

Appraisal of

Dexter Horton Building

710 2nd Ave

Seattle, Washington 98104



McKee Appraisal

Real Estate Services & Consulting, Inc.

Seattle, Washington

Appraisal
of
Dexter Horton Building

Appraisal of Real Property: Office building

Location:

710 2nd Ave
Seattle, Washington 98104

Effective Date of Appraisal:

February 14, 2024 - Market Value

Prepared for:

King County

Appraised by:

Bates McKee, MAI, CRE
Matthew Lange

McKee Appraisal

Real Estate | Consulting

600 1st Avenue, Suite 102-2074, Seattle, Washington 98104
(206) 343-8909 | www.msreal.com

Reference 44001



February 15, 2024

Chrissy DiJulio
Associate Director
CBRE Property Management
On behalf of King County

Property Name:	Dexter Horton Building
Address:	710 2 nd Ave Seattle, WA 98104
Description:	<i>Appraisal of Real property – 15-story office building</i>
Specification:	<i>King County Parcel No. 093900-0260</i>
McKee Appraisal Reference	44001

Dear Ms. DiJulio:

We have prepared the attached appraisal report for the subject property. The subject consists of a 15-story office building that is 59% leased.

The purpose of this appraisal is to estimate the As Is Market Value of the leased fee interest in the property as of February 1, 2024. This appraisal models the King County expansion plan (bringing King County occupancy to about 32% of total building area compared to current 27% occupancy), and the other tenants and leases encumbering the property.

The accompanying appraisal report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP). 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.

As a result of our investigation and analysis, our conclusions are:

<i>Description</i>	<i>Date of Value</i>	<i>Value</i>
Market Value – As Is	February 1, 2024	\$46,000,000

The value estimates are commensurate with a reasonable exposure and marketing time of twelve months.

Respectfully submitted,

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

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

Certification

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.
- McKee Appraisal has not performed appraisal services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 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.
- Matthew Lange and Bates McKee have personally inspected the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- My reported analyses, opinions and conclusions were developed, and this Report complies with, the Code of Professional Ethics and Standards of Valuation 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 has completed the continuing education program for Designated Members of the Appraisal Institute.
- 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 State-Certified General Real Estate Appraiser (1100228)



Matthew Lange, Appraiser

WA State-Certified General Real Estate Appraiser (1101679)

McKee Appraisal

Real Estate Services & Consulting, Inc.

Ordinary 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 Ordinary Assumptions and Limiting Conditions are supplemented by additional extraordinary 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 studies 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. We assume that future conditions are as anticipated by the markets and as discussed in the report, and any future projections or values are predicated on this assumption. 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.

Table of Contents, Maps and Exhibits

Certification	i
General Assumptions and Limiting Conditions.....	ii
Restriction Upon Disclosure and Use	ii
Summary of Important Conclusions	1
Subject Photographs	3
Aerial Photograph.....	3
Subject Photographs	4
Appraisal Description	10
Neighborhood Description.....	14
Neighborhood Map	14
Surrounding Map.....	18
Market Analysis	20
CBD Vacancy and Average Rental Rates -Cushman & Wakefield.....	30
Competitive Office Market Summary.....	32
Site Description	37
Site Map.....	37
Improvements Description.....	40
Highest and Best Use.....	43
Sale Comparison Approach.....	44
Sale Comparison Photographs.....	44
Sale Comparison Map	46
Sale Comparison Summary	47
Sale Comparison Adjustment Grid	50
Income Approach.....	52
Lease Comparison Photographs	52
Lease Comparison Map	55
Lease Comparison Summary	56
Income & Expense History & Forecast	61
Office Expense Comparisons.....	62
Office IRR, Capitalization, Income & Expense Rate Data	66
Discounted Cash Flow Valuation Parameters	68
ARGUS Cash Flow.....	69
Present Value Report.....	71
Reconciliation and Final Value Estimate	72
ADDENDA	74
Seattle Area Economy and Market Analysis Report	
ARGUS Discounted Cash Flow Reports	
Historic Preservation Ordinance	
Appraisers' Experience & Qualifications	

Summary of Important Conclusions

Name of Subject Property	Dexter Horton Building
Address	710 2nd Ave Seattle, Washington 98104
King County Parcel No.	093900-0260
Property Description	15-story office building
Detailed Description and Status	<p>328,504 sf - Total rentable building area (+ 8,068 sf of additional storage area)</p> <p>King County currently occupies 27% of the property and will expand into 17,249 sf on the 7th and 9th floors, bringing their occupancy to about 32% of total building area. There is 41% vacancy (on 9 different floors). The remainder is 27% leased to 9 different tenants, with 20% of this space expiring by the end of 2026.</p>
Highest and Best Use	Continued use of improvements
Valuation Premise	Leased Fee Estate
Valuation Approaches	We have used the Sale Comparison Approach, and Income Approach. Final valuation is based upon a reconciliation of the approaches.
Value Indications	<p><u>Sale Comparison Approach</u> Value Range: \$36,000,000 - \$43,000,000</p> <p><u>Income Approach</u> Value Range: \$46,000,000 - \$52,000,000</p>

Final Value Conclusion

<i>Description</i>	<i>Date of Value</i>	<i>Value</i>
Market Value	February 1, 2024	\$46,000,000

Comments

The subject of this appraisal is the Dexter Horton Building, a 15-story office building in downtown Seattle. The subject was originally designed as the first bank in Seattle. It was designated as a historic landmark in 1993 and received historic tax credit discounts in 2004. It served as municipal offices from the 1970's to early 2000's and was restored in 2002. The property contains mostly office space with some small ground level retail area. The property has a 99 walk score and 100 transit score, with a location one block from a light rail station and four blocks from the ferry terminal. Interstate 5 freeway access is three blocks east.

King County currently occupies 27% of the property and will be expanding into 17,249 sf on the 7th and 9th floors, bringing their occupancy to about 32% of total building area. The remainder is 27% leased to 9 different tenants, with 20% of this space expiring by the end of 2026. The vacancy rate is 41% (within 9 different floors).

The property mortgage loan was recently offered for sale, apparently prompted by the lender ING. We understand there is now a purchase and sale agreement for the property with the primary occupant King County as the potential buyer. In conjunction with the transaction, we understand that a Property Condition Assessment (PCA) report is being completed, and have been preliminarily informed that there are no anticipated significant issues or outstanding capital costs required for the subject in the near term. This finding is consistent with our visual inspection and with the reporting in the debt offering memorandum that the building has undergone substantial upgrades and capital expenditures over the years, with about \$21 million in building improvements plus nearly \$40 million in tenant improvements expended since 2000.

We estimate the market value of the property based on the Sale Comparison Approach and Income Approach. The office market is currently in poor condition as a result of decreased occupancy and demand, catalyzed by the advent of Covid. There have been very few recent transactions of similar properties, as buyers have little certainty about near term prospects and sellers have not been willing to sell at bargain prices far declined from recent peak values, leaving a wide "bid/ask spread" and little price discovery. We examined and adjusted sales of other office properties (including the reported potential price for the subject) to arrive at a range of value indicated by the Sale Comparison Approach, concluding to a range of \$110/sf - \$130/sf (far below the most recent purchase price for the subject of \$151 million five years ago, or \$460/sf). In the Income Approach, we prepared a discounted cash flow analysis utilizing Argus modeling software. This model incorporated a wide range of information including existing lease terms, market rent, leasing commissions, TI allowances, and expected rates of return. We also employed direct capitalization analysis. Both approaches provided fairly similar indications.

In the end we considered the indications of both approaches, with more weight placed on the Income Approach, which incorporates the most specific and reliable information, and is the most typical approach employed by purchasers in this market.

Aerial Photograph



Subject Photographs



Subject frontage along 3rd Ave. There is a tenant entrance from this street, and a coffee shop tenant.



View of subject frontage along 2nd Ave and main tenant lobby entrance (corner of 2nd Ave and Cherry Street).



Photo facing west along Cherry Street.



View of upper floor shell vacant space.



Outlooks facing north from the rooftop deck of the building. Wells Fargo Tower in foreground, Fourth and Madison to the right. Immediately left are the Norton Building and Exchange Building.



Main lobby entrance from 2nd Ave on first floor.



Interior of second floor common area and adjacent Coffee shop.



View of King County space on the second floor and mezzanine.



Outlooks facing south.



Outlooks facing southeast.



Outlooks through one of three light wells, photo facing south. Courtyard Hotel in the background, with views of Smith Tower.



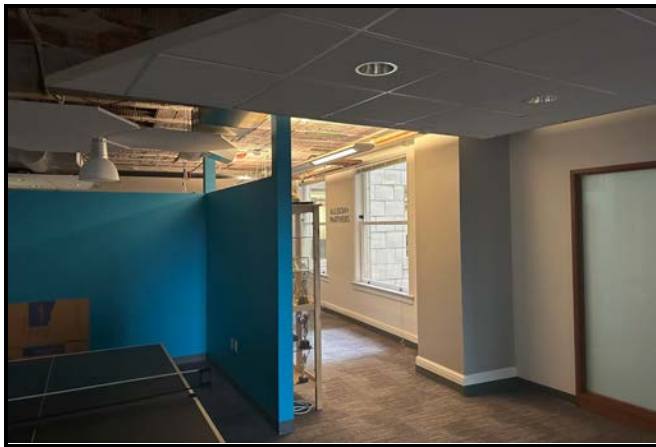
View of tenant space



Common area hallway.



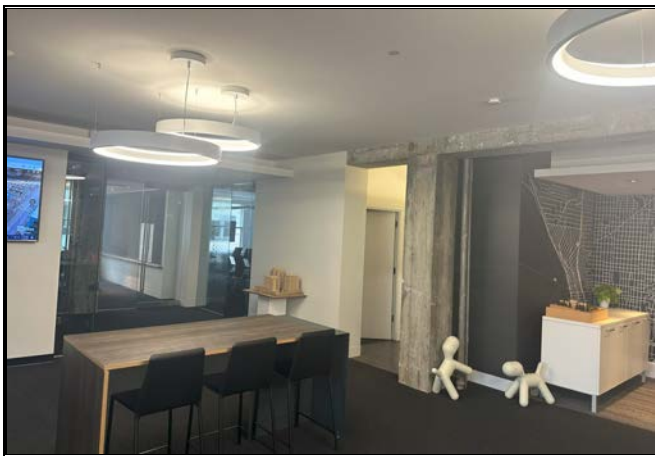
View of vacant shell space on the 4th floor.



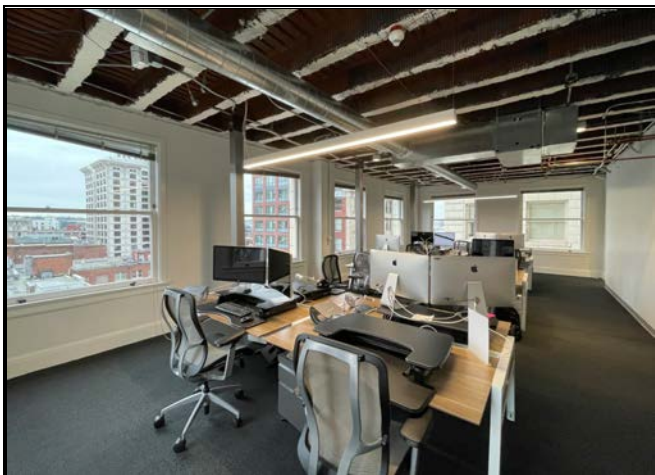
View of A+Partners space. Tenant will be vacating their 6,000 sf space in 2024 upon lease expiration.



View of operable windows and outlooks facing light well.



View of typical tenant buildout in Collins Woerman space, a mix of private office and open area.



View of typical office/conference tenant build-out with view exposure.

Appraisal Description

Identity of Property

The address of the subject property is 710 2nd Ave, Seattle, WA 98104.

Legal Description

The property may be referenced as parcel number 093900-0260.

Title Report: Easements and Encumbrances

We have not been provided with a title report for the subject property. We understand there is an easement for access rights beneath a portion of the subject property and the public sidewalk area. We are not aware of any payments for this right and do not believe there is a value impact. We assume that there are no other easements or other restrictions which encumber the property to a degree that the value would be impaired. The building is designated as a Landmark by Seattle, and subject to a historic preservation ordinance (copied in the Addenda). The entire exterior, and Second and Third Avenue lobbies are preserved.

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*, 2024 Edition, Page 60:

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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;*
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;*
- (3) A reasonable time is allowed for exposure in the open market;*
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- (5) 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 the Code of Federal Regulations, Title 12, Part 34, Subpart C, 34.42(g), August 24, 1990, and updated January 1, 2000.

Client and Intended Users

The client and Intended User is King County (with CBRE facilitating on their behalf).

Intended Use of Appraisal

The intended use is for a potential purchase.

Property Interest Appraised

This is an appraisal of the leased fee estate.

Unavailability of Information

We have not been provided with various expert information which may be relevant to the valuation such as Property Condition Assessment report, environmental report, surveys, structural, geologic, or critical area reports. We have not reviewed a title report, or any report relating to other legal or compliance issues. We are not experts in any of these areas, and we rely on the technical reports of qualified experts when available. Please refer to the following extraordinary assumption relating to these issues.

Extraordinary Assumptions and Hypothetical Conditions

This appraisal is subject to the Ordinary Assumptions and Limiting Conditions found at the beginning of this report. In addition, the following extraordinary assumptions and hypothetical conditions may have affected the assignment results.

Considering the unavailability of information (including those items discussed above) and considering that our inspection was of selected portions of the subject property only and not of all portions, we assume as an extraordinary assumption that there are no unapparent conditions which affect the value or utility of the property.

Scope of Work

The scope of this appraisal assignment is consistent with the client Agreement. In the course of this assignment, the portions of the interior and exterior of the subject property were inspected. We researched the subject by analyzing various information from public records as well as information provided by the owner. We researched trends and public information about the neighborhood and the market for office properties. We have reviewed a current rent roll, income and expense reports, and several newer leases. We have surveyed several properties which are considered to be direct competitors for the subject to analyze competitive market rents and market parameters.

We have used the Sale Comparison Approach and Income Approach to value the property. For the Sale Comparison Approach, we researched office transactions of buildings with similar locational, market, and income characteristics, and we have adjusted these comparisons. This included analysis of the pending subject sale. For the Income Approach, we have analyzed historic rent, income, and expense characteristics for the subject property. We have evaluated rental rates of comparable properties in our analysis of the subject and discount parameters. We have considered and modeled the planned lease expansion at the subject. Utilizing the historic and market data, we have made projections for the subject improvements and incorporated these into a Discounted Cash Flow analysis. We have also considered indications from a Direct Capitalization analysis.

Competency

We are competent to appraise the subject property. We have considerable experience in the analysis and valuation of complex income-producing properties. We have recently appraised several other similar class office buildings in Seattle and have extensive knowledge of the local and regional market. We have previously appraised the subject property, most recently in 2013. 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

Per King County records, the current owner of the property is 710 Second Ave WA Owner LLC.

History and Current Status of Property

The subject was originally designed by John Graham and constructed in 1924 for the Dexter Horton National Bank, the first bank in Seattle. After a merger it became the headquarters for Seafirst Bank until 1969. It was designated as a historic landmark in 1993 and received historic tax credit discounts in 2004. It served as municipal offices from the 1970's to early 2000's and was restored in 2002. The property is today about 59% leased (including the King County expansion of 17,249 sf). The largest tenant is King County, with their largest lease of 86,998 sf extending through February 2028.

3-Year Sales and Other Transfer History

The property has not transacted in the last 3 years. We are aware of a current pending purchase of the property for a reported price of \$36,640,000. It is our understanding that the property effectively went to market around October 2023, and is currently contracted to the prospective buyer, King County. The seller was seeking a prospective buyer that was able and willing to make a quick and reliable close on the property. Thus, the property did not receive a typical marketing period with limited price discovery or multiparty auction procedures. Additional discussion and analysis is contained in the Sale Comparison Approach.

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; 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 future marketing.

There has been very little transaction data the past two years, but the marketing of the current subject property was significantly shorter than a typical marketing period in the current market (estimated at twelve months).

Building Strengths

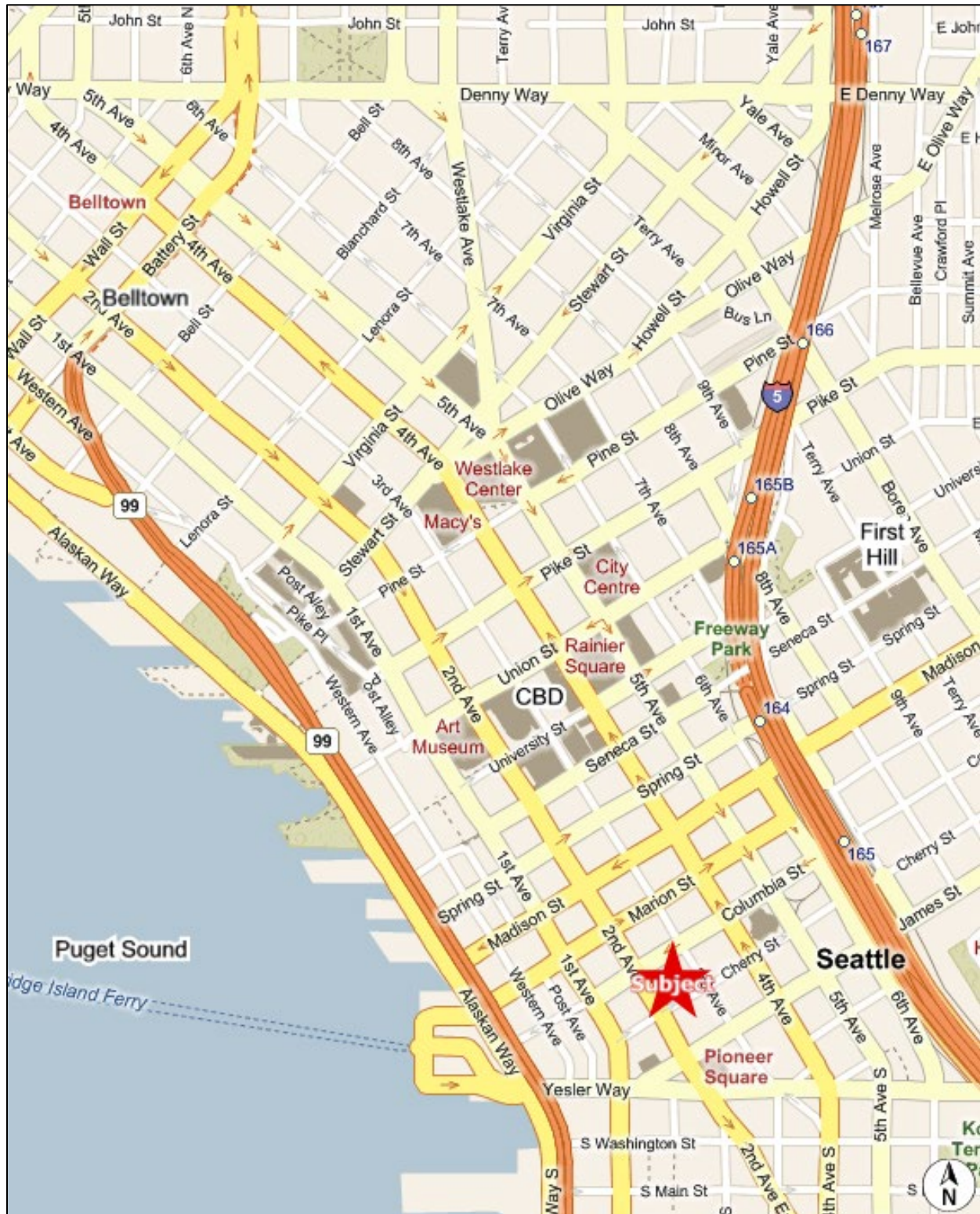
- Competitive rental rate structure relative to more expensive office towers.
- Good income stream from anchor credit tenant (King County leases 32%).
- Substantial past 20-Year capital expenditure investment in property (summary included herein), with upgraded and functional building systems.
- Small floor plates and depths with extensive windows, potentially appropriate for residential conversion.

Building Weaknesses:

- No parking
- Downtown fringe location on edge of financial district (area with less retail/street activity)
- Older age of the improvements, with historic preservation controls.
- Near term rollover within next 2.5 years of 19% of the rentable space.
- 41% vacancy, with high required capital costs to lease-up

After consideration of various factors, we conclude that a reasonable average exposure time and marketing time for the subject property would be twelve months, and the value conclusions of this report are consistent with that period.

Neighborhood Description



Neighborhood Description

Regional Overview

The Seattle Metropolitan area is in the middle of a 5-county area often referred to as the Central Puget Sound Region. The Seattle Metropolitan Area consists of King, Pierce, and Snohomish counties. With a population of over 3 million, this is the 15th largest metropolitan area in the United States. The geographic nature of the tri-county area consists of a variety of terrain between the Puget Sound to the west and the Cascade Mountain range to the east. Significant development within the area is primarily focused along the western edge closer to Puget Sound and has spread approximately ten to thirty miles east depending on the area. In-place growth management laws are expected to continue to keep additional eastward development limited and intensify development within previously developed areas. The Seattle Metropolitan Area is home to a variety of firms large and small, including Amazon, Microsoft, Boeing, Costco, Expedia, T-Mobile, and others.

Neighborhood Description

The subject is in the south portion of the Financial District 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 remainder of the Denny Regrade to the north has gradually been blurred with new construction and renovations. The Downtown Seattle area also generally includes the Lake Union area north of the Denny Regrade, and the International District east of Pioneer Square. The CBD is defined by both geographic constraints and the underlying zoning which allows the highest potential FAR of anywhere in the region.

Neighborhood Access

Metro bus service in the CBD core area is plentiful, which further facilitates pedestrian transportation in the area. 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 2009, Sound Transit started light rail service to the CBD, further facilitating regional access for commuters. Within the downtown area, this transit corridor runs underneath Third Avenue, and access from the subject property is provided underneath a parking garage at the corner of University Street and Third Avenue. Although this light rail system initially runs only south as far as the South 200th Street in SeaTac and as far north as the Northgate, future planned extensions include service to south to Tacoma, north to Lynnwood and Everett, and east to Bellevue, Redmond and Issaquah.

Additional public transportation options for those living and working within downtown Seattle include the Monorail that travels north to the Lower Queen Anne neighborhood, and Sounder Commuter Rail, which connects Seattle to multiple King County, Snohomish County, and northern Pierce County cities. Both of these latter 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. A pedestrian bridge connecting the ferry terminal to Marion Street is located approximately nine blocks southwest of the subject.

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. Union Street (I-5 Southbound), Seneca Street (I-5 Northbound), Madison Street (I-90/I-5), Stewart (I-5 Southbound), and Olive Way (I-5 Northbound) are the major freeway exits from Interstate 5. Access to the subject property is primarily provided by the Olive Way exit, which provides access to the subject property and parking garage. The University Street entrance to Interstate 5 north is also located just southeast of the property.

State Route 99 (SR-99) provides only limited access within the downtown area and runs north to Everett in Snohomish County and south to Tacoma in Pierce County. Construction is complete on a bored tunnel which bypasses the downtown area, which is a negative factor for traffic patterns close to the entrance/exit points in the South Lake Union area to the north and the Pioneer Square area to the south.

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.

Immediate Surrounding Uses

The subject is located at the south end of the financial core area of the CBD at the northeast corner of 2nd Ave and Cherry (and NW corner of 3rd Ave/Cherry). Third Avenue is a two-way street with a fairly high level of bus transportation. The nearest large block of available public parking to serve the subject is located along the waterfront at various surface lots and parking garages.

The subject is on a block which is developed with two other buildings. The north half of the block is improved with the former First Title 3rd/Columbia building.

Recent Development - Financial District

Much of the Seattle Financial District is currently improved with significant structures, although re-development is planned or currently underway for multiple large parcels in the subject area. Below is a brief summary of recent development in the downtown area, following which is a summary of the most relevant developments currently under construction.

Major office developments completed within the past five years within the Financial District include Madison Centre, a 750,000sf office tower located at 920 Fifth. Currently, this building is about 93% leased, and sold in 2022.

The other recently completed buildings in the financial district is the F5 tower, an office/hotel mixed use project with about 516,000sf of office, all of which has been leased to a single tenant, F5. Moreover, the project includes a 189-room, 16-story hotel. A significant amount of space is reportedly available for sublease.

Skanska's Qualtrix Tower project (687,000 sf) was completed in 2019 and is 91% leased, with 37% sublease space available. Major tenants include Qualitrics, Spaces, Indeed, and Dropbox.

Another recently finished project is Martin Selig's Federal Reserve building, where seven-floors of office space was added to the existing landmarked structure. No tenants have been announced.

Just outside the CBD core is Third & Lenora, built in 2020 with 177,370 sf of direct available space (part of a 36-story mixed-use condo with residential, with office on floors 1-12).

Though a mixed-use building, it's worth noting that the most recently completed office project is the 1075 Lenora tower, a mixed-use building with the first 4 stories devoted to A+ office space. This 55,000 sf remains available for lease. This was the only newly constructed supply of high-quality office space in 2022 in the CBD (excludes SLU).

Just over 1.5 million sf was under construction at the end of Q4 2023, with the largest project being 1120 at OSLU, located in the Lower Queen Anne/Lake Union submarket. The two-tower 895,000 sf project, built from the façade of the former Seattle Times building is due to deliver in 2025 without an anchor tenant. Projects under construction in the CBD include the ~530,000 sf tower at 1000 Olive Way, and the ~320,000 sf tower at 1916 Boren.

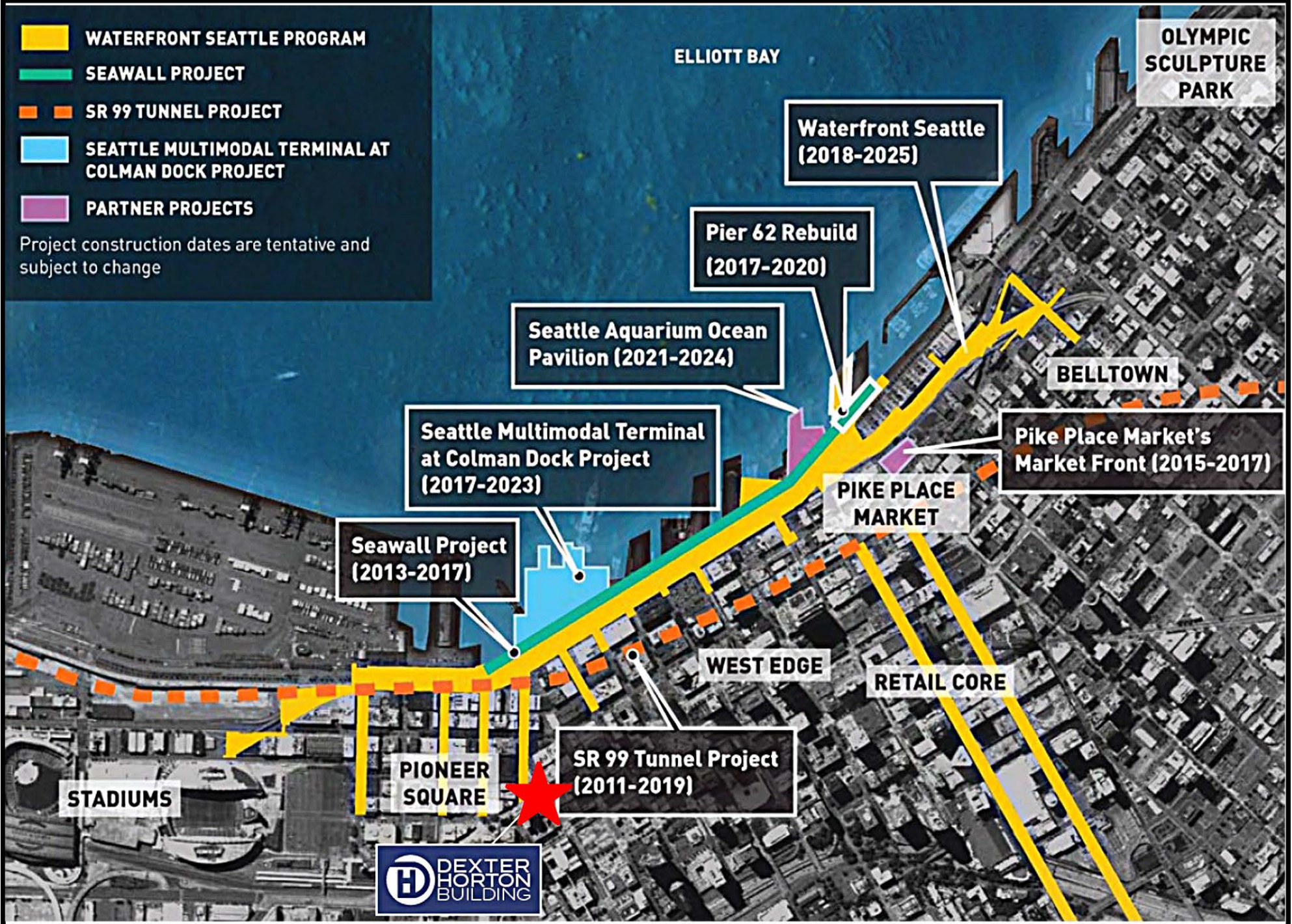
Conclusion

The subject is located in the Financial District, with good neighborhood access to the freeway system, surrounding streets, and is well connected to mass transit.

Surrounding Use Map



Surrounding Use Map 2



Market Analysis

Economic Conditions

The US economy saw a significant recovery in 2023, with the real GDP increasing at an annual rate of 4.9% in the third quarter. However, the outlook for 2024 is more cautious. Economic growth is expected to decelerate, with J.P. Morgan forecasting a below-trend 0.7% pace of expansion. The Conference Board forecast is fairly pessimistic about 2024, forecasting a short and shallow recession. In January 2024 the Conference Board released the following economic forecast for the US economy:

“We anticipate a tepid start to 2024. While the prospects for a soft landing have risen we continue to believe that volatility awaits the US economy in this year. We forecast two quarters of slightly negative GDP growth in Q2 and Q3 2024 that will be broadly felt across the economy. However, late 2024 and 2025 should usher in a period of lower volatility and greater predictability. Inflation and interest rates should normalize and GDP growth should converge to potential at just under 2 percent.

US consumer spending held up remarkably well in 2023 despite elevated inflation and higher interest rates. However, this trend is unlikely to hold, in our view. Real disposable personal income growth struggled to outpace real consumer spending for much of H2 2023, pandemic savings are dwindling, and household debt is rising (along with delinquencies). Additionally, the growth in ‘buy now, pay later’ plans may also weigh on future spending as bills come due. Thus, we forecast that overall consumer spending growth will slow in Q1 2024 and then contract in Q2 and Q3 2024. However, we do not expect labor market conditions to meaningfully deteriorate. As inflation and interest rates abate, consumption should expand once again in late 2024.

Following a pop in Q2 2023, business investment growth slowed materially in Q3 2023 as interest rate increases made financing activities more expensive. While we expect a slight increase in Q4 2023, in 2024 this trend should intensify as the Fed resists calls to cut rates until mid-year. Residential investment, which had been contracting since 2021, began to grow again in Q3 2023. Persistent demand for homes and a dearth of supply was the driver. However, looking ahead, we do not expect residential investment growth to meaningfully improve until interest rates begin to fall.

Government spending was a positive contributor to growth in 2023 due to federal non-defense spending associated with infrastructure investment legislation passed in 2021 and 2022. However, growth is likely to slow in 2024 and 2025 as infrastructure spend out stabilizes. Furthermore, political volatility surrounding fiscal policy, debt, and outlays could impact government spending over the next few years.

