranean expansion across several blocks. Space could be developed above, or the air rights sold to another developer in the future.

Land Sale Comparison No. 2 is the June 2012 sale of a corner site across Pine St from the subject. The buyer planned a 41-story apartment tower that delivered this month. The buyer was Holland Partners, and the contract price was \$10,500,000 (negotiated in November 2011). A \$250,000 extension fee was added to the price (extending the closing date from April 30, 2012 to July 2, 2102). The total net price was thus \$10,750,000. The price included an approved Master Use Plan for 346 units. The price also included shoring rights on the adjacent properties

during construction. The development is vested under the 2006 building code, allowing more vision glass than would have been permitted today.

Land Sale Comparison No. 3 is the October 2014 sale of a 19,440 sf site located at the SW corner of 3rd & Lenora. The site consists of three parcels on a corner block, purchased by Martin Selig Real Estate. The property was purchased for \$869/sf or \$38/FAR. The site is proposed for a 36-story tower, with 158 residential units, plus 291,000 sf of office space, and street level retail, over parking.

Land Sale Comparison No. 4 the September 2014 sale of a 21,420 sf site located at the NW corner of 9th and Lenora in the Denny Triangle. The property was purchased by GID Urban Development for \$747/sf, or \$34/FAR, based on an initial planned FAR of 22. The buyer is planning a 41-story, 430-unit residential tower. The property is a former Cornish College site.

Land Sale Comparison No. 5 is the purchase by Amazon of three full blocks north of the downtown core for office development for \$207,500,000, or \$914/sf. The company negotiated the purchase from the Clise family, which has owned the property for many years, and is a knowledgeable seller in the neighborhood. The price was reportedly agreed upon in early 2012, and closed in December 2012. The site was previously under-improved with older office and retail buildings and surface parking. Amazon is constructing a new, 3.3 million sf headquarters campus on the sites.

As part of the deal, Amazon received an option to purchase additional land immediately to the north of this site, which was exercised in January 2014, allowing for additional expansion of the Amazon headquarters in the future (the option land is zoned DMC and has not been considered as a primary comparison due to the considerable zoning differences). There was also minor environmental consideration. The buyer thinks there was some assemblage premium for such a large purchase, suggesting adjustment.

Land Sale Comparison No. 6 is the April 2016 sale of a 14,400 sf site at the corner of Howell Street and Minor Avenue towards the east end of the Denny Triangle neighborhood. The site included two separate sellers which were represented by the same broker. The two parcels were marketed together, and sold for a total price of \$1,038/sf. The buyer is a Canadian developer who is planning a condominium tower on the site. The listing attracted considerable interest, and was reportedly under contract at a slightly higher price before an earlier buyer backed out.

Land Sale Comparison No. 7 is a Martin Selig site at 1925-1931 3rd Ave. This property consists of two parcels, purchased separately by the developer. Both measure 6,480 sf for a combined site size of 12,960sf. The corner parcel is improved with a 2-story parking structure and the midblock parcel is improved with a 3-story retail/office building. The buyer approached the sellers directly and reportedly plans to build an office tower, though no permits are in place yet. The properties sold in February and May 2015 for a combined \$14 million, or \$1,080/sf.

Additional Indications:

We have analyzed the sale of two full blocks from the Seattle Times to Onni. The sale of the first block (Denny/Fairview) closed at the end of July 2013 at \$33.5 million and the other block closed in November 2013 for \$29 million. Both sites are about 110,000 sf and together the sale indicates \$284/sf or \$32/FAR of proposed residential/retail improvements. The sales have been analyzed together since they were negotiated as a package deal, with the listing agent reporting that there was some discount for buying both sites in bulk. The buyer also represented that there was some discounting for buying both of the properties and that the Denny/Fairview portion was the more desirable of the two sites. The broker also indicated that there were 15 other offers for the site with most offers for only portions of the site, many of which were higher on a per square foot basis. There are encumbrances at the properties including a parking covenant that requires the owner of the Denny/Fairview block to provide 285 stalls on site for the adjacent 1000 Denny building. This includes 40 stalls for nonexclusive use by the restaurant 13 Coins until the end of their lease (around the year 2020) at no charge. Other issues include the environmental contamination and landmark status at the 110,609 sf property. The seller is responsible for any incremental environmental clean-up costs, which is not expected to be substantial. The buyer plans build a pair of 400-foot towers on the south block and a 325-foot tower & 275-foot tower on the north block. The towers will include 1,950 total residential units, 43,000 sf of street-level retail and underground parking for 1,950 vehicles. This sale provides an indication of market demand for two large sites. Please refer to the adjustments below for a discussion about size adjustment impacts.

King County Metro Convention Place Station Property
Sale Comparison Adjustment Grid

Sale Number	Subject	1	2	3	4	5	6	7
Name/Address	KC Metro Property	Cassieford/Honda Site	Premiere on Pine Site	Selig 3rd & Lenora Site	Former Cornish - GID Site	Amazon Headquarters Site	1200 Howell St	Martin Selig Site
Transaction Price		\$56,446,000	\$10,750,000	\$16,900,000	\$16,000,000	\$207,500,000	\$14,950,000	\$14,000,000
<i>Property Rights</i>		-3%	-3%	-3%	-3%	-3%	-3%	-3%
<i>Financing Terms</i>		0%	0%	0%	0%	0%	0%	0%
<i>Conditions of Sale</i>		0%	0%	0%	0%	-5%	0%	0%
<i>Expenditures after Sale</i>		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Price		\$54,752,620	\$10,427,500	\$16,393,000	\$15,520,000	\$191,211,250	\$14,501,500	\$13,580,000
<i>Unit of Comparison (\$/sf of land area)</i>	178,099	86,840	13,560	19,440	21,420	227,142	14,400	12,960
<i>Adjusted Price - \$/sf</i>		\$631	\$769	\$843	\$725	\$842	\$1,007	\$1,048
<i>Date of Sale</i>	7/7/2016	Dec-13	Jun-12	Oct-14	Sep-14	Dec-12	Apr-16	Feb-15
<i>Market Conditions</i>	(Appraisal date)	25%	35%	15%	15%	30%	0%	10%
Adjusted Price \$/FAR		\$788	\$1,038	\$970	\$833	\$1,094	\$1,007	\$1,048
<i>Location</i>		0%	0%	0%	0%	0%	5%	0%
<i>Zoning</i>		0%	0%	3%	3%	(20%)	3%	3%
<i>Physical Characteristics</i>		10%	0%	0%	0%	0%	0%	0%
<i>Planning/Permitting</i>		0%	(15%)	0%	0%	0%	0%	0%
<i>Total Adjustments</i>		10%	(15%)	3%	3%	(20%)	8%	3%
\$/sf/FAR		\$867	\$882	\$999	\$858	\$875	\$1,088	\$1,079

Adjustments

Property Rights

There are several subject encumbrances (and positive elements due to completed excavation/shoring) which we have considered in the property rights adjustment.

Completed Excavation and Shoring (Positive Benefit to current owner)

The site has been excavated down to approximately 30 feet, together with the construction of significant shoring and other structural support systems.

An exhibit in the Addenda provided by Derek Beaman, Senior Principal with Magnusson Klemencic Associates (MKA), a Seattle structural and civil engineering firm, summarizes the extent of the existing shoring, the portions of the existing shoring that are being re-used for the WSCC project, and the portions of the existing shoring that are not being reused.

The engineer concluded that portions of the existing shoring walls create added value, on the south and a portion of the west sides. Based on an estimate of the approximate wall area being re-used (measured from top of existing shoring wall to bottom of new excavation) of 25,500 sf (south wall) plus 5,300 sf (west wall), the total area is 30,800 sf. The approximate cost of a new shoring system (soldier pile and lagging with tie-backs) is estimated at \$60 to \$70/sf.

Since some strengthening measures would need to be added to make use of the existing wall, the assumed value is estimated at 2/3 of the cost of a new wall, or \$45/sf. Thus, the estimated value (positive advantage for current owner) of the existing shoring wall is \$45/sf x 30,800 sf, or **\$1,400,000**.

NEPA and Electrical Relocation Impact (Negative impact to current owner)

The WSCC will undertake any NEPA filing required for tunnel closure to buses: King County will pay the direct cost of that work but WSCC will bear the risk of any delay due to this filing or dealing with appeals. Thus, there is a loss in value for the inconvenience factor (hassle, and potential to delay development). Although no significant delay is expected, an appeal could delay the project.

We have also utilized a hypothetical condition that the Washington State Convention Center (WSCC) will relocate at King County's cost any utilities that will be in the way of convention center construction. This is a reasonable condition for a basis of market value. This does affect our conclusion. In WSCC's contract with the County to move the utilities/infrastructure, King County will also pay for the time of Pine Street Group to coordinate this relocation. This impact is minimal, but does create some added hassle during to a prospective buyer.

In total, the concluded impact is estimated at a negative 2% of the total site value or approximately **\$3,200,000** (with \$100,000 to \$300,000 representing electrical relocation).

Temporary Use by King County (Negative impact to value)

King County Metro buses will be able to use the site for 18 months after closing; they will have use of the entire site for 3 months, and will have use of an approximate 20,000sf portion for the remaining 15 months.

The appropriate basis for calculation of compensation for a temporary use is the present value of market rent for the property. For the initial 3 month use we analyze a loss of all property rights. Considering the 178,099 sf of area, concluded \$910/sf market value, and a 6.25% rate of return, the value impact is calculated at **\$2,500,000**. This considers the rental of all rights (including development).

For the remaining 15 month temporary occupancy period, the County will have access to an approximately 20,000sf area of the site. We have considered a blend between minimal surface use rights, versus more significant loss of rights (hassle, safety issues with bus ongoing bus access, loss of surface rights).

At a minimum, the value impact can be estimated based on the loss of 60 potential stalls (within the 20,000 sf area) at \$350/mo, for 15 months, or \$315,000. Development could likely occur around this area.

More significant loss of rights area at the higher end area estimated at \$1,400,000 (or approximately 1% of value). We have reconciled to a total 15-month long term temporary use impact of **\$1,000,000**.

The combined temporary use impact is \$3,500,000 (\$2,500,000 plus \$1,000,000).