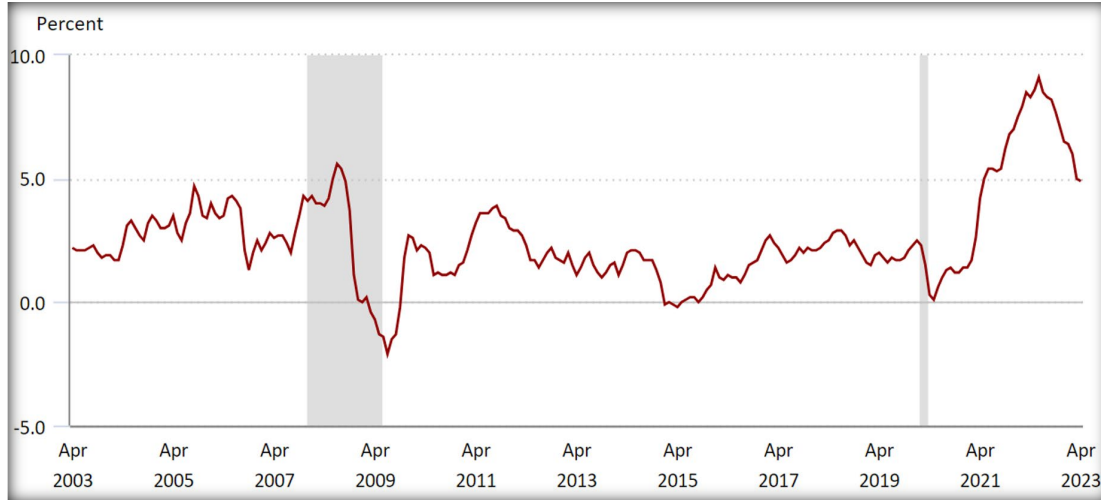
Labor market tightness has been remarkably persistent in 2023, but recent data show some moderation. While this should continue over the coming quarters, we do not expect labor markets to unravel (as was the case in previous recessions). The tightness largely reflects a shrinking labor force as Baby Boomers retire.

Indeed, this persistence should prevent overall economic growth from slipping too deeply into contractionary territory and facilitate a rebound next year.

On inflation, we expect to see steady progress over the coming quarters. Oil, and consequently energy prices, are falling. Meanwhile, price pressures emanating from dwellings and services continue to moderate. Notably, services demand should cool as consumer spending wanes. We expect year-over-year inflation readings to hit the Fed's 2 percent target in Q3 2024. This expectation will trigger rate cuts starting in Q2 2024. We anticipate 25 basis point cuts at every meeting until rates fall below 3 percent in Q3 2025.

The Conference Board US Economic Outlook, 2022-2025 (Jan)												
Percentage change, seasonally adjusted annual rates (except where noted)												
<input type="text" value="Search in table"/>												
	2025							2021*	2022*	2023	2024	2025
	II Q	III Q	IV Q	I Q	II Q	III Q	IV Q					
Real GDP	-0.7	-0.4	1.5	1.7	1.9	2.1	2.1	5.8	1.9	2.5	1.2	1.4
Real GDP (YoY)	1.8	0.5	0.3	0.5	1.2	1.8	1.9	5.8	1.9	2.5	1.2	1.4
Real disposable income	0.0	0.0	1.0	1.5	1.8	1.9	2.0	3.2	-6.0	4.2	1.0	1.3
Real consumer spending	-0.8	-1.0	1.0	1.5	1.8	1.9	1.9	8.4	2.5	2.2	0.9	1.1
Residential investment	1.0	1.0	2.0	2.5	3.5	4.0	4.0	10.7	-9.0	-10.8	1.1	2.6
Nonresidential investment	-1.2	-1.2	1.2	2.7	3.0	3.6	3.8	5.9	5.2	4.5	1.2	1.9
Inventory change (bln chn '17\$)	-20.0	-20.0	0.0	0.0	0.0	0.0	0.0	13.0	128.0	40.0	-8.0	0.0
Total gov't spending	2.4	2.2	2.1	2.1	2.0	1.8	1.7	-0.3	-0.9	4.0	3.1	2.1
Exports	1.0	1.0	2.0	2.5	3.0	3.0	3.0	6.3	7.0	2.4	1.4	2.3
Imports	0.0	0.5	2.5	3.0	3.5	3.5	3.5	14.5	8.6	-1.7	0.6	2.6
Unemployment rate (%)	3.9	4.1	4.3	4.2	4.0	3.9	3.9	5.4	3.6	3.6	4.0	4.0
Labor Force Participation Rate (%)	62.5	62.4	62.2	62.1	62.0	62.1	62.1	61.7	62.2	62.6	62.4	62.1
PCE Inflation (%Y/Y)	2.3	2.0	2.0	2.0	2.0	2.0	2.0	4.2	6.5	3.7	2.2	2.0
Core PCE Inflation (%Y/Y)	2.3	2.1	2.0	2.0	2.0	2.0	2.0	3.6	5.2	4.1	2.2	2.0
Fed Funds (% Midpoint, Period End)	5.125	4.625	4.125	3.625	3.125	2.875	2.875	0.125	4.375	5.375	4.125	2.875

12-month percentage change, Consumer Price Index, selected categories, not seasonally adjusted



In summary, uncertainty is present today and likely to remain in the near future. While society has adapted significantly to the many changes brought about by the Covid era, near term economic prospects are neutral. Consumer confidence recently increased and the general attitude is perhaps mid-term optimism as we navigate the many disruptive issues at hand.

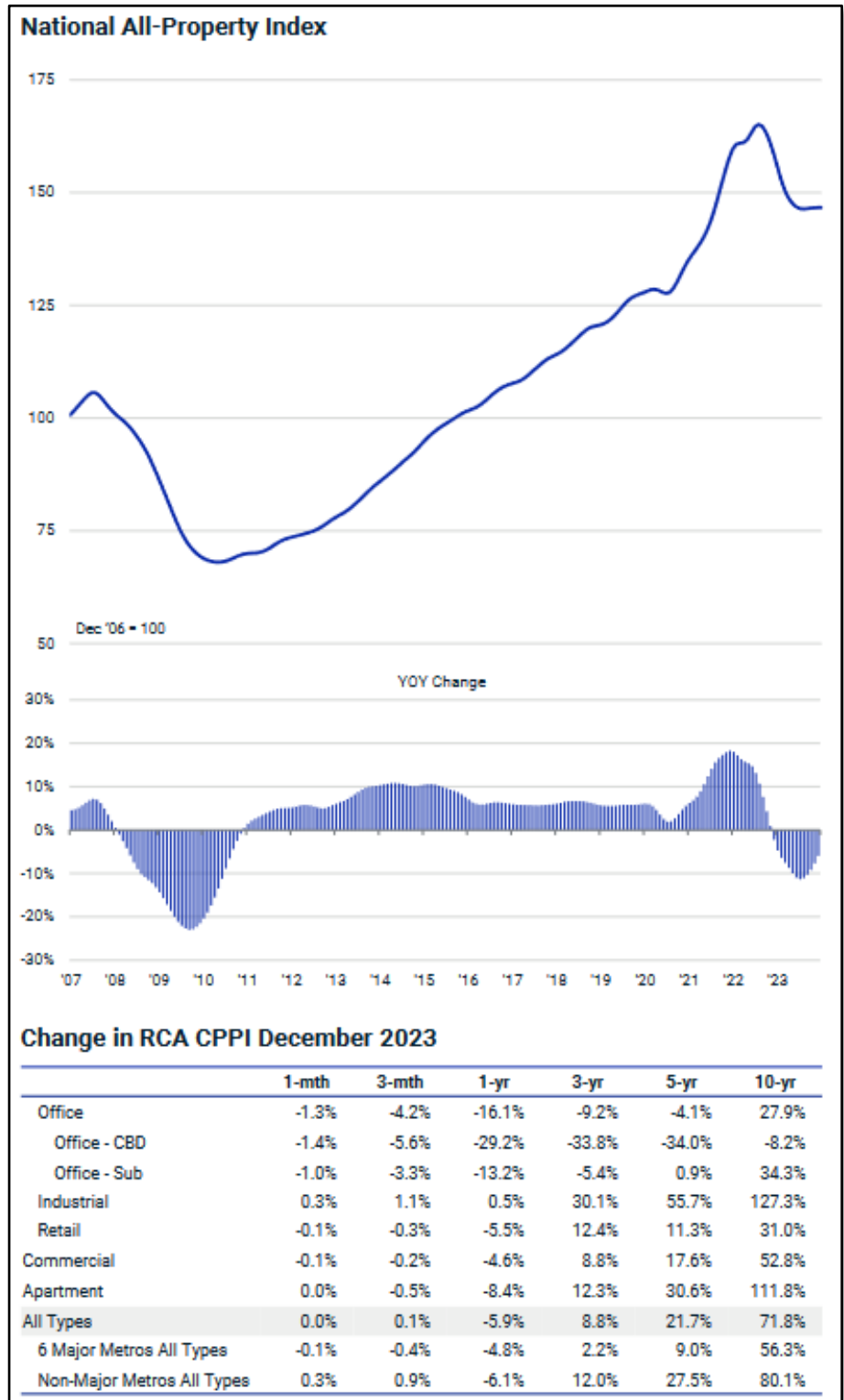
National Market - Value Trends and Sectors

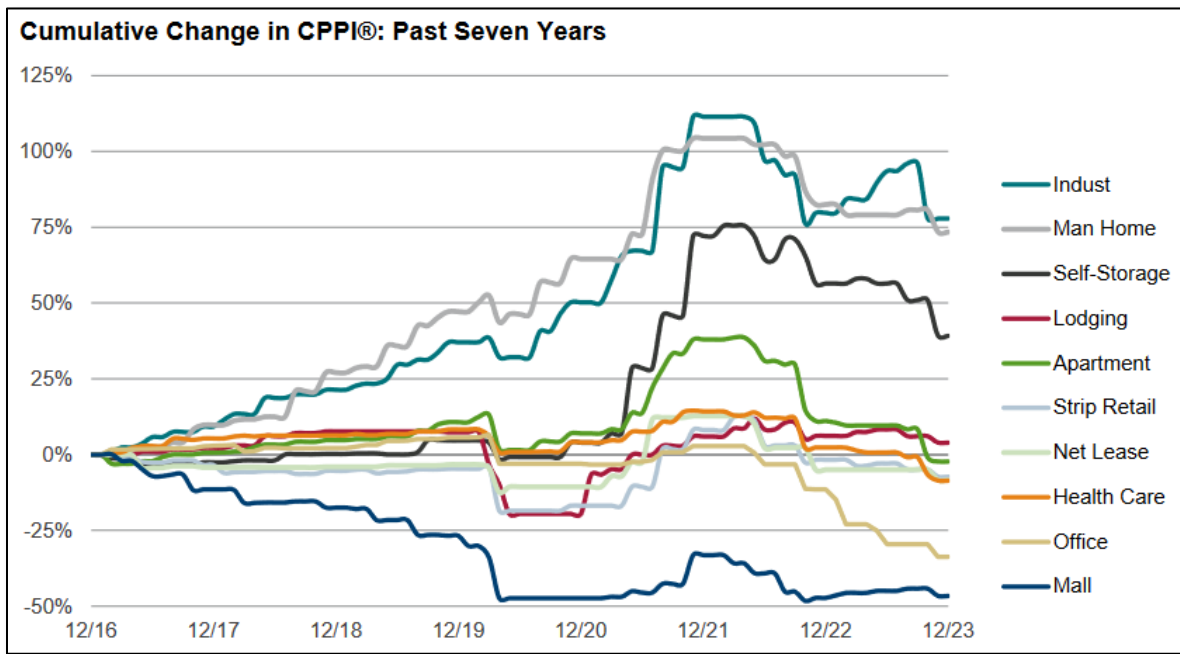
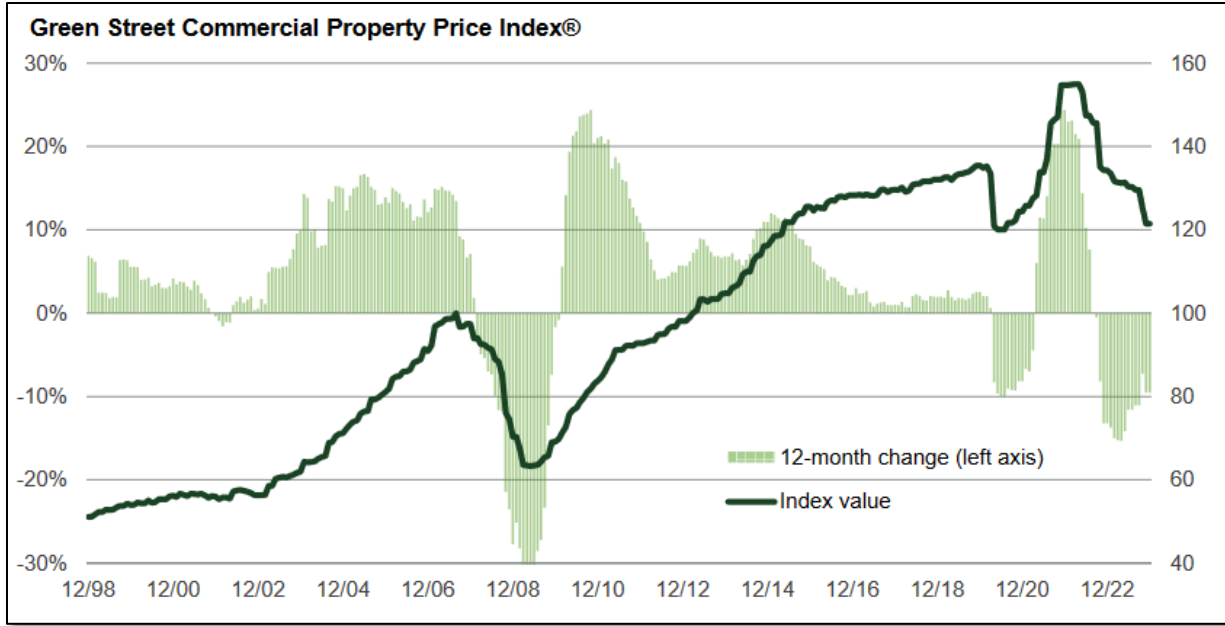
For a broad understanding of the current conditions in the commercial real estate markets, we have consulted several nationally published price indices. First, the Commercial Property Price Index (CPPI) produced by Real Capital Analytics (RCA), reflecting results through November 2023.

This equally-weighted index reflects repeat sales of the same property in which the initial transaction price was \$2.5 million or more. Overall, year over year gains have continued to slide and the index is in negative territory.

Most asset classes declined during the last 12 month cycle, led by CBD Office -33%. Industrial properties increased slightly YOY. Over the last 3 and 5 year periods all properties show net increases, except Office properties. In general the brief loss in the immediate post-covid period of 2020 saw significant increases in 2021 and the first part of 2022, followed by equally sharp declines from mid-200 to mid-2023. Most property sectors saw stabilization of values starting in mid-2023.

Another national index, the Green Street CPPI, has REIT data (institutional properties), is value weighted, and is appraisal-based. The Price Index is “a time series of unleveraged U.S. commercial property values that captures the prices at which commercial real estate transactions are currently being negotiated and contracted”. The overall index reported no change in December 2023 and 22% from the March 2022 peak. The following tables show the overall index for commercial properties, and the sector-specific changes for the last 7 years. All sectors in this report showed no change for the month of December.

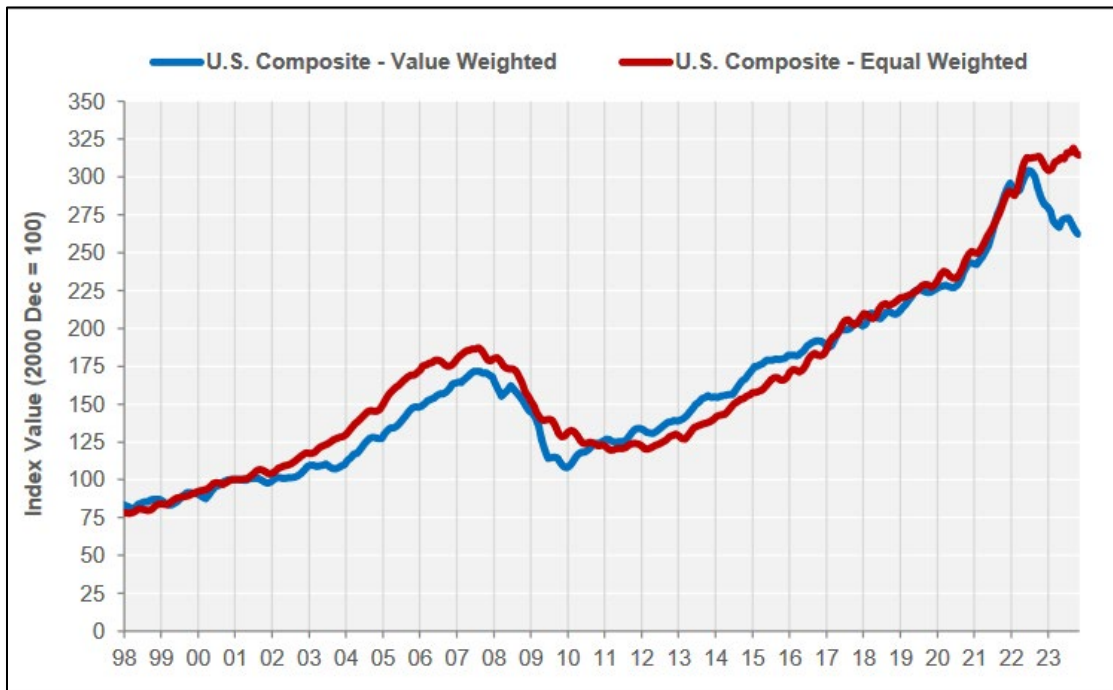




A third index is the CoStar Commercial Repeat-Sale Indices (CCRSI), based on repeat sale pairs. The value-weighted U.S. Composite Index, which is more heavily influenced by high-value trades common in core markets. This index ticked down 1.1% over the prior month, and is down 8.3% year-over-year as of November 2023. The equal-weighted Composite Index, which encompasses a broad range of markets and asset classes, gained 1.3% year over year, perhaps indicating overall stabilization of some property situations and sectors.

Green Street CPPI®: Sector-Level Indexes

	Index Value	Change in Commercial Property Values		
		Past Month	Past 12 Mos	Recent Peak
All Property	121.8	0.3%	-9%	-21%
Core Sector	121.1	0.5%	-9%	-24%
Apartment	136.9	1.8%	-10%	-28%
Industrial	213.6	0.0%	-1%	-16%
Mall	78.1	0.0%	0%	-20%
Office	73.4	0.0%	-22%	-35%
Strip Retail	108.7	0.0%	-6%	-18%
Health Care	120.5	0.0%	-11%	-20%
Lodging	105.4	0.0%	-2%	-7%
Manufactured Home Park	274.9	0.0%	-5%	-15%
Net Lease	94.1	0.0%	-4%	-19%
Self-Storage	248.1	0.0%	-11%	-21%



In summary, recent values have declined fairly significantly, while overall near-term prospects for commercial real estate value is now stabilizing to neutral. With many assets collateralized with term debt arrangements, lenders and investors are very cautious and the near-term

availability of capital is low. When capital is available it is at much higher interest rates than typical over the last 10 years, and leveraged returns in particular are under pressure.

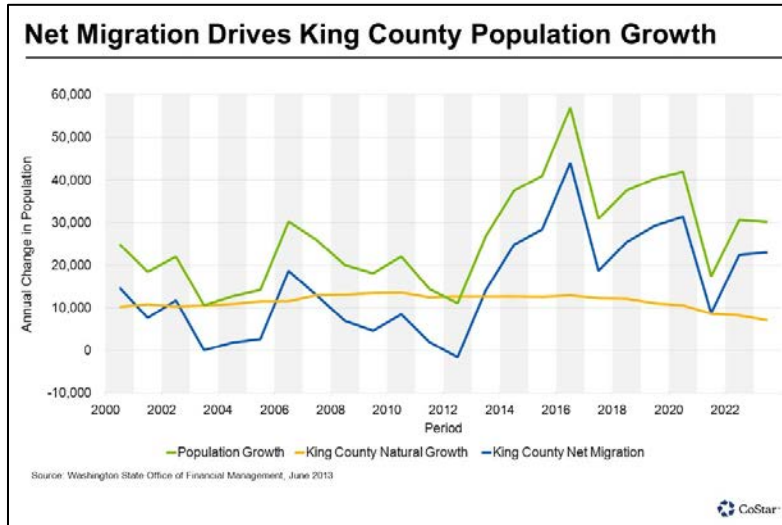
The immediate prospects appear poor for supply compared to demand and for pricing in some sectors, particularly in office, with a significant recent divergence between bid and asking prices, and little price discovery as uncertain pricing and prospects weigh on both equity and debt investors. As in the Great Recession few want to sell for bargain pricing, and strong investors are content to ride out the storm, perhaps having learned that commercial real estate in particular has a limited downside risk relative to many other asset classes, a defensive but rational reaction. However, the rollover of debt will be a problem as lenders have little interest today, and debt coverage ratios will dominate over loan to value ratios. For now, the regulatory stance is moderate, and time will tell if the length of the real estate recession will exceed the patience of owners and lenders.

Seattle Area Economy and Employment Market

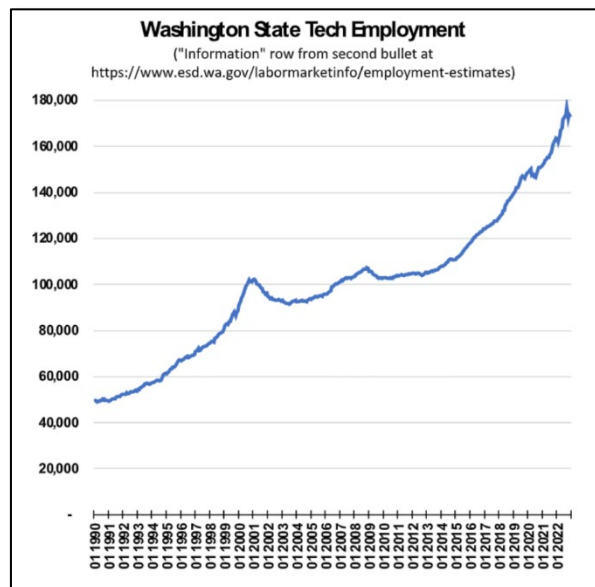
The Seattle and Western Washington economies have mostly paralleled the national trends. The Seattle area had remained a relatively bright spot nationally, due to the relative stability and good employment outlook because of its establishment as a world center for software development, as the foundation and headquarter location for two of the three most valuable US corporations (Microsoft and Amazon). These companies directly employ about 100,000 workers in the metropolitan area, at high average wages of about \$150,000. Furthermore, the employment talent that has flooded the area in the last 10 years creates demand from other market competitors, creating a center of innovation and a nexus of employment growth. These employers notably include Meta and Google, in addition to a wide range of local, national, and international companies ranging from startup to industry leaders. The corporate growth and high wages create some problems including occupant and tenant displacement, homelessness, and high housing prices. Overall, the region provides a positive economic and real estate situation compared to most markets, and the Seattle area remains at the relative forefront of investment demand and value maintenance.

According to a 2022 Brookings Institution report Seattle is one of 8 superstar metropolitan technology hubs in the US, with 159,000 tech workers in 2019, and a cumulative average growth rate of +7.6%/year over the period 2015-2019. These superstar hubs are responsible for the majority of the US tech industry employment growth. According to the Axios-Generation Lab Next Cities Index, which tracks U.S. work and culture trends through geographic preferences, Seattle is America's most desired post-graduation destination for college students. On the other hand, the Brookings report also identifies the recent trend of decentralization as lowering the net growth rate significantly during 2021, concluding; *"the pandemic years have raised the promise of tech decentralization through remote work and new siting decisions. However, the continued dominance of tech's long-standing hubs ensures that the "rise of the rest" won't happen easily"*. The prospects for the Seattle area for continued tech focus and employment growth (accompanied by high wages and

prices) appears to be relatively high today. In general Seattle and King County continue to support population and job growth, with Seattle last year accounting for 16,700 or more than half of the population increase in King County in 2022:



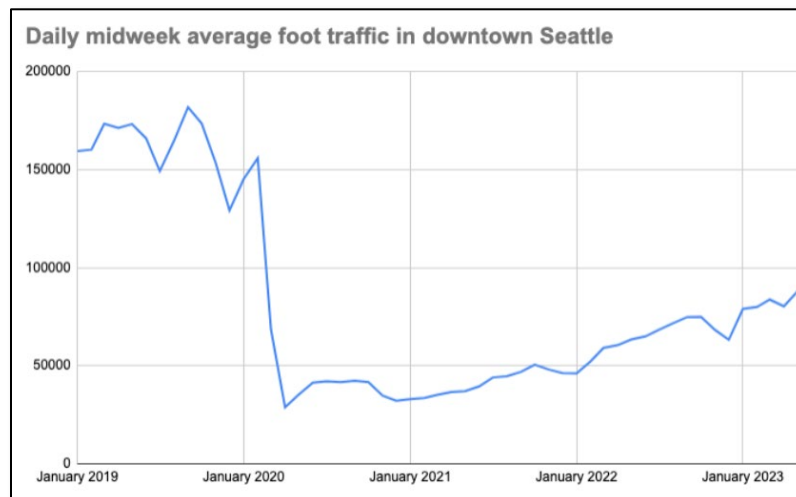
The recent announcements of layoffs and employment freezes by the giant technology companies has been a significant change for the Seattle area. Seattle area firms have reported approximately 5,400 in-state layoffs to the state Employment Security Department have announced plans to lay off 31,000 employees total. However, it is unclear how many of these employees will be centered in the Seattle area and Washington State, and to many this appears to be more like a hiring freeze and realignment and less like a change to negative growth. The layoff plans are small relative to the hiring binge these companies have been on in the Seattle area. The statewide labor market statistics tell the bigger story. In the last 5 years tech employment in Washington State grew by about 50% from 120,000 to a peak of 180,000 in mid-2022, a growth of 60,000 workers or about



12,000/year, with the majority in the Seattle area which includes about 115,000 tech workers or 64% of the State total in just Amazon and Microsoft. The recent decline to date across all companies has totaled perhaps 10,000 workers, and the 4,298 planned by the four largest amounts to likely 5%-7% of their local tech workers, equivalent to about a year of average hiring over the last 5 years.

Nevertheless, the climate has changed, and the visible impact of the Seattle area office markets (including Bellevue, Redmond and Kirkland) is particularly notable. Seattle area office building usage has been quite low, consistent with national trends as Covid and the work from home employment situation impacted many of the strongest and largest tenants in the market, including tech companies who are well-equipped to work from home.

In mid-2022 Amazon announced pausing or halting finished construction of 5 office towers in downtown Bellevue totaling over 3 million sf. In 2023 to date Amazon has non-renewed about 800,000 sf in 4 buildings in Seattle, essentially moving employees to Bellevue with about 11,000 employees in Bellevue as of November 2023 according to Amazon. Microsoft meanwhile has been moving employees from leased spaces to their newly-completed campus expansion in Redmond with new and renovated buildings totaling a net addition of 1.3 million sf. The company has announced 1.75 million sf of non-renewed space in the Bellevue CBD as of late-2023, in addition to about 1.1 million sf in other Eastside offices (Sammamish and Advanta); Meta announced that they will sublease part of the Arbor Blocks and all of Block 6 at the Spring District (not yet open) totaling 515,000 sf. Google passed on an option for a 3rd office campus in Kirkland in January 2023, representing a loss of the planned construction of the campus of about 1 million sf. These decisions speak to a longer-term intention to rein in growth and perhaps wages for at least some of the Seattle area business units in the near term, and along with structural market changes from work-from-home impacting many other companies appear likely to foretell at least several years more of diminished office occupancy and activation in the area office market.



Altogether technology employers have announced vacancy of about 4 million square feet of new space on the market this year between lease expirations and new sublease availability.

Estimates for Seattle area office usage in mid-2023, relative to pre-pandemic levels three years ago range are at about 50%, among the lowest in the nation. However, Amazon mandated a return to the office requirement of at least 3 days per week on May 1, and July figures indicate Seattle foot traffic was up 9.5% since the announcement, and up 38.7% from a year ago, with enthusiasm growing that the positive trends may persist.

In summary, while Covid impacts and concerns have finally faded, structural changes to the commercial real estate markets continue to increase the uncertainty and volatility of this investment class. Retail is generally back, travel and visitation is coming back, housing is in short supply with apartment rents and values faring pretty well, and regional growth and other forces have local industrial facilities in high demand and short supply. Inflation, recession and office markets are significant current concerns, and pricing of most real estate is uncertain and concerning.

CBD Office Market Analysis

The following analysis addresses the office market conditions that have been demonstrated over the last several years in the Seattle CBD. Based on historical supply and demand figures and current economic and other market conditions, we have forecasted a likely future of market vacancy for the subject market. Please refer to the Seattle Area Economy and Office Market report, prepared by CoStar in February 2024, attached in the Addenda. This report has a detailed and current snapshot of supply, demand, rent, vacancy, and pricing for the regional market.

The following data was sourced from Cushman & Wakefield's Q3 2023 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. Overall, we would expect demand for space at the subject (sublease space, given the length of the Amazon lease) to be in-line with the properties in the following analysis.

Dexter Horton Building

CBD Vacancy and Average Rental Rates -Cushman & Wakefield

Year End	Overall Vacancy %	Average Asking Rent	Average Class A Rent	Change in Average Rent	Change in Class A Rent
1990	13.7%	\$20.59	\$22.32	13.1%	12.6%
1991	14.3%	\$19.58	\$21.05	-4.9%	-5.7%
1992	14.6%	\$18.61	\$19.83	-5.0%	-5.8%
1993	13.6%	\$17.58	\$18.88	-5.5%	-4.8%
1994	9.2%	\$16.94	\$17.99	-3.6%	-4.7%
1995	7.7%	\$17.21	\$18.34	1.6%	1.9%
1996	5.9%	\$18.77	\$20.23	9.1%	10.3%
1997	5.8%	\$19.44	\$22.80	3.6%	12.7%
1998	5.3%	\$27.59	\$30.72	41.9%	34.7%
1999	3.2%	\$29.21	\$33.54	5.9%	9.2%
2000	4.2%	\$35.55	\$38.05	21.7%	13.4%
2001	13.0%	\$27.97	\$36.12	-21.3%	-5.1%
2002	14.7%	\$25.03	\$29.30	-10.5%	-18.9%
2003	14.9%	\$23.49	\$26.95	-6.2%	-8.0%
2004	15.2%	\$23.81	\$27.07	1.4%	0.4%
2005	11.6%	\$23.83	\$27.13	0.1%	0.2%
2006	9.9%	\$26.71	\$29.61	12.1%	9.1%
2007	8.8%	\$34.18	\$38.51	28.0%	30.1%
2008	11.0%	\$35.33	\$38.33	3.4%	-0.5%
2009	21.1%	\$27.74	\$30.02	-21.5%	-21.7%
2010	20.8%	\$27.07	\$30.50	-2.4%	1.6%
2011	19.5%	\$28.64	\$32.96	5.8%	8.1%
2012	16.5%	\$29.12	\$32.70	1.7%	-0.8%
2013	12.8%	\$31.31	\$33.92	7.5%	3.7%
2014	10.4%	\$31.78	\$35.02	1.5%	3.2%
2015	6.3%	\$38.27	\$42.33	20.4%	20.9%
2016	6.9%	\$38.38	\$44.29	0.3%	4.6%
2017	5.7%	\$41.16	\$47.00	7.24%	6.1%
2018	5.4%	\$41.60	\$47.19	1.07%	0.4%
2019	4.9%	\$46.29	\$53.13	11.27%	12.6%
2020	11.4%	\$46.95	\$52.89	1.43%	-0.5%
2021	16.5%	\$43.91	\$49.31	-6.47%	-6.8%
2022	20.2%	\$50.94	\$56.81	16.01%	15.2%
2023*	25.7%	\$46.60	\$50.77	-8.52%	-10.6%

*Through Q4 2023

McKee Appraisal, Inc.
February 2024

According to the data from Cushman & Wakefield, the subject is located within the Financial District submarket. With sublease availabilities, the overall vacancy is 29.1%, up over 1% the past quarter, and up over 6.5% (Y.o.Y.). Average rents are down 8.5% YOY (for all classes). Overall, trends in this market include a significant rise in sublease space over the past several quarters, recently declining rental rates and increased vacancy rates. These rates do not include concessions. Rates are expected to keep declining as more vacant subleases come online with lower asking rents in place.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)*	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)**	OVERALL AVG ASKING RENT (CLASS A)**
Financial District	23,870,206	5,385,176	1,551,409	29.1%	-355,316	-1,474,713	774,731	0	\$48.69	\$51.63
Denny Regrade	9,617,991	2,107,720	95,752	22.9%	-27,527	-451,601	305,226	634,501	\$44.55	\$48.96
Pioneer Square / International District	4,849,391	1,428,625	259,186	34.8%	-125,199	-259,677	292,561	0	\$44.42	\$55.59
Lower Queen Anne / Lake Union	12,373,978	1,716,491	464,751	17.6%	-181,980	-562,605	209,013	895,334	\$43.65	\$46.94
SEATTLE CBD TOTALS	50,711,566	10,638,012	2,371,098	25.7%	-690,022	-2,748,596	1,581,531	1,529,835	\$46.60	\$50.77

*Inventory adjusted to reflect R&D buildings moved to a separate life sciences classification in Q1 2023

**Rental rates reflect full service asking

*Through Q4 2023

Competitive Office Buildings

In addition to the quarterly data from sourced from the various real estate brokerage reports, we have also collected and analyzed data from the CoStar database. We have undertaken a CoStar search to find the buildings with which the subject mostly closely competes. The criteria for this search includes office buildings located in the Seattle CBD, as defined by CoStar. We also filtered for buildings over 75,000 sf, constructed before 1950. Please see the *Competitive Office Market Summary*, attached in the Addenda, for details of the competitive buildings relative to the subject.