Property Rights Adjustment Conclusion

The various components discussed above (positive shoring wall impact (+\$1,400,000), negative NEPA/electrical re-location impact (2%, or -\$3,200,000), negative 3-month short term temporary use (-\$2,500,000) and 15-month long term temporary use (-\$1,000,000) total approximately a negative \$5,300,000. This equates to an estimated **negative 3%** property rights adjustment applied to each of the sale comparisons.

Financing terms, conditions of sale, and expenditures after sale

Adjustments have also been considered for financing terms, conditions of sale, and expenditures after sale. A downward adjustment is made to Sale No. 5 (Amazon) for conditions of sale. The deal included an option to purchase nearby land, warranting a downward adjustment. Although we have not specifically adjusted the additional indication, we note that there was a landmark designation associated with the existing improvements. The buyer stated that this had no effect on pricing; however it seems likely that it will result in some extra costs.

Market Conditions

Market conditions are examined next. Please see the market analysis in the preceding pages for a summary of local market conditions. The apartment market in Seattle remains strong, with increasing rental rates and decreasing vacancy despite new units hitting the market. This has continued to fuel demand for apartment development sites in the area. The office market also continues to improve, with new office development also proposed in the South Lake Union, downtown, and nearby Denny Triangle neighborhoods. Furthermore, hotel development is feasible, with several hotels under construction.

We have analyzed the offers and transaction price for the McGuire Site in Seattle. This matched pair indicates unsolicited bids made in the \$20 million range over a year ago (February 2015). The property ultimately closed at \$24 million in April 2016. This indicates a pricing increase of 15% to 20% over the 14 months.

The City of Seattle Council passed legislation for fees on development to pay for affordable housing. The "linkage fee" will be charged per square foot on new commercial and residential buildings. The city will spend the money earned from the fees on affordable housing for households earning less than 60% of the median income in the area. In downtown and South Lake Union, the fee ranges from \$8 to \$17.50 per square foot. The looming fees have resulted in an increase in permitting, with developers trying to plan/permit sites or obtain vesting before the linkage fees are implemented. This has also had a positive market conditions impact on demand for land, with potential buyers trying to close deals in the near term.

Overall, each sale is adjusted upward for market conditions (with the exception of Sale 6). The most magnitude is given to Sale 1 (December 2013), Sale 2 (June 2012), and Sale 5 (December 2012). A magnitude of 25% is applied to Sale No. 1 (31 months ago). A market adjustment of approximately 10%/year is reasonable given the strong job growth, rising rents, and limited supply of available sites.

Location/View Potential:

The comparisons are all generally situated in the Seattle CBD/Denny Triangle neighborhood. The subject is located in the Seattle CBD, adjacent to Interstate 5. While this location is at the fringe of the CBD, it is near the commercial core, convention center, and has excellent freeway access. Sale No. 1 and No. 2 share the same location and no adjustment is made. Sale No. 3 is located on 3rd Ave and Lenora, west of the subject. It is further from the retail core, but a desirable residential location providing good Puget Sound water views to the west. Overall, no adjustment is made. Sale No. 4 and No. 5 are located further from the CBD core. However, development and higher density uses are quickly moving north and centering near the Amazon campus. The Amazon presence/expansion has made this location a viable hotbed for office, residential, and retail uses. Sale 6 is adjusted upward for location. It is located about three blocks north, in an area further from the CBD, and less pedestrian traffic and supporting retail development.

Overall, there are positives and minuses to each particular site, but most offer competitive locations, and a location adjustment has only been made to Sale 6.

Zoning:

The zoning adjustment accounts for both the amount of building floor area supported compared to land area (the "Floor Area Ratio", or FAR), and other zoning factors such as maximum height. No adjustments are made to sales 1 and 2. Sales 3 and 4, and 6 and 7, are zoned DMC 240'/290'-400'. The overall zoning is similar, but the max commercial FAR is only 7.0 compared to 10.0 at the subject, warranting an upward adjustment. A downward adjustment is made to Sale 5 (DOC2 500'/300'-500') due to the higher allowed commercial density and building height (with required development fee requirements).

Physical Characteristics:

Next, we considered physical characteristics/block orientation (existing subject shoring/excavation previously discussed in "property rights"). This takes into account the specific situation of the site, being mid-block or corner. The subject is a full-block site, with frontage on four streets. This is superior to Sale 1, which is comprised of five different blocks. Each block is functionally capable of supporting development, although one block is very limited in size and a second block would need to be assembled with an adjoining property for optimal development. A premium would be placed on the flexibility of having a single block like the subject.

We have also considered the potential for a size adjustment. In this case, the size of a development site is not necessarily a significant adjustment factor, particularly when larger sites are better able to support development projects that maximize the zoning and produce the ideal floor plates, as well as support larger tenants or more cost efficient projects. Larger sites will often require some dedication for site access or fire access. However, we don't believe that is the case for the subject, with adequate site access already in place.

Larger developments often require phasing of development, with infrastructure such as underground parking provided at the start of the development. This infrastructure is gradually absorbed, but the up-front cost can become a cost penalty. In this case we have two different recent case studies for larger sized site acquisitions. The first is the additional indication (Onni/Seattle Times), which consisted of two full square blocks. There are inefficiencies at these sites and the listing agent also stated that the size of the transaction at \$62.5 million drove the per unit pricing down. In his experience, he has seen some discounting for land sales over \$20-\$25 million. There was a limited pool of buyers able to buy both blocks, especially without a long due diligence or take-down period. One way to think of the size adjustment is that buying two large sites at once adds significant risk in terms of phasing and also leads to higher holding costs. Conversely, Sale No. 5 (Amazon site) was given some premium for its large size, which was desired by the buyer to design a build-to-suit expansion of their campus. Amazon chose to construct one tower on each block, with surrounding open space that would be desirable for employees. Additionally, we believe Amazon would have been willing to pay even more if the streets and alleys had not been in place, allowing them more flexibility in the design and construction. Our conclusion is that there is a case to be made for either a premium or a discount, but that we do not see that either is required.

Planning/Permitting:

The planning and permitting adjustment accounts for sites that have sold with entitlements like master use permits (MUP's) or building plans. Most of the comparisons did not sell with any planning or permitting in place and thus require no adjustment. We made a downward adjustment to Sale 2, with most of the land use permitting completed prior to sale (without a MUP issued) and we have adjusted this sale downward.

Sale Comparison Approach - Conclusion

Prior to adjustments, the seven sale comparisons range from \$650/sf to \$1,080/sf. After adjustments, the sales range from \$858/sf to \$1,088 sf. Ultimately, some weight was given to all of these transactions. Sale No. 1 provides the most compelling indication, after making adjustments for market conditions and physical characteristics. This is an 86,840 sf assemblage sharing the same zoning and location, and adjusts to \$867/sf. Sales 2 through 4, and sales 6 through 7, were purchased for single residential tower development. Although smaller in size, these sales provide compelling indications on a \$/sf basis, sharing similar location, highest and best use, and zoning characteristics.

Sale No. 5 is an excellent indication of value for a large transaction (\$200.5 million, 3 blocks, 227,142 sf). It was purchased for office development, achieving near the max commercial FAR, adjusting to \$875/sf.

The additional indication: Onni/Seattle Times, represents two large downtown sites. While the price is much lower on a \$/sf and \$/FAR basis due to inferior zoning, the sale provides an indication of highest and best use and marketability.

Overall, we have concluded to a market value for the underlying land value at the subject property of **\$910/sf** or **\$162,000,000**, rounded. We have used a land area of 178,099 sf for comparison in the Sale Comparison analysis. We understand that the City of Seattle has street use rights over 2,911 sf of this area, with the County retaining subsurface uses and all development density. Since the site is large enough to fully utilize a 10.0 FAR for commercial development, this additional density has the same value characteristics as fee simple land.

The value conclusion of \$910/sf also equates to \$91/FAR (based on the maximum commercial FAR of 10.0). This figure is supported by the sale comparisons, which range from \$65/FAR to \$124/sf FAR on an unadjusted basis. The higher density sites (sales 1, 2, and 5) indicate a tighter range \$65/FAR to \$77/FAR. Overall, the value on a \$/FAR indication is also reasonably supported.

In summary, our value conclusion is:

<u>Description</u>	<u>Effective Valuation Date</u>	<u>Value Conclusion</u>
Market Value - Fee Simple Estate	July 7, 2016	\$162,000,000

The above value estimate is commensurate with a reasonable marketing and exposure period of six months.

ADDENDA

Authorization Letter
Shoring Exhibit
Infrastructure List
Sale Comparison Details
Seattle Metropolitan Area Description
Appraisers' Experience & Qualifications

AUTHORIZATION LETTER



June 13, 2016

attn: Sung Yang
Deputy King County Executive
Office of King County Executive Dow Constantine
401 Fifth Avenue, Suite 800
Seattle, Washington 98104

attn: Matt Griffin
Pine Street Group L.L.C.
representing Washington State Convention Center
1500 Fourth Avenue, Suite 600
Seattle, Washington 98101

*Regarding: Washington State Convention Center - APPRAISAL SCOPE OF WORK
King County Metro Convention Place Station Property*

Dear Mr. Yang & Mr. Griffin:

This letter is our proposal to provide appraisal services regarding the Washington State Convention Center (WSCC) expansion site, updating our proposal of 4/17/15. We will appraise the site as vacant and available for development, although subject to the following encumbrances:

- King County Metro buses will be able to use the western portion of the site for interim access for 18 months after closing.
- The WSCC will relocate at King County's cost most of the items on the "CPS Infrastructure Inventory List," included in the original scope dated 3/15/15, needed for the continuing operation of Metro or Sound Transit.
- The WSCC will undertake any NEPA filing required from studies not completed when Sound Transit and Metro decided to close the tunnel to busses, but King County will pay the direct cost of that work.
- King County prefers payments over time and would not accept an all cash price at the same value.
- The site has been excavated down to approximately 30 feet together with the construction of significant shoring and other structural support systems.

Our work will be prepared in conformance with the Uniform Standards of Professional Appraisal Practice, Standards and Ethics of the Appraisal Institute, and the Federal Transit Administration (FTA). The purpose of this appraisal assignment is to provide an opinion of the Market Value of the fee simple interest in the subject property. The intended use of the appraisal report will be for use in transaction negotiations. The clients and intended users of our appraisal report will be King County and the WSCC. Pine Street Group will be an additional intended user.