Our search yielded 15 existing buildings, including the subject building, with a total rentable building area of 2.8 million sf. Availability is about 1.3 million sf or about 47% of the competitive market. Direct vacancy within this market is currently 960,000 million sf, or about 34%. The growing spread between vacant and available space reflects the increasing sublease availability and flight to quality from Class B to Class A product.

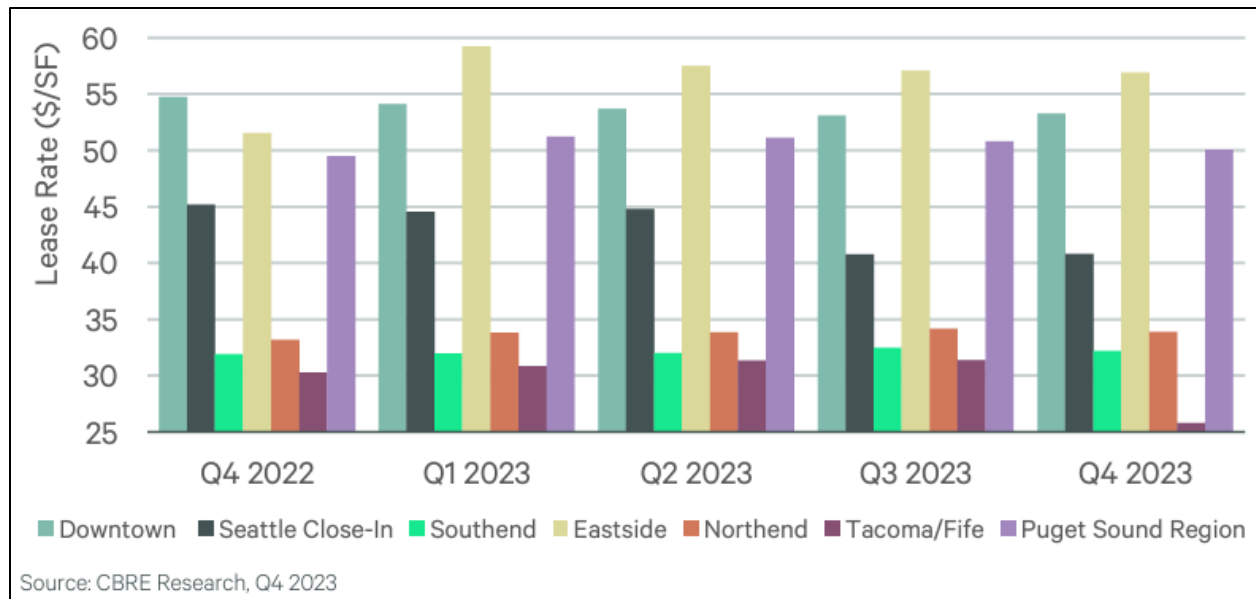
It was announced in February 2024 that the Colman Building was going back to lenders (w/a \$22.4 million loan). Unico bought the property for \$37 million five years ago (current vacancy at 35%). Unico had planned to convert to apartments, but rising finance and construction costs halted that plan. The Smith Tower has also been looked for apartment conversion (converting a part of the lower floor to affordable housing and upper floors to housing). The property is currently listed for sale though as an office property (on the market for about 6 months now).

Dexter Horton Building
Competitive Office Market Summary

No.	Building Name	Address	Year Built	Year Renovated	No. of Stories	RBA (sf)	Direct Vacant (sf)	Direct Vacancy	*Total Avail (sf)	*Total Availability
1	Dexter Horton	710 2nd Ave	1924	2002	15	328,504	135,145	41.1%	141,145	43.0%
2	Colman Building	801-815 1st Ave	1904	1997	6	145,000	50,962	35.1%	58,422	40.3%
3	Smith Tower	506 2nd Ave	1914	1998	42	268,748	118,651	44.1%	182,461	67.9%
4	Maritime Bldg	911 Western Ave	1910	2018	7	211,640	33,083	15.6%	195,055	92.2%
5	Pioneer Building	600 1st Ave	1892	2017	7	82,439	0		15,256	
6	Broderick Building	615-619 2nd Ave	1889	2013	7	78,674	50,152		51,948	
7	Hoge Building	705 2nd Ave	1911	1992	17	115,294	44,802		47,777	
9	Federal Reserve Building	1015 2nd Ave	1950	2020	13	242,774	139,529		139,529	
10	Polson Bldg	61-71 Columbia St	1910	1999	6	87,527	36,083		36,083	
11	National Bldg	1000-1020 Western Ave	1905	1982	6	128,763	83,875		83,875	
12	Jackson Federal Office Building	909 1st Ave	1933		8	289,747	0			
13	Exchange Building	821 2nd Ave	1929	2001	22	384,302	153,598		219,071	
14	Second & Spring Bldg	1100 2nd Ave	1906	2017	5	139,226	27,479		55,202	
15	Central Building	810 3rd Ave	1907	2002	8	192,176	89,395		90,082	
16	400 Yesler Building	400 Yesler Way	1909		7	114,395	0			
Totals & Averages			1913		12	2,809,209	962,754	34%	1,315,906	47%

* CoStar reporting does not always accurately reflect current operations.

McKee Appraisal, Inc.
February 2024



According to CBRE's Q4 PS Office Figures Report, the downtown market has experienced a net loss of 201,000 sf in absorption throughout Q3 alone. The effects of tech employment receding into home office continues to ripple several quarters later as large tech users continue to downsize or go completely remote.. Asking rates for downtown reflect a recent reduction in asking lease rates, as a reflection of this influx of new competitive sublease space.

The construction pipeline has slowed, and cumulative net deliveries over the past three years totaled 260,000 SF. About 850,000 SF is under construction, the equivalent of 2.3% of the existing inventory. This represents the highest level of construction activity since the start of the pandemic. Most of the space under construction is still available for lease, with delivery scheduled for late 2024. Nearby, Hudson Pacific Properties' Washington 1000 is nearing completion on Olive Way. That project sits across from Seattle Convention Center's new Summit building and will bring more than 530,000 SF of new space to the market in 2024.

Leasing Activity

We have highlighted significant leasing activity and announcements in the Seattle core. One of Seattle's biggest law firms, Perkins Coie, announced in November 2023 it will vacate their space in 1201 Third Ave and move it's 800 employees to the Rusell Investments Center at 1301 2nd Ave. This will result in a 50% reduction in the footprint from about 297,000 sf to 150,000 sf. The firm will design the office for hybrid work and hoteling. It is reported that they will take Zillow's seven floors of sublease space (floors 31-35, plus floors 41 & 42).

Within the past year, Microsoft announced it was cutting 10,000 workers (5% of workforce). This is less jobs than added during COVID pandemic. 787 of the these workers are based in the Seattle area. It also announced it won't renew it's lease at the 26-story City Center Plaza in Bellevue when the lease ends in June 2024. Facebook parent Meta was laying off 11,000 or 13% of its workforce.

In November, they announced 726 Seattle-area workers would be laid off. Facebook also confirmed plans to sublease offices at the six-story Arbor Block 333 (8th Ave N in downtown Seattle and in the 11-story Block 6 in the Spring District). Amazon announced it will cut 18,000 positions (largest single cut for the company). Most of these will be in Amazon’s human resources and stores division (online and physical stores). Specifically in Bellevue and Seattle, Amazon.com is planning 2,300 layoffs. Of the 2,300, 1,852 are in Seattle (Seattle is Amazon’s biggest campus with 55,000 employees based in the South Lake Union offices, and about 10,000 in Bellevue).

DocuSign, Meta and Oracle collectively shed about 330,000 sf of office space in Q2 2023 according to a report by CBRE.

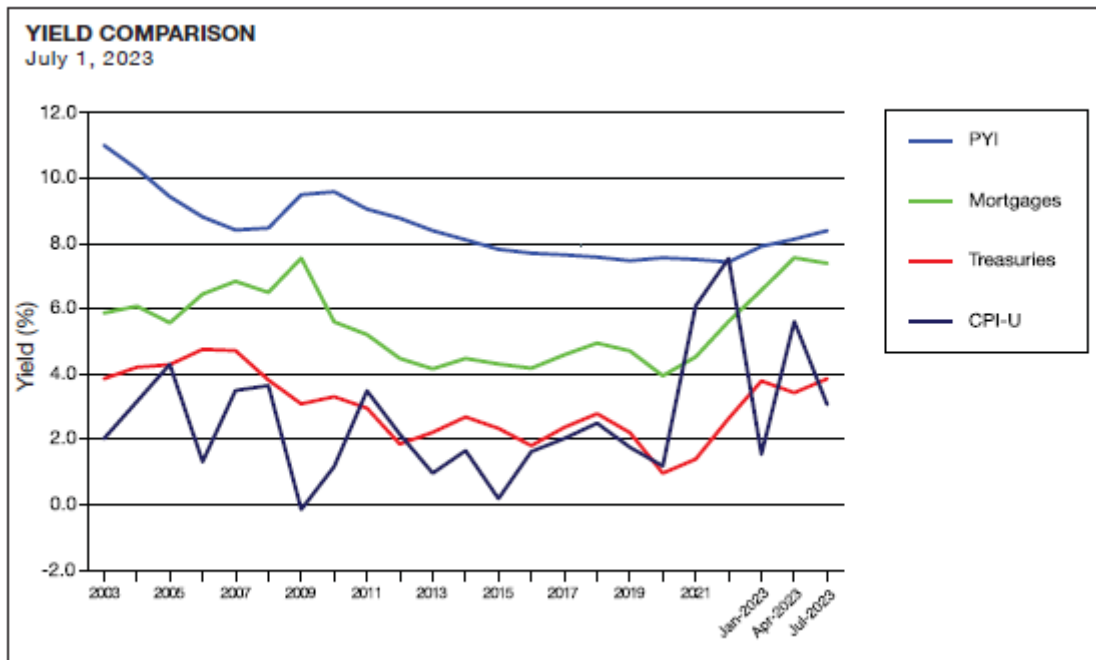
Yield Comparisons

Below are the reported figures from PwC for expected yield (PYI), Long-term Mortgages, 10-year treasuries, and the consumer price index change over the last 5 years. As of July 1, 2023, PwC reported an increasingly small spread between Mortgage Rates and their Yield Indicator. This relationship along with steep rises in inflation and risk-free rates has created an unstable market environment with the lowest spread between debt and yield seen since data was tracked in 2003. This would suggest yields are likely to increase in the coming year while rates are likely to decrease. Overall, capital markets are still stabilizing and have effected the value of office assets over the last year.

YIELD COMPARISON								
July 1, 2023								
	2018 AVERAGE	2019 AVERAGE	2020 AVERAGE	2021 AVERAGE	2022 AVERAGE	2023 JANUARY	2023 APRIL	2023 JULY
PwC Yield Indicator (PYI) ^a	7.58%	7.47%	7.56%	7.51%	7.43%	7.91%	8.13%	8.39%
Long-Term Mortgages ^b	4.95%	4.71%	3.95%	4.53%	5.61%	6.57%	7.56%	7.39%
10-Year Treasuries ^c	2.79%	2.21%	0.97%	1.40%	2.64%	3.79%	3.43%	3.86%
Consumer Price Index Change ^d	2.50%	1.76%	1.19%	6.09%	7.54%	1.55%	5.61%	3.07%
SPREAD TO PYI (Basis Points)								
Long-Term Mortgages	263	276	361	298	182	134	57	100
10-Year Treasuries	479	526	659	611	479	412	470	453
Consumer Price Index Change	508	571	755	142	(11)	636	252	532

a. A composite IRR average of all markets surveyed (excluding hotels, development land, self storage, and student housing).
 b. Source: Survey; Select Commercial Funding; Commercial Loan Direct; conventional funding, 60% to 80% LTV loans; fixed rates; 6- to 30-year terms.
 c. Source: Federal Reserve; the annual average change is the mean of the four corresponding quarters.
 d. Source: U.S. Department of Labor; quarterly changes are annualized based on the index change from the prior quarter; the annual average change is the mean of the four corresponding quarters.

As a leveraged property, the subject would likely be valued using a discount rate above the cost of debt, which is currently proxied around 7.39%.



We have analyzed other investor surveys providing market specific indications of yields/discount rates. Please see the *Investor Survey* exhibit in the income section of this report for more details.

Market Conclusion

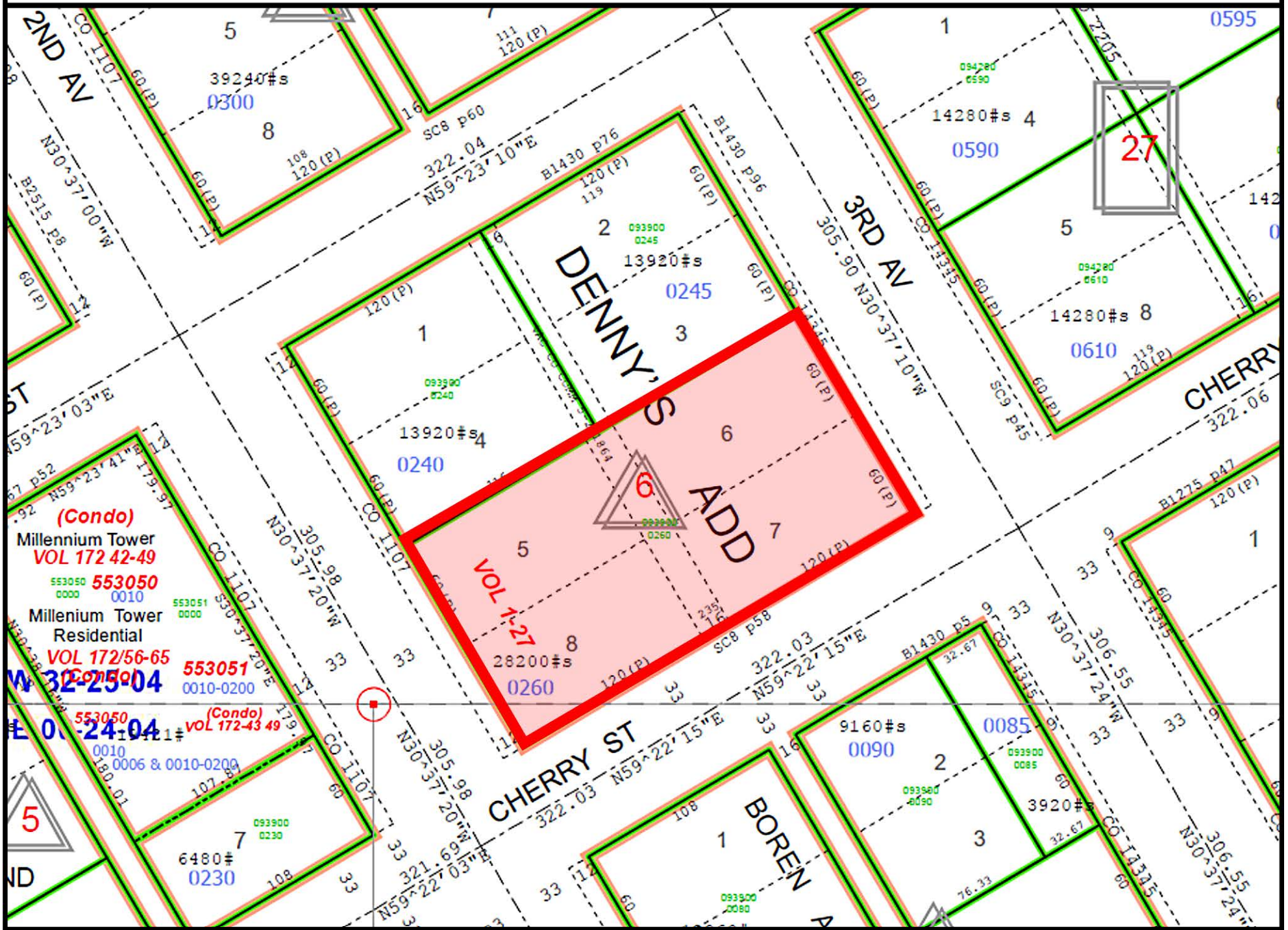
The near term outlook for office buildings in Seattle has diminished, as the region faces both economic local and national uncertainty. While visitor foot traffic and hotel occupancy rates are up, the number of workers who've returned to the office is about half of 2019 pre-pandemic levels. However, the Downtown Seattle Association reported more than 85,000 visits daily in October 2023, the second highest daily average since the start of the pandemic in March 2020 about 2.5 years ago. Nearly 2.4 million visitors came downtown in October, about 93% of the visitors seen in October 2019.

There has been very little leasing activity for space greater than 50,000 sf (with most activity less than 25,000 sf). Mostly all new tenants coming into the Seattle market in Q4 2023 were seeking space in the 10,000 sf to 50,000 sf size. According to the VTS Office Demand Index (VODI), the Seattle office demand was about 20% of normal during Q4 2023.

Our market research indicates that both capitalization and discount rates have increased significantly since peak of market in 2021, and more steeply since Q2 2023. This has been driven

by a number of factors, including rising interest rates, increased vacancy, ongoing inflation, and uncertain prospects for future demand. The uncertainty in the debt markets and rising interest rates has made it difficult for buyers to obtain financing. The rate spread between Class A and B Office has continued to widen as tenants seek a flight to higher quality space/more amenities in the concession rich environment. Though many tech companies which drive the growth of the office market have begun back to work initiatives, it is expected that some form of work-from-home is likely to continue for many companies, particularly the tech sector. Vacancy in this market has continued to rise from previously high rates, while an increasing amount of available sublease space saturates the market. Long term, the Seattle region will continue to attract growth companies with high paying jobs, both professional and tech.

Site Map



Site Description

Please refer to the Site Map which shows the subject property boundaries. Please also refer to the subject photographs at the beginning of this report for further visualization of the subject site.

Land Area and Shape	The subject site is rectangular in shape and measures 28,200 sf.
Street Frontage	The subject has 115' of frontage on 2 nd Avenue, 115' on 3 rd Ave, and 235' of frontage along Cherry Street.
Soil Conditions	We have not been provided with a soils report. We specifically assume the soils are adequate to support the improvements throughout their useful life.
Topography	The site is level and at grade with the fronting streets.
Utilities	All public utilities are available including electricity, gas, water, sewer, and telephone.
Hydrology and Flood Hazard	We have not been provided with a hydrologic report for the subject property. We do note that the subject property is outside of the 500 year flood plain, according to FEMA Flood Map 53033C0630F.
Environmental Conditions	We have not been provided with an environmental site assessment for the subject property. We specifically assume that there are no negative environmental factors that materially impact the value or utility of the property.

Streets and Access

The subject site is 100% developed, and the building does not contain a parking garage. There is no vehicle access onto the subject.

Zoning

The subject is zoned DMC-340' / 290' -440'. 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 7.0 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.

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 property is located in the Commercial Core Urban Center Village. The structure is considered to be legally conforming.

Assessment and Taxes

Assessment in King County is based on 100% of market value. The Assessor performs the Income and Sales Comparison Approaches for major properties like the subject with an effective date of January 1st each year. This assessment is used to calculate taxes for the following calendar year, so the January 1, 2023 assessment would be used to calculate the calendar year 2024 taxes. Although property is not automatically re-assessed following a sale, the transaction would be utilized as market evidence for subsequent assessments. Often, the assessor can lag the market, with assessments being below market value in a rising market and above market value in a declining market. In equilibrium times, we find assessments for income properties are generally in the range of 75% to 95% of market value.

The tables to follow contain the subject property's assessed value for 2024. The levy rate is \$9.05271.

Assessed value for 2024 Tax Year	
Land	\$42,300,000
Improvements	\$54,485,000
Total:	\$96,785,000

For further details regarding our real estate tax forecast please see the discussion in the Income Approach section. The total 2024 property tax is \$881,832. We note the assessed value is well above the appraised market value and we would assume a revaluation the following year. We have also included the MID tax, estimated at \$61,000.

Functionality

The site is ideal for office, with two street frontages and reasonable depth. It is functional for the current office use, with retention of the existing improvements as the highest and best use.

Improvements Description

The following description of the subject improvements is based on floor plans, information provided by the property contact, and our physical inspection of the property. Photographs at the beginning of the report add illustration to the following discussion.

Building Area

Rentable Area: 328,504 sf
Gross Building Area: 388,934 sf

Construction

Steel and reinforced concrete with concrete spread footings at the columns and strip footings at the basement walls. Exterior walls are reinforced concrete frame with granite, cement plaster and terra cotta cladding. EPDM roof membrane over concrete.

There is also 8,068 sf of storage area.

Construction Date

1924

HVAC and Electrical

There are 3 different systems - Water source heat pumps (floors 1-11 and floor 14). Floors 12 and 13 use two medium-pressure VAV air-handler systems per floor, with cooling provided by four Trane 30-ton, rooftop-mounted, air-cooled condensing units.

Electrical service is provided by a 6,000 amp, 277/480volt, 3 phase, 4 wire system. A 600-KW diesel generator was installed by former tenant Corbis in the basement/lower level.

A manual dry stand-pipe system serves the stairwell vestibules. There is an EST3 fire alarm system.

Layout

The building is served by 6 high speed elevators traction passenger elevators. There is one manual car switch operation freight and one automatic service elevator. Additionally, the KC space has a geared traction elevator that provides service from the first floor to the second floor mezzanine area and a hydraulic elevator that services the second floor and the second floor mezzanine.

Stairwell egress is provided on both the east and west sides of the building. Restrooms are located on each floor.

The building has 22,000 sf floorplates, with a single tenant load factor of 12% and 23% for multi-tenants. This is at the higher end, but consistent with other older Class B buildings. Floor heights are 11' slab to slab ceilings. Bay depths are approximately 76'. Column spacing is 17'5" between columns/19' between column & walls, 3 columns down center wing.

Finishes and Amenities

The lobby features marble travertine and granite flooring sections. Bronze metal accents and trim are on the wall displays. Typical common area finishes consist of carpet flooring with wood base, plaster or gypsum-board wall and painted coved gypsum board ceilings. The building was also awarded the 2012 Regional outstanding building of the year award in the historical building category. Common areas and lobbies were upgraded in 2014 with new carpet, paint and lights.

Ceiling finishes vary by suite between exposed ducting and suspended ceilings, and common areas are typically painted coved gypsum-board. Lighting is provided by fluorescent and recessed down-lights in common areas.

Amenities also include operable windows, conference center, bike storage, showers and locker rooms. There is also a penthouse lounge and rooftop deck, and indoor dog lounge.

Capital Improvement History

Please refer to the table at the end of this section, which includes the history of capital expenditures at the subject since 2000. In total, about \$21 million has been spent on building improvement upgrades, with the substantial upgrades occurring between 2001-2005 totaling over \$14 million, including structural earthquake seismic retrofitting.

Effective Age and Remaining Economic Life

The improvements were constructed in 1924 for a physical age of 100 years. The Marshall Valuation Service estimates an economic life 60 years for this type and quality of facility. The subject has been well maintained over time, reducing its effective age. The land value is high, but the zoning is fairly restrictive in terms of height and bulk, thus the existing improvements have a substantial contribution to the underlying land value. There are no known major physical problems or issues. We estimate the remaining economic life at about 40 years, with an effective age of 20 years. We note that with proper maintenance, improvements may exceed their expected economic life.

Summary/Functionality

The Dexter Horton Building consists of a 15-story office building. The building is LEED certified. With a floor-plate of approximately 21,000 sf, it lays out well for the typical space utilization, with good perimeter windowing to the three bay light wells.

CAPITAL EXPENDITURES				
Year	Building Improvements	Tenant Improvements	Total	Improvement / Structural Work Comments
2000	\$241,000	-	\$241,000	Elevator and various interior renovations
2001	\$1,864,000	\$278,000	\$2,142,000	Structural/earthquake retrofitting and improvements, elevator, HVAC, lobby/ common area and various interior
2002	\$8,870,000	\$1,050,000	\$9,920,000	Elevator, plaster/ceiling repair, building re-measurement
2003	\$164,000	\$11,177,000	\$11,341,000	Elevator, steam radiators, re-key building
2004	\$2,628,000	\$2,530,000	\$5,158,000	Common area/lobby renovations, granite repair, roof railing and miscellaneous repairs, various demolition and spec build-outs for floors 6, 8, 11, 12, 13, 14, and 15
2005	\$1,924,000	\$3,290,000	\$5,214,000	HVAC upgrades, underground storage tanks, lobby/common area improvements, various demolition and spec build-outs for floors 5, 12, 15, and miscellaneous improvements
2006	\$54,000	\$60,000	\$114,000	Elevator card reader install, stairwell pressurization, various tenant improvements
2007	\$297,000	\$169,000	\$466,000	Mechanical/HVAC, plumbing, various renovation for floors 5 and 10, various tenant improvements
2008	\$454,000	\$1,607,000	\$2,100,000	Mechanical/HVAC, VFD installation - cooling tower, stairwell pressurization, domestic water riser, condenser pump and heat pump replacements, various demo on floor 7, and various tenant improvements including ENSR and Pegasus
2009	\$175,000	\$1,925,000	\$2,100,000	LEED consulting/certification, security access system, condenser pump and heat pump replacements, and various tenant improvements
2010	\$144,000	\$55,000	\$199,000	Valve installation, spray pumps, LEED consulting/ certification, heat pump replacements, and various tenant improvements
2011	\$214,000	\$93,000	\$307,000	Security access system, building lighting retrofit, heat pump replacements, and various tenant improvements
2012	\$281,000	\$2,732,000	\$3,013,000	Security access system, E-Mon and D-Mon meters, and market ready work on suites 400,500, and 600, along with various tenant improvements including Corbis and Vix among others
2014	\$1,590,000	\$2,274,000	\$3,864,000	Addition of penthouse lounge and rooftop deck, bike storage/showers/ lockers, and indoor dog lounge; upgraded wayfinding signage, conference room, lobby and common corridors, and replaced FF&E
2015	\$395,000	\$3,116,000	\$3,511,000	Interior elevator cab upgrades, LEED Dynamic Plaque Recertification
2016	\$60,000	\$2,550,000	\$2,610,000	Emergency Responder Distributed Antenna System(DAS)
2017	-	\$5,047,000	\$5,047,000	2017 tenant improvements capital, includes \$4.8 million of ongoing TI work for King County
2018 - 2023	\$1,749,655	\$1,580,754	\$3,330,408	Management office refurbishment, conference center, facade exterior repairs, restroom upgrades, security tech upgrades, white box floor 15.
TOTAL	\$21,105,000	\$39,533,000	\$60,638,000	
PSF	\$63	\$118	\$180	

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

This site is located in the downtown commercial core, with primary surrounding uses consisting of office and retail. The distinguishing feature of this location is the influence of the CBD. Due to the mixed use nature of the neighborhood, a range of developments is possible for the theoretically vacant subject site. However, very few office or retail developments are currently actively being planned (with a current oversupply as new product under construction delivers) reflecting the current economic uncertainty. The site size is well-suited to office, hotel and residential. The highest and best use as-if vacant would be for eventual development with ground level retail, with maximum size office above.

Highest and Best Use as Improved

The subject is currently improved with a 15-story office tower. The building itself was constructed in 1924. The building has been well maintained, with substantial improvements the past ten years, and has substantial remaining economic life. It is our conclusion that the highest and best use as currently improved is for continued maintenance and operation as a multi-tenant office building. There is about 41% of vacant space, and the lease-up costs are significant, with limited tenant demand in the current environment. However, the leased space provides stable operating income over the next four or so years.

We have also considered the potential to convert the property to residential multi-family housing. The subject would be a good candidate for this given the floorplates, outlooks and upgraded systems (and seismic). While a specific feasibility analysis has not been performed, we understand other potential buyers were interested in this possibility (but were not afforded a lengthy opportunity to examine the feasibility).