The fee for this assignment will be \$7,000, due upon completion of the assignment. We will deliver an electronic copy of our completed appraisal report by 7/5/16. Hard copies can be provided upon request. Should any post-appraisal consulting be requested in future, those services will be contracted separately, at our fully burdened hourly public rates (the lowest rates charged to our preferred customers).

Sincerely,

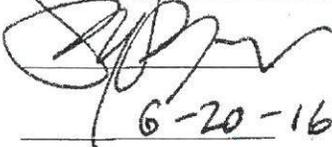

Ken Barnes, MAI, CRE

Agreed and accepted:



McKee Appraisal

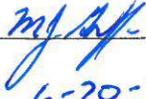
Real Estate | Consulting



6-20-16

Date

SUNG YANG
KING COUNTY



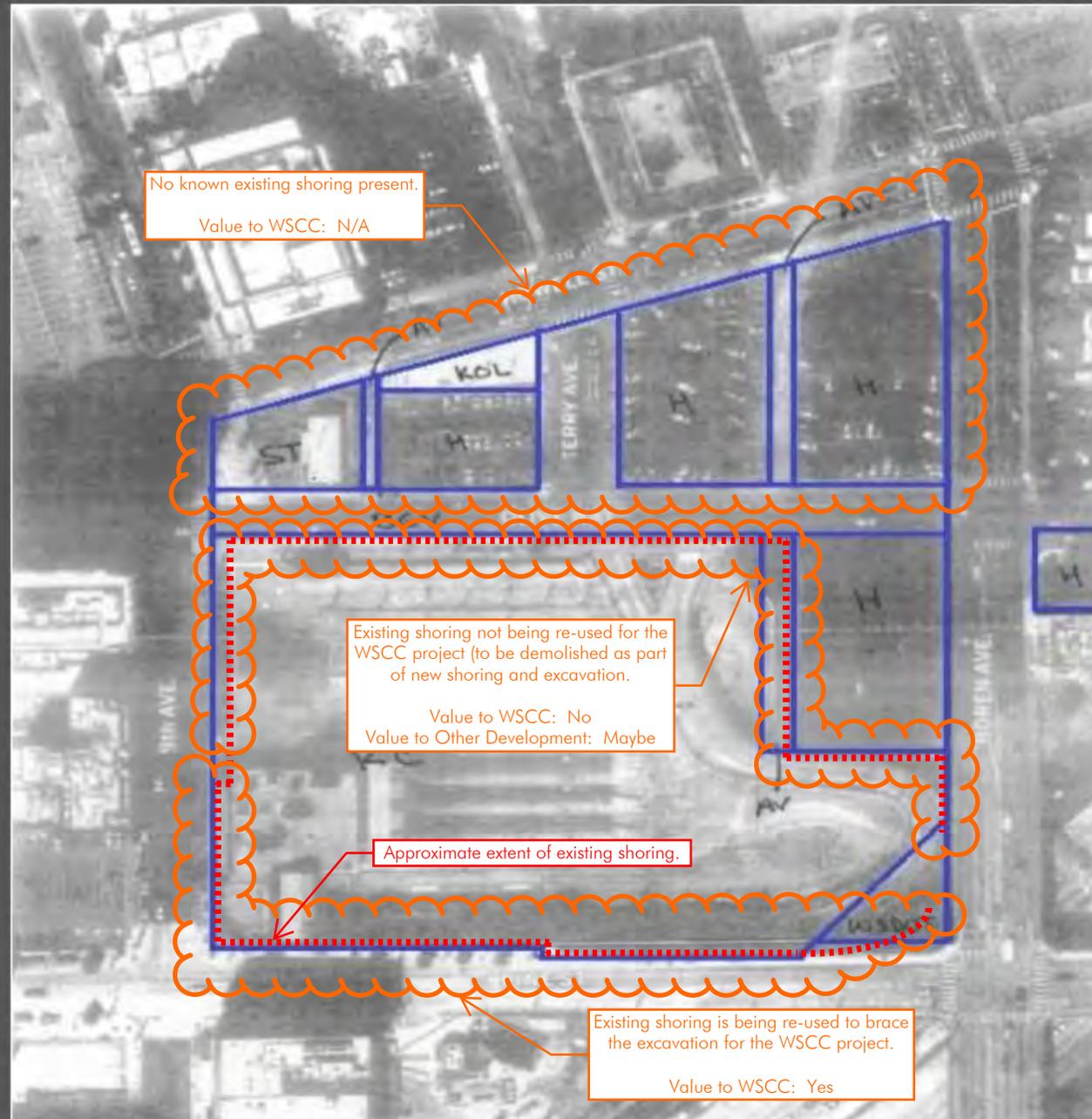
6-20-16

Date

MATT GRIFFIN
WSBC

SHORING EXHIBIT

Land Parcels



INFRASTRUCTURE LIST

EXHIBIT 1

CPS INFRASTRUCTURE INVENTORY LIST

DATE: FEBRUARY 26, 2015

Item	System	Primary Use	Requirement	Proposed Disposition
1	300 KW Diesel Emergency Generator (EGEN) & Emergency Switchgear	Supporting life safety mission critical electrical, mechanical, communication, and fire systems equipment that serve Convention Place Station (CPS), Westlake Station (WLS) and University Street Stations (USS).	Required for LRT operation	New Generator or UPS, location TBD
2	SCL electrical service to CPS	Part of Item 6	Required for joint bus/rail operation	See Item 6
3	Underground Cables between Emergency Generator and DSTT	Distributes 480V emergency power to Westlake and University Street Stations	Required for LRT operation	Remain in place, modify to connect to new generator or UPS provided in Item 1.
4	Trolleybus Traction Power Substation - CPS Substation	Not in use. Previously served trolleybus system in DSTT.	Not related to DSTT rail or bus operation	None
5	Trolleybus Traction Power Substation - Olive Substation	KCM - for powering existing surface street trolley buses. Feeds five (5) sections of trolley overhead system in the vicinity.	Not related to DSTT rail or bus operation	Relocate
6	Seattle City Light Sub-Station	SCL network transformer supplies power to CPS station loads and KCM comm equipment systems.	Required for joint bus/rail operation	Provide new 480V supply derived from PSST electrical room.
---	NOT USED	NOT USED	NOT USED	NOT USED
8	ST's SCADA supporting LINK + joint operations (also called GETS, or GE Scada) KCM NETWORK hardware. Servers, routers, switches, fiber, ethernet..	Communications equipment supporting CPS station and cut-and-cover tunnel.	Required for LRT operation	Equipment needed for LRT operation to be moved to PSST comm room.
8A	Phone Systems	PBX and ETEL in CPS	Required for CPS passenger operation	Provide location for Comm equipment
8B	Electrical Power for Systems equipment	480VAC Panel, DC Panel (C01-DC-00), UPS Distribution Panel. Panel support equipment at CPS.	Required for joint bus/rail operation	Power to be supplied by new CPS service noted in Item 6
8C	KCM Radio System	450 & 700 MHz Transit System Radio and associated equipment	Required for joint bus/rail operation	Provide location for Comm equipment
8D	CCTV system	Security and operations of CPS. KCM minor use of room and small rack for 12 cameras	Required for joint bus/rail operation	Provide location for Comm equipment
8E	Access Control system	Access Control of CPS	Required for joint bus/rail operation	Provide location for Comm equipment
8F	PA/VMS systems	PA system and Variable Message System for CPS	Required for CPS passenger operation	Provide location for Comm equipment

Item	System	Primary Use	Requirement	Proposed Disposition
8G	Building Management System (BMS/FCS)	VersaMax I/O located in rack for local monitoring/control.	Required for joint bus/rail operation	LRT-related equipment to be relocated to PSST comm room. Infrastructure needed for interconnect between PSST and CPS.
8H	Telephone Interface ATA units	Provides communications system connectivity for elevator phones in CPS.	Required for CPS passenger operation	Provide location for Comm equipment
9	Fire Alarm Control Panel	Monitors and controls fire functions at CPS and in the cut and cover tunnel.	Required for joint bus/rail operation	Functions of this panel to be moved to PSST FACP. Infrastructure needed for interconnect between PSST and CPS.
9A	Halon System in TCC Room	Provides fire suppression in present TCC room at CPS.	Required for joint bus/rail operation	Need to consider replacement system for remaining KCM comm equipment at CPS
10	CPS Communications room	Houses remaining communications equipment to support CPS functions.	Required for joint bus/rail operation	Provide new comm room
11	UPS Room	Provides carryover power for remaining CPS communications equipment. Need to consider replacement system.	Required for joint bus/rail operation	Provide UPS capability for new remaining CPS communication equipment
12	Emergency Management Panel on CPS Plaza level	Provides only monitoring of fire functions at CPS station.	Required for CPS passenger operation	Provide replacement panel at location acceptable to Fire Department
13	WSDOT Communication Equipment	Provides connection for WSDOT cameras and controls associated with I-5 express lanes	Not related to DSTT rail or bus operation	Provide alternate location for WSDOT equipment
14	Water main and tunnel deluge system in CPS valve room	Provides water for all fire suppression systems at CPS and tunnel.	Required for LRT operation	Facility will not be disturbed by CPS demolition.
14A	Fire Department Connection at CPS entrance plaza	Provides alternate way for Fire Department to charge tunnel standpipe.	Required for LRT operation	Facility to be maintained in place during CPS demolition and WSCC construction.
15	TVM	Ticket Vending Machine located at grade level.	Required for CPS passenger operation	TVM to stay in place until shutdown of CPS passenger function
16	Motorized Door at CPS tunnel portal	Closes as part of some DSTT emergency ventilation modes	Required for joint bus/rail operation	Door to remain in place and functional until shutdown of bus service in DSTT

SALE COMPARISON DETAILS

Market Data Form (sale of real property)

Sale Number: 1

(1) ADDRESS or LOCATION:

Property Name:	Cassieford/Honda Site
Street Address:	920 Olive Way, Howell & Terry
City:	Seattle

(2) SALE SKETCH AND PHOTO ARE ON FOLLOWING PAGE;

- (3)
- | | |
|----------------------------|---|
| a. Access: | Good from Olive, Howell, Terry |
| b. Use at Sale: | Parking, commercial |
| c. H & B Use: | redevelopment |
| d. Zoning: | DMC 340'/290'-400' |
| e. Dimensions: | various |
| f. Area: | 86,840 |
| g. Sale Date: | Dec-13 |
| h. Price: \$ | \$56,446,000 |
| i. Instrument Type: | Deed |
| j. Terms: | Cash to Seller |
| k. Ex.Tax# or AF #: | 20131230000657 |
| l. Seller: | Cassieford Co |
| m. Buyer: | WSCC Public Facilities District |
| n. Confirmed with: | Buyer rep (Matt Griffin), selling broker (Stuart Williams, David Young - JLL) |
| o. Confirmed by: | Matt Lange, McKee Appraisal, Inc. |
| p. Date Inspected: | 01/08/16 |

(4) LEGAL DESCRIPTION or TAX PARCEL NUMBER:

066000-1725,-114,-1655,-1659,-1670,-1675,-1975

(5) PHYSICAL CHARACTERISTICS (description at sale, confirmation information, changes since sale, etc.):

A.) Property Description:

7 separate tax parcels (5 non-contiguous properties)

B.) Confirmation Data and Comments:

Purchased for future WSCC expansion. Price negotiated 11/2013. Seller to pay all site cleanup costs (estimated at \$5.0 to \$5.9 million). Short-term seller lease-back will offset demolition costs.