Sale Comparison Approach



Sale Comparison No. 1

Dexter Horton-Subject

710 2nd Ave
Seattle, WA



Sale Comparison No. 2

Norton Building

801 2nd Ave
Seattle, WA



Sale Comparison No. 3

Olympic Block/Libby Building

101 Yesler & 104 1st Ave South

Seattle, WA



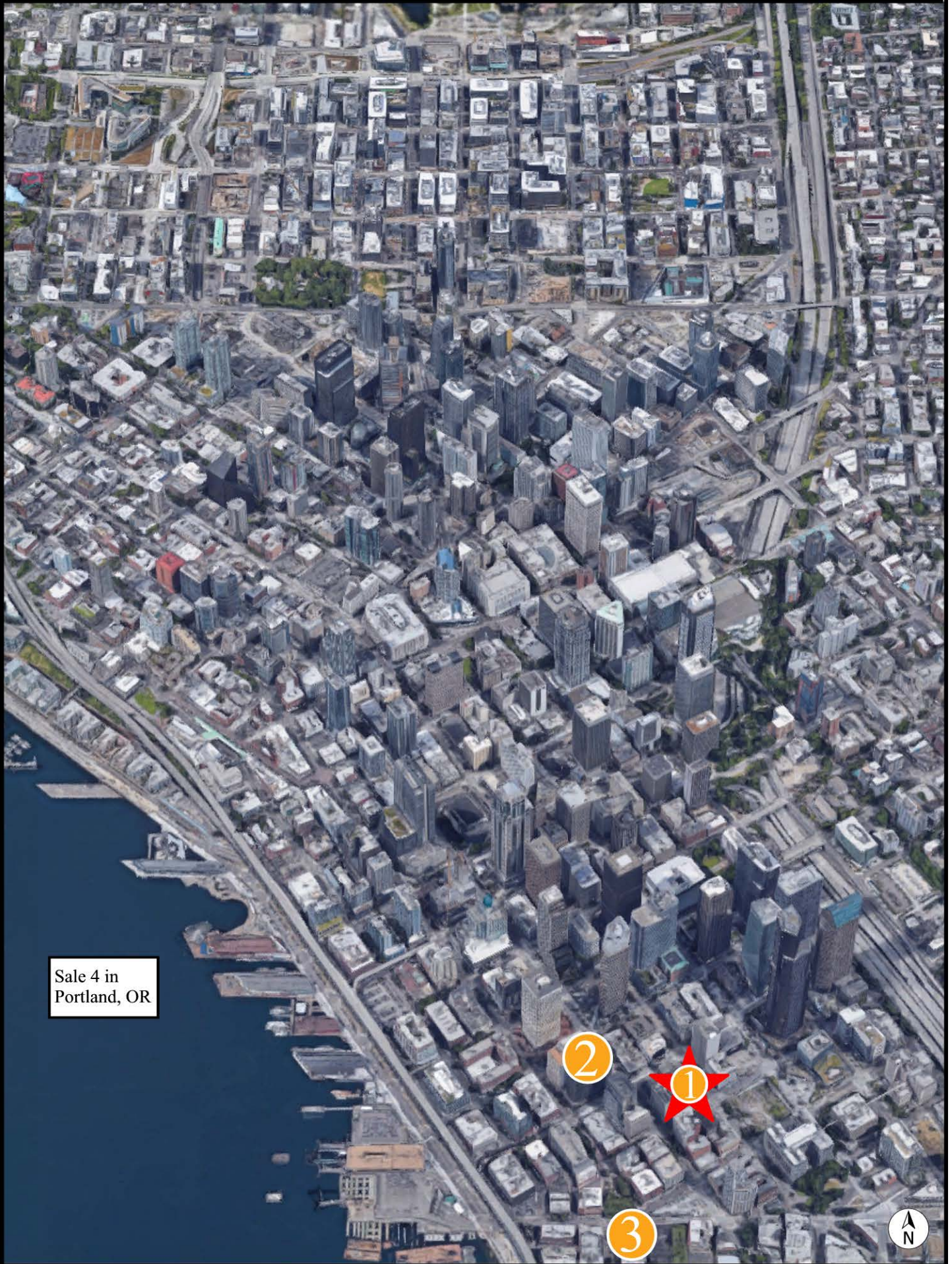
Sale Comparison No. 4

Portland American Bank Building

621 SW Morrison Street

Portland, OR

Sale Comparison Map



Sale 4 in
Portland, OR

2

1

3



Dexter Horton Building

Sale Comparison Summary

No.	Building/Location	Year Built	Parking Stall Ratio	Stories	Rentable Area	Sale Date	Analysis Price	\$/sf Rentable	NOI /sf	Cap Rate	Comments
1	<u>Dexter Horton</u> 710 2nd Ave Seattle, WA	1924	0.0	15	328,504	P&S Agreement	\$36,640,000	\$112			Prospective buyer is King County. Price negotiated in October 2023. Seller was seeking a quick close. Sale price significantly below the existing seller loan amount.
2	<u>Norton Building</u> 801 2nd Ave Seattle, WA	1958	0.7	17	246,602	Nov-21	\$147,250,000	\$597	\$25.68	4.3%	Property was 94% leased at the time of sale to a variety of tenants with LMN Architects, who leases floors 4-5, and Laird Norton Wealth Management, who leases floors 15-16. Seattle's original modern office. Buyer, Hines, intends to renovate the common areas to create a new lobby experience with expanded gathering areas, and add creative and interactive spaces throughout the building. Conf. Jason Flynn, Eastdil, selling broker.
3	<u>Olympic Block/Libby</u> 101 Yesler & 104 1st Ave S Seattle, WA	1986/ 1902	0.2	4&8	73,184	Jun-19	\$34,250,000	\$468	\$23-\$25	5%-5.25% <i>in place</i>	Purchase includes a six floor condo in the Olympic Building, which has five floors of office and one floor of ground level retail. Sale also include neighboring Libby Building (40%), which has three floors of office over ground floor retail. The historic designation of the Libby had some influence on pricing. Property was 90% leased at sale with some upside income potential. Some long term tenancy in place. About half of building considered "creative light tech" according to press release at sale. 7 total onsite stalls. 3 floors of residential not included in transaction. The Libby Building is listed on the URM list (approx. 40% of total).
4	<u>American Bank Bldg.</u> 621 SW Morrison Street Portland, OR	1914	0	14	183,735	Sep-23	\$13,600,000	\$74			Property was about 60% vacant at sale. Purchased by in a short sale by Menashe Properties (local private investor) from Lionstone. Previously sold in July 2014 for \$245/sf (70% price decline to most recent sale). Located on the National Register of Historic Places. Tenants include Wells Fargo, Morgan Stanley and CVS on street level. \$25/sf FS asking rates. Has received over \$4m in recent cap ex upgrades prior to purchase (lobbies, elevator, restroom upgrades, HVAC, plumbing). Adjacent to Portland Pioneer Square.
<u>Additional National Sale Indications</u>											
1	<u>Union Bank of California</u> 350 California Street San Francisco, CA	1976	0	22	297,642	Sep-23	\$61,050,000	\$205			37% occupied, with near term vacancy (MUFJ-Japanese Holding Co. with an 18 month leaseback for 26% of that space. Property went to open market for reportedly over \$800/sf asking price. Over \$60 million was invested in property since 2016. Located in Financial District. Has undergone seismic upgrades.
2	<u>California Tower</u> 550 California St. 635 Sacramento Street. San Francisco, CA	1960 1962	0 0	13 8	273,911 <u>81,501</u> 355,412	Sep-23	\$40,470,000	\$114			Sale of 2 buildings in downtown San Francisco for \$114/sf. Was initially listed for reportedly about \$425/sf. Property about 20% leased. Wells Fargo has about 75,000 sf. Asking rates \$36-\$40 FSG.
<u>Subject:</u>											
	Subject 710 2nd Ave Seattle, WA	1924	0.0	15	328,504	Appraisal February 1, 2024					They lease 26% of the space (and will expand to 32% of the building, adding 17,249 sf). Overall, the building is about 41% vacant and there is an upcoming expiration that will increase vacancy to 43%.

Sale Comparison Approach

The Sale Comparison Approach uses analysis of sales of comparable improved properties to derive units of comparison that are then used to indicate value for the subject. We have performed a comprehensive review of sales of office buildings located throughout the Seattle CBD and surrounding areas. Please refer to the Sale Comparison Summary that summarizes these transactions. Photographs showing the comparisons precede this section on the sale comparison map, which shows the location of the sales relative to the subject. Due to the lack of transactions over the last year plus, we have also considered several recent sales of comparable properties throughout the west markets in Portland, Oregon and San Francisco, CA.

Sale Comparisons

Sale Comparison No. 1 is the current pending contract for the subject property. It is our understanding that the property went to market in October 2023 at an undisclosed price, prompted by the lender. The property previously transacted 5 years ago for \$151 million. The seller was seeking a prospective buyer that could make a quick close on the transaction (the buyer was willing and able to accommodate). The price is significantly below the outstanding loan value of over \$90 million. The property did not receive a typical marketing period with limited price discovery. The negotiated price is \$36,640,000. This is equivalent to \$112/sf. King County has needs to expand their City footprint and this building offers that future potential.

The subject was originally designed a bank headquarters. It was designated as a historic landmark in 1993. It served as municipal offices from the 1970's to early 2000's and was restored in 2002. The property is about 59% leased (considering and modeling the King County expansion of 17,249 sf). The largest tenant is King County, with their largest lease of 86,998 sf extending through February 2028.

Sale Comparison No. 2 is the November 2021 sale of the Norton Building at 801 2nd Ave, about one block NW from the subject. The property is a 17-story tower constructed in 1958. Known as Seattle's original modern office the property is a designated landmark. The property totals 246,602 sf and has a parking ratio of 0.7 stalls/1,000sf of building area. The property was 94% leased at the time of sale to a variety of tenants. LMN Architects and Laird Norton Wealth Management are some of the notable tenants. The buyer, Hines, intends to renovate the common areas and to create a new lobby experience With expanded gathering areas, as well as adding creative and interactive spaces throughout the building, with renovations expected to begin in Spring of 2022. The sale indicates a 4.3% cap rate. The building transacted for \$147,250,000 or \$597/sf.

Sale Comparison No. 3 is the July 2019 sale of the Olympic Block Building for \$34,250,000, or \$466/sf. The property includes the office portion of the Olympic Block building, which is divided

by air rights condominium from the residential units above, and the six-story office and retail Libby Building. The site is at the corner of Yesler and 1st Ave S, a prominent and highly visible intersection at the north end of Pioneer Square. Olympic Block was constructed in 1986 and the Libby Building in 1900. The property was 90% leased at sale, and there are fifteen basement parking stalls for the office buildings' use.

Sale Comparison No. 4 is the September 2023 short sale of Portland CBD office building built in 1914. The property was about 60% vacant at sale and was put on the market in May 2023. It was purchased by Menashe Properties (local private investor) from Lionstone. It previously sold in July 2014 for \$245/sf (70% price decline compared to most recent sale). The building is located on the National Register of Historic Places and tenants include Wells Fargo, Morgan Stanley and CVS on street level. Current asking rates are \$25/sf FS. The property has received over \$4 million in recent cap ex upgrades prior to the most recent purchase (lobbies, elevator, restroom upgrades, HVAC, plumbing).

Additional Indications

We have also considered the sale of 2 quality office buildings in San Francisco. They both sold in September 2023 for prices ranging between \$114/sf and \$205/sf. These were non distressed sales, but achieved prices about 75% less than original targeted asking price. Each property was only about 20% to 25% leased. Each property was openly marketed and prospective buyers placed significantly reduced value on the vacant space (than was anticipated by each selling team).

Adjustments

Conditions of Sale

Sale 4 was a short sale and sold below the loan amount. It had a shorter than typical market exposure time (on the market less than four months from listing to close). Some upward adjustment is warranted for this. However, we recognize that both buyer and seller were considered knowledgeable. The subject transaction was prompted by the lender who was motivated for a rapid transaction, and would potentially be adjusted up for the short marketing period in this environment (we have not however made an adjustment).

Property Rights

An upward adjustment is made to sale 3 for property rights, with a small shared condo portion for the Libby building.

We have made an upward adjustment for property rights to Sale 3 for air space/condominium interest, with less than complete control of the site and structure. This is inferior to the subject's full fee simple interest, and warrants an upward adjustment.

Dexter Horton Building
Sale Comparison Adjustment Grid

	SUBJECT	1 Dexter Horton	2 Norton Building	3 Olympic Block/Libby	4 American Bank Bldg.
Sale Price		\$36,640,000	\$147,250,000	\$34,250,000	\$13,600,000
Building Size (sf)	328,504 sf	328,504	246,602	73,184	183,735
Adjusted Price (/sf)		\$112	\$597	\$468	\$74
<i>Conditions of Sale</i>		0%	0%	0%	5%
<i>Financing Terms</i>		0%	0%	0%	0%
<i>Property Rights</i>		0%	0%	3%	0%
<i>Expenditures After Sale</i>		\$0	\$0	\$0	\$0
Adjusted Analysis Price		\$36,640,000	\$147,250,000	\$35,277,500	\$14,280,000
Analysis Price (/sf)		\$112	\$597	\$482	\$78
<i>Date of Sale</i>	<i>Appraisal Date</i>	Current P&S Agmt.	Nov-21	Jun-19	Sep-23
<i>Market Conditions Adj.</i>	<i>2/1/2024</i>	0%	-30%	-40%	-3%
Subtotal Price (/sf)		\$112	\$418	\$289	\$75
<i>Location/Access</i>		0%	0%	5%	20%
<i>Size</i>		0%	0%	-25%	-5%
<i>Age/Condition/Quality</i>		0%	-25%	-5%	15%
<i>Occupancy/Use</i>		0%	-30%	-25%	15%
<i>Parking</i>		0%	-12%	-3%	0%
Total Other Adjustments		0%	-67%	-53%	45%
Indicated Value for Subject		\$112	\$138	\$136	\$109

Market Conditions

Sales 1 and 4 represent the current capital market environment and no adjustments are made. Sale 2 is adjusted downward from the near peak market date of 11/2021. Sale 3 is also adjusted downward significantly.

Location/View

An upward adjustment is made to Sale 3 (further south on the fringe of Pioneer Square) and to sale 4 (Portland, Oregon location).

Age/Quality/Condition

Upward adjustments are made to Sale 4 for quality/renovations and a downward adjustment is made to Sale 2 for overall age. A slight downward adjustment is also made to Sale 3 (average age). We have also considered the shell condition for a large portion of the subject vacant office space (requiring substantial landlord capital to re-tenant). We have also considered the additional subject storage building area in this adjustment, adding to overall functionality.

Occupancy/Tenancy

Upward adjustments are made to sale 4 for occupancy (60% vacant at sale, without a longer term anchor tenant similar to the subject), and downward adjustments to sales 2 and 3 (94% and 90% leased at sale).

Parking

The subject has no parking. There are nearby garages within 1.5 blocks at Cherry Street Garage (213 Cherry Street), Columbia Parking (601 3rd Ave), Millenium Tower (719 2nd Ave), United Parking (723 4th Ave), and 1st & Columbia Parking. The subject is also located across the street from light rail. Downward adjustments are made to sales 2 and 3 for onsite parking.

Conclusions from the Sale Comparison Approach

After adjustments, the sales indicate a range of values of 109/sf to \$138/sf, with an average of about \$124/sf. We have concluded to a range of value of \$110/sf (**\$36,000,000**) to \$130/sf (**\$43,000,000**). We have considered the evidence from the pending subject sale price, as well as the other data, which also supports the overall value.

Realistically, the merits of the Sale Approach are diminished at this moment in time; with very few relevant or typical transactions, and significant uncertainty regarding office demand, there are few buyers and little if any value consensus.

Income Approach



Lease Comparison No. 1

**Exchange Building
Seattle, WA**



Lease Comparison No. 2

**Central Building
Seattle, WA**



Lease Comparison No. 5

**Financial Center
Seattle, WA**

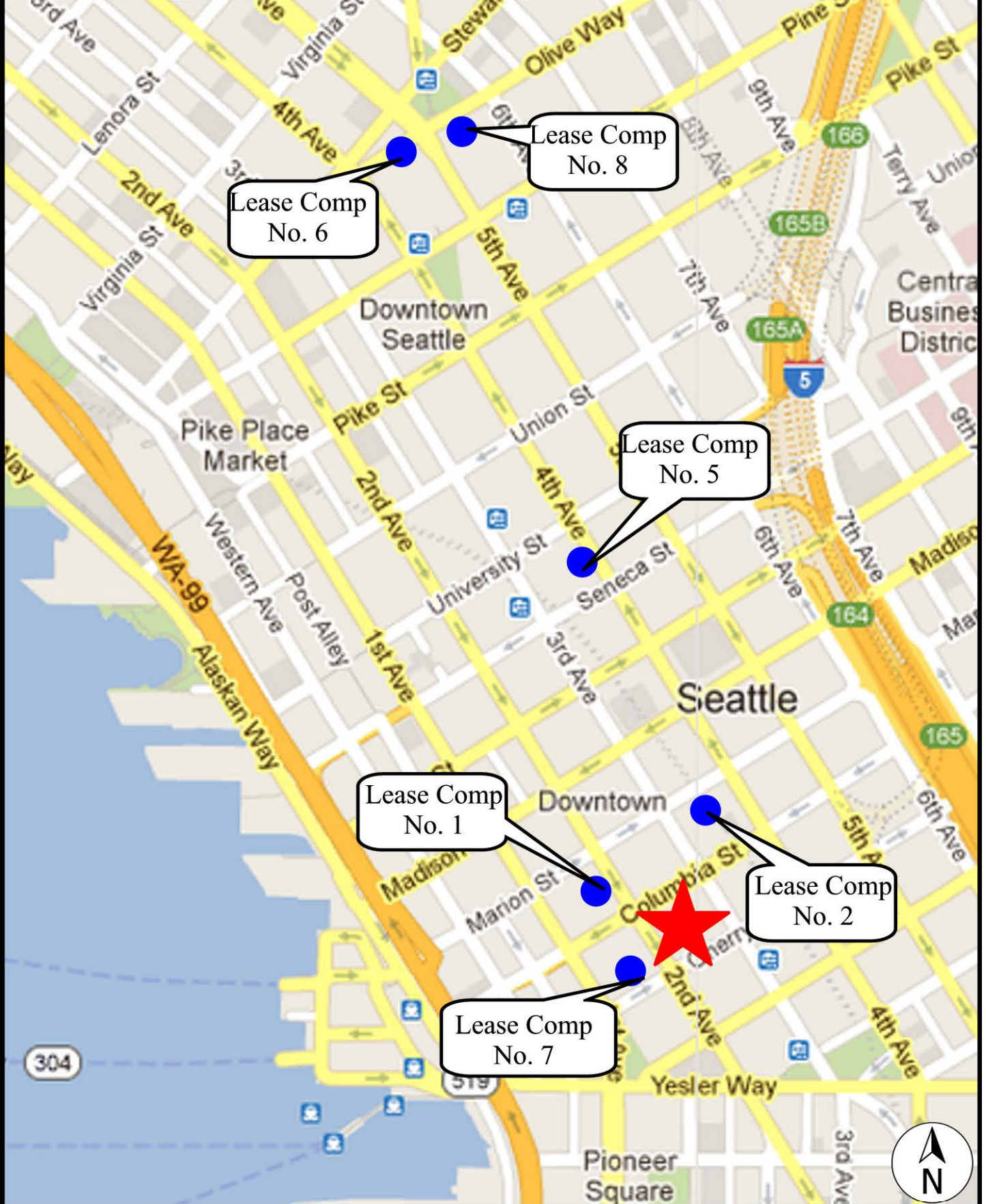


Lease Comparison No. 6

**Westlake Tower
Seattle, WA**

Lease Comparison Map

**Lease Comparisons 3 and 4 are confidential and are not shown.*



Dexter Horton Building
Lease Comparison Summary

No	Address	Year Built	Lease Area (sf)	Floor No.	New/Renew	Sign Date	Lease Start	Lease Term (yrs)	Tenant Improvement Costs (\$/sf)	Months of Free Rent	Starting Lease Rate	Expenses
1	Exchange Building 821 2nd Ave Seattle, WA	1929	~5,000		New	Q2 2023			\$50	3	\$33.00	FSG
2	Central Building 810 3rd Ave Seattle, WA	1907	~3,000						\$30	2	\$29.00	FSG
3	Confidential	1950+		16	Renewal	Q3 2023	Jan-24	7.0	\$13	5	\$36.00	FSG
4	Confidential	1970+	2,962	19	Renewal	Q1 2024	Jul-24	7.0	\$0	0	\$39.50	FSG
5	Financial Center 1215 4th Ave Seattle, WA	1972	3,704	13	New Lease	Oct-22	Feb-23	6.2	\$85	2	\$38.00	FSG
6	Westlake Tower 1601 5th Ave Seattle, WA	1988	1,850	6	Renewal	Jun-23	Feb-24	5.4	-	5	\$24.50	FSG
<i>Additional Indications</i>												
7	Hoge 705 2nd Ave Seattle, WA	1911	5,395	2	New	Asking		5-7	\$20-\$40	1-5	\$32.00	FSG
8	Broderick 1601 5th Ave Seattle, WA	1889	6,107	3	New	Asking		3-7	\$15-\$50	1-5	\$28-\$31	FSG

Income Approach

The Income Approach estimates the value of a property by forecasting the probable future income and expenses for the property. Please refer to the previous section in this report, in which we address the Seattle area office market. The Income Approach incorporates the general data regarding current market rental rates and vacancy in the subject office market. Our estimate of the future operating expenses is based on an analysis of actual expenses for the subject building, along with indications from several local office buildings.

As the basis for the Discounted Cash Flow Analysis, we have used the ARGUS computer software program. This is a real estate analysis program that generates cash flows using the details of each tenant lease. The various cash flow tables and summaries produced by the ARGUS program for this analysis are included throughout this section. As an additional methodology in the Income Approach, we have used a Direct Capitalization analysis, with an analysis of the stabilized in-place net operating income, providing a range of values. We have reconciled to a range within the two methodologies.

Lease Comparisons

We have spoken with leasing agents for numerous office properties that are considered competitive with the subject and active brokers in the market. Based on these discussions, we have compiled information regarding lease rates and escalations, lease terms and TI allowances for several buildings. Please refer to the Office Lease Comparison Summary; photos and a map of these comparisons are provided at the beginning of this section.

We have surveyed a number of recently executed office leases from competitive office buildings located in the CBD. Each lease provides an indication of rental rates, free rents, escalations and tenant improvement. Leases are defined by their suite size and floor level. The lease comparisons presented in this section are reported on a full-service basis. The subject primarily operates full-service leases.

Overall, the office comparisons range from about \$24.50/sf/yr to \$39.50/sf/yr for full-service leases with base year stops. Tenant improvement allowances for new tenants were generally in the range of \$40/sf to \$100/sf. Free rent is also a common incentive utilized in the market and escalations of \$1/sf or about 2.5% to 3.0%/yr are typical. We have considered the lack of onsite parking at the subject within the market rent forecast.

On the whole, the comparisons are similar to the subject in age, condition, location, and space type. The two confidential indications are superior in age/location/quality warranting downward adjustments.

The higher rents are generally attributable to upper-level floor space, or in deals that involved landlord TI contribution. The market office leases indicate typical lease terms of five to seven years. The subject improvements compete within the nearby market, and achieved rates at the subject are competitive with other Class B buildings in the market.

The market rent forecasts are outlined in the Valuation Parameters summary. In-place office tenants reimburse full service gross, paying their pro-rata share of reimbursable expenses over a base year.

Subject Leases

King County leases space (86,998 sf) on floors 1, 2, 2 mezzanine, 7 and 10 (expiring the end of February 2028). They pay \$43.00/sf and recoveries equivalent to \$4.20/sf of the current leased area.

The new King County leased space considered in the appraisal includes 4,208 sf on Floor 7 and 13,041 sf on Floor 9 (totaling 17,249 sf). The starting rent is \$29.50/sf/yr (without free rent or TI's). We estimate this rent to be more in-line with a \$34.00/sf/yr starting rent for a comparable deal with market rate TI's and free rent.

The coffee shop (Eugene Park) occupies a portion on the 3rd floor (street level on 3rd Ave). Bosa (4,054 sf) has a SE facing corner space on floor 3 (expiring the end March 2026). The management office is on the 3rd floor (1,854 sf) and no rent is forecasted for this space, typical modeling for a multi-suite building of this size.

Amento Group (6,184 sf on the 4th floor) expires the end of February 2026.

Allison and Partners occupied 6,000 sf on the 5th floor. They have already left the space and the lease will terminate this year at the end of July 2024.

Aspect and Consulting leases a total of 15,942 sf on the 5th floor. The lease expires the end of January 2026.

O'Brien & Consulting occupied 2,866 sf on the 9th floor. The lease expires the end of March 2026.

The Climate Corporation occupied 22,825 sf on the 11th floor (leases expires the end of July 2026).

Specter Ops occupies 4,874 sf on the 12th floor (leases expires the end of November 2026).

Collins Woerman occupies 23,124 sf on the 14th floor (lease expires end of November 2030).

We note that rent has not been forecasted for the management space (1,854 sf), typical for investment properties of this size.

There is also about 8,000 sf of storage space. It is 85% vacant, and total revenue was about \$35,000 in 2023 (while the contracted space on the rent roll indicated about \$26,000). This revenue is highly variable (with much less market storage demand than in the past as files transition to digital). There is also other income from City of Seattle (about \$9,600). Overall, a yearly forecast of \$40,000 has been made for other income.

The vacant space totals 141,145 sf and includes the following:

- Floor 1 (6,333 sf)
- Floor 3 (7,221 sf)
- Floor 4 (19,993 sf)
- Floor 6 (23,047 sf) – Full Floor
- Floor 8 (22,957 sf) – Full Floor
- Floor 9 (7,125 sf)
- Floor 12 (11,742 sf)
- Floor 13 (27,934 sf) - Full Floor
- Floor 15 (8,793 sf) – Full portion of available floor

Absorption of the vacant space is highly speculative and pushed out to year four in the cash flow analysis.

There is also additional storage area that totals about 8,100 sf.

Market Rent Conclusions

We have considered adjustments to each of the leases based on equivalent free rent/TI adjustments, relative to the value parameters, and market rent forecast at the subject.

Overall, our rental rate conclusion is \$34.00/sf/yr. This is an average for the entire building and considers premium built-out space on the upper floors and lower potential rents on lower floors. Outlooks vary widely behind excellent city views, light wells and territorial outlooks.

A TI allowance of \$65/sf to \$100/sf is forecasted for the vacant space (with a higher rate for the upper floors that could command higher rent potential).

We have modeled second generation tenant improvement allowances at \$65/sf for new deals and \$20/sf for renewals. This represents current market trends, available supply and aggressive competition, and a general higher level of concessions needed in the current market environment.

Correlating to the average lease term for either building, we have modeled leasing commissions at \$14.00/sf for new deals and \$12.00/sf for renewal deals.

Lastly, we have modeled 5 months of free rent on new and 1 month on renewal leases.

We have modeled market rent growth at 0% for Year 2, 1.5% for years 3 and 4 and 3%/ year thereafter.

These various parameters are speculative, but centric in terms of current analysis for purchasing and underwriting, reflecting current sentiment by knowledgeable and seasoned market participants.

Expense Reimbursement Revenue

Please refer to the detailed discussion of expense forecasts in the following paragraphs.

Vacancy and Credit Loss

We have utilized a general vacancy and credit loss of 0% for King County and 8% for the rest of the space, reflecting the perceived high quality for this tenant, and overall market perceptions for this area and tenancy type.

Operating Expense Estimate

For relevant indications of office expenses, in addition to review of the subject income and expense history, we have also reviewed a history of actual income and expenses for several local office buildings, and a summary of these is included in this section. We have projected subject expenses utilizing the same categories as are used by building management, which is consistent with the expense comparison categories. All of the expense conclusions fall well within the range of the expense comparisons.

Please refer to the "Income & Expense History and Projection" exhibits for each property located within this section for specific details regarding past subject expenses and our expense conclusions.

Cleaning expense represents the Cleaning Contact. It is forecasted at \$1.97/sf and consistent with the operating history. It is based on a 50% fixed amount.

Repairs & Maintenance expenses are forecasted at \$2.70/sf. This includes interior and exterior repairs, HVAC (and based on a 90% fixed amount).

Utility expenses have been modeled \$2.75/sf based on occupied area.

Dexter Horton Building
Income & Expense History and Forecast

Current Rentable Area (sf)	2020 <u>Actual</u> 328,504 sf			2021 <u>Actual</u> 328,504 sf			2022 <u>Actual</u> 328,504 sf			2022-2023 (12/2022-11/2023) <u>Actual</u> 328,504 sf			2024 <u>Budget</u> 328,504 sf		Year 1 <u>Forecast</u> 328,504 sf		
	Gross	\$/sf	% EGI	Gross	\$/sf	% EGI	Gross	\$/sf	% EGI	Gross	\$/sf	% EGI	Gross	\$/sf	Gross	\$/sf	% EGI
Office Rental Income	\$9,719,573	\$29.59	91.0%	\$8,549,346	\$26.03	90.8%	\$7,261,091	\$22.10	86.9%	\$7,441,972	\$22.65	94.8%			\$7,574,498	\$23.06	92.1%
Storage Inc. above																	
Recoveries	\$867,215	\$2.64	8.1%	\$650,783	\$1.98	6.9%	\$925,857	\$2.82	11.1%	\$337,307	\$1.03	4.3%			\$605,327	\$1.84	7.4%
Other Income	\$89,594	\$0.27	0.8%	\$217,855	\$0.66	2.3%	\$167,206	\$0.51	2.0%	\$71,339	\$0.22	0.9%			\$40,000	\$0.12	0.5%
Total Revenue	\$10,676,382	\$32.50	100.0%	\$9,417,984	\$28.67	100.0%	\$8,354,154	\$25.43	100.0%	\$7,850,618	\$23.90	100.0%			\$8,219,825	\$25.02	100.0%
Vacancy/Credit Loss EGR	-	-	-	-	-	-	-	-	-	-	-	-			(\$77,534)	(\$0.24)	-0.9%
Cleaning										\$501,362	\$1.53	6.4%	\$521,361	\$1.59	\$507,838	\$1.55	6.2%
Repairs & Maintenance										\$857,299	\$2.61	10.9%	\$846,128	\$2.58	\$848,773	\$2.58	10.4%
Utilities										\$438,822	\$1.34	5.6%	\$527,133	\$1.60	\$514,436	\$1.57	6.3%
Security & Grounds										\$464,893	\$1.42	5.9%	\$540,956	\$1.65	\$542,032	\$1.65	6.7%
Administration										\$552,461	\$1.68	7.0%	\$473,840	\$1.44	\$476,331	\$1.45	5.9%
Management										\$206,358	\$0.63	2.6%	\$217,043	\$0.66	\$203,557	\$0.62	2.5%
Total Variable Expenses										\$3,021,195	\$9.20	38.5%	\$3,126,461	\$9.52	\$3,092,967	\$9.42	38.0%
Real Estate Taxes										\$1,116,359	\$3.40	14.2%	\$1,069,398	\$3.26	\$940,000	\$2.86	11.5%
Building Insurance										\$280,543	\$0.85	3.6%	\$194,195	\$0.59	\$197,102	\$0.60	2.4%
Total Fixed Expenses										\$1,396,902	\$4.25	17.8%	\$1,263,593	\$3.85	\$1,137,102	\$3.46	14.0%
Non Recoverable										\$275,359	\$0.84	3.5%	\$29,359	\$0.09	\$32,850	\$0.10	0.4%
Total Expenses	\$4,371,249	\$13.31	40.9%	\$4,048,812	\$12.33	43.0%	\$4,130,575	\$12.57	49.4%	\$4,693,456	\$14.29	59.8%	\$4,419,413	\$13.45	\$4,262,919	\$12.98	52.4%
Net Operating Income	\$6,305,133	\$19.19	59.1%	\$5,369,172	\$16.34	57.0%	\$4,223,579	\$12.86	50.6%	\$3,157,162	\$9.61	40.2%			\$3,879,372	\$11.81	47.6%

Dexter Horton Building
Office Expense Comparison Summary

Approx. Office Rentable Area Location Expense Year	~250,000 <i>Seattle CBD</i> 2022 Actual	~300,000 <i>Seattle CBD</i> 2024 Projection	~500,000 <i>Seattle CBD</i> 2024 Projection	~500,000+ <i>Seattle</i> 2023 Projection	~400,000 <i>Seattle CBD</i> 2022 Actual	~300,000 <i>Seattle CBD</i> 2023 Projection	~300,000 <i>Seattle CBD</i> 2023 Projection
	<u>\$/sf</u>	<u>\$/sf</u>	<u>\$/sf</u>	<u>\$/sf</u>	<u>\$/sf</u>	<u>\$/sf</u>	<u>\$/sf</u>
<i>Cleaning</i>	<i>inc w/R&M</i>	\$2.42	\$2.82	\$0.47	\$1.85	\$1.68	N/A
<i>Repairs and Maintenance</i>	\$6.26	\$4.08	\$2.88	\$3.77	\$2.70	\$2.82	\$3.14
<i>Utilities</i>	\$2.38	\$2.26	\$1.58	\$2.37	\$1.50	\$1.54	\$1.89
<i>Roads, Grounds, and Security</i>	<i>inc w/R&M</i>	\$2.28	\$0.73	\$1.60	\$1.61	\$1.35	\$3.26
<i>Admin & Mgmt.</i>	<u>\$4.69</u>	<u>\$3.09</u>	<u>\$2.57</u>	<u>\$1.71</u>	<u>\$2.02</u>	<u>\$2.02</u>	<u>\$1.27</u>
<i>Total Variable Expenses</i>	\$13.33	\$14.13	\$10.58	\$9.92	\$9.68	\$9.41	\$9.56
<i>Taxes</i>	\$5.48	\$3.37	\$4.54	\$5.60	\$4.86	\$5.12	\$5.38
<i>Building Insurance</i>	<u>\$1.13</u>	<u>\$1.57</u>	<u>\$1.00</u>	<u>\$1.40</u>	<u>\$0.53</u>	<u>\$0.45</u>	<u>\$0.82</u>
<i>Total Fixed Expenses</i>	\$6.61	\$4.94	\$5.54	\$7.00	\$5.39	\$5.57	\$6.20
Total Expenses	\$19.94	\$19.07	\$16.12	\$16.92	\$15.07	\$14.98	\$15.76

Security and Grounds expense is forecasted at \$1.65/sf.

Administration expense is forecasted at \$1.45/sf.

The **Management** fee is forecasted at 2.5% of total tenant revenue.

Real estate taxes: Assessment in King County is based on 100% of market value. The Assessor performs the Income and Sales Comparison Approaches for major properties like the subject with an effective date of January 1st each year. This assessment is used to calculate taxes for the following calendar year, so the January 1, 2023 assessment would be used to calculate the calendar year 2024 taxes. Although property is not automatically re-assessed following a sale, the transaction would be utilized as market evidence for subsequent assessments. Often, the assessor can lag the market, with assessments being below market value in a rising market and above market value in a declining market. In equilibrium times, we find assessments for income properties are generally in the range of 80% to 95% of market value.

We note the assessed value is well above the appraised market value and we would assume a revaluation the following year. The current assessed value is \$96,785,000 and above the concluded market value. Taxes are adjusted in year two to reflect an anticipated decrease in assessed value (following a prospective sale) equivalent to approximately 95% of the market value to assessed ratio x the current levy rate. This equates to about \$420,000, plus the MID tax, resulting in a year two forecast of \$480,000.

Insurance is forecasted at \$0.60/sf.

Non Recoverable expense is forecasted \$0.10/sf.

The total year one expense forecast is approximately **\$12.98/sf**.

Capital Expenditures

For the subject, we have modeled reserves at \$0.25/sf/yr.

Discounted Cash Flow Analysis Parameters

The discounted cash flow analysis for each property runs for a period of 10 years, beginning February 1, 2024. The analysis incorporates all of the income and expense forecasts presented above. The analysis assumes eleven years of cash flow, with a reversion at the end of Year 10 based on the capitalization of stabilized Year 11 NOI. Our significant assumptions are shown in the Discounted Cash Flow Valuation Summary.

Capitalization Rates – Reversion Value

The reversionary value at the end of the year analysis is based on the net operating income forecast for the following year, with the reversionary value based on a capitalization of Year 11 income. A capitalization rate is used in this discounted cash flow at the end of the analysis in order to calculate a reversion sale value at year 10, based on capitalizing the year 11 potential income at a forecast year 1 income as an additional indication, as investors tend to weigh near term value heavier than the long term.

We have also analyzed the latest Q4 2023 investor survey data from Situs AMC RERC and PwC – these show average going in cap rates ranging from 6.78% to 7.6% for first class institutional properties. The surveys highlight an increase of 50 to 80 basis point increases on going in cap rates over the past 12 months. Indicated terminal capitalization rates average about 40 to 60 basis points higher than going-in rates. Please refer to the *Investment Rate Summary* in this section, which indicates internal rates of return and other investment parameters from national survey data.

The specific factors at the subject have also been considered:

Building Strengths

- Competitive rental rate structure relative to more expensive office towers.
- Good income stream for anchor tenant (King County leases 32%).
- Substantial capital expenditure investment in property, functional building systems.

Building Weaknesses:

- No parking
- Downtown fringe location on edge of financial district
- Near term rollover within next 2.5 years of 20% of the leased space.
- 41% vacancy, with high required capital costs to lease-up

King County occupies about 32% of the space (including the new expansion on 7 and 9). The remaining leased space is dispersed throughout the building. The rent for the 86,998 sf space is above market (signed in 2017) and the subject benefits from overage revenue over the next four years.

Overall, 19% of the building space leases expire in the next 2.5 years. Some of these spaces upon inspection had little daytime occupancy (most signed before COVID and the change in the remote work trend). Overall, renewal probability for these spaces is highly uncertain. We conclude that these leased spaces generate about \$900,000 in overage rent above market (or about \$300,000/year over the next three years until expirations).

These factors would warrant an upward adjustment to the cap rate (recognizing strong near-term income), with future rollover at lower lease rates than the current contract rents.

The property is in good condition and no capital expenditure projects are modeled other than typical reserves.

Given the factors above, we have estimated a terminal cap rate of 8.0%.

We have deducted a 3.7% cost of sales at reversion. This deduction reflects the real estate excise tax due upon sale, plus an amount for broker fees and other costs.

Discount Rate (Rate of Return)

An investor in real estate anticipates receiving net cash flow from the property for the holding period of the investment, and eventual proceeds from the sale or disposition of the real estate at the end of the investment period. The total value for the subject property is obtained by discounting to a present value the annual cash flows. The annual cash flows are discounted at an equity discount rate (equity yield rate), which is defined as "the rate of return on equity capital; the equity investor's internal rate of return".

Please refer to the *Investment Rate Summary* in this section, which indicates internal rates of return and other investment parameters from national survey data. The Q4 2023 RERC and PwC reports indicates discount rates ranging from 7%-12% for CBD Institutional office (and the Seattle Office First-Tier Sector at 8.6%). Borrowing costs, market uncertainty, and increased vacancy have also contributed to the upward push on discount rates.

In the Market Analysis section, recent trends in risk-free rates, inflation, debt cost, and property value index are analyzed. Please see the Market section for more details. Rises in mortgage rates with a less elastic property index indicates pressure on the market, and likely signal a continuation of cap and discount rate rises. Currently mortgage rates are around 7%-7.5%. We would expect a discount rate above this for a leveraged property.

We recognize that market recovery timing and overall future office demand remains uncertain. Current supply in the market is rising due to expected sublease space coming onto the market from large unneeded tech spaces. A form of hybrid work will likely continue to be adopted and maintained across the region, lengthening the time to market stabilization. Though more sublease space is expected to come online in the coming years, the development pipeline has virtually halted, and eventually demand will catch up with supply and the market will stabilize.

The subject has 41% vacancy and an investor would place most weight on the value indications of the near term scheduled income potential.

Dexter Horton Building
Investment Rate Summary -
IRR, Capitalization, Income & Expense Rate Data

<i>Source</i>	<i>Description</i>	<i>Period</i>	<i>Growth Rates</i>		<i>Average TI Allowances (\$/sf)</i>	<i>Going-In Cap Rates</i>	<i>Terminal Cap Rates</i>	<i>IRR</i>
			<i>Income</i>	<i>Expenses</i>				
<u>Situs/RERC Survey</u>	National Institutional Investor CBD Office	Q4 2023	1.4% with range from 0.0% to 3.0%	3.2% with range from 2.5% to 5.0%		7.3% with range from 6% to 9%	7.7% with range from 6.5% to 10%	8.5% with range from 7% to 10.0%
<u>Situs/RERC Survey</u>	Western U.S. First Tier CBD Office	Q4 2023		-		7.6% with range from 6.5% to 8.6%	8.0% with range from 7% to 9.6%	9.1% with range from 8.0% to 10.1%
<u>Situs/RERC Survey</u>	Seattle Market First Tier CBD Office	Q4 2023	-	-		6.9%	7.5%	8.6%
<u>PWC Investor Survey</u>	National CBD Office	Q4 2023	1.5% with range from 0% to 3.00%	2.7% with range from 0.0% to 4.0%	Shell Space: \$113.13 2nd Gen Space: \$71.88 Renewals: \$49.38	6.78% with range from 4.50% to 10%	7.15% with range from 5.5% to 10.5%	8.61% with range from 6.50% to 12%
<u>PWC Investor Survey</u>	Seattle Office Market	Q4 2023	-0.63% with range from (-5%) to 0.00%	3.25% with range from 2.00% to 5.00%	Shell Space: \$105.63 2nd Gen Space: \$64.38 Renewals: \$40.63	7.06% with range from 6% to 9.0%	7.44% with range from 6.25% to 9.5%	8.78% with range from 7.0% to 12.0%

Source: Various as noted.

McKee Appraisal, Inc.
February 2024

Overall, we have concluded that the appropriate discount rate is 9.75%.

Discounted Cash Flow Value

The DCF results in a leased fee value of **\$48,000,000**, rounded.

Direct Capitalization Analysis

We have also analyzed a direct capitalization analysis by estimating a range of going in capitalization rates. The analysis is based on the year 2 NOI, which better reflects the in-place stabilized NOI (with proper adjustments for tax re-assessment). There is little near-term roll-over the next two years, and this method also reflects a full year of the total King County lease revenue. The year 2 NOI is \$4,416,592. King County accounts for about 60% of the gross revenue for the entire building and this would suggest a much lower cap rate than the remaining leased space (King County accounts for 25% of the total rentable area).

A buyer would place emphasis on near term stabilized income, particularly due to the uncertainty of the upside rent potential from the vacant space (with relatively unknown long-term demand fundamentals for Class B office, with about 140,000 sf vacant).

We have concluded to an appropriate capitalization rate range of 8.50% to 9.50%. At an 8.50% capitalization rate, the value indication is \$52,000,000. At the higher end of the range at a 9.50% capitalization rate, the value indication is \$46,00,000. The Discounted Cash Flow analysis value at \$48,000,000 falls within this range.

Income Approach Conclusion

<u>Income Approach Indications</u>	
Discounted Cash Flow Analysis	\$48,000,000
Direct Capitalization Analysis	\$46,000,000 to \$52,000,000

The reconciled value indicated by the Income Approach is **\$46,000,000 to \$52,000,000**.

Dexter Horton Building

Discounted Cash Flow Valuation Parameters

<u>General Scenario</u>			
	Starting Date of Analysis	Feb. 1, 2024	
	No. of Years in Analysis	10	
	Rentable Building Area	328,504 (Exc. Basement)	
<u>Market Rent Forecast</u>			
	Office	\$34.00 /sf FS	
<u>Rent Abatement (New/Renewal)</u>			
	5 months/1 months	New/Renewal	
	Typical Lease Terms	7 Years	
<u>Escalation Parameters</u>			
	Market Rent Inflation	0.0% Year 2 1.5% Year 3 2.0% Year 4 3.0% Year thereafter	
	Lease Escalations	\$1.00 /sf/yr	
	Average Annual Expense and General Escalation	3.0%	
<u>Occupancy Parameters</u>			
	Average Vacancy	7.0% Excl. KC	
	Average Credit Loss	1.0% Excl. KC	
	Probability of Lease Renewal at Rollover	65%	
	Average Vacancy at expiration (Office)	18 months 12 months	Yr 1-4 Yr 5 & Thereafter
<u>Rollover Parameters</u>			
	Average TI Costs for vacant space (Office)	\$65.00 /sf	
	TIs Renewal Space	\$20.00 /sf	
	Leasing Commission for New and Vacant (Office)	\$14.000 /sf	
	Leasing Commission for Renewed Leases (Office)	\$14.000 /sf	
<u>Income & Expense Forecast</u>			
	Year 1 Net Operating Income	\$11.81 /sf	
<u>Valuation Parameters</u>			
	All Cash Discount Rate	9.75%	
	Reversion Capitalization Rate (year 11)	8.50%	
	Cost of Sales (year 11)	3.70%	
	Indicated Value (from Argus analysis)	\$48,000,000 (rounded)	
	Going-in capitalization rate	8.08% Year 1	
	Value/sf	\$146 /sf	

Cash Flow

Dexter Horton Building (Amounts in USD)

Feb, 2024 through Jan, 2035

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
For the Years Ending	Year 1 <u>Jan-2025</u>	Year 2 <u>Jan-2026</u>	Year 3 <u>Jan-2027</u>	Year 4 <u>Jan-2028</u>	Year 5 <u>Jan-2029</u>	Year 6 <u>Jan-2030</u>	Year 7 <u>Jan-2031</u>	Year 8 <u>Jan-2032</u>	Year 9 <u>Jan-2033</u>	Year 10 <u>Jan-2034</u>	Year 11 <u>Jan-2035</u>	Total
Rental Revenue												
Potential Base Rent	12,383,336	12,598,763	12,657,035	12,585,148	11,967,033	12,040,603	12,172,726	12,187,716	12,325,065	12,600,376	13,083,923	136,601,724
Absorption & Turnover Vacancy	-4,808,838	-4,861,966	-5,650,903	-4,605,444	-1,488,475	-68,896	-218,477	-225,032	-75,285	-566,141	-847,282	-23,416,740
Free Rent	0	0	-286,750	-494,613	-2,466,815	0	0	-182,328	0	-182,872	-350,675	-3,964,054
Scheduled Base Rent	7,574,498	7,736,797	6,719,382	7,485,091	8,011,743	11,971,707	11,954,249	11,780,356	12,249,781	11,851,363	11,885,965	109,220,931
Total Rental Revenue	7,574,498	7,736,797	6,719,382	7,485,091	8,011,743	11,971,707	11,954,249	11,780,356	12,249,781	11,851,363	11,885,965	109,220,931
Other Tenant Revenue												
Total Expense Recoveries	605,327	611,529	526,165	502,632	288,151	653,378	770,779	845,656	1,027,821	1,021,203	886,267	7,738,907
Total Other Tenant Revenue	605,327	611,529	526,165	502,632	288,151	653,378	770,779	845,656	1,027,821	1,021,203	886,267	7,738,907
Total Tenant Revenue	8,179,825	8,348,326	7,245,546	7,987,723	8,299,894	12,625,085	12,725,027	12,626,012	13,277,602	12,872,566	12,772,232	116,959,838
Other Revenue												
Misc Revenue/Storage	40,000	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191	53,757	512,312
Total Other Revenue	40,000	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191	53,757	512,312
Potential Gross Revenue	8,219,825	8,389,526	7,287,982	8,031,432	8,344,914	12,671,456	12,772,790	12,675,207	13,328,272	12,924,756	12,825,989	117,472,150
Vacancy & Credit Loss												
Vacancy Allowance	0	0	0	0	-424,151	-638,828	-546,965	-531,618	-673,884	-293,872	-211,198	-3,320,515
Credit Loss	-77,534	-78,666	-67,494	-75,230	-81,064	-120,272	-121,217	-120,165	-126,600	-122,515	-121,461	-1,112,217
Total Vacancy & Credit Loss	-77,534	-78,666	-67,494	-75,230	-505,215	-759,099	-668,182	-651,784	-800,483	-416,386	-332,659	-4,432,732
Effective Gross Revenue	8,142,291	8,310,860	7,220,488	7,956,202	7,839,699	11,912,357	12,104,608	12,023,424	12,527,789	12,508,370	12,493,330	113,039,417
Operating Expenses												
Cleaning	507,838	521,488	515,451	565,644	682,638	748,111	766,021	789,002	817,481	826,991	843,684	7,584,348
Administration	476,331	490,621	505,339	520,500	536,115	552,198	568,764	585,827	603,402	621,504	640,149	6,100,748
Management	203,557	207,771	180,512	198,905	195,993	297,809	302,615	300,586	313,195	312,709	312,333	2,825,985
Insurance	197,102	203,015	209,106	215,379	221,840	228,496	235,351	242,411	249,683	257,174	264,889	2,524,447
Security & Grounds	542,032	558,293	575,041	592,293	610,061	628,363	647,214	666,630	686,629	707,228	728,445	6,942,230
Repairs, Maintenance	848,773	873,802	894,073	930,415	985,745	1,027,650	1,057,237	1,088,954	1,122,941	1,152,514	1,184,865	11,166,969
Taxes	940,000	480,000	494,400	509,232	524,509	540,244	556,452	573,145	590,339	608,050	626,291	6,442,662
Utilities	514,436	525,443	480,675	592,056	889,074	1,041,361	1,059,947	1,091,746	1,137,924	1,130,145	1,141,387	9,604,194
Non Recoverable Expenses	32,850	33,836	34,851	35,897	36,973	38,083	39,225	40,402	41,614	42,862	44,148	420,741
Total Operating Expenses	4,262,919	3,894,268	3,889,449	4,160,320	4,682,948	5,102,315	5,232,826	5,378,702	5,563,208	5,659,177	5,786,191	53,612,324
Net Operating Income	3,879,372	4,416,592	3,331,040	3,795,882	3,156,752	6,810,042	6,871,782	6,644,721	6,964,581	6,849,193	6,707,138	59,427,093

Cash Flow

Dexter Horton Building (Amounts in USD)

Feb, 2024 through Jan, 2035

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
For the Years Ending	Year 1 <u>Jan-2025</u>	Year 2 <u>Jan-2026</u>	Year 3 <u>Jan-2027</u>	Year 4 <u>Jan-2028</u>	Year 5 <u>Jan-2029</u>	Year 6 <u>Jan-2030</u>	Year 7 <u>Jan-2031</u>	Year 8 <u>Jan-2032</u>	Year 9 <u>Jan-2033</u>	Year 10 <u>Jan-2034</u>	Year 11 <u>Jan-2035</u>	Total
Leasing Costs												
Tenant Improvements	0	0	1,515,384	4,695,227	12,337,057	0	0	1,016,716	0	1,311,955	1,663,270	22,539,609
Leasing Commissions	241,486	0	480,465	958,354	3,028,423	0	0	361,183	0	466,065	590,868	6,126,844
Total Leasing Costs	241,486	0	1,995,849	5,653,580	15,365,480	0	0	1,377,899	0	1,778,021	2,254,138	28,666,453
Capital Expenditures												
Capital Reserves	82,126	84,590	87,127	89,741	92,434	95,207	98,063	101,005	104,035	107,156	110,370	1,051,853
Total Capital Expenditures	82,126	84,590	87,127	89,741	92,434	95,207	98,063	101,005	104,035	107,156	110,370	1,051,853
Total Leasing & Capital Costs	323,612	84,590	2,082,976	5,743,321	15,457,914	95,207	98,063	1,478,903	104,035	1,885,176	2,364,509	29,718,306
Cash Flow Before Debt Service	3,555,760	4,332,002	1,248,064	-1,947,440	-12,301,162	6,714,835	6,773,719	5,165,818	6,860,546	4,964,016	4,342,630	29,708,788
Cash Flow Available for Distribution	3,555,760	4,332,002	1,248,064	-1,947,440	-12,301,162	6,714,835	6,773,719	5,165,818	6,860,546	4,964,016	4,342,630	29,708,788

Present Value Report

Dexter Horton Building (Amounts in USD)

Valuation (PV/IRR) Date: Feb, 2024

Discount Method: Annual

Analysis	Period	<u>Cash Flow</u>	P.V. of Cash Flow	P.V. of Cash Flow	P.V. of Cash Flow	P.V. of Cash Flow	P.V. of Cash Flow	NOI to Book
<u>Period</u>	<u>Ending</u>	<u>Before Debt Service</u>	<u>@ 8.75%</u>	<u>@ 9.25%</u>	<u>@ 9.75%</u>	<u>@ 10.25%</u>	<u>@ 10.75%</u>	<u>Value</u>
Year 1	Jan-2025	3,555,760	3,269,664	3,254,700	3,239,872	3,225,179	3,210,618	1198.77%
Year 2	Jan-2026	4,332,002	3,662,942	3,629,491	3,596,496	3,563,949	3,531,841	1081.96%
Year 3	Jan-2027	1,248,064	970,396	957,133	944,111	931,324	918,767	133.71%
Year 4	Jan-2028	-1,947,440	-1,392,345	-1,367,031	-1,342,289	-1,318,104	-1,294,461	46.10%
Year 5	Jan-2029	-12,301,162	-8,087,230	-7,903,854	-7,725,445	-7,551,846	-7,382,908	13.32%
Year 6	Jan-2030	6,714,835	4,059,381	3,949,178	3,842,450	3,739,071	3,638,924	28.63%
Year 7	Jan-2031	6,773,719	3,765,497	3,646,507	3,531,795	3,421,188	3,314,523	28.77%
Year 8	Jan-2032	5,165,818	2,640,614	2,545,467	2,454,160	2,366,521	2,282,387	26.20%
Year 9	Jan-2033	6,860,546	3,224,744	3,094,323	2,969,737	2,850,699	2,736,939	27.35%
Year 10	Jan-2034	4,964,016	2,145,559	2,049,362	1,957,888	1,870,886	1,788,117	25.04%
Totals		25,366,158	14,259,223	13,855,278	13,468,775	13,098,867	12,744,746	
Property Resale @ 8.00% Cap Rate		87,364,483	37,760,893	36,067,867	34,457,965	32,926,755	31,470,059	
Total Unleveraged Present Value			52,020,116	49,923,144	47,926,740	46,025,621	44,214,805	

Percentage Value Distribution

Income	27.41%	27.75%	28.10%	28.46%	28.82%
Net Sale Price	72.59%	72.25%	71.90%	71.54%	71.18%
	100.00%	100.00%	100.00%	100.00%	100.00%

* Results displayed are based on Forecast data only

Reconciliation and Final Value Estimate

The values indicated by the approaches used in this report are as follows:

Sale Comparison Approach	\$36,000,000 - \$43,000,000
Income Approach	\$46,000,000 - \$52,000,000

Reconciliation is the process of assigning different weight or emphasis to each of the approaches to valuation used in the report to arrive at a final value estimate. The primary considerations are the reliability of the data and the applicability of each method for valuing the particular property.

The Sale Comparison Approach includes the current contract for the subject, plus a mix of local transactions of office buildings, which were transacted before 2022 changes in the capital market. We also looked sales of three fresh indications for underperforming CBD office buildings in the Portland, Oregon and San Francisco, CA markets. Our confirmations and quality of data used in this approach are considered to be good. Considering the range of data and various physical and financial characteristics of each property, we have concluded to a range via the sale comparison approach, considering both the subject property contract price and the other adjusted sale comparisons. The approach is considerably weakened by the lack of recent transactions, price discovery, and buyer and seller consensus.

We have researched, summarized, and carefully considered a great deal of information with regard to the analysis and conclusions in the Income Approach. The analysis included a review of the subject income and expenses, recent leasing and capital expenditure history. This approach incorporated a wide range of well supported data regarding market rent, vacancy, rollover costs, leasing commissions and operating expenses. We have analyzed the Income Approach with several methodologies, including a discounted cash flow analysis and direct capitalization analysis. We have concluded to a range in value via the Income Approach considering each of these methodologies.

Based on the specificity of this approach (modeling the actual financial situation of the subject), and the greater emphasis that investors in similar properties place on this approach, it is our opinion that the Income Approach should be given greater weight in the reconciliation of the final value conclusion.

I

In summary, we have placed some weight on both approaches, and reconcile the final value at the low end of the Income Approach range:

<u>Description</u>	<u>Effective Valuation Date</u>	<u>Value Conclusion</u>
Market Value Leased Fee Estate	February 1, 2024	\$46,000,000

The above value estimate is commensurate with a reasonable exposure period of twelve months.

ADDENDA

Seattle Area Economy and Market Analysis Report

ARGUS Discounted Cash Flow Reports

Historic Preservation Ordinance

Appraisers' Experience & Qualifications

SEATTLE AREA ECONOMY AND MARKET ANALYSIS REPORTS



Office Submarket Report

Seattle CBD

Seattle - WA (USA)

PREPARED BY



Matt Lange
Appraiser



OFFICE SUBMARKET REPORT

Submarket Key Statistics	1
Leasing	2
Rent	6
Construction	8
Sales	11
Sales Past 12 Months	13
Supply & Demand Trends	14
Rent & Vacancy	16
Sale Trends	18

12 Mo Deliveries in SF

0

12 Mo Net Absorption in SF

(1.8M)

Vacancy Rate

24.3%

12 Mo Asking Rent Growth

-1.9%

Office utilization remains below pre-pandemic levels, which weighs on office demand. The Seattle CBD has seen -1.8 million SF of absorption over the past 12 months. Since 2020, the submarket has been among the worst-performing in the region, and move-outs have negated nearly all the growth of the 2010s.

Before the pandemic, the vacancy rate was below 6%. It now stands at 24.4%. The availability of office space in the submarket has significantly increased, and 29.6% of all office space is listed as available. With the low pace of leasing, along with high availability, the baseline forecast suggests further vacancy expansion, nearing around 30% by the end of 2024.

Before the pandemic, the Seattle CBD was the third most expensive submarket, after Lake Union and the Bellevue CBD. Due to the rapid decrease in rents, the area is now seeing asking rents close to the metro

average. In that time, the average gross asking rent for office space in the city core fell from about \$48.00/SF to about \$38.00/SF.

Tenants are also negotiating significant concessions. Market players have informed CoStar that tenant improvement allowances of above \$100/SF are common, with many deals going significantly higher. Often, several free months of rent are included. As such, true effective rents are likely lower than the reported asking rents. Leases are also trending smaller, with many moving into smaller spaces as companies maximize space to match utilization patterns.

The construction pipeline has slowed, and cumulative net deliveries over the past three years totaled 200,000 SF. There were no construction starts last year, and once the projects underway finish up in 2024, there is nothing in the immediate pipeline in the submarket.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	31,503,850	24.9%	\$38.42	30.9%	(297,747)	0	813,907
3 Star	5,895,199	23.2%	\$35.28	25.0%	22,132	0	0
1 & 2 Star	1,028,315	14.4%	\$31.80	15.0%	3,510	0	0
Submarket	38,427,364	24.3%	\$37.78	29.6%	(272,105)	0	813,907

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	4.6%	11.2%	30.6%	24.3%	2024 Q1	1.1%	2000 Q2
Net Absorption SF	(1.8M)	55,701	(605,117)	1,990,059	2018 Q4	(2,109,227)	2023 Q1
Deliveries SF	0	454,455	162,835	1,491,889	2003 Q3	0	2023 Q4
Asking Rent Growth	-1.9%	0.6%	-1.7%	20.0%	2007 Q4	-16.6%	2002 Q2
Sales Volume	\$0	\$964.4M	N/A	\$4.1B	2019 Q4	\$0	2023 Q4

Office attendance remains below pre-pandemic levels, which has a negative impact on office demand. Absorption came in at -1.8 million SF over the past 12 months. This adds to an extended period of negative absorption that is the worst on record for the submarket. As a result, tenants now occupy close to 6 million SF less office space than they did pre-pandemic.

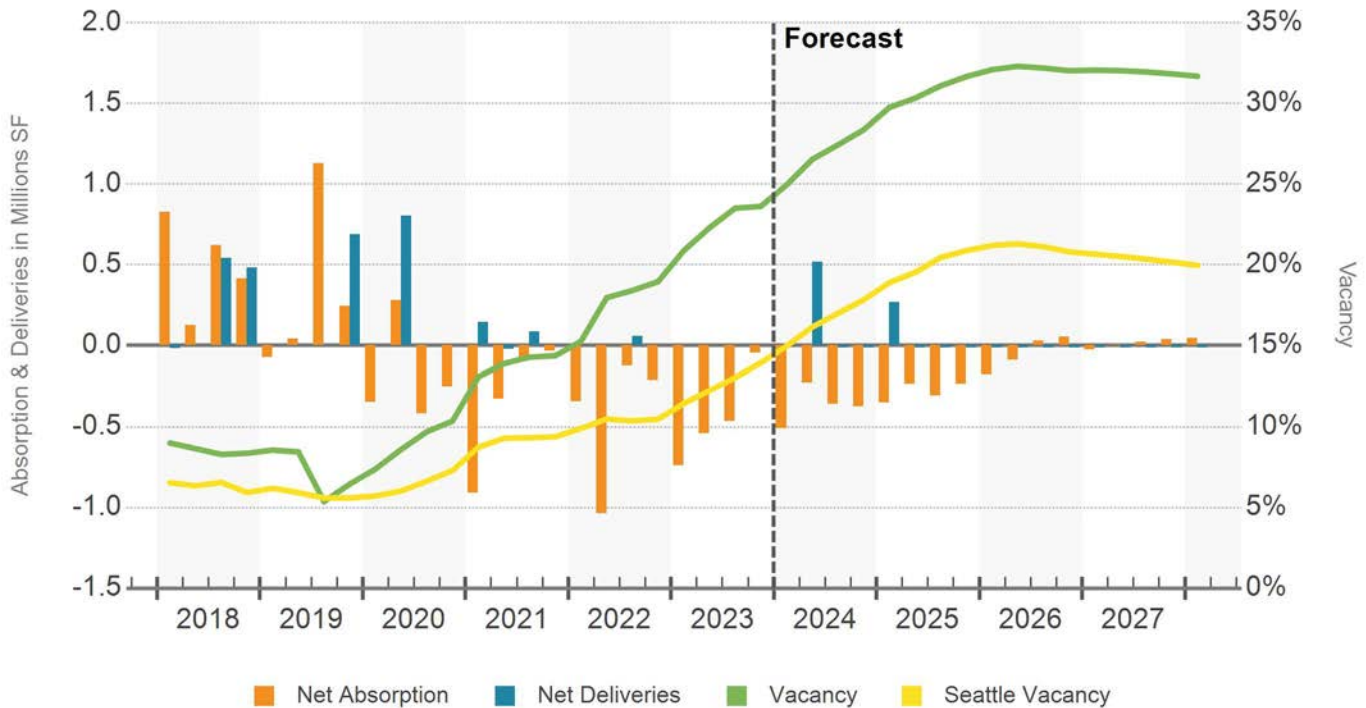
The submarket has one of the highest vacancy rates in the region at 24.4%. That figure has risen steadily since 2020. Availability is also high. About 29.6% of the inventory is now actively listed for lease or sale. As of the start of 2024, nearly 40% of office buildings in the submarket have space listed for lease. With the low pace of leasing, along with high availability, the baseline

forecast suggests further vacancy expansion, nearing around 30% by the end of 2024.

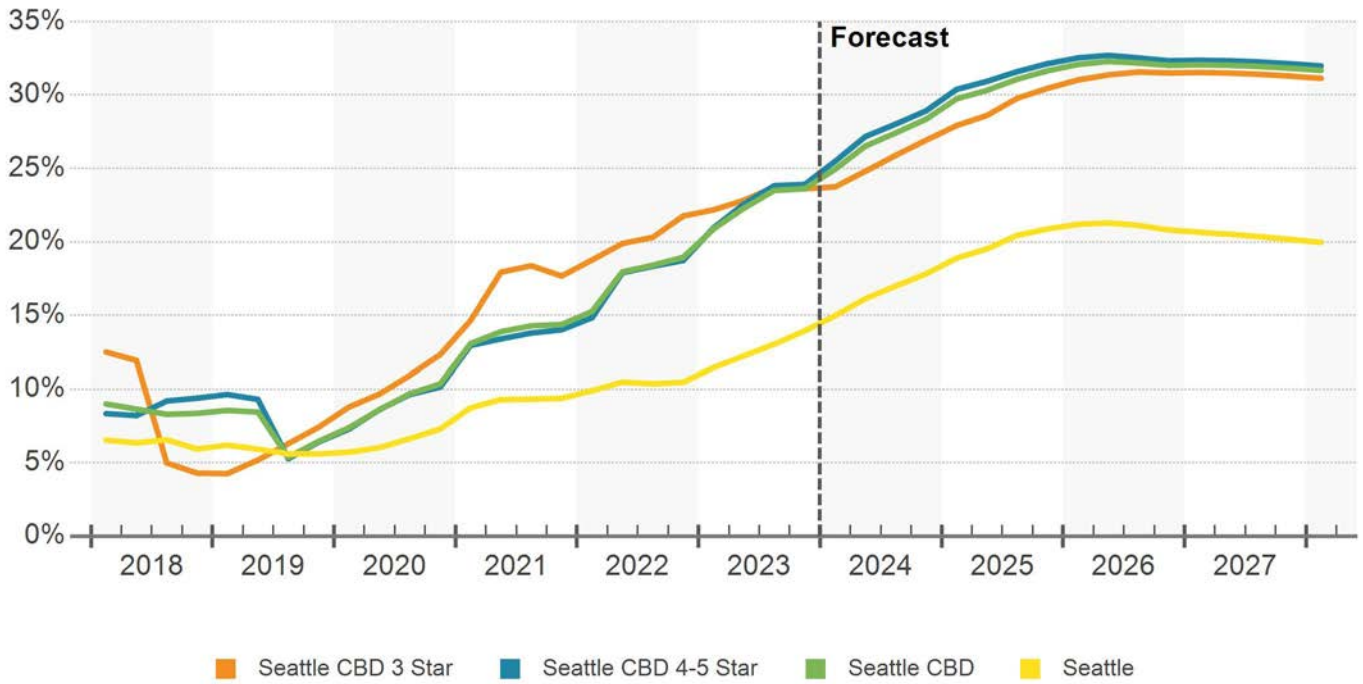
Leasing volume was steady last year compared to the year prior, but it is still well below what was typical pre-pandemic. In the past five years, tenants committed to an average of about 1.5 million SF worth of new leases annually. That is about half the level seen in the 2010s.

Tenants are still signing leases, but they tend to be smaller. For example, one of the largest leases last year in the region was law firm Perkins Coie's 150,000-SF sublet lease at Russell Investments Center in 23Q4. Related to this, the company vacated 300,000 SF at 1201 Third, just one block away.