(6) ANALYSIS:

<i>ITEM</i>	<i>CONTRIBUTION VALUE</i>	<i>MARKET UNIT</i>
TOTAL PRICE	\$56,446,000	
<i>Comments:</i>		\$650 /sf Land

SALE SKETCH AND PHOTOGRAPHS

Cassieford/Honda Site



Market Data Form (sale of real property)

Sale Number: 2

(1) ADDRESS or LOCATION:

Property Name:	Premiere on Pine Site
Street Address:	815 Pine Street
City:	Seattle

(2) SALE SKETCH AND PHOTO ARE ON FOLLOWING PAGE;

(3) a. Access:	9th and Pine
b. Use at Sale:	Parking lot
c. H & B Use:	redevelopment
d. Zoning:	DMC 340'/290'-400'
e. Dimensions:	118'x112'
f. Area:	13,560
g. Sale Date:	Jun-12
h. Price: \$	\$10,500,000
i. Instrument Type:	Deed
j. Terms:	Cash to Seller
k. Ex. Tax# or AF #:	20120802000251
l. Seller:	SP 815 Pine
m. Buyer:	815 Pine Investors LP (Holland)
n. Confirmed with:	Buyer, Holland
o. Confirmed by:	Matt Lange, McKee Appraisal, Inc.
p. Date Inspected:	01/08/16

(4) LEGAL DESCRIPTION or TAX PARCEL NUMBER:

066000-0920, -0915

(5) PHYSICAL CHARACTERISTICS (description at sale, confirmation information, changes since sale, etc.):

A.) Property Description:

Corner parcel. Purchased for development of a residential tower.

B.) Confirmation Data and Comments:

Sale price included partially approved MUP, plans for 347 units. Buyer redesigned project to increase the development to 386 units. Buyer also paid additional \$2.006 million for affordable housing fees. 41-story apartment tower was completed April 2015.

(6) ANALYSIS:

<i>ITEM</i>	<i>CONTRIBUTION VALUE</i>	<i>MARKET UNIT</i>
TOTAL PRICE	\$10,500,000	
		\$774 /sf Land

SALE SKETCH AND PHOTOGRAPHS

Premiere on Pine Site



Market Data Form (sale of real property)

Sale Number: 3

(1) ADDRESS or LOCATION:

Property Name:	<u>Selig 3rd & Lenora Site</u>
Street Address:	2031 3rd Ave
City:	Seattle

(2) SALE SKETCH AND PHOTO ARE ON FOLLOWING PAGE;

a. Access:	3rd Ave, Lenora St
b. Use at Sale:	2-story commerical
c. H & B Use:	redevelopment
d. Zoning:	DMC 240/290'-400'
e. Dimensions:	180'x108'
f. Area:	19,440
g. Sale Date:	Oct-14
h. Price: \$	\$16,900,000
i. Instrument Type:	Deed
j. Terms:	Cash to Seller
k. Ex.Tax# or AF #:	20141022000679
l. Seller:	Jewish Federation of Greater Seattle
m. Buyer:	Lenora Holdings Co.
n. Confirmed with:	Buyer, in house
o. Confirmed by:	Matt Lange, McKee Appraisal, Inc.
p. Date Inspected:	01/08/16

(4) LEGAL DESCRIPTION or TAX PARCEL NUMBER:

197720-1095, -1105, -1115

(5) PHYSICAL CHARACTERISTICS (description at sale, confirmation information, changes since sale, etc.):

A.) Property Description:

Corner parcel. Purchased for development of a residential tower.

B.) Confirmation Data and Comments:

Preliminary plans for a 36-story tower, with 158 residential units, and approx. 291,000 sf of office and retail below. Interim income offsets demolition costs.

(6) ANALYSIS:

	<i>CONTRIBUTION VALUE</i>	<i>MARKET UNIT</i>
TOTAL PRICE	\$16,900,000	
		\$869 /sf Land

SALE SKETCH AND PHOTOGRAPHS

Selig 3rd & Lenora Site



Market Data Form (sale of real property)

Sale Number: 4

(1) ADDRESS or LOCATION:

Property Name:	Former Cornish - GID Site
Street Address:	2101 9th Ave
City:	Seattle

(2) SALE SKETCH AND PHOTO ARE ON FOLLOWING PAGE;

a. Access:	9th Ave/Lenora
b. Use at Sale:	2-story commercial
c. H & B Use:	redevelopment
d. Zoning:	DMC 240/290'-400'
e. Dimensions:	180'x~120'
f. Area:	21,420
g. Sale Date:	Sep-14
h. Price: \$	\$16,000,000
i. Instrument Type:	Deed
j. Terms:	Cash to Seller
k. Ex.Tax# or AF #:	20140930002038
l. Seller:	Cornish College of the Arts
m. Buyer:	9th and Lenora LLC
n. Confirmed with:	Buyer (GID)
o. Confirmed by:	Matt Lange, McKee Appraisal, Inc.
p. Date Inspected:	01/08/16

(4) LEGAL DESCRIPTION or TAX PARCEL NUMBER:

066000-0545,-0540

(5) PHYSICAL CHARACTERISTICS (description at sale, confirmation information, changes since sale, etc.):

A.) Property Description:

Corner parcel

B.) Confirmation Data and Comments:

Buyer planning a 41-story, 430-unit residential tower, plus 6-levels of below grade parking. Buyer is GID Urban Development. Openly marketed. Interim income offsets demolition costs.

(6) ANALYSIS:

	<i>CONTRIBUTION VALUE</i>	<i>MARKET UNIT</i>
TOTAL PRICE	\$16,000,000	
		\$747 /sf Land

SALE SKETCH AND PHOTOGRAPHS

Former Cornish - GID Site



Market Data Form (sale of real property)

Sale Number: 5

(1) ADDRESS or LOCATION:

Property Name:	<u>Amazon Headquarters Site</u>
Street Address:	2100 6th & 7th Ave, 2101 8th Ave
City:	Seattle

(2) SALE SKETCH AND PHOTO ARE ON FOLLOWING PAGE;

a. Access:	6th, 7th, 8th Ave, Blanchard, Lenora
b. Use at Sale:	Parking lot, low rise commerical
c. H & B Use:	redevelopment
d. Zoning:	DOC2 500/300-500
e. Dimensions:	various
f. Area:	227,142
g. Sale Date:	Dec-12
h. Price: \$	\$207,500,000
i. Instrument Type:	Deed
j. Terms:	Cash to Seller
k. Ex. Tax# or AF #:	20121220001086, 20121220001087, 20121220001085
l. Seller:	Clise Properties
m. Buyer:	Acorn Development LLC
n. Confirmed with:	Seller, public records
o. Confirmed by:	Matt Lange, McKee Appraisal, Inc.
p. Date Inspected:	01/08/16

(4) LEGAL DESCRIPTION or TAX PARCEL NUMBER:

066000-0280,0320,-0275,-0270,-0205,-0215,-0220,-0165,-0176,-0195,065900-0860,-0870,-0880,-0775

(5) PHYSICAL CHARACTERISTICS (description at sale, confirmation information, changes since sale, etc.):

A.) Property Description:

3 full block sites

B.) Confirmation Data and Comments:

Purchase by Amazon of three full blocks for phased development of their new headquarters that could total over 3 million sf. Included additional option and offsite rights, and some minor env. adjustment.

(6) ANALYSIS:

	<i>CONTRIBUTION VALUE</i>	<i>MARKET UNIT</i>
TOTAL PRICE	\$207,500,000	
		\$914 /sf Land

SALE SKETCH AND PHOTOGRAPHS

Amazon Headquarters Site



Market Data Form (sale of real property)

Sale Number: 6

(1) ADDRESS or LOCATION:

Property Name:	1200 Howell Site
Street Address:	1200 Howell Street
City:	Seattle

(2) SALE SKETCH AND PHOTO ARE ON FOLLOWING PAGE;

a. Access:	12th, Howell Street
b. Use at Sale:	Parking lot
c. H & B Use:	redevelopment
d. Zoning:	DMC 240'/290'-400'
e. Dimensions:	various
f. Area:	14,400
g. Sale Date:	Apr-16
h. Price: \$	\$14,950,000
i. Instrument Type:	Deed
j. Terms:	Cash to Seller
k. Ex.Tax# or AF #:	20160429000727, 20160429000726
l. Seller:	Diamond Parking (-2310), Benaroya Capital Co. (-2325)
m. Buyer:	1200 Howell Street LLC
n. Confirmed with:	Seller's agent (Ross Klinger, Kidder Mathews), public records
o. Confirmed by:	Ken Barnes, McKee Appraisal
p. Date Inspected:	07/01/16

(4) LEGAL DESCRIPTION or TAX PARCEL NUMBER:

066000-2310, 066000-2325

(5) PHYSICAL CHARACTERISTICS (description at sale, confirmation information, changes since sale, etc.):