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



AVAILABILITY RATE



4 & 5 STAR MOST ACTIVE BUILDINGS IN SUBMARKET - PAST 12 MONTHS

Property Name/Address	Rating	RBA	Deals	Leased SF	12 Mo Vacancy	12 Mo Net Absorp SF
Rainier Square 401 Union St	★ ★ ★ ★ ★	801,000	5	78,279	48.7%	86,176
400 University at Rainier Squ... 400 University St	★ ★ ★ ★ ★	122,678	4	3,500	63.9%	31,073
1201 Third 1201 3rd Ave	★ ★ ★ ★ ★	1,140,611	7	75,580	16.4%	29,346
1700 Seventh Avenue 1700 7th Ave	★ ★ ★ ★ ★	585,731	3	9,729	69.9%	17,577
IBM Building, 1200 5th 1200 5th Ave	★ ★ ★ ★ ★	234,041	3	26,459	14.4%	5,380
Medical Dental Bldg 509 Olive Way	★ ★ ★ ★ ★	363,934	11	8,194	15.2%	(2,995)
Puget Sound Plaza 1325 4th Ave	★ ★ ★ ★ ★	424,690	5	13,315	15.3%	(6,535)
520 Pike Tower 520 Pike St	★ ★ ★ ★ ★	423,010	9	29,496	21.4%	(23,477)
901 5th Ave	★ ★ ★ ★ ★	541,190	3	11,543	28.8%	(37,458)
1000 Second Avenue 1000 2nd Ave	★ ★ ★ ★ ★	589,921	4	6,364	18.8%	(38,217)
One Union Square 600 University St	★ ★ ★ ★ ★	672,479	13	57,264	22.1%	(44,718)
Smith Tower 506 2nd Ave	★ ★ ★ ★ ★	268,748	4	16,671	39.9%	(48,579)
Qualtrics Tower at 2+U 1201 2nd Ave	★ ★ ★ ★ ★	687,380	3	9,732	20.8%	(49,144)
Financial Center 1215 4th Ave	★ ★ ★ ★ ★	361,760	4	16,132	51.9%	(56,089)
One Convention Place 701 Pike St	★ ★ ★ ★ ★	322,894	5	19,703	49.5%	(57,352)
Fifth & Yesler 300 5th Ave	★ ★ ★ ★ ★	280,364	3	8,941	13.9%	(81,534)
Two Union Square 601 Union St	★ ★ ★ ★ ★	1,165,441	8	79,663	18.8%	(98,212)
999 Third 999 3rd Ave	★ ★ ★ ★ ★	989,968	3	51,030	38.4%	(156,471)
Columbia Center 701 5th Ave	★ ★ ★ ★ ★	1,952,220	12	133,936	19.8%	(162,683)
U.S. Bank Center 1420 5th Ave	★ ★ ★ ★ ★	943,575	4	31,380	38.3%	(167,446)

3 STAR MOST ACTIVE BUILDINGS IN SUBMARKET - PAST 12 MONTHS

Property Name/Address	Rating	RBA	Deals	Leased SF	12 Mo Vacancy	12 Mo Net Absorp SF
Times Square Bldg 414 Olive Way	★ ★ ★ ★ ★	61,533	1	9,838	21.5%	9,838
Tower Building 1809 7th Ave	★ ★ ★ ★ ★	173,770	4	15,060	16.2%	7,929
Pacific Bldg 720 3rd Ave	★ ★ ★ ★ ★	138,545	1	1,000	51.2%	4,491
Logan Bldg 500 Union St	★ ★ ★ ★ ★	122,118	8	30,959	26.4%	3,376
Joseph Vance Building 1402 3rd Ave	★ ★ ★ ★ ★	130,786	1	530	44.4%	530
Melbourne Tower 1511 3rd Ave	★ ★ ★ ★ ★	130,893	1	794	3.7%	(1,211)
AE Doyle Bldg 117-119 Pine St	★ ★ ★ ★ ★	34,000	1	883	53.3%	(4,873)
Broderick Building 615-619 2nd Ave	★ ★ ★ ★ ★	78,674	2	1,775	61.7%	(7,779)
Central Building 810 3rd Ave	★ ★ ★ ★ ★	192,176	2	3,180	44.7%	(8,162)
The Skinner Building 1326 5th Ave	★ ★ ★ ★ ★	221,264	9	15,064	26.1%	(9,183)
Hoge Building 705 2nd Ave	★ ★ ★ ★ ★	115,294	1	600	37.7%	(10,212)
Seattle Tower 1218 3rd Ave	★ ★ ★ ★ ★	216,201	2	3,278	40.4%	(38,223)

The Seattle CBD has seen among the fastest drops in asking rent in the region. Rent growth over the past 12 months came in at -1.9%. Since they last peaked in March 2020, rents have fallen by more than 20% and are expected to fall further over the coming year. Many existing listings still on the market have already dropped asking prices over the past year.

Before the pandemic, the Seattle CBD was the third most expensive submarket, after Lake Union and the Bellevue CBD. Due to the rapid decrease in rents, the area is now seeing asking rents close to the metro average. In that time, the average gross asking rent for office space in the city core fell from about \$48.00/SF to about \$38.00/SF.

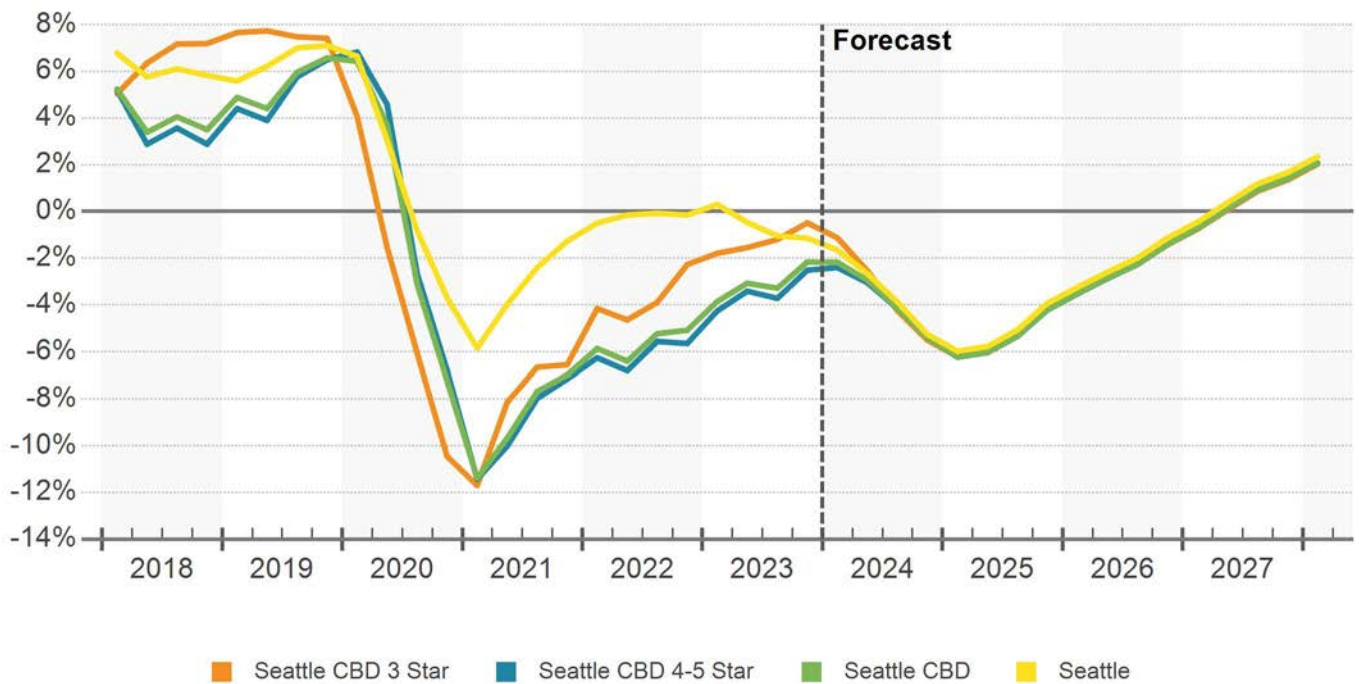
The submarket consists of more than 80% 4 & 5 Star office space. Rent growth for this tier came in at -2.2% over the past year, and has been relatively flat among

other tiers.

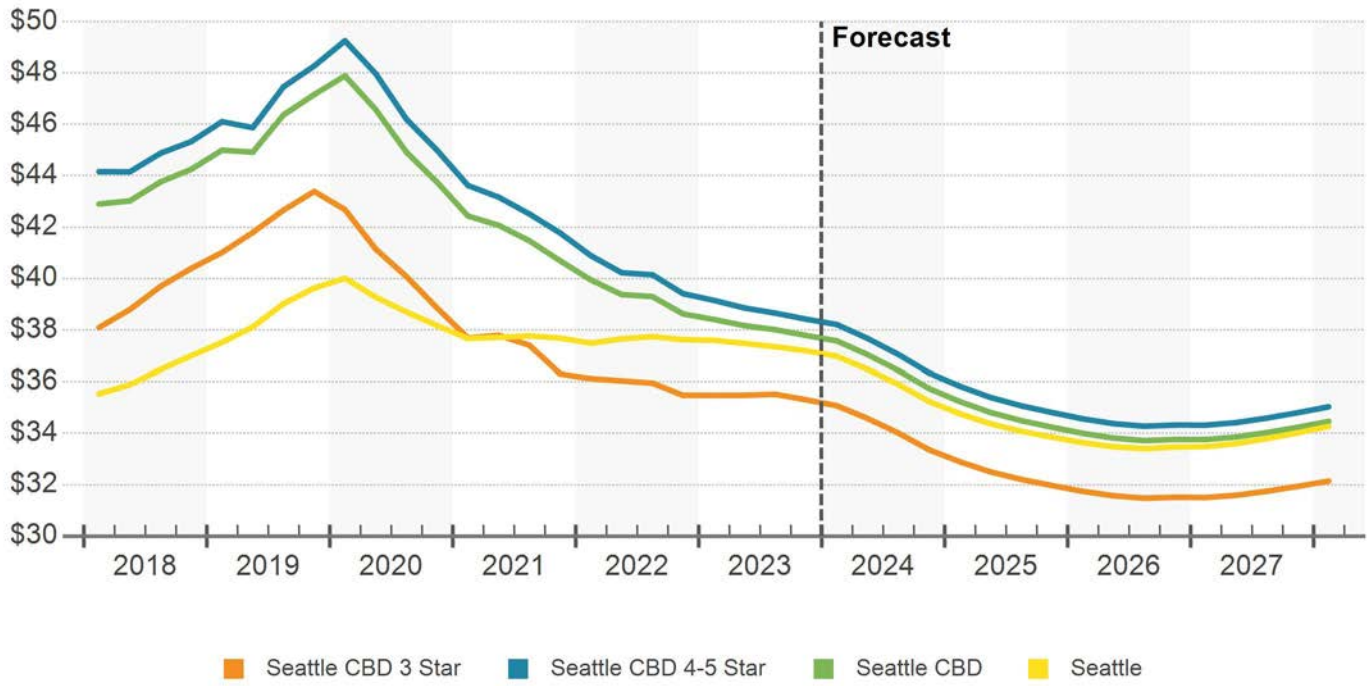
Asking rents are only part of the story. According to market participants, there has been a significant decline in effective rents. Concessions that include a free month's rent per year of lease are not uncommon, as are tenant improvements allowances well over \$100/SF.

In one recent example, a lease in the central business district included tenant improvements of up to \$150/SF, six months of free rent, plus \$5/SF for relocation and IT costs. Illustrating another trend toward smaller leases, the Puget Sound Regional Council downsized its footprint as part of this lease, going from 27,000 SF in its former location near the waterfront to 21,000 SF at 1201 Third Avenue. The organization secured a 13.5-year lease at \$31/SF, a significant discount from what a similar space would have rented for a few years ago.

MARKET ASKING RENT GROWTH (YOY)



MARKET ASKING RENT PER SQUARE FEET



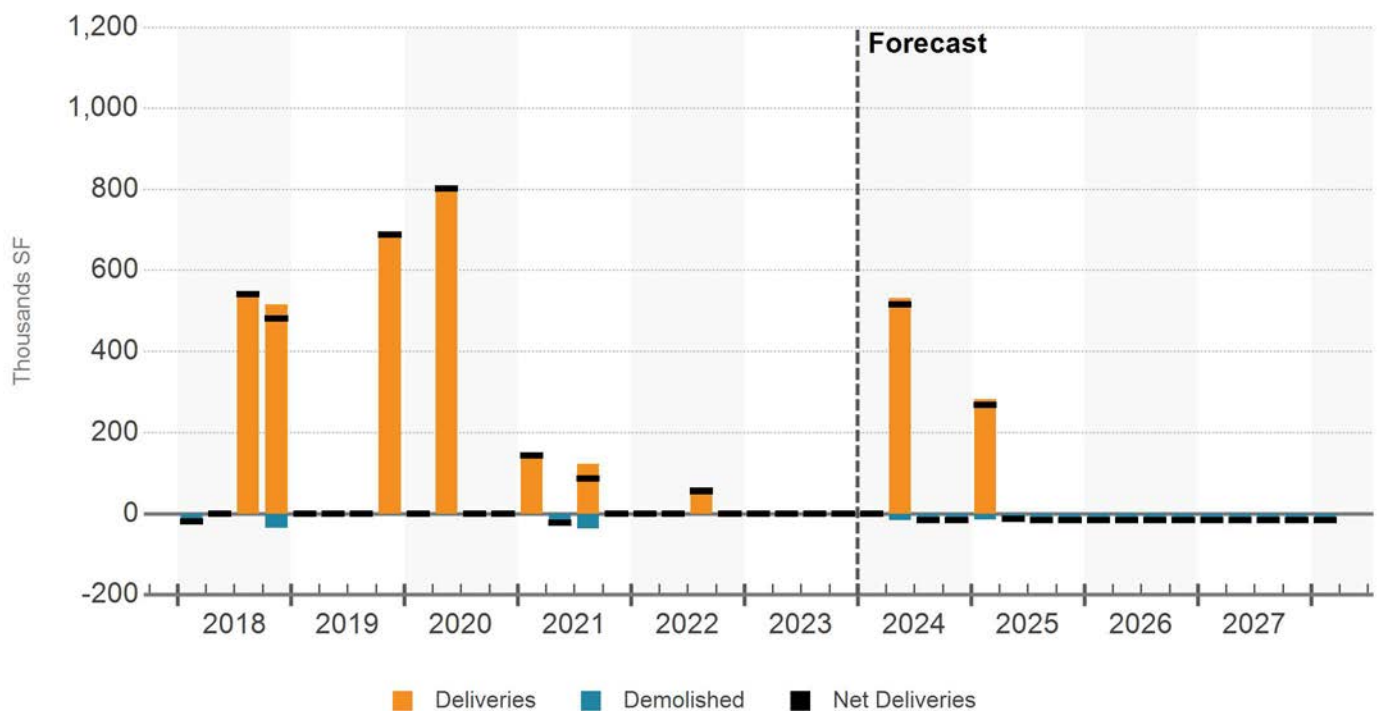
There is little pressure from new supply. No major projects were completed last year. This is a marked slowdown in what was one of the fastest-growing office nodes in the nation, where developers added about 4.2 million SF over just the past decade. Now, development is largely concentrated in areas outside the traditional city core, as well as in cities on the Eastside.

The 1916 Boren project by Trammell Crow Company is the latest big project to break ground in the core. This

320,000-SF life sciences-oriented space is scheduled for completion in 24Q4. Seattle Children's has signed a lease for about half the space in the building, with plans to move in early 2025.

Additionally, Hudson Pacific Properties Washington 1000 is nearing completion on Olive Way. That project sits across from Seattle Convention Center's new Summit building and will bring more than 530,000 SF of new space to the market this year.

DELIVERIES & DEMOLITIONS



Construction

Seattle CBD Office

All-Time Annual Avg. Square Feet

440,400

Delivered Square Feet Past 8 Qtrs

55,937

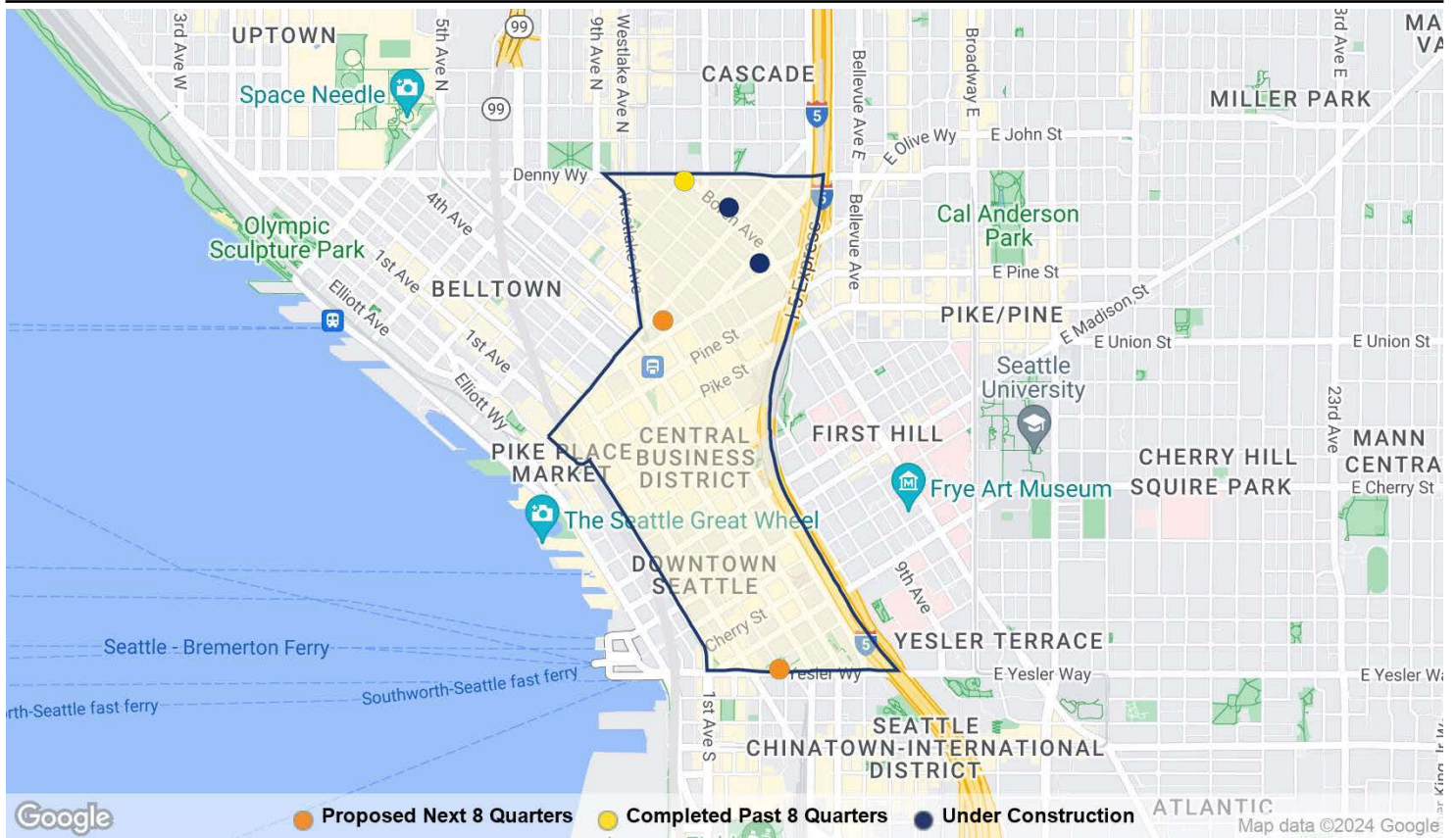
Delivered Square Feet Next 8 Qtrs

813,907

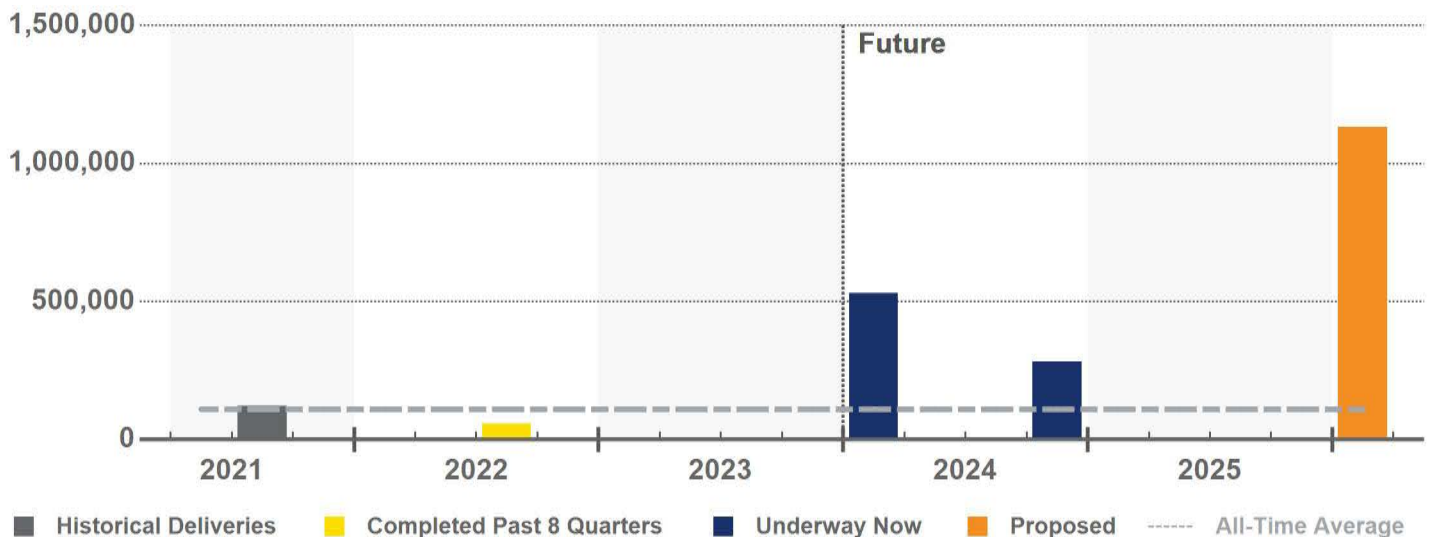
Proposed Square Feet Next 8 Qtrs

1,132,580

PAST 8 QUARTERS DELIVERIES, UNDER CONSTRUCTION, & PROPOSED



PAST & FUTURE DELIVERIES IN SQUARE FEET



RECENT DELIVERIES

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 1075 Lenora 1075 Lenora St	★★★★☆	55,937	4	Jan 2022	Jul 2022	- Holland Partner Group

UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 Washington 1000 1000 Olive Way	★★★★☆	531,166	16	Apr 2022	Mar 2024	Hudson Pacific Properties, Inc. -
2 1916 Boren Ave	★★★★☆	282,741	11	Dec 2022	Dec 2024	- Trammell Crow Company

PROPOSED

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 The Net 875 3rd Ave	★★★★★	807,580	36	Feb 2024	Feb 2026	Urban Visions Martin Smith Inc
2 Lloyd Building Preservat... 1818 6th Ave	★★★★☆	325,000	18	Apr 2024	Jan 2026	Kilroy Realty Corporation Kilroy Realty Corporation

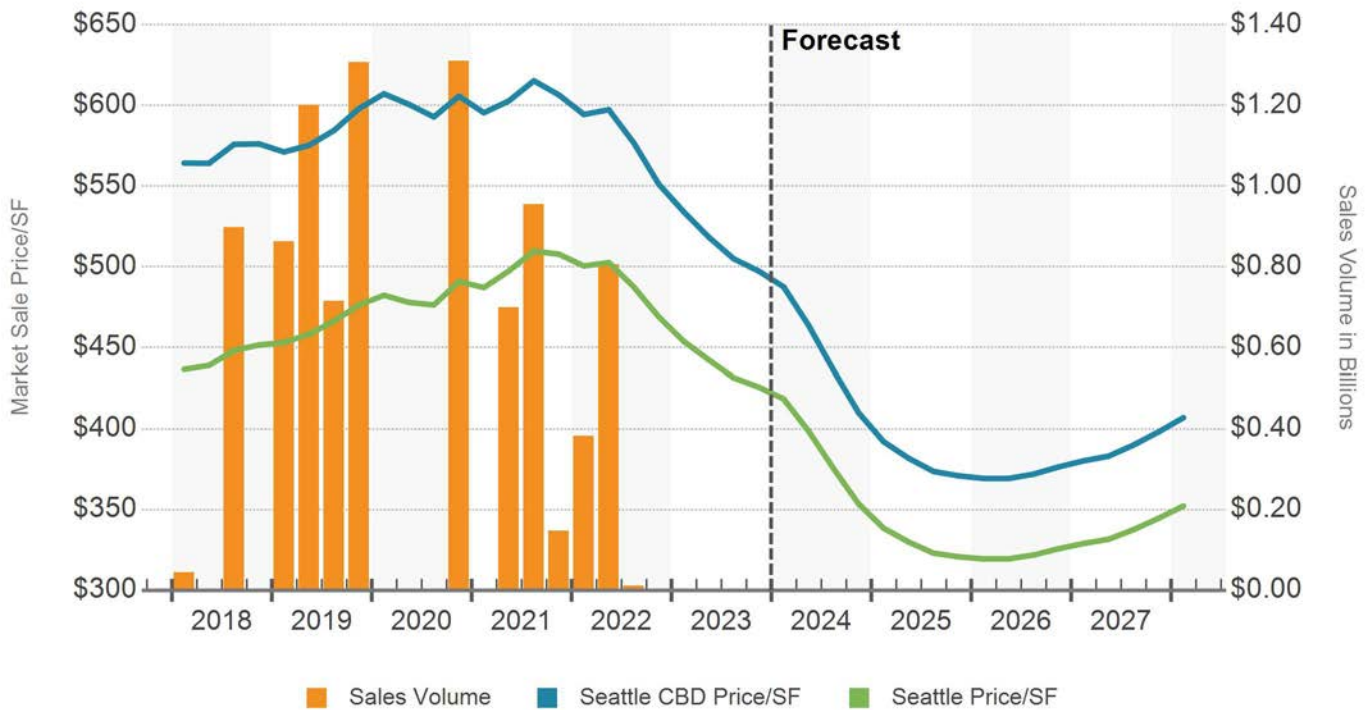
Office sales were nonexistent in the city core last year. That is a significant departure for what was a sought after office submarket by investors. In each of the previous three years, sales volume came in well above \$1 billion for the submarket, and it was consistently among the most active in the region.

The five-year average for office sales in the Seattle CBD sits at \$1.7 billion, and it reached a peak of more than \$4 billion in 2019. That was a year when many rushed to complete deals ahead of an increase in excise tax on

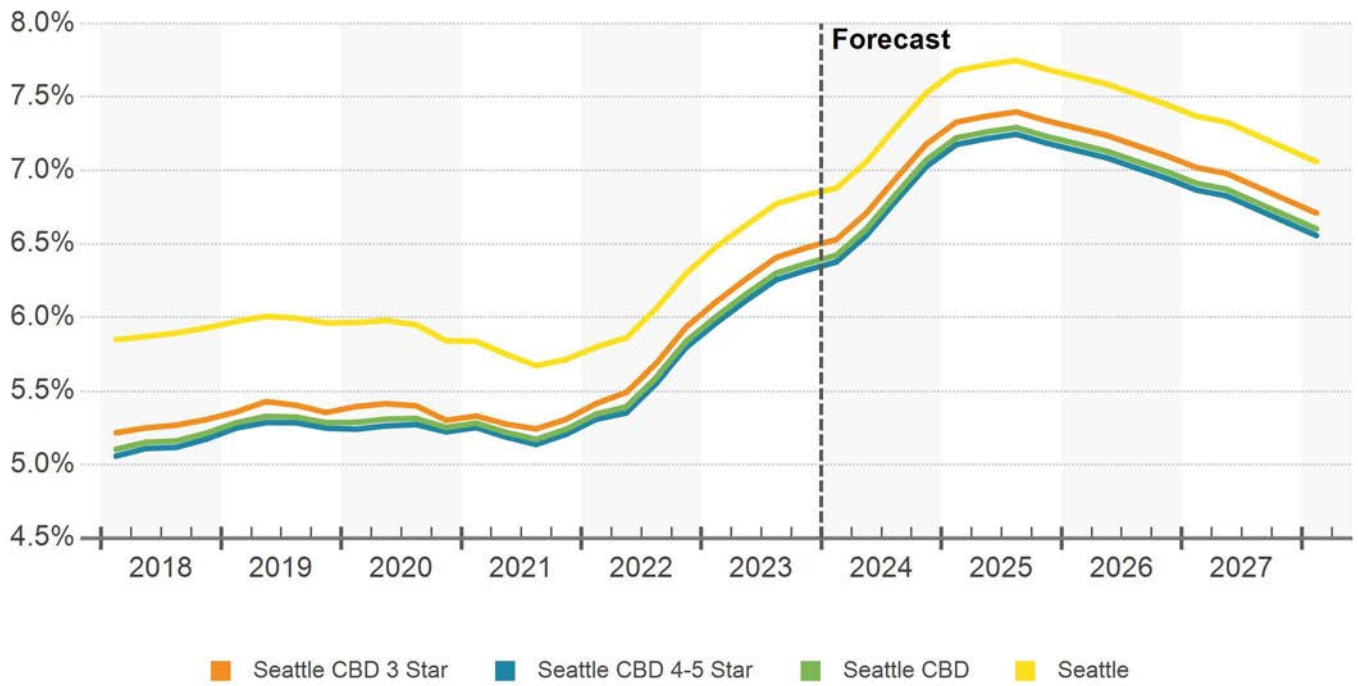
high value real estate effective January 1, 2020.