A.) Property Description:

Corner site

B.) Confirmation Data and Comments:

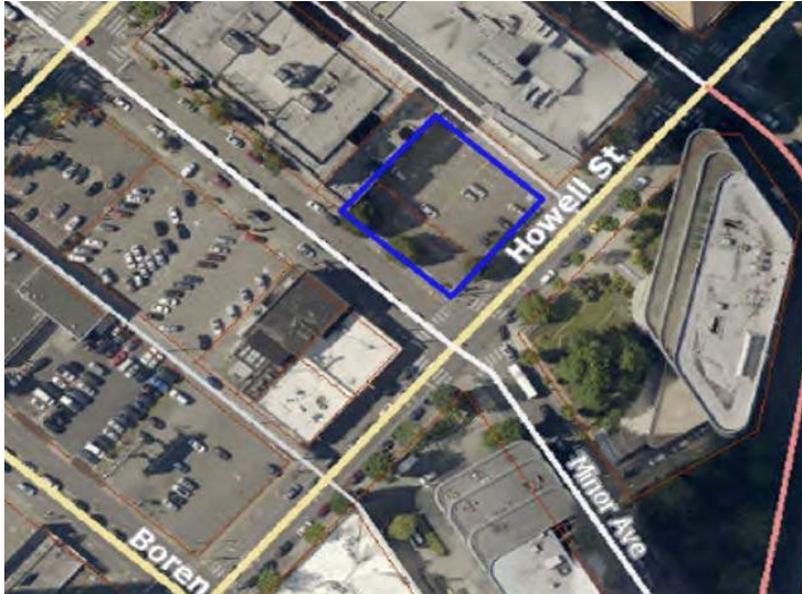
Assemblage of two adjacent sites. Buyer is planning a 40 story residential tower with 403 units. 6 stories of above grade parking and 7 stories of below grade parking for a total of 317 stalls. Total gross Residential area of 279,973 sf according to planning documents. Cost to purchase extra FAR is about \$3m.

(6) ANALYSIS:

	<i>CONTRIBUTION VALUE</i>	<i>MARKET UNIT</i>
TOTAL PRICE	\$14,950,000	
		\$1,038 /sf Land

SALE SKETCH AND PHOTOGRAPHS

1200 Howell Site



Market Data Form (sale of real property)

Sale Number: 7

(1) ADDRESS or LOCATION:

Property Name:	Martin Selig Site - 3rd/Virginia
Street Address:	1925-1931 3rd Ave
City:	Seattle

(2) SALE SKETCH AND PHOTO ARE ON FOLLOWING PAGE;

- (3)
- | | |
|----------------------------|---|
| a. Access: | Virginia Street and 3rd Ave (and alley) |
| b. Use at Sale: | Parking lot |
| c. H & B Use: | redevelopment |
| d. Zoning: | DMC 240'/290'-400' |
| e. Dimensions: | various |
| f. Area: | 12,960 |
| g. Sale Date: | 2/15, 5/15 |
| h. Price: \$ | \$14,000,000 |
| i. Instrument Type: | Deed |
| j. Terms: | Cash to Seller |
| k. Ex.Tax# or AF #: | 201550224002461, 20150506001275 |
| l. Seller: | Minaglia Family LLC (-1040), 1925 Third LLC (-1045) |
| m. Buyer: | Third and Virginia LLC |
| n. Confirmed with: | Buyer - Martin Selig, public records |
| o. Confirmed by: | Ken Barnes |
| p. Date Inspected: | 07/01/16 |

(4) LEGAL DESCRIPTION or TAX PARCEL NUMBER:

197720-1040,

(5) PHYSICAL CHARACTERISTICS (description at sale, confirmation information, changes since sale, etc.):

A.) Property Description:

Corner site

B.) Confirmation Data and Comments:

Corner parcel (earlier sale) improved with a two-story parking structure. Midblock parcel improved with 3-story retail/office building. No permits. Buyer approached sellers directly and reportedly plans an office tower. Initial planning indicates a mix of 400,000 sf of residential use and additional commercial use. Existing improvements will generate sufficient net revenue to offset their demolition.

(6) ANALYSIS:

	<i>CONTRIBUTION VALUE</i>	<i>MARKET UNIT</i>
TOTAL PRICE	\$14,000,000	
		\$1,080 /sf Land

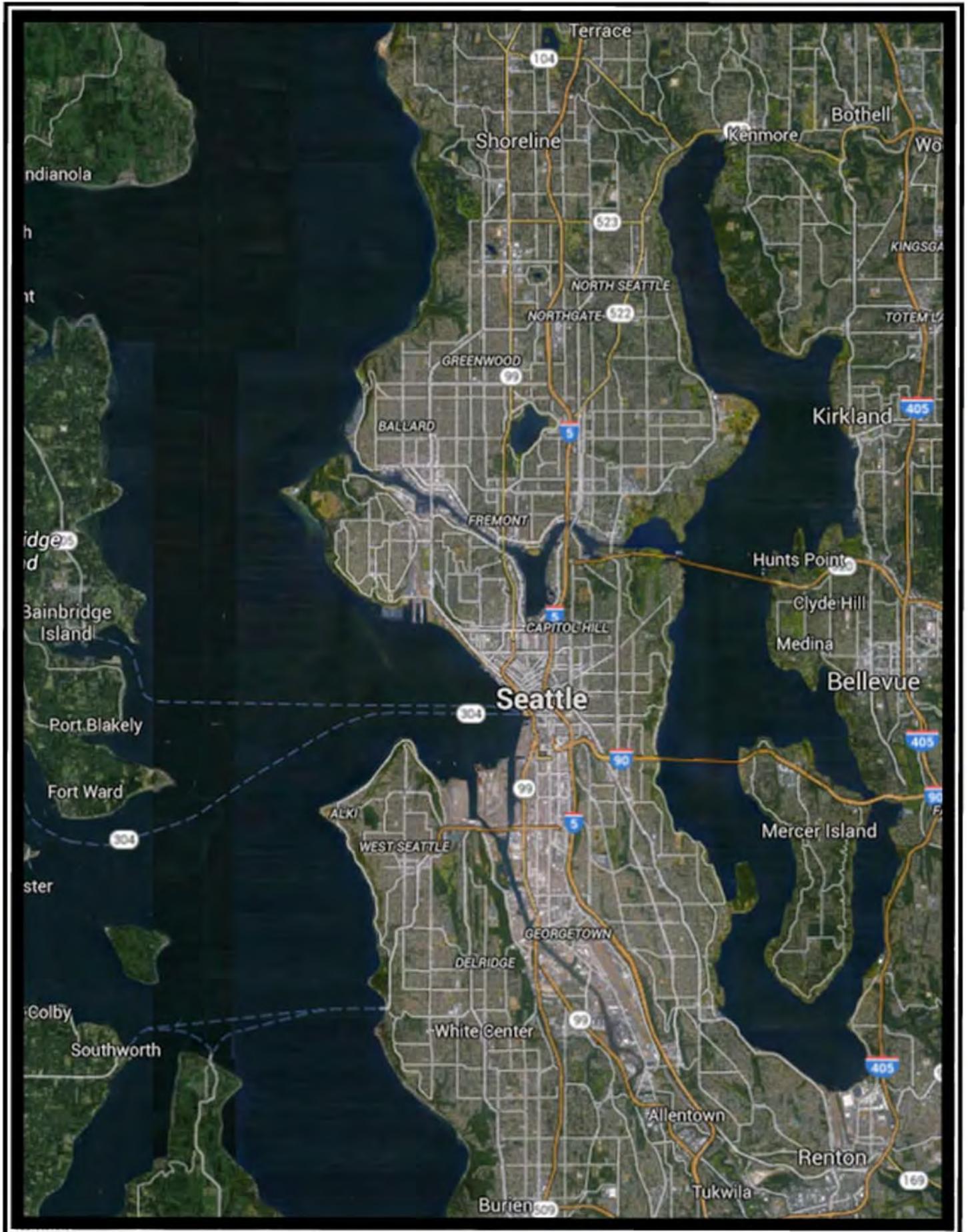
SALE SKETCH AND PHOTOGRAPHS

Martin Selig - 3rd/Virginia



SEATTLE METROPOLITAN AREA DESCRIPTION

Seattle Metropolitan Area Description



Seattle Metropolitan Area Description

Introduction

The Seattle Metropolitan Area is located in the middle of a five-county area often referred to as the Central Puget Sound Region. Centered around King County, this region stretches from Snohomish County to the North, across the Puget Sound to Island and Kitsap Counties to the west, and south to Pierce County. Located in King County, Seattle is the largest city in the state and the hub for economic activity for the Western Washington region, with other large cities including Tacoma in Pierce County to the south, Bellevue to the east, and Everett in Snohomish County to the north.

Situated around Puget Sound and Lake Washington, with views of the Olympic Mountains to the west, the Cascade Mountains to the east, and Mount Rainier to the south, the area is rich in scenic and natural amenities. Seattle is known for its often cloudy but mild maritime climate, allowing residents year-round outdoor activities including boating, fishing, hiking, and skiing. Seattle also provides significant urban amenities, with abundant and thriving shopping, entertainment, and cultural opportunities. In the



the urban centers of Seattle and Bellevue the transition to 24-hour city status, combined with relatively safe and highly walkable urban environments, has created new residential demand in and near the core areas. With a sense of stability and strong recent economic activity and opportunity, the Seattle Metropolitan Area has a reputation as a desirable place to live and work.



Seattle was founded in 1852 and was principally a logging town in its early history. Today the city houses regional offices for the federal and state governments as well as for businesses and financial institutions, and the area is a major center for health care, technology, aerospace, and biomedical firms. It is situated on the west side of Lake Washington and on the east side of Puget Sound. It is a city of neighborhoods (illustrated on the map to the left), each with a distinct character and oriented around a different neighborhood hub.

Population

Washington State's population is estimated at around 7.06 million as of April 2015, according to the Office of Financial Management (OFM). This

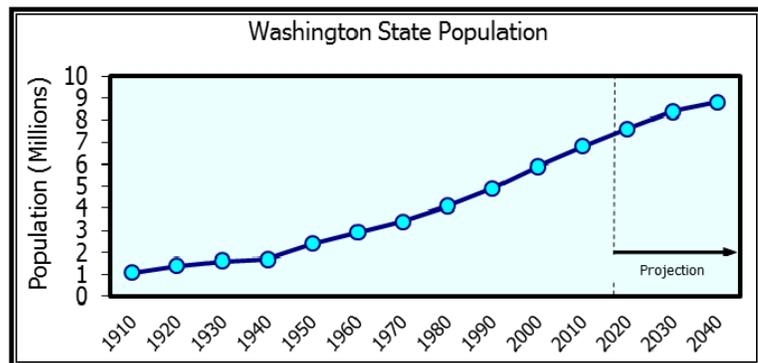
represents an increase of 93,240 and a growth rate of about 2.8% over the last year and 5.0% since the 2010 Census. An average annual increase of 0.84% has occurred over the last 50 years, with the state's population around 2.967 million in 1965. Historically, the counties situated near the Puget Sound have accounted for the majority of population growth in the state.

King County is the largest county in the state, representing roughly 30% of Washington State's population with just over 2 million people as of the most recent estimate. The City of Seattle, with population estimate of 662,400, is the largest city both within the County and Statewide. Bellevue, located on the east side of Lake Washington is the County's second largest city with a population estimate of 135,000.

The second largest county is Pierce County with 830,120 people as of April 1, 2015. This is just under 12% of the state's population, and less than half the size of King County. With a population of 202,300, the City of Tacoma is the largest in the county. Other larger cities include Lakewood with 58,400, Puyallup with 38,950 and University Place with 31,720.

Snohomish County is the third largest county within the State of Washington with 757,600 people, around 10% of the state's population. The City of Everett is the largest city within Snohomish County with a population of 105,800. Marysville, Edmonds and Lynnwood represent some of the larger incorporated areas with populations of 64,140, 40,490, and 36,420 respectively.

Over the next 20+ years, Washington's population is expected to grow by 1.83 million people to 8.8 million by 2040, representing a 26% increase over the current population. Net migration to Washington State is expected to drive over half of this growth.



Employment

In assessing the labor market conditions of the Seattle Metropolitan area, the US Department of Labor assigns various counties to Primary Metropolitan Statistical Areas (PMSAs). King, Snohomish and Island Counties make up the Seattle/Bellevue/Everett PMSA. Snohomish County (with Everett as its largest city) is directly north of King County, and many residents commute across the King/Snohomish county line to jobs in either county. Island County was added to the Seattle/Bellevue/Everett PMSA in 1994 because of the large number of Island County residents who commute to jobs in King and Snohomish Counties. Kitsap County (across Puget Sound from King County) makes up the Bremerton PMSA and Pierce County (immediately south of King County) makes up the Tacoma PMSA. Historically, unemployment in the Seattle/Bellevue/Everett PMSA has remained below the national average, generally hovering around 4%.

The Washington State Employment Security Department produces a Monthly Employment Report with the latest including data through April 2016. In Washington State, the unemployment rate began to climb sharply in April 2008, and continued to do so until November and December 2009. From April 2015 to April 2016, Washington gained 130,600 jobs. The private sector gained 90,800 jobs, while the public sector gained an estimated 12,100 jobs in the last year. Through the month of April, Washington State saw 11,200 new jobs added to the market, with 9,600 private sector jobs and 1,600 public sector positions.

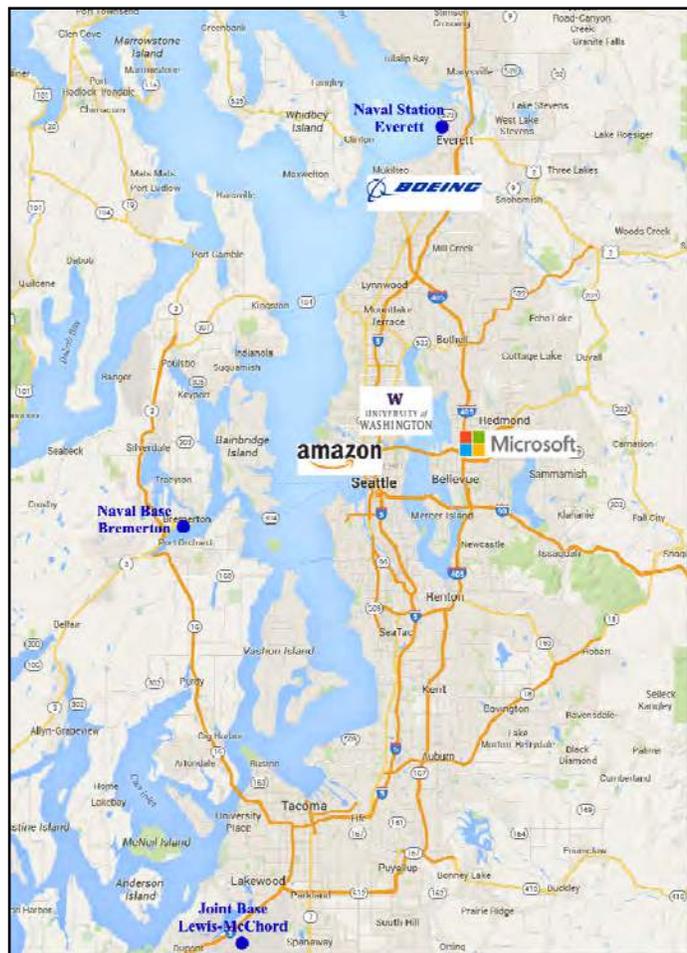
The State of Washington's unemployment rate as of April 2016 is 5.8%, which is up from 5.6% a year prior. The overall unemployment rate in the state of Washington has followed the national trend fairly closely. Seasonally-adjusted unemployment for the Seattle-Bellevue-Tacoma Metropolitan Statistical Area stands at 4.8%, lower than both the state and national unemployment rates. Unemployment levels have recovered quite well and are expected to remain low over the next few years.

Economic Base

The Seattle area consistently ranks as one of the best U.S. cities in which to locate a business. Essential factors in attaining this position have been an educated and skilled workforce, manufacturing capability, access to international and domestic markets, government accessibility, and overall quality of life. The area is a center for advanced technology in aerospace, computer software, biotechnology, medicine, medical equipment, telecommunications, electronics and environmental engineering. Please refer to the map in this section, which depicts the principal locations of some of the region's major employers.

Manufacturing/Aerospace

The Puget Sound region has long had a strong manufacturing base, mostly as a result of Boeing, but also including a wide variety of other sectors including for instance medical devices, ships and advanced materials. Manufacturing's share of total employment in the state has decreased in the past decade, mostly due to the increase in other sectors. With a shift towards skilled manufacturing and a certain retrenchment of US manufacturing in some segments, the future prospects for the area are bright.





The leading manufacturing employer in the region is the Boeing Company, which is the largest aircraft manufacturer in the world. Until the 2001 move of its corporate headquarters to Chicago, Boeing had been headquartered locally since its conception. Its Commercial Airplanes division is still headquartered in the Seattle area, however. Many Boeing jobs are located in the Seattle PMSA, including aircraft manufacture and assembly, and engineering/design. Accordingly, job growth and unemployment rates for the manufacturing sector in the Seattle PMSA are largely tied to Boeing's employment fluctuations, although not as much as in the past.

Boeing's workforce as of January 28, 2016 in the Puget Sound is 78,225 employees. A large portion of Boeing jobs are in or around the Boeing Everett Plant at the north end of Paine Field. This plant is the largest building in the world by volume and requires its own fire department, security forces, medical clinic, electrical substations, and water-treatment plant. Boeing's Paine Field plant is the home of Boeing's 747, 767, 777, and 787 assemblies. The company has constructed about 1.3 million square feet of office and support space in and around Paine Field in the last decade. These changes resulted in substantial transfers of Boeing production and engineering workers to Everett from other Puget Sound locations, including Renton and Kent. The employment force consists primarily of skilled assembly and professional engineers, with an average aerospace wage of about \$90,000. The "employment multiplier" for Boeing has historically been analyzed at about 4, meaning that 3 additional jobs are created for each Boeing job, implying a total regional employment impact of about 300,000 jobs.

The successful delivery and future production of the 787 Dreamliner is a positive impetus for Boeing, although the company's decision to locate its second 787 production line out of state and to globally outsource some parts raised concerns about Boeing's long-term commitment to the Puget Sound region. Still, Boeing recently committed to building the wings of the new 777X at its Everett plant, and final assembly will also take place in Everett. Additionally, the company has recently increased production of its popular 737 line at the Renton plant in order to keep up with strong demand.

Technology

The growth of technology jobs in the Puget Sound region has been exceptional. This sector emergence has provided a buffer from the historically volatility of the local economy, which was previously buffeted by the influence of Boeing jobs. The technology industry now employs more people in the region than Boeing. These include jobs in software, biotechnology, and telecommunications.

The leading technology employer in the region is Microsoft, headquartered in Redmond since 1986, and the largest software company in the world. Microsoft's influence in the Central Puget Sound economy is considerable. Whereas Boeing has had cyclical employment growth, Microsoft has increased employment consistently by at least 20% each year for over a decade. Recently, offshore outsourcing by Microsoft has become a concern and may account for a decrease in Microsoft employment, but the company is expected to remain a strong driving force in the local economy.



As of December 2015 Microsoft employed 43,618 people in the Puget Sound. This figure represents 70% of Microsoft's total employment in the country (62,437). Worldwide, the company employs over 112,000 people. Microsoft owns approximately 9.9 million square feet of office space in the Puget Sound region (all in Redmond), and leases an additional 4.6 million square feet (in Redmond, Bellevue, Issaquah, Seattle). Most recently, Microsoft has established a strong rental presence in Bellevue, and has begun occupancy and employment in Seattle. The Microsoft employment force consists of professional software engineers and other professionals.

Forbes ranked the Seattle-Tacoma-Bellevue area as the No. 5 city in the country with the highest paying tech jobs. Silicon Valley including San Francisco, Oakland and Berkeley ranked No. 1. Microsoft, as of January 2016, was listed 6th for highest paying technical jobs. Base salaries average \$103,000. We note that this excludes stock options. The estimated employment multiplier for Microsoft was 6.81, indicating a total regional employment impact of about 300,000 jobs. According to the study, 58% of the State's information technology jobs are attributable to Microsoft, accounting for 28.5% of statewide job growth between 1990 and 2008.