The Seattle CBD has a large share of high-value, Class A assets. It was not long ago when assets like these were trading for cap rates below 5%. In this tier especially, the submarket has seen high vacancy rates and falling rents. Along with recent changes in capital markets creating uncertainty in the market, it will likely take time before investors are confident enough on pricing to move the needle on sales volume in this submarket.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



Sales Past 12 Months

Seattle CBD Office

Sale Comparables

Avg. Cap Rate

Avg. Price/SF

Avg. Vacancy At Sale

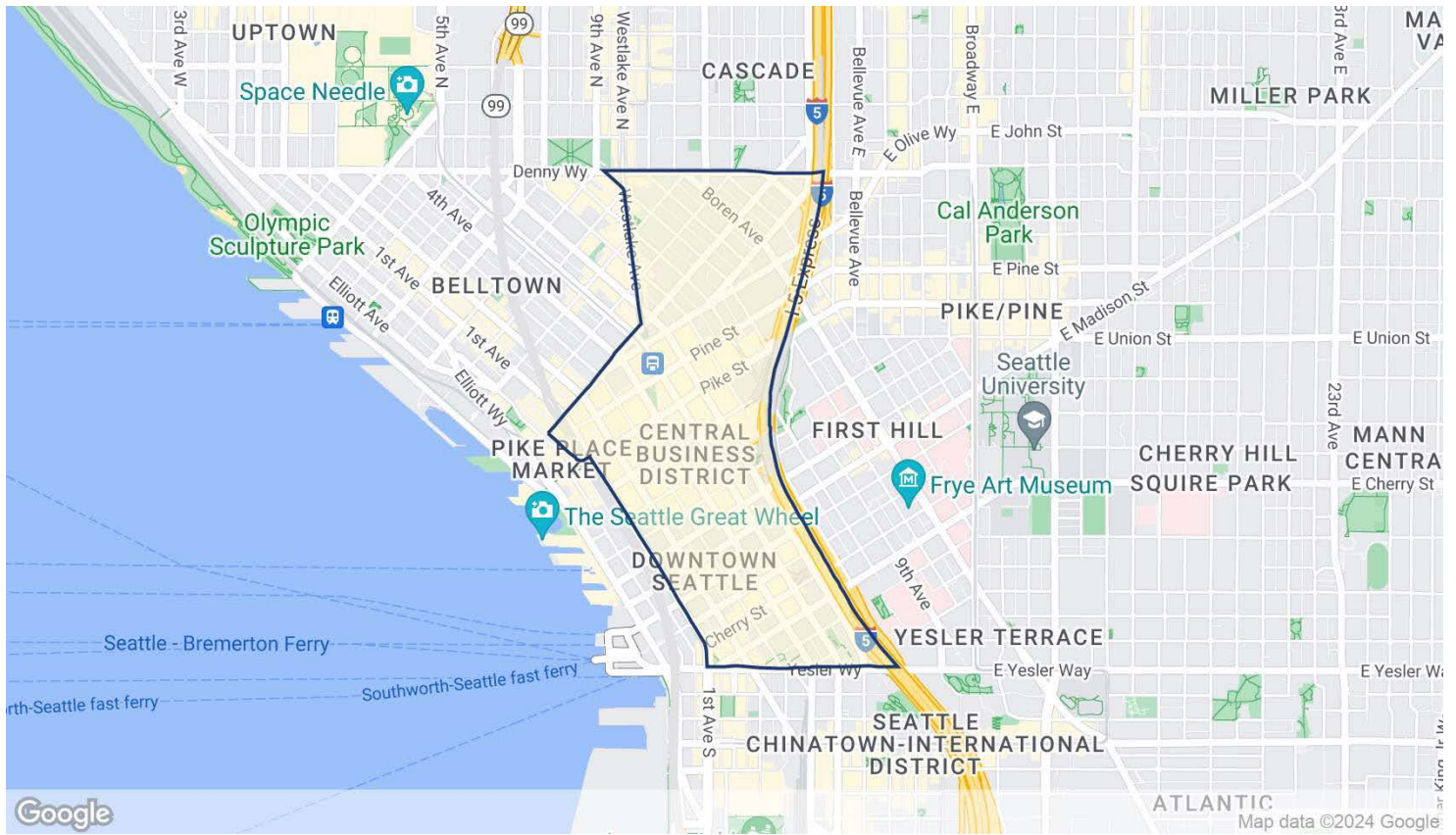
0

-

-

-

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	-	-	-	-
Price/SF	-	-	-	-
Cap Rate	-	-	-	-
Time Since Sale in Months	-	-	-	-
Property Attributes	Low	Average	Median	High
Building SF	-	-	-	-
Stories	-	-	-	-
Typical Floor SF	-	-	-	-
Vacancy Rate At Sale	-	-	-	-
Year Built	-	-	-	-
Star Rating	-	-	-	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	38,945,399	(62,721)	-0.2%	224,900	0.6%	-
2027	39,008,120	(63,898)	-0.2%	32,559	0.1%	-
2026	39,072,018	(64,008)	-0.2%	(184,297)	-0.5%	-
2025	39,136,026	223,646	0.6%	(1,130,933)	-2.9%	-
2024	38,912,380	485,016	1.3%	(1,474,154)	-3.8%	-
YTD	38,427,364	0	0%	(272,105)	-0.7%	-
2023	38,427,364	0	0%	(1,792,033)	-4.7%	-
2022	38,427,364	55,937	0.1%	(1,713,679)	-4.5%	-
2021	38,371,427	208,074	0.5%	(1,351,933)	-3.5%	-
2020	38,163,353	801,000	2.1%	(740,015)	-1.9%	-
2019	37,362,353	687,380	1.9%	1,342,170	3.6%	0.5
2018	36,674,973	1,000,840	2.8%	1,990,059	5.4%	0.5
2017	35,674,133	951,877	2.7%	191,963	0.5%	5.0
2016	34,722,256	373,458	1.1%	431,605	1.2%	0.9
2015	34,348,798	183,788	0.5%	706,574	2.1%	0.3
2014	34,165,010	(20,358)	-0.1%	(96,758)	-0.3%	-
2013	34,185,368	0	0%	280,422	0.8%	0
2012	34,185,368	0	0%	489,295	1.4%	0

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	32,318,821	1,064	0%	222,658	0.7%	0
2027	32,317,757	0	0%	65,945	0.2%	0
2026	32,317,757	0	0%	(62,053)	-0.2%	-
2025	32,317,757	282,741	0.9%	(836,431)	-2.6%	-
2024	32,035,016	531,166	1.7%	(1,205,205)	-3.8%	-
YTD	31,503,850	0	0%	(297,747)	-0.9%	-
2023	31,503,850	0	0%	(1,630,081)	-5.2%	-
2022	31,503,850	55,937	0.2%	(1,437,833)	-4.6%	-
2021	31,447,913	265,805	0.9%	(977,494)	-3.1%	-
2020	31,182,108	801,000	2.6%	(415,383)	-1.3%	-
2019	30,381,108	687,380	2.3%	1,529,702	5.0%	0.4
2018	29,693,728	1,055,518	3.7%	1,392,055	4.7%	0.8
2017	28,638,210	1,045,561	3.8%	331,268	1.2%	3.2
2016	27,592,649	373,458	1.4%	830,653	3.0%	0.4
2015	27,219,191	285,310	1.1%	578,384	2.1%	0.5
2014	26,933,881	0	0%	545	0%	0
2013	26,933,881	0	0%	305,942	1.1%	0
2012	26,933,881	0	0%	527,349	2.0%	0

Supply & Demand Trends

3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	5,895,199	0	0%	41,213	0.7%	0
2027	5,895,199	0	0%	12,592	0.2%	0
2026	5,895,199	0	0%	(61,469)	-1.0%	-
2025	5,895,199	0	0%	(208,136)	-3.5%	-
2024	5,895,199	0	0%	(195,214)	-3.3%	-
YTD	5,895,199	0	0%	22,132	0.4%	0
2023	5,895,199	0	0%	(109,490)	-1.9%	-
2022	5,895,199	0	0%	(240,915)	-4.1%	-
2021	5,895,199	(36,131)	-0.6%	(347,024)	-5.9%	-
2020	5,931,330	0	0%	(290,756)	-4.9%	-
2019	5,931,330	0	0%	(185,815)	-3.1%	-
2018	5,931,330	(51,003)	-0.9%	532,780	9.0%	-
2017	5,982,333	0	0%	(103,816)	-1.7%	-
2016	5,982,333	0	0%	(371,610)	-6.2%	-
2015	5,982,333	(48,897)	-0.8%	163,253	2.7%	-
2014	6,031,230	0	0%	(2,658)	0%	-
2013	6,031,230	0	0%	(91,260)	-1.5%	-
2012	6,031,230	0	0%	(6,694)	-0.1%	-

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	731,379	(63,785)	-8.0%	(38,971)	-5.3%	-
2027	795,164	(63,898)	-7.4%	(45,978)	-5.8%	-
2026	859,062	(64,008)	-6.9%	(60,775)	-7.1%	-
2025	923,070	(59,095)	-6.0%	(86,366)	-9.4%	-
2024	982,165	(46,150)	-4.5%	(73,735)	-7.5%	-
YTD	1,028,315	0	0%	3,510	0.3%	0
2023	1,028,315	0	0%	(52,462)	-5.1%	-
2022	1,028,315	0	0%	(34,931)	-3.4%	-
2021	1,028,315	(21,600)	-2.1%	(27,415)	-2.7%	-
2020	1,049,915	0	0%	(33,876)	-3.2%	-
2019	1,049,915	0	0%	(1,717)	-0.2%	-
2018	1,049,915	(3,675)	-0.3%	65,224	6.2%	-
2017	1,053,590	(93,684)	-8.2%	(35,489)	-3.4%	-
2016	1,147,274	0	0%	(27,438)	-2.4%	-
2015	1,147,274	(52,625)	-4.4%	(35,063)	-3.1%	-
2014	1,199,899	(20,358)	-1.7%	(94,645)	-7.9%	-
2013	1,220,257	0	0%	65,740	5.4%	0
2012	1,220,257	0	0%	(31,360)	-2.6%	-

OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$35.22	102	2.9%	-25.3%	12,125,116	31.1%	-0.7%
2027	\$34.24	99	1.4%	-27.4%	12,412,731	31.8%	-0.2%
2026	\$33.76	98	-1.4%	-28.4%	12,509,148	32.0%	0.4%
2025	\$34.24	99	-4.2%	-27.4%	12,388,821	31.7%	3.3%
2024	\$35.74	104	-5.4%	-24.2%	11,034,198	28.4%	4.7%
YTD	\$37.78	110	-1.9%	-19.9%	9,347,088	24.3%	0.7%
2023	\$37.79	110	-2.2%	-19.9%	9,074,983	23.6%	4.7%
2022	\$38.62	112	-5.1%	-18.1%	7,282,950	19.0%	4.6%
2021	\$40.69	118	-7.0%	-13.7%	5,513,334	14.4%	4.0%
2020	\$43.74	127	-7.2%	-7.2%	3,953,327	10.4%	3.9%
2019	\$47.16	137	6.6%	0%	2,412,312	6.5%	-1.9%
2018	\$44.25	129	3.5%	-6.2%	3,067,102	8.4%	-3.0%
2017	\$42.76	124	6.6%	-9.3%	4,056,321	11.4%	1.9%
2016	\$40.10	116	4.0%	-15.0%	3,296,407	9.5%	-0.3%
2015	\$38.57	112	9.1%	-18.2%	3,354,554	9.8%	-1.6%
2014	\$35.37	103	5.2%	-25.0%	3,877,340	11.3%	0.2%
2013	\$33.62	98	4.5%	-28.7%	3,800,940	11.1%	-0.8%
2012	\$32.18	93	8.9%	-31.8%	4,081,362	11.9%	-1.4%

4 & 5 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$35.80	100	2.9%	-25.8%	10,161,323	31.4%	-0.7%
2027	\$34.81	97	1.4%	-27.9%	10,382,948	32.1%	-0.2%
2026	\$34.32	96	-1.4%	-28.9%	10,448,893	32.3%	0.2%
2025	\$34.81	97	-4.2%	-27.9%	10,386,840	32.1%	3.2%
2024	\$36.34	101	-5.4%	-24.7%	9,267,668	28.9%	5.0%
YTD	\$38.42	107	-2.2%	-20.4%	7,829,035	24.9%	0.9%
2023	\$38.42	107	-2.5%	-20.4%	7,531,288	23.9%	5.2%
2022	\$39.41	110	-5.7%	-18.4%	5,901,207	18.7%	4.7%
2021	\$41.77	117	-7.2%	-13.5%	4,407,437	14.0%	3.9%
2020	\$44.99	126	-6.8%	-6.8%	3,164,138	10.1%	3.7%
2019	\$48.28	135	6.5%	0%	1,947,755	6.4%	-3.0%
2018	\$45.33	127	2.9%	-6.1%	2,790,077	9.4%	-1.5%
2017	\$44.06	123	6.8%	-8.7%	3,126,614	10.9%	2.2%
2016	\$41.27	115	3.6%	-14.5%	2,412,321	8.7%	-1.8%
2015	\$39.82	111	8.9%	-17.5%	2,869,516	10.5%	-1.2%
2014	\$36.55	102	5.1%	-24.3%	3,162,590	11.7%	0%
2013	\$34.79	97	4.4%	-27.9%	3,163,135	11.7%	-1.1%
2012	\$33.31	93	8.8%	-31.0%	3,469,077	12.9%	-2.0%

3 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$32.83	116	2.8%	-24.3%	1,803,194	30.6%	-0.7%
2027	\$31.94	113	1.3%	-26.4%	1,844,407	31.3%	-0.2%
2026	\$31.51	111	-1.4%	-27.4%	1,856,999	31.5%	1.0%
2025	\$31.97	113	-4.2%	-26.3%	1,795,530	30.5%	3.5%
2024	\$33.36	118	-5.5%	-23.1%	1,587,394	26.9%	3.3%
YTD	\$35.28	124	-0.5%	-18.7%	1,370,046	23.2%	-0.4%
2023	\$35.30	124	-0.5%	-18.6%	1,392,178	23.6%	1.9%
2022	\$35.48	125	-2.3%	-18.2%	1,282,688	21.8%	4.1%
2021	\$36.30	128	-6.6%	-16.3%	1,041,773	17.7%	5.3%
2020	\$38.85	137	-10.5%	-10.5%	730,880	12.3%	4.9%
2019	\$43.39	153	7.4%	0%	440,124	7.4%	3.1%
2018	\$40.39	142	7.2%	-6.9%	254,309	4.3%	-9.7%
2017	\$37.69	133	5.0%	-13.1%	838,092	14.0%	1.7%
2016	\$35.89	126	6.0%	-17.3%	734,276	12.3%	6.2%
2015	\$33.87	119	10.1%	-21.9%	362,666	6.1%	-3.5%
2014	\$30.77	108	6.0%	-29.1%	574,816	9.5%	0%
2013	\$29.03	102	5.0%	-33.1%	572,158	9.5%	1.5%
2012	\$27.64	97	9.8%	-36.3%	480,898	8.0%	0.1%

1 & 2 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2028	\$30.41	122	3.4%	-9.2%	160,599	22.0%	-1.4%
2027	\$29.41	118	1.9%	-12.2%	185,376	23.3%	-0.3%
2026	\$28.86	116	-0.9%	-13.8%	203,256	23.7%	1.3%
2025	\$29.12	117	-3.6%	-13.0%	206,451	22.4%	4.1%
2024	\$30.21	122	-5.1%	-9.8%	179,136	18.2%	3.5%
YTD	\$31.80	128	0.7%	-5.0%	148,007	14.4%	-0.3%
2023	\$31.84	128	0.9%	-4.9%	151,517	14.7%	5.1%
2022	\$31.55	127	0.4%	-5.8%	99,055	9.6%	3.4%
2021	\$31.44	126	-2.5%	-6.1%	64,124	6.2%	0.7%
2020	\$32.23	130	-3.7%	-3.7%	58,309	5.6%	3.2%
2019	\$33.48	135	4.2%	0%	24,433	2.3%	0.2%
2018	\$32.14	129	6.1%	-4.0%	22,716	2.2%	-6.5%
2017	\$30.30	122	12.8%	-9.5%	91,615	8.7%	-4.4%
2016	\$26.85	108	4.0%	-19.8%	149,810	13.1%	2.4%
2015	\$25.82	104	6.4%	-22.9%	122,372	10.7%	-1.0%
2014	\$24.26	98	6.3%	-27.5%	139,934	11.7%	6.3%
2013	\$22.81	92	3.0%	-31.9%	65,647	5.4%	-5.4%
2012	\$22.15	89	5.7%	-33.8%	131,387	10.8%	2.6%

OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$428.62	131	6.5%
2027	-	-	-	-	-	-	\$398.06	122	6.7%
2026	-	-	-	-	-	-	\$376.41	115	7.0%
2025	-	-	-	-	-	-	\$370.92	113	7.2%
2024	-	-	-	-	-	-	\$409.91	125	7.1%
YTD	-	-	-	-	-	-	\$494.23	151	6.4%
2023	-	-	-	-	-	-	\$497.30	152	6.4%
2022	5	\$1.2B	4.4%	\$239,520,000	\$708.03	4.3%	\$551.14	168	5.8%
2021	5	\$1.8B	6.7%	\$360,270,000	\$705.34	4.3%	\$606.42	185	5.2%
2020	5	\$1.3B	4.3%	\$436,695,057	\$948.26	4.6%	\$605.61	185	5.3%
2019	17	\$4.1B	18.7%	\$240,106,962	\$585.36	5.1%	\$597.97	183	5.3%
2018	10	\$942.7M	6.0%	\$94,270,000	\$430.31	5.4%	\$576.11	176	5.2%
2017	9	\$1.7B	7.5%	\$188,254,889	\$629.56	4.8%	\$557.79	170	5.1%
2016	7	\$1.2B	7.0%	\$174,770,939	\$501.55	4.6%	\$541.58	165	5.0%
2015	15	\$1.3B	12.0%	\$102,505,148	\$326	4.2%	\$517.25	158	5.0%
2014	8	\$471M	4.7%	\$58,875,770	\$292.10	5.9%	\$468.71	143	5.1%
2013	14	\$1B	9.5%	\$74,399,557	\$320.06	6.5%	\$423.52	129	5.4%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$449.24	129	6.4%
2027	-	-	-	-	-	-	\$417.27	120	6.6%
2026	-	-	-	-	-	-	\$394.63	114	6.9%
2025	-	-	-	-	-	-	\$388.94	112	7.2%
2024	-	-	-	-	-	-	\$429.99	124	7.0%
YTD	-	-	-	-	-	-	\$518.68	149	6.3%
2023	-	-	-	-	-	-	\$521.92	150	6.3%
2022	3	\$1.1B	5.0%	\$375,066,667	\$709.98	4.3%	\$578.41	167	5.8%
2021	4	\$1.2B	5.7%	\$305,337,500	\$684.66	4.3%	\$635.75	183	5.2%
2020	3	\$1.3B	4.4%	\$436,695,057	\$948.26	4.6%	\$634.02	183	5.2%
2019	12	\$3.8B	20.6%	\$313,910,000	\$602.81	5.1%	\$625.87	180	5.2%
2018	3	\$748.6M	5.3%	\$249,533,670	\$479.29	-	\$604.43	174	5.2%
2017	6	\$1.6B	8.6%	\$268,822,333	\$657.85	4.4%	\$586.53	169	5.1%
2016	5	\$1.2B	8.2%	\$237,104,314	\$526.78	4.6%	\$570.40	164	4.9%
2015	4	\$1B	11.0%	\$262,352,900	\$349.09	4.2%	\$544.74	157	4.9%
2014	2	\$347.1M	4.0%	\$173,545,061	\$320.93	5.5%	\$495.14	143	5.0%
2013	6	\$767.3M	7.8%	\$127,876,990	\$364.93	6.7%	\$448.02	129	5.3%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

Sale Trends

Seattle CBD Office

3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$340.90	142	6.6%
2027	-	-	-	-	-	-	\$316.25	131	6.8%
2026	-	-	-	-	-	-	\$298.74	124	7.1%
2025	-	-	-	-	-	-	\$294.02	122	7.3%
2024	-	-	-	-	-	-	\$324.33	135	7.2%
YTD	-	-	-	-	-	-	\$390.60	162	6.5%
2023	-	-	-	-	-	-	\$393	163	6.5%
2022	1	\$61.8M	1.4%	\$61,800,000	\$728.78	-	\$435.87	181	5.9%
2021	1	\$580M	13.1%	\$580,000,000	\$753.25	4.3%	\$483.32	201	5.3%
2020	2	\$0	4.6%	-	-	-	\$487.40	202	5.3%
2019	4	\$282.4M	10.7%	\$70,602,090	\$443.81	-	\$483.66	201	5.4%
2018	5	\$185.9M	10.1%	\$37,172,558	\$308.99	4.3%	\$457.73	190	5.3%
2017	2	\$65.9M	3.5%	\$32,925,000	\$316.59	6.0%	\$437.81	182	5.2%
2016	1	\$29.6M	2.3%	\$29,600,000	\$216.99	-	\$421.27	175	5.1%
2015	6	\$256.4M	16.1%	\$42,728,555	\$266.05	4.7%	\$401.94	167	5.1%
2014	4	\$107.3M	6.9%	\$26,814,970	\$257.15	5.6%	\$356.56	148	5.4%
2013	6	\$251.8M	16.8%	\$41,963,644	\$248.46	6.3%	\$319.32	133	5.7%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2028	-	-	-	-	-	-	\$275.24	146	7.3%
2027	-	-	-	-	-	-	\$255.67	136	7.5%
2026	-	-	-	-	-	-	\$242.03	129	7.8%
2025	-	-	-	-	-	-	\$238.41	127	8.1%
2024	-	-	-	-	-	-	\$261.42	139	7.9%
YTD	-	-	-	-	-	-	\$310.30	165	7.2%
2023	-	-	-	-	-	-	\$312.08	166	7.2%
2022	1	\$10.6M	2.1%	\$10,600,000	\$486.19	-	\$344.42	183	6.6%
2021	-	-	-	-	-	-	\$379.17	201	5.9%
2020	-	-	-	-	-	-	\$379.85	202	5.9%
2019	1	\$32.5M	8.4%	\$32,490,000	\$369.95	-	\$366.09	194	6.1%
2018	2	\$8.2M	2.6%	\$4,118,102	\$301.32	6.4%	\$354.09	188	6.0%
2017	1	\$15.5M	3.0%	\$15,510,000	\$493.84	-	\$331.41	176	5.9%
2016	1	\$8.3M	4.6%	\$8,275,000	\$158.31	-	\$314.78	167	5.8%
2015	5	\$26.8M	11.8%	\$8,928,000	\$227.12	3.0%	\$303.73	161	5.8%
2014	2	\$16.7M	9.5%	\$8,328,079	\$146.30	6.5%	\$270.94	144	6.0%
2013	2	\$22.6M	11.4%	\$11,275,000	\$162.81	6.2%	\$241.19	128	6.4%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

ARGUS DISCOUNTED CASH FLOW REPORTS

Assumptions Report

Dexter Horton Building (Amounts in USD, Measures in SF)

Feb, 2024 through Jan, 2035

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
For the Years Ending	<u>Jan-2025</u>	<u>Jan-2026</u>	<u>Jan-2027</u>	<u>Jan-2028</u>	<u>Jan-2029</u>	<u>Jan-2030</u>	<u>Jan-2031</u>	<u>Jan-2032</u>	<u>Jan-2033</u>	<u>Jan-2034</u>	<u>Jan-2035</u>
Property Market Assumptions											
General Inflation	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Market Inflation	0.00%	0.00%	1.50%	1.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expense Inflation	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
CPI Inflation	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Capital Expenditures (\$/SF)	0.25	0.26	0.27	0.27	0.28	0.29	0.30	0.31	0.32	0.33	0.34
General Vacancy (%)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Credit Loss Reserve (%)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Market Leasing Profiles

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Office	<u>Jan-2025</u>	<u>Jan-2026</u>	<u>Jan-2027</u>	<u>Jan-2028</u>	<u>Jan-2029</u>	<u>Jan-2030</u>	<u>Jan-2031</u>	<u>Jan-2032</u>	<u>Jan-2033</u>	<u>Jan-2034</u>	<u>Jan-2035</u>
Term Length (Years/Months)	7	7	7	7	7	7	7	7	7	7	7
Renewal Probability†	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Months Vacant	18.00	18.00	18.00	18.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Months Vacant (Blended)	6.30	6.30	6.30	6.30	4.20	4.20	4.20	4.20	4.20	4.20	4.20
Market Base Rent (New, \$ / SF / Year)	34.00	34.00	34.51	35.03	36.08	37.16	38.28	39.42	40.61	41.82	43.08
Market Base Rent (Renew, \$ / SF / Year)	34.00	34.00	34.51	35.03	36.08	37.16	38.28	39.42	40.61	41.82	43.08
Market Base Rent (Blended, \$ / SF / Year)	34.00	34.00	34.51	35.03	36.08	37.16	38.28	39.42	40.61	41.82	43.08
Market Rental Value (Continue Prior)	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior
Use Market or Prior	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Prior Rent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fixed Steps (\$ / Year)	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
CPI Increases	None	None	None	None	None	None	None	None	None	None	None
Free Rent (New, Months)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Free Rent (Renew, Months)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Free Rent (Blended, Months)	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Recovery Type	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop
Recoveries (Net)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Miscellaneous Rent	None	None	None	None	None	None	None	None	None	None	None
Incentives	None	None	None	None	None	None	None	None	None	None	None
Tenant Improvements (New, \$ / Area)	65.00	66.95	68.96	71.03	73.16	75.35	77.61	79.94	82.34	84.81	87.35
Tenant Improvements (Renew, \$ / Area)	20.00	20.60	21.22	21.85	22.51	23.19	23.88	24.60	25.34	26.10	26.88
Tenant Improvements (Blended, \$ / Area)	35.75	36.82	37.93	39.06	40.24	41.44	42.69	43.97	45.29	46.65	48.05
Leasing Commissions (New, \$ / SF)	14.00	14.42	14.85	15.30	15.76	16.23	16.72	17.22	17.73	18.27	18.81
Leasing Commissions (Renew, \$ / SF)	12.00	12.36	12.73	13.11	13.51	13.91	14.33	14.76	15.20	15.66	16.13
Leasing Commissions (Blended, \$ / SF)	12.70	13.08	13.47	13.88	14.29	14.72	15.16	15.62	16.09	16.57	17.07
Upon Expiration	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Retail	<u>Jan-2025</u>	<u>Jan-2026</u>	<u>Jan-2027</u>	<u>Jan-2028</u>	<u>Jan-2029</u>	<u>Jan-2030</u>	<u>Jan-2031</u>	<u>Jan-2032</u>	<u>Jan-2033</u>	<u>Jan-2034</u>	<u>Jan-2035</u>
Term Length (Years/Months)	7	7	7	7	7	7	7	7	7	7	7
Renewal Probability†	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Months Vacant	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Months Vacant (Blended)	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20
Market Base Rent (New, \$ / Year)	15,000.00	15,000.00	15,225.00	15,453.38	15,916.98	16,394.49	16,886.32	17,392.91	17,914.70	18,452.14	19,005.70
Market Base Rent (Renew, \$ / Year)	15,000.00	15,000.00	15,225.00	15,453.38	15,916.98	16,394.49	16,886.32	17,392.91	17,914.70	18,452.14	19,005.70
Market Base Rent (Blended, \$ / Year)	15,000.00	15,000.00	15,225.00	15,453.38	15,916.98	16,394.49	16,886.32	17,392.91	17,914.70	18,452.14	19,005.70
Market Rental Value (Continue Prior)	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior	Continue Prior
Use Market or Prior	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Prior Rent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fixed Steps (% Increase)	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
CPI Increases	None	None	None	None	None	None	None	None	None	None	None
Free Rent (New, Months)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Assumptions Report

Dexter Horton Building (Amounts in USD, Measures in SF)

Feb, 2024 through Jan, 2035

Free Rent (Renew, Months)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Free Rent (Blended, Months)	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Recovery Type	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop	Base Year Stop
Recoveries (Net)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Miscellaneous Rent	None	None	None	None	None	None	None	None	None	None	None
Incentives	None	None	None	None	None	None	None	None	None	None	None
Tenant Improvements (New, \$ / Area)	65.00	66.95	68.96	71.03	73.16	75.35	77.61	79.94	82.34	84.81	87.35
Tenant Improvements (Renew, \$ / Area)	20.00	20.60	21.22	21.85	22.51	23.19	23.88	24.60	25.34	26.10	26.88
Tenant Improvements (Blended, \$ / Area)	35.75	36.82	37.93	39.06	40.24	41.44	42.69	43.97	45.29	46.65	48.05
Leasing Commissions (New, \$ / SF)	14.00	14.42	14.85	15.30	15.76	16.23	16.72	17.22	17.73	18.27	18.81
Leasing Commissions (Renew, \$ / SF)	12.00	12.36	12.73	13.11	13.51	13.91	14.33	14.76	15.20	15.66	16.13
Leasing Commissions (Blended, \$ / SF)	12.70	13.08	13.47	13.88	14.29	14.72	15.16	15.62	16.09	16.57	17.07
Upon Expiration	Retail	Retail	Retail	Retail	Retail	Retail	Retail	Retail	Retail	Retail	Retail

† This parameter varies within the reporting period.

Lease Expiration Report

Dexter Horton Building (Amounts in USD, Measures in SF)

As of Feb, 2024

All Tenants/ All Lease Periods

Tenants	Suite	Lease Period	Lease Status	Expiration Date	Remaining Term	Expiring Area	Building Share %	Base Rent	Base Rent/SF	Market Rent/SF	Rent vs. Market Rent	Effective Rent/SF	Effective Market/SF	Effective Rent vs. Effective Market Rent	
FY 2025 Expirations															
1. Allison & Partners L.L.C.	0500	Base	Contract	7/31/2024	6 Months	6,000.00	1.83%	246,000.00	41.00	34.00	120.59%	47.15	34.51	136.63%	
Total FY 2025 Expirations						6,000.00	1.83%	246,000.00	41.00	34.00	120.59%	47.15	34.51	136.63%	
FY 2026 Expirations															
3. Aspect Consulting, L.L.C.	0510	Base	Contract	1/31/2026	2 Years	1,836.00	0.56%	88,587.00	48.25	34.00	141.91%	51.23	34.92	146.70%	
4. Aspect Consulting, L.L.C.	0550	Base	Contract	1/31/2026	2 Years	14,106.00	4.29%	680,614.50	48.25	34.00	141.91%	51.23	34.92	146.70%	
Total FY 2026 Expirations						15,942.00	4.85%	769,201.50	48.25	34.00	141.91%	51.23	34.92	146.70%	
FY 2027 Expirations															
2. Amento Group, Inc.	0400, 400B	Base	Contract	2/28/2026	2 Years 1 Month	6,184.00	1.88%	201,907.60	32.65	34.51	94.61%	34.09	34.99	97.42%	
5. BOSA Development US Corporation	0310	Base	Contract	3/31/2026	2 Years 2 Months	4,054.00	1.23%	132,890.12	32.78	34.51	94.99%	33.14	35.06	94.54%	
12. O' Brien & Company, L.L.C.	0925	Base	Contract	3/31/2026	2 Years 2 Months	2,866.00	0.87%	121,805.00	42.50	34.51	123.15%	43.96	35.06	125.41%	
13. Specter Ops	1260	Base	Contract	11/30/2026	2 Years 10 Months	4,874.00	1.48%	235,008.67	48.22	34.51	139.72%	51.13	35.56	143.81%	
14. The Climate Corporation	1100	Base	Contract	7/31/2026	2 Years 6 Months	22,825.00	6.95%	1,227,930.28	53.80	34.51	155.89%	59.60	35.03	170.15%	
Total FY 2027 Expirations						40,803.00	12.42%	1,919,541.67	47.04	34.51	136.32%	51.00	35.09	145.33%	
FY 2028 Expirations															
9. King County - New Lease (790)	790	Base	Speculative	12/31/2027		4,208.00	1.28%	135,006.67	32.08	35.03	91.59%	32.08	36.61	87.64%	
10. King County - New Lease (900)	900	Base	Speculative	12/31/2027		13,041.00	3.97%	418,398.75	32.08	35.03	91.59%	32.08	36.61	87.64%	
Total FY 2028 Expirations						17,249.00	5.25%	553,405.42	32.08	35.03	91.59%	32.08	36.61	87.64%	
FY 2029 Expirations															
8. King County	0125, 0200, 0200M, 0700, 1000	Base	Contract	2/29/2028	4 Years 1 Month	86,998.00	26.48%	4,042,023.74	46.46	36.08	128.78%	51.17	36.61	139.76%	
Total FY 2029 Expirations						86,998.00	26.48%	4,042,023.74	46.46	36.08	128.78%	51.17	36.61	139.76%	
FY 2031 Expirations															
6. Collins Woerman	1400	Base	Contract	11/30/2030	6 Years 10 Months	23,124.00	7.04%	1,063,704.00	46.00	38.28	120.18%	48.98	39.52	123.96%	
Total FY 2031 Expirations						23,124.00	7.04%	1,063,704.00	46.00	38.28	120.18%	48.98	39.52	123.96%	
FY 2033 Expirations															
1. Allison & Partners L.L.C.	0500	Market	Speculative	1/31/2033		6,000.00	1.83%	207,060.00	34.51	40.61	84.99%	39.59	41.95	94.36%	
Total FY 2033 Expirations						6,000.00	1.83%	207,060.00	34.51	40.61	84.99%	39.59	41.95	94.36%	
FY 2034 Expirations															
2. Amento Group, Inc.	0400, 400B	Market	Speculative	8/31/2033		6,184.00	1.88%	213,409.84	34.51	41.82	82.51%	39.75	42.18	94.26%	
3. Aspect Consulting, L.L.C.	0510	Market	Speculative	7/31/2033		1,836.00	0.56%	63,360.36	34.51	41.82	82.51%	39.73	42.14	94.28%	
4. Aspect Consulting, L.L.C.	0550	Market	Speculative	7/31/2033		14,106.00	4.29%	486,798.06	34.51	41.82	82.51%	39.73	42.14	94.27%	
5. BOSA Development US Corporation	0310	Market	Speculative	9/30/2033		4,054.00	1.23%	139,903.54	34.51	41.82	82.51%	39.78	43.08	92.34%	
12. O' Brien & Company, L.L.C.	0925	Market	Speculative	9/30/2033		2,866.00	0.87%	98,905.66	34.51	41.82	82.51%	39.78	43.08	92.34%	
14. The Climate Corporation	1100	Market	Speculative	1/31/2034		22,825.00	6.95%	799,506.11	35.03	41.82	83.75%	39.57	43.08	91.85%	
Total FY 2034 Expirations						51,871.00	15.79%	1,801,883.57	34.74	41.82	83.06%	39.67	42.68	92.93%	
FY 2035 Expirations															
13. Specter Ops	1260	Market	Speculative	5/31/2034		4,874.00	1.48%	170,724.77	35.03	43.08	81.31%	39.70	43.08	92.15%	
15. VACANT	100	Base	Speculative	1/31/2035		6,333.00	1.93%	228,485.01	36.08	43.08	83.75%	45.42	45.10	100.71%	
16. VACANT	300	Base	Speculative	1/31/2035		7,221.00	2.20%	260,522.70	36.08	43.08	83.75%	45.42	45.10	100.71%	
17. VACANT	410	Base	Speculative	1/31/2035		19,993.00	6.09%	721,317.04	36.08	43.08	83.75%	45.42	45.10	100.71%	
20. VACANT	640	Base	Speculative	1/31/2035		6,090.00	1.85%	219,717.94	36.08	43.08	83.75%	45.42	45.10	100.71%	
21. VACANT	660	Base	Speculative	11/30/2034		4,785.00	1.46%	167,607.31	35.03	43.08	81.31%	45.89	44.73	102.58%	
22. VACANT	800	Base	Speculative	1/31/2035		22,957.00	6.99%	828,253.65	36.08	43.08	83.75%	45.42	45.10	100.71%	
24. VACANT	1200	Base	Speculative	1/31/2035		6,943.00	2.11%	250,492.88	36.08	43.08	83.75%	45.42	45.10	100.71%	
25. VACANT	1210	Base	Speculative	11/30/2034		4,799.00	1.46%	168,097.69	35.03	43.08	81.31%	45.89	44.73	102.58%	