Amazon.com, headquartered in Seattle's South Lake Union neighborhood, was launched in 1994 as an online bookstore, and has now become the world's largest internet retailer. The company has over 97,000 employees worldwide and about 25,000 in the Seattle area. The explosive growth of the company's employment over the past few years has greatly accelerated the transformation of South Lake Union into an attractive urban center. Although average starting wages at Amazon are below those at Microsoft, a younger, more urban workforce helps to focus demand for apartments and restaurants within the immediate neighborhood. Therefore, although the regional benefit per employee is lower, the local benefit to South Lake Union and the city of Seattle is greater.

In October 2007, Vulcan announced that it would build an approximately 1.8 million square-foot mixed-use office project on parts of six blocks between Westlake Ave N and Fairview Ave N in South Lake Union. The campus includes 11 total buildings, both new and rehabbed. In December 2012 Amazon purchased the campus for \$1.15 billion, a strong sign of commitment to the South Lake Union area.

In addition to the headquarters described above, Amazon has leased over 1 million square feet within four buildings in the South Lake Union and adjacent Denny Triangle neighborhoods. More recently, Amazon has committed to Phases VI, VII and VIII, plus they have leased additional space at 202 and 224 Westlake. In March 2015, it was also announced that they will lease all 817,000sf of Touchstone's Troy Block development, which is currently under construction.

Amazon is also currently constructing a new 3.3 million square foot headquarter complex at 7th & Lenora, on 3 adjacent blocks that they purchased in December 2012. Construction was recently completed on the first block and is underway on the second. Amazon recently announced plans to move ahead with the third block. Overall, it has been reported that Amazon expects to occupy 10 million sf by 2019, which would account for more than a quarter

of the downtown inventory. With this amount of space, the company could grow to more than 50,000 employees which would make it the city's largest employer, surpassing the University of Washington.

Over the long term, we expect Amazon to retain a substantial amount of leased office space within the South Lake Union area. This expectation is based on the expected ratio of leased to owned space in comparison with Microsoft. Over time, Microsoft has retained a total footprint that includes approximately 70% owned space and 30% leased space. Looking at only space that is currently occupied, Amazon currently has a ratio of approximately 63% owned and 37% leased. Assuming that currently committed projects are occupied but no additional space is leased until the 7th & Lenora campus is complete, the ratio of owned space would increase to about 77%. Therefore, it is reasonable to expect that the company will continue to occupy a substantial amount of leased space if business conditions allow them to do so and even expand their lease footprint. Alternatively, if the company experiences a drop in revenue and decides to vacate a portion of their lease footprint, we would expect this space to be filled by a combination of vendors that desire proximity to Amazon and other firms attracted to the vibrant environment of South Lake Union. Examples of such companies include Tommy Bahama, whose corporate offices are located in South Lake Union, and even Microsoft has begun leasing space in the neighborhood.

With tech giants like Microsoft and Amazon continuing to grow and invest in the area, the region is considered a hotbed for high tech and computer oriented business, especially in the areas of software and innovation. This, combined with the area's reputation as a desirable place to live, has led both startup and established companies (including Google, Facebook and Twitter) to establish themselves in the Seattle area, bringing new employees to the region. Part of the impetus is the existing presence of a highly and specially skilled workforce and innovative culture. Considering the nature of the employment base in terms of demographics and wages, not to mention the spinoff benefits from successful employees who have the resources to incubate new ventures, the establishment of the Seattle area as the national center for this growth industry is a highly positive factor, today and into the future, for the regional economy.

Healthcare & Biotechnology:

The Seattle area is home to a number of large medical and healthcare companies, several of which number among the region's largest employers. Among these is Providence Health Services, a not-for-profit Catholic organization operating 34 hospitals and 475 physician clinics in five states (Alaska, California, Montana, Oregon, and Washington.) In June of 2011, Providence opened its new, \$500 million Cymbaluk Medical Tower on its Everett campus. Providence is affiliated with Swedish Medical Center, another large nonprofit medical provider in the greater Puget Sound Area. As of June 2016, Swedish has 1,512 licensed beds, 12,205 employees, and 4,050 physicians and allied health professionals. Swedish has campuses in Seattle, Edmonds, Issaquah, Redmond and Mill Creek, and has recently expanded its Seattle and Edmonds campuses. Virginia Mason in Seattle has recently opened a new 28-unit Critical Care Unit, a high tech, patient focused Surgery Center and Oncology Unit.

Biotechnology development has also become more prevalent in the region over the past decade, with the 2 million sf Fred Hutchinson campus, and 549,000 sf of existing UW Medical space. The first building of UW's Phase III expansion was completed in June 2013. Two more buildings with a total of 359,000 sf could be built on the block, bringing the UW Medicine's SLU campus to more than 900,000 sf. Additionally, a new 6-story 245,000 sf building for the Allen Institute for Brain Science was recently completed in South Lake Union. The institute has moved its headquarters to the South Lake Union neighborhood from Fremont. The Institute has announced plans to double its staff and expand its program as the result of \$300 million in new funding from Allen.

Military Employment

Military employment also makes up a significant portion of the region's economic base. In Pierce County, Joint Base Lewis-McCord has about 53,000 military and civilian employees. The base is 10 minutes from Tacoma and 35 minutes from Seattle, and is a significant influence on its surrounding area. The 1.2 million sf Madigan Army Medical Center is also located nearby. At the north end of the region, the Everett Naval Station began operations in 1994 and currently employs over 6,500 sailors and civilians. It is currently the homeport of the USS Abraham Lincoln aircraft carrier, the largest nuclear-powered warship in the world. In the city of Bremerton to the west, Naval Base Kitsap is an important component of the local economy. It is the largest naval organization in Navy Region Northwest and is composed of installations in Bremerton, Bangor and Keyport. While nationally the US Navy has seen a general downsizing, the Navy's population in Kitsap County, and especially around Bremerton, has stayed steady and has even experienced some growth. The naval base employs approximately 14,900 civilians, 11,500 military personnel, and additionally, there are roughly 15,000 retired personnel located in the area.

Regional Market Overview

Within King County, there is limited building space due to topography and government regulation which keeps development prices high. While the recent relaxation of height restrictions within the Seattle metropolitan area has resulted in a boom of residential towers in previously quiet downtown districts, the high costs associated with downtown development have also spurred developers further afield. Previously industrial districts such as South Lake Union, Georgetown, and Interbay are in varying phases of regeneration as office/residential districts within easy reach of the Seattle CBD.

Regional Residential Market

The multi-family market in the Puget Sound Region has continued to strengthen over the past few years. Several factors have led to the rebound of the apartment market, after a period of decline in 2009. Though home ownership is on the rise again, high down payment requirements and challenging underwriting suggest that many potential homebuyers will continue to rent. Potential buyers are also still worried about losing their jobs, and afraid to commit to a home mortgage. This had bolstered the rental market, increasing demand and lowering vacancy rates. These trends, along with strong population growth and strong

absorption of new projects over the past couple years, have continued to have a positive impact on the market.

Seattle is the nation's 20th largest city, and was the fastest-growing major city in the country in 2013. It remained among the top 5 fastest-growing cities in 2014. The most recent Emerging Trends report from the Urban Land Institute and PWC shows Seattle holding a #4 ranking in its list of top US commercial/multifamily investment markets for 2016.

Future population growth for the Puget Sound area in general is projected to be significant, with an estimated 2% increase in King County between 2000 and 2020. There are 1.93 million jobs in King, Pierce, Snohomish, Kitsap and Island counties and approximately 234,000 occupied units, or 8.2 jobs for every occupied apartment. According to Dupre + Scott, a rough rule of thumb is that every 8 to 9 new jobs create demand for one new unit, consistent with the current job to occupancy ratio. A total of 7,200 units opened in 2013, the highest total since 1991, and another 8,700 units opened in 2014. Over 12,000 are expected to open in 2015 and 2016. Dupre and Scott estimates approximately 55,000 new people moved to the Puget Sound region, creating demand for 14,000 new housing units alone. This figure is significant, and does not include existing residents seeking multi-family housing.

The apartment vacancy rate in the Puget Sound region is 3.5%, per data from *The Apartment Vacancy Report, October 2015*, published by Dupre + Scott Apartment Advisors, Inc. This is a publication updated twice per year and includes surveys of over 233,000 units in the region (or nearly 90% of the market). Vacancy is 3.6% in King County, 3.2% in Pierce County, and 3.7% in Snohomish County. Excluding new units, rent increased 6.4% region-wide over the past year.

Whereas historically most of the forecast population growth in King County has been expected to occur in outlying areas where vacant land is more plentiful, demand for in-city living locations has increased dramatically. Much of the projected population growth will occur in new and infill development in established urban centers.

As of March 2016, the S&P/Case-Shiller Home Price Indices indicated that Seattle area home prices were up 2.39% over the past month, and 9.8% over the past 12 months. In general, the region has seen fairly rapid home price appreciation in recent years. According to the Seattle Times, the median price of single-family homes sold in King County in December 2015 was \$508,000, surpassing the 2007 peak of \$481,000. (Bhatt, Sanjay. "King County home prices hit new highs, inventory at new lows" The Seattle Times 6 Jan. 2015, Business - Real Estate sec. Web. 10 Jun.. 2016.)

Rising consumer confidence, improving employment statistics, and low interest rates have helped sustain the housing and apartment market recovery witnessed over the past few years. The Puget Sound's continued population increases and very good employment both of which contribute to the strength of the residential market.

Regional Industrial Market

The CoStar database provides details regarding absorption, vacancy, rent, and construction trends in the Puget Sound industrial market. According to CoStar, over 4.6 million sf were absorbed in 2015, slightly more than the 4.5 million sf absorbed in 2014. As of June 2016, regional industrial vacancy has declined to 4.2% from a recent high of 7.3% in 2010. Average rents have increased nearly 13% over that time frame. Vacancy rates are generally lower in the markets close-in to the Seattle area, where there is little developable land.

Construction activity is strong. Over 4.3 million square feet of space was delivered in 2015, most of which is located in Pierce County, followed by South King County and Snohomish County. Sales activity, too, has been quite strong. 2015 saw 295 transactions of industrial properties totaling over \$22.5 billion, with an average price per square foot of about \$185. One significant transaction includes the Global Logistics (a company out of Singapore) acquisition of 1,048 properties throughout the US for \$8.1 billion, which included nine industrial parks in the Puget Sound Region; Woodinville Corporate Center I-IV, Southcenter West Business Park, Mill Creek Distribution Center, West Valley Business Center, West Valley Freeway Business Center and Tukwila Commerce Center. The nine properties sold for \$246.4 million, around \$114/sf.

Other significant transactions include the Seattle Logistics Center for \$63.25 million and the \$5.9 billion acquisition of KTR which included the Northwest Corporate park in Kent. Both were purchased by Prologis. Simpson Lumber sold their Tacoma mill for \$94.7 million to Interfor, a company out of B.C. It was noted that the sale price included the business as well. Additional transactions include the Principal Global Investors purchase of the Port Commerce Center for \$57.2 million, Spire General Partner acquired the Georgetown Center for \$28.575 million and the \$28.5 million sale of the Willows Technology Center in Redmond to Pine Forest Properties.

Transportation

Metro bus service in the Seattle CBD core area is plentiful, which facilitates pedestrian transportation in the area. Pedestrian access to and within the CBD is good; however, it is somewhat hampered by the relatively steep topography, particularly between the waterfront and Third and Fourth Avenues. In 2009, Sound Transit started light rail service to the CBD, further facilitating



Source: Seattle Department of Transportation.
Sound Transit Light Rail Project Map

regional access for commuters. Within the downtown area, this transit corridor runs underneath Third Avenue. Although this light rail system currently runs only south as far as the Seattle Tacoma International Airport, future planned extensions include service to south to Des Moines, north to Lynnwood, and east to Bellevue and Redmond. Light Rail service to Capitol Hill and the University District is expected to open in 2016.

Additional public transportation options for those living and working within downtown Seattle include the Monorail, which travels north to the Lower Queen Anne neighborhood, and the Sounder Commuter Rail, which connects Seattle to multiple King County, Snohomish County, and northern Pierce County cities. Both of these transportation options connect directly to the downtown transit tunnel, for a quick transfer to downtown Seattle destinations. The ferry system is also located within the CBD, traveling from Bremerton and Bainbridge Island to the west. Many downtown workers live across Puget Sound in Kitsap County and use the ferry system to commute to work.

Private vehicular transportation is also possible within the downtown area, utilizing a series of high-capacity one-way streets such as 6th Avenue and 4th Avenue (travelling northwest) and Second Avenue (travelling southeast). These streets are connected to three major limited access freeways, including Interstate-5 and SR-99 travelling north/south, and Interstate-90 travelling east.

Interstate-5 is the primary corridor with direct access to Downtown Seattle, running north to Canada and south to Mexico. This freeway also represents the primary form of regional transportation for many residents that reside on the west side of Lake Washington, connecting the major residential areas of southern King County, north Seattle, and southern Snohomish County to the Seattle CBD. Interstate-90 primarily connects to Downtown Seattle via Interstate-5, and runs east connecting major residential / employment areas located east of Lake Washington, eventually connecting Washington State to the east coast.

State Route 99 (SR-99) is another principal north-south route through the city, though it provides only limited access within the downtown area. It runs north to Everett in Snohomish County and south to Tacoma in Pierce County. In the CBD area, SR-99 is an elevated freeway. Construction is currently underway to replace the aging elevated structure with a bored tunnel, which will bypass the downtown area. The City will create an improved park along the waterfront after the highway construction is completed.

Despite these linkages, the region faces problems stemming from the rapid population increases in recent years. Traffic, congestion, and overly-burdened public transportation have depreciated the perceived quality of life among residents, and some businesses have threatened to relocate unless the transportation situation is improved. These include large companies like Microsoft and Boeing, who have claimed that the time spent in traffic is interfering with product delivery schedules.

Unfortunately, fixing the transportation problems in the Central Puget Sound area is expensive and politically difficult. Most businesses are not willing to pay for transportation improvements and voters tend to vote down initiatives that would increase taxes for transportation. Nevertheless, projects aimed at facilitating transit should help to mitigate some of the negative effects of population growth.

These projects include the expansion of I-405 (which runs north-south on the eastern side of Lake Washington), SeaTac Airport's additional runway, Sound Transit express buses, and the aforementioned light rail system and SR-99 tunnel. Additionally, progress is being made toward funding the SR-520 Bridge replacement and legislation passed in March 2010 approved partial funding by making the existing SR-520 Bridge a toll road. The bridge spans Lake Washington, connecting Seattle with Bellevue and Redmond to the east. Construction of the new bridge began in 2012 and the anticipated completion is set for between 2016 and 2017.

Other problems related to increasing population in the Seattle region include inadequate sewer systems and environmental degradation. Escalating housing prices have outpaced income growth for most residents. Confined by the Growth Management Act, development in the Seattle area and in surrounding suburbs is becoming denser and more expensive. Adequate sewer systems that can account for the increasing population are also necessary. This includes both management of waste and storm water runoff, which is an increasing problem with the additional impervious surfaces. Subsequently, increasing pollution in the area has created environmental problems, including the listing of the Puget Sound Chinook Salmon on the Endangered Species Act. A significant amount of energy and funding have and will continue to go toward clean up and preservation of the degraded Puget Sound.

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EXPERIENCE & QUALIFICATIONS

BATES MCKEE, MAI, CRE

Mr. McKee co-founded the firm of McKee & Schalka, Inc. in 1990. McKee Appraisal is now a comprehensive commercial appraisal company employing more than twenty professional appraisers, providing critical analysis and information to corporate, government and private clients nationwide. Mr. McKee graduated from the Massachusetts Institute of Technology (MIT) where he received a Bachelor of Science Degree in Geology, with a Minor in Writing. He also completed the O-Degree program in Geology at Edinburgh University, Scotland, in 1978.

Mr. McKee received the MAI (Member of Appraisal Institute) designation in 1988, after employment with the Seattle firm of Shorett & Riely in 1984. Mr. McKee is a Certified General Real Estate Appraiser (Washington State Certificate No. 1100228), and has completed the requirements of the continuing education program of the Appraisal Institute. Mr. McKee is past Chair of the Seattle Chapter Education Committee, and was elected as Regional Director for the Appraisal Institute in 2005. Mr. McKee was awarded the Counselors of Real Estate (CRE) designation in 2008. He will serve as the President of the Seattle Chapter in 2011.

In his appraisal experience, Mr. McKee has appraised and analyzed a wide variety of commercial property types, and provided critical consultation and litigation services to a diversified range of clients. In addition to managing operations and education at McKee Appraisal, he frequently represents both property owners and governmental agencies in high-profile litigation. Extensive public project appraisal work includes all segments of Sound Transit Link light rail, the Alaskan Way Viaduct replacement project, the Yellowstone retail stores, and Interstate 90. He has particular expertise in portfolio valuation, leased fee and leasehold financial valuation, mediation and dispute resolution, and the valuation of tunnels and easements. He is a frequent educational speaker and lecturer for attorneys, appraisers and real estate consultants.

Mr. McKee was previously employed as a geologist with Roger Lowe Associates, Bellevue, Washington. His work included site evaluation of geologic and hydrologic conditions and hazards, economic feasibility analysis, and construction inspection. Mr. McKee was employed as a physical oceanographer with the research company SAIC. Mr. McKee was an independent investment manager and analyst including authoring of Optival, a computer program for analyzing and valuing stock options. Mr. McKee subsequently worked as an investment software programmer with Expert Systems, Inc., Redmond, Washington.

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KENNETH A. BARNES, MAI, CRE

Mr. Barnes graduated from the University of Missouri – Columbia with a BS in Biochemistry in 1982. In 1988 Mr. Barnes received an MBA with a Finance concentration from the University of Chicago.

Mr. Barnes received the MAI (Member Appraisal Institute) designation in 1989. He also holds the CRE designation awarded by the Counselors of Real Estate. Mr. Barnes entered the real estate business in 1981, first as a principal acquiring and renovating small rental properties, and then as an appraiser in 1983 with Moore & Shryock in Columbia, Missouri. In 1984 Mr. Barnes moved to Chicago to join Real Estate Research Corporation. He joined Cushman & Wakefield in 1989 as a Senior Appraiser in Seattle. In 1990, Mr. Barnes was elected an officer of the company as a Director and Manager of the Seattle practice. In 1998 he left the company to travel and returned to CB Richard Ellis. After 18 months of corporate advisory work he joined first one, and then a second, startup in executive roles. Mr. Barnes returned to Cushman & Wakefield in 2001 as Director. Mr. Barnes joined McKee & Schalka as Principal in 2006.

Mr. Barnes has authored a number of articles in the Appraisal Journal and other real estate publications, and has been a guest speaker or panelist for real estate organizations including NAIOP, IREM and the Appraisal Institute.

Mr. Barnes is a Certified General Real Estate Appraiser (Washington State Certificate No. 1100578), and has completed the requirements of the continuing education program of the Appraisal Institute. In his appraisal experience, Mr. Barnes has appraised and analyzed a wide variety of commercial property types, and provided critical appraisal, consultation and litigation services to a diversified range of clients.

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Mr. Lange graduated from the University of Washington with a Bachelor of Arts degree in Geography. As a Senior Appraiser, Mr. Lange has appraised properties involving all major commercial property types including office, retail, industrial, residential, and special purpose. This includes preparation of comprehensive narrative appraisals for vacant land, proposed properties, and existing improvements. Valuation has encompassed fee simple, leased fee and leasehold estates.

Mr. Lange also has extensive experience with both full and partial acquisition appraisals, for public agency acquisition, and was the Project Manager for the appraisal of the underground interests to be acquired by Sound Transit for the Capitol Hill (downtown to UW) segment and above ground interests for the Tukwila segment (downtown to SeaTac).

He is a candidate for designation with Appraisal Institute and appraisal coursework includes USPAP, Business Practice and Ethics, Report Writing, Highest and Best Use & Market Analysis, Advanced Sale Comparison and Cost Approaches. Mr. Lange is a Certified General Real Estate Appraiser (Washington State Certificate No. 1101679). He is a lifelong resident of the Seattle area.

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