Lease Expiration Report

Dexter Horton Building (Amounts in USD, Measures in SF)

As of Feb, 2024

All Tenants/ All Lease Periods

Tenants	Suite	Lease Period	Lease Status	Expiration Date	Remaining Term	Expiring Area	Building Share %	Base Rent	Base Rent/SF	Market Rent/SF	Rent vs. Market Rent	Effective Rent/SF	Effective Market/SF	Effective Rent vs. Effective Market Rent
26. VACANT	1300	Base	Speculative	10/31/2034		22,418.00	6.82%	785,249.86	35.03	43.08	81.31%	45.86	44.55	102.92%
27. VACANT	1300-1	Base	Speculative	10/31/2034		5,516.00	1.68%	193,212.52	35.03	43.08	81.31%	45.86	44.55	102.92%
28. VACANT	1500	Base	Speculative	1/31/2035		8,793.00	2.68%	317,238.07	36.08	43.08	83.75%	45.42	45.10	100.71%
Total FY 2035 Expirations						120,722.00	36.75%	4,310,919.44	35.71	43.08	82.89%	45.32	44.86	101.03%
Final Totals					3 Years 8 Months 27 Days	368,709.00	112.24%	14,913,739.34	40.45	39.04	103.60%	46.34	40.16	115.38%

* Results displayed are based on Forecast data only

* Weighted Average Leases Expiration is calculated as of report date, and weighted by area. Remaining term includes contract renewals

Lease Summary Report

Dexter Horton Building (Amounts in USD, Measures in SF)

As of Feb, 2024

All Tenants/ All Lease Periods

General Tenant Information			Rent Details				CPI	Free Rent		Miscellaneous Rent	Recovery	Tenant Improvements	Leasing Commissions	Incentives	Security Deposits	Renewal Assumption
Tenant Name	Initial Area	Lease Period	Rate Per Year	Rent	Rent	Rent	Type			Name	Structure Name	Rate \$/SF	Rate \$/SF	Name	Security Deposit @ %	Market - %
Suite Number	Building Share %	Lease Status	Amount Per Year	Changes On	Changes To	Changes To	Timing	Date	Months	Type	Type	Total Amount	Total Amount	Rate \$/SF	Percent to Refund	Reabsorb
Lease Dates		Market Leasing	Rate Per Month	Date	\$/SF-Annual	\$/SF-Monthly	Inflation Rate/Index			Total Amount	Input Amount	Total Amount	Total Amount	Total Amount	Non-Refundable Deposit	Option
Lease Term		Lease Type	Amount Per Month													
Tenure			Rental Value Per Year													
1. Allison & Partners L.L.C. Suite: 0500 8/1/2014 - 7/31/2024 10 Years Freehold	6,000 1.83%	Base Contract Office Office	23.00 138,000 1.92 11,500 204,000	Aug-2015 Aug-2016 Aug-2017 Aug-2018 Aug-2019 Aug-2020 Aug-2021 Aug-2022 Aug-2023	33.00 34.00 35.00 36.00 37.00 38.00 39.00 40.00 41.00	2.75 2.83 2.92 3.00 3.08 3.17 3.25 3.33 3.42	None	None			2015 Base Yr	0.00 0	0.00 0			Market - 0.00%
1. Allison & Partners L.L.C. Suite: 0500 2/1/2026 - 1/31/2033 7 Years Freehold	6,000 1.83%	Market Speculative Office Office	34.51 207,060 2.88 17,255 207,060	Feb-2027 Feb-2028 Feb-2029 Feb-2030 Feb-2031 Feb-2032	34.51 34.51 34.51 34.51 34.51 34.51	2.88 2.88 2.88 2.88 2.88 2.88	None	Feb-2026	5 Months		Base Year Stop	68.96 413,751	14.85 89,116			Market - 65.00%
1. Allison & Partners L.L.C. Suite: 0500 6/1/2033 - 5/31/2040 7 Years Freehold	6,000 1.83%	Market Speculative Office Office	41.82 250,949 3.49 20,912 250,949	Jun-2034 Jun-2035 Jun-2036 Jun-2037 Jun-2038 Jun-2039	41.83 41.83 41.83 41.83 41.83 41.83	3.49 3.49 3.49 3.49 3.49 3.49	None	Jun-2033	2.4 Months		Base Year Stop	46.65 279,874	16.57 99,424			Market - 65.00%
2. Amento Group, Inc. Suite: 0400, 400B 5/1/2023 - 2/28/2026 2 Years 10 Months Freehold	6,184 1.88%	Base Contract Office Office	0.00 0 0.00 0 210,256	Jun-2023 Jun-2024 Jun-2025	31.00 31.93 32.89	2.58 2.66 2.74	None	None			2023 Base Yr	0.00 0	0.00 0			Market - 65.00%
2. Amento Group, Inc. Suite: 0400, 400B 9/1/2026 - 8/31/2033 7 Years Freehold	6,184 1.88%	Market Speculative Office Office	34.51 213,410 2.88 17,784 213,410	Sep-2027 Sep-2028 Sep-2029 Sep-2030 Sep-2031 Sep-2032	34.51 34.51 34.51 34.51 34.51 34.51	2.88 2.88 2.88 2.88 2.88 2.88	None	Sep-2026	2.4 Months		Base Year Stop	37.93 234,542	13.47 83,320			Market - 65.00%
2. Amento Group, Inc. Suite: 0400, 400B 1/1/2034 - 12/31/2040 7 Years Freehold	6,184 1.88%	Market Speculative Office Office	41.82 258,645 3.49 21,554 258,645	Jan-2035 Jan-2036 Jan-2037 Jan-2038 Jan-2039 Jan-2040	41.83 41.83 41.83 41.83 41.83 41.83	3.49 3.49 3.49 3.49 3.49 3.49	None	Jan-2034	2.4 Months		Base Year Stop	46.65 288,457	16.57 102,473			Market - 65.00%
3. Aspect Consulting, L.L.C. Suite: 0510 10/1/2018 - 1/31/2026 7 Years 4 Months Freehold	1,836 0.56%	Base Contract Office Office	42.00 77,112 3.50 6,426 62,424	Nov-2019 Nov-2020 Nov-2021 Nov-2022 Nov-2023 Nov-2024 Nov-2025	43.00 44.00 45.00 46.00 47.00 48.00 49.00	3.58 3.67 3.75 3.83 3.92 4.00 4.08	None	None			2019 Base Yr	0.00 0	0.00 0			Market - 65.00%
3. Aspect Consulting, L.L.C. Suite: 0510 8/1/2026 - 7/31/2033 7 Years Freehold	1,836 0.56%	Market Speculative Office Office	34.51 63,360 2.88 5,280 63,360	Aug-2027 Aug-2028 Aug-2029 Aug-2030 Aug-2031 Aug-2032	34.51 34.51 34.51 34.51 34.51 34.51	2.88 2.88 2.88 2.88 2.88 2.88	None	Aug-2026	2.4 Months		Base Year Stop	37.93 69,634	13.47 24,737			Market - 65.00%
3. Aspect Consulting, L.L.C. Suite: 0510 12/1/2033 - 11/30/2040 7 Years Freehold	1,836 0.56%	Market Speculative Office Office	41.82 76,790 3.49 6,399 76,790	Dec-2034 Dec-2035 Dec-2036 Dec-2037 Dec-2038 Dec-2039	41.83 41.83 41.83 41.83 41.83 41.83	3.49 3.49 3.49 3.49 3.49 3.49	None	Dec-2033	2.4 Months		Base Year Stop	46.65 85,641	16.57 30,424			Market - 65.00%

Lease Summary Report

Dexter Horton Building (Amounts in USD, Measures in SF)

As of Feb, 2024

All Tenants/ All Lease Periods

General Tenant Information			Rent Details				CPI	Free Rent		Miscellaneous Rent	Recovery	Tenant Improvements	Leasing Commissions	Incentives	Security Deposits	Renewal Assumption
Tenant Name Suite Number Lease Dates Lease Term Lease Status Market Leasing Lease Type	Initial Area Building Share %	Lease Period Lease Status Market Leasing Lease Type	Rate Per Year Amount Per Year Rate Per Month Amount Per Month Rental Value Per Year	Rent Changes On Date	Rent Changes To \$/SF-Annual	Rent Changes To \$/SF-Monthly	Type Timing Inflation Rate/Index	Date	Months	Name Type Rate \$/SF Total Amount	Structure Name Type Input Amount	Rate \$/SF Total Amount	Rate \$/SF Total Amount	Name Rate \$/SF Total Amount	Security Deposit @ % Percent to Refund Non-Refundable Deposit	Market - % Reabsorb Option
4. Aspect Consulting, L.L.C. Suite: 0550 11/1/2018 - 1/31/2026 7 Years 3 Months Freehold	14,106 4.29%	Base Contract Office Office	42.00 592,452 3.50 49,371 479,604	Nov-2019 Nov-2020 Nov-2021 Nov-2022 Nov-2023 Nov-2024 Nov-2025	43.00 44.00 45.00 46.00 47.00 48.00 49.00	3.58 3.67 3.75 3.83 3.92 4.00 4.08	None	None		2019 Base Yr	0.00 0	0.00 0			Market - 65.00%	
4. Aspect Consulting, L.L.C. Suite: 0550 8/1/2026 - 7/31/2033 7 Years Freehold	14,106 4.29%	Market Speculative Office Office	34.51 486,798 2.88 40,567 486,798	Aug-2027 Aug-2028 Aug-2029 Aug-2030 Aug-2031 Aug-2032	34.51 34.51 34.51 34.51 34.51 34.51	2.88 2.88 2.88 2.88 2.88 2.88	None	Aug-2026	2.4 Months	Base Year Stop	37.93 535,001	13.47 190,056			Market - 65.00%	
4. Aspect Consulting, L.L.C. Suite: 0550 12/1/2033 - 11/30/2040 7 Years Freehold	14,106 4.29%	Market Speculative Office Office	41.82 589,981 3.49 49,165 589,981	Dec-2034 Dec-2035 Dec-2036 Dec-2037 Dec-2038 Dec-2039	41.82 41.82 41.83 41.83 41.83 41.83	3.49 3.49 3.49 3.49 3.49 3.49	None	Dec-2033	2.4 Months	Base Year Stop	46.65 657,983	16.57 233,745			Market - 65.00%	
5. BOSA Development US Corporation Suite: 0310 3/11/2022 - 3/31/2026 4 Years 21 Days Freehold	4,054 1.23%	Base Contract Office Office	30.00 121,620 2.50 10,135 137,836	Apr-2023 Apr-2024 Apr-2025	30.90 31.83 32.78	2.58 2.65 2.73	None	None		2022 Base Yr	0.00 0	0.00 0			Market - 65.00%	
5. BOSA Development US Corporation Suite: 0310 10/1/2026 - 9/30/2033 7 Years Freehold	4,054 1.23%	Market Speculative Office Office	34.51 139,904 2.88 11,659 139,904	Oct-2027 Oct-2028 Oct-2029 Oct-2030 Oct-2031 Oct-2032	34.51 34.51 34.51 34.51 34.51 34.51	2.88 2.88 2.88 2.88 2.88 2.88	None	Oct-2026	2.4 Months	Base Year Stop	37.93 153,757	13.47 54,621			Market - 65.00%	
5. BOSA Development US Corporation Suite: 0310 2/1/2034 - 1/31/2041 7 Years Freehold	4,054 1.23%	Market Speculative Office Office	43.08 174,645 3.59 14,554 174,645	Feb-2035 Feb-2036 Feb-2037 Feb-2038 Feb-2039 Feb-2040	43.08 43.08 43.08 43.08 43.08 43.08	3.59 3.59 3.59 3.59 3.59 3.59	None	Feb-2034	2.4 Months	Base Year Stop	48.05 194,774	17.07 69,193			Market - 65.00%	
6. Collins Woerman Suite: 1400 12/1/2022 - 11/30/2030 8 Years Freehold	23,124 7.04%	Base Contract Office Office	40.00 924,960 3.33 77,080 786,216	Dec-2023 Dec-2024 Dec-2025 Dec-2026 Dec-2027 Dec-2028 Dec-2029	25.95 26.60 42.00 43.00 44.00 44.72 46.00	2.16 2.22 3.50 3.58 3.67 3.73 3.83	None	None		2023 Base Yr	0.00 0	0.00 0			Market - 65.00%	
6. Collins Woerman Suite: 1400 4/1/2031 - 3/31/2038 7 Years Freehold	23,124 7.04%	Market Speculative Office Office	39.42 911,639 3.29 75,970 911,639	Apr-2032 Apr-2033 Apr-2034 Apr-2035 Apr-2036 Apr-2037	39.42 39.42 39.42 39.42 39.42 39.42	3.29 3.29 3.29 3.29 3.29 3.29	None	Apr-2031	2.4 Months	Base Year Stop	43.97 1,016,716	15.62 361,183			Market - 65.00%	
7. Eugene Park (% Rent) Suite: 331 12/1/2023 - 11/30/2035 12 Years Freehold	1,389 0.42%	Base Contract Office Retail	10.80 15,000 0.90 1,250 47,226				None	None		2012 Base Yr	0.00 0	0.00 0			Market - 65.00%	
8. King County Suite: 0125, 0200, 0200M, 0700, 1000 9/15/2017 - 2/29/2028	86,998 26.48%	Base Contract Office	0.00 0 0.00	Feb-2018 Sep-2018 Sep-2019	37.00 38.00 39.00	3.08 3.17 3.25	None	None		2017 Base Yr	0.00 0	0.00 0			Market - 65.00%	

Lease Summary Report

Dexter Horton Building (Amounts in USD, Measures in SF)

As of Feb, 2024

All Tenants/ All Lease Periods

General Tenant Information			Rent Details				CPI	Free Rent		Miscellaneous Rent	Recovery	Tenant Improvements	Leasing Commissions	Incentives	Security Deposits	Renewal Assumption
Tenant Name Suite Number Lease Dates Lease Term Tenure	Initial Area Building Share %	Lease Period Lease Status Market Leasing Lease Type	Rate Per Year Amount Per Year Rate Per Month Amount Per Month Rental Value Per Year	Rent Changes On Date	Rent Changes To \$/SF-Annual	Rent Changes To \$/SF-Monthly	Type Timing Inflation Rate/Index	Date	Months	Name Type Rate \$/SF Total Amount	Structure Name Type Input Amount	Rate \$/SF Total Amount	Rate \$/SF Total Amount	Name Rate \$/SF Total Amount	Security Deposit @ % Percent to Refund Non-Refundable Deposit	Market - % Reabsorb Option
10 Years 5 Months 16 Days Freehold		Office	0 2,957,932	Sep-2020 Oct-2020 Sep-2021 Sep-2022 Sep-2023 Sep-2024 Sep-2025 Sep-2026 Sep-2027	22.22 40.00 41.00 42.00 43.00 44.00 45.00 46.00 47.00	1.85 3.33 3.42 3.50 3.58 3.67 3.75 3.83 3.92										
8. King County Suite: 0125, 0200, 0200M, 0700, 1000 7/1/2028 - 6/30/2035 7 Years Freehold	86,998 26.48%	Market Speculative Office Office	36.08 3,138,756 3.01 261,563 3,138,756	Jul-2029 Jul-2030 Jul-2031 Jul-2032 Jul-2033 Jul-2034	36.08 36.08 36.08 36.08 36.08 36.08	3.01 3.01 3.01 3.01 3.01 3.01	None	Jul-2028	2.4 Months		Base Year Stop	40.24 3,500,533	14.29 1,243,546			Market - 65.00%
9. King County - New Lease (790) Suite: 790 3/1/2024 - 12/31/2027 3 Years 10 Months Freehold	4,208 1.28%	Base Speculative Office Office	29.50 124,136 2.46 10,345 143,072	Mar-2025 Mar-2026 Mar-2027	30.39 31.30 32.24	2.53 2.61 2.69	None	None			Base Year Stop	0.00 0	14.00 58,912			Market - 65.00%
9. King County - New Lease (790) Suite: 790 7/1/2028 - 6/30/2035 7 Years Freehold	4,208 1.28%	Market Speculative Office Office	36.08 151,818 3.01 12,652 151,818	Jul-2029 Jul-2030 Jul-2031 Jul-2032 Jul-2033 Jul-2034	36.08 36.08 36.08 36.08 36.08 36.08	3.01 3.01 3.01 3.01 3.01 3.01	None	Jul-2028	2.4 Months		Base Year Stop	40.24 169,317	14.29 60,149			Market - 65.00%
10. King County - New Lease (900) Suite: 900 3/1/2024 - 12/31/2027 3 Years 10 Months Freehold	13,041 3.97%	Base Speculative Office Office	29.50 384,710 2.46 32,059 443,394	Mar-2025 Mar-2026 Mar-2027	30.39 31.30 32.24	2.53 2.61 2.69	None	None			Base Year Stop	0.00 0	14.00 182,574			Market - 65.00%
10. King County - New Lease (900) Suite: 900 7/1/2028 - 6/30/2035 7 Years Freehold	13,041 3.97%	Market Speculative Office Office	36.08 470,499 3.01 39,208 470,499	Jul-2029 Jul-2030 Jul-2031 Jul-2032 Jul-2033 Jul-2034	36.08 36.08 36.08 36.08 36.08 36.08	3.01 3.01 3.01 3.01 3.01 3.01	None	Jul-2028	2.4 Months		Base Year Stop	40.24 524,730	14.29 186,408			Market - 65.00%
12. O' Brien & Company, L.L.C. Suite: 0925 12/1/2022 - 3/31/2026 3 Years 4 Months Freehold	2,866 0.87%	Base Contract Office Office	0.00 0 0.00 0 97,444	Apr-2023 Dec-2023 Dec-2024	40.50 41.50 42.50	3.38 3.46 3.54	None	None			2023 Base Yr	0.00 0	0.00 0			Market - 65.00%
12. O' Brien & Company, L.L.C. Suite: 0925 10/1/2026 - 9/30/2033 7 Years Freehold	2,866 0.87%	Market Speculative Office Office	34.51 98,906 2.88 8,242 98,906	Oct-2027 Oct-2028 Oct-2029 Oct-2030 Oct-2031 Oct-2032	34.51 34.51 34.51 34.51 34.51 34.51	2.88 2.88 2.88 2.88 2.88 2.88	None	Oct-2026	2.4 Months		Base Year Stop	37.93 108,699	13.47 38,615			Market - 65.00%
12. O' Brien & Company, L.L.C. Suite: 0925 2/1/2034 - 1/31/2041 7 Years Freehold	2,866 0.87%	Market Speculative Office Office	43.08 123,466 3.59 10,289 123,466	Feb-2035 Feb-2036 Feb-2037 Feb-2038 Feb-2039 Feb-2040	43.08 43.08 43.08 43.08 43.08 43.08	3.59 3.59 3.59 3.59 3.59 3.59	None	Feb-2034	2.4 Months		Base Year Stop	48.05 137,697	17.07 48,916			Market - 65.00%
13. Specter Ops Suite: 1260 4/1/2021 - 11/30/2026	4,874 1.48%	Base Contract Office	0.00 0 0.00	Dec-2021 Apr-2022 Apr-2023	42.00 43.26 44.56	3.50 3.61 3.71	None	None			2021 Base Yr	0.00 0	0.00 0			Market - 65.00%

Lease Summary Report

Dexter Horton Building (Amounts in USD, Measures in SF)

As of Feb, 2024

All Tenants/ All Lease Periods

General Tenant Information			Rent Details				CPI	Free Rent		Miscellaneous Rent	Recovery	Tenant Improvements	Leasing Commissions	Incentives	Security Deposits	Renewal Assumption
Tenant Name Suite Number Lease Dates Lease Term Tenure	Initial Area Building Share %	Lease Period Lease Status Market Leasing Lease Type	Rate Per Year Amount Per Year Rate Per Month Amount Per Month Rental Value Per Year	Rent Changes On Date	Rent Changes To \$/SF-Annual	Rent Changes To \$/SF-Monthly	Type Timing Inflation Rate/Index	Date	Months	Name Type Rate \$/SF Total Amount	Structure Name Type Input Amount	Rate \$/SF Total Amount	Rate \$/SF Total Amount	Name Rate \$/SF Total Amount	Security Deposit @ % Percent to Refund Non-Refundable Deposit	Market - % Reabsorb Option
5 Years 8 Months Freehold		Office	0 165,716	Apr-2024 Apr-2025 Apr-2026	45.89 47.27 48.69	3.82 3.94 4.06										
13. Specter Ops Suite: 1260 6/1/2027 - 5/31/2034 7 Years Freehold	4,874 1.48%	Market Speculative Office Office	35.03 170,725 2.92 14,227 170,725	Jun-2028 Jun-2029 Jun-2030 Jun-2031 Jun-2032 Jun-2033	35.03 35.03 35.03 35.03 35.03 35.03	2.92 2.92 2.92 2.92 2.92 2.92	None	Jun-2027	2.4 Months		Base Year Stop	39.06 190,403	13.88 67,640			Market - 65.00%
13. Specter Ops Suite: 1260 10/1/2034 - 9/30/2041 7 Years Freehold	4,874 1.48%	Market Speculative Office Office	43.08 209,970 3.59 17,497 209,970	Oct-2035 Oct-2036 Oct-2037 Oct-2038 Oct-2039 Oct-2040	43.08 43.08 43.08 43.08 43.08 43.08	3.59 3.59 3.59 3.59 3.59 3.59	None	Oct-2034	2.4 Months		Base Year Stop	48.05 234,171	17.07 83,188			Market - 65.00%
14. The Climate Corporation Suite: 1100 2/1/2015 - 7/31/2026 11 Years 6 Months Freehold	22,825 6.95%	Base Contract Office Office	21.03 480,000 1.75 40,000 776,050	Feb-2016 Feb-2017 Feb-2018 Feb-2019 Feb-2020 Feb-2021 Feb-2022 Feb-2023 Feb-2024 Feb-2025 Feb-2026	21.69 33.00 34.00 35.00 36.00 37.00 38.00 49.96 51.46 53.00 54.59	1.81 2.75 2.83 2.92 3.00 3.08 3.17 4.16 4.29 4.42 4.55	None	None		2015 Base Yr	0.00 0	0.00 0			Market - 65.00%	
14. The Climate Corporation Suite: 1100 2/1/2027 - 1/31/2034 7 Years Freehold	22,825 6.95%	Market Speculative Office Office	35.03 799,506 2.92 66,626 799,506	Feb-2028 Feb-2029 Feb-2030 Feb-2031 Feb-2032 Feb-2033	35.03 35.03 35.03 35.03 35.03 35.03	2.92 2.92 2.92 2.92 2.92 2.92	None	Feb-2027	2.4 Months		Base Year Stop	39.06 891,658	13.88 316,757			Market - 65.00%
14. The Climate Corporation Suite: 1100 6/1/2034 - 5/31/2041 7 Years Freehold	22,825 6.95%	Market Speculative Office Office	43.08 983,292 3.59 81,941 983,292	Jun-2035 Jun-2036 Jun-2037 Jun-2038 Jun-2039 Jun-2040	43.08 43.08 43.08 43.08 43.08 43.08	3.59 3.59 3.59 3.59 3.59 3.59	None	Jun-2034	2.4 Months		Base Year Stop	48.05 1,096,627	17.07 389,571			Market - 65.00%
15. VACANT Suite: 100 2/1/2028 - 1/31/2035 7 Years Freehold	6,333 1.93%	Base Speculative Office Office	36.08 228,485 3.01 19,040 228,485	Feb-2029 Feb-2030 Feb-2031 Feb-2032 Feb-2033 Feb-2034	37.08 38.08 39.08 40.08 41.08 42.08	3.09 3.17 3.26 3.34 3.42 3.51	None	Feb-2028	5 Months		Base Year Stop	73.16 463,310	15.76 99,790			Market - 65.00%
16. VACANT Suite: 300 2/1/2028 - 1/31/2035 7 Years Freehold	7,221 2.20%	Base Speculative Office Office	36.08 260,523 3.01 21,710 260,523	Feb-2029 Feb-2030 Feb-2031 Feb-2032 Feb-2033 Feb-2034	37.08 38.08 39.08 40.08 41.08 42.08	3.09 3.17 3.26 3.34 3.42 3.51	None	Feb-2028	5 Months		Base Year Stop	73.16 528,274	15.76 113,782			Market - 65.00%
17. VACANT Suite: 410 2/1/2028 - 1/31/2035 7 Years Freehold	19,993 6.09%	Base Speculative Office Office	36.08 721,317 3.01 60,110 721,317	Feb-2029 Feb-2030 Feb-2031 Feb-2032 Feb-2033 Feb-2034	37.08 38.08 39.08 40.08 41.08 42.08	3.09 3.17 3.26 3.34 3.42 3.51	None	Feb-2028	5 Months		Base Year Stop	73.16 1,462,649	15.76 315,032			Market - 65.00%
18. VACANT	6,230	Base	36.08	Apr-2029	37.08	3.09	None	Apr-2028	5 Months		Base Year Stop	73.16	15.76			Market - 65.00%

Lease Summary Report

Dexter Horton Building (Amounts in USD, Measures in SF)

As of Feb, 2024

All Tenants/ All Lease Periods

General Tenant Information			Rent Details				CPI	Free Rent		Miscellaneous Rent	Recovery	Tenant Improvements	Leasing Commissions	Incentives	Security Deposits	Renewal Assumption
Tenant Name Suite Number Lease Dates Lease Term Tenure	Initial Area Building Share %	Lease Period Lease Status Market Leasing Lease Type	Rate Per Year Amount Per Year Rate Per Month Amount Per Month Rental Value Per Year	Rent Changes On Date	Rent Changes To \$/SF-Annual	Rent Changes To \$/SF-Monthly	Type Timing Inflation Rate/Index	Date	Months	Name Type Rate \$/SF Total Amount	Structure Name Type Input Amount	Rate \$/SF Total Amount	Rate \$/SF Total Amount	Name Rate \$/SF Total Amount	Security Deposit @ % Percent to Refund Non-Refundable Deposit	Market - % Reabsorb Option
Suite: 600 4/1/2028 - 3/31/2035 7 Years Freehold	1.90%	Speculative Office Office	224,769 3.01 18,731 224,769	Apr-2030 Apr-2031 Apr-2032 Apr-2033 Apr-2034	38.08 39.08 40.08 41.08 42.08	3.17 3.26 3.34 3.42 3.51						455,775	98,167			
19. VACANT Suite: 620 4/1/2028 - 3/31/2035 7 Years Freehold	5,942 1.81%	Base Speculative Office Office	36.08 214,378 3.01 17,865 214,378	Apr-2029 Apr-2030 Apr-2031 Apr-2032 Apr-2033 Apr-2034	37.08 38.08 39.08 40.08 41.08 42.08	3.09 3.17 3.26 3.34 3.42 3.51	None	Apr-2028	5 Months		Base Year Stop	73.16 434,705	15.76 93,629			Market - 65.00%
20. VACANT Suite: 640 2/1/2028 - 1/31/2035 7 Years Freehold	6,090 1.85%	Base Speculative Office Office	36.08 219,718 3.01 18,310 219,718	Feb-2029 Feb-2030 Feb-2031 Feb-2032 Feb-2033 Feb-2034	37.08 38.08 39.08 40.08 41.08 42.08	3.09 3.17 3.26 3.34 3.42 3.51	None	Feb-2028	5 Months		Base Year Stop	73.16 445,533	15.76 95,961			Market - 65.00%
21. VACANT Suite: 660 12/1/2027 - 11/30/2034 7 Years Freehold	4,785 1.46%	Base Speculative Office Office	35.03 167,607 2.92 13,967 167,607	Dec-2028 Dec-2029 Dec-2030 Dec-2031 Dec-2032 Dec-2033	36.03 37.03 38.03 39.03 40.03 41.03	3.00 3.09 3.17 3.25 3.34 3.42	None	Dec-2027	5 Months		Base Year Stop	71.03 339,865	15.30 73,202			Market - 65.00%
22. VACANT Suite: 800 2/1/2028 - 1/31/2035 7 Years Freehold	22,957 6.99%	Base Speculative Office Office	36.08 828,254 3.01 69,021 828,254	Feb-2029 Feb-2030 Feb-2031 Feb-2032 Feb-2033 Feb-2034	37.08 38.08 39.08 40.08 41.08 42.08	3.09 3.17 3.26 3.34 3.42 3.51	None	Feb-2028	5 Months		Base Year Stop	90.00 2,066,130	15.76 361,736			Market - 65.00%
23. VACANT Suite: 950 4/1/2028 - 3/31/2035 7 Years Freehold	7,125 2.17%	Base Speculative Office Office	36.08 257,059 3.01 21,422 257,059	Apr-2029 Apr-2030 Apr-2031 Apr-2032 Apr-2033 Apr-2034	37.08 38.08 39.08 40.08 41.08 42.08	3.09 3.17 3.26 3.34 3.42 3.51	None	Apr-2028	5 Months		Base Year Stop	100.00 712,500	15.76 112,270			Market - 65.00%
24. VACANT Suite: 1200 2/1/2028 - 1/31/2035 7 Years Freehold	6,943 2.11%	Base Speculative Office Office	36.08 250,493 3.01 20,874 250,493	Feb-2029 Feb-2030 Feb-2031 Feb-2032 Feb-2033 Feb-2034	37.08 38.08 39.08 40.08 41.08 42.08	3.09 3.17 3.26 3.34 3.42 3.51	None	Feb-2028	5 Months		Base Year Stop	100.00 694,300	15.76 109,402			Market - 65.00%
25. VACANT Suite: 1210 12/1/2027 - 11/30/2034 7 Years Freehold	4,799 1.46%	Base Speculative Office Office	35.03 168,098 2.92 14,008 168,098	Dec-2028 Dec-2029 Dec-2030 Dec-2031 Dec-2032 Dec-2033	36.03 37.03 38.03 39.03 40.03 41.03	3.00 3.09 3.17 3.25 3.34 3.42	None	Dec-2027	5 Months		Base Year Stop	100.00 479,900	15.30 73,416			Market - 65.00%
26. VACANT Suite: 1300 11/1/2027 - 10/31/2034 7 Years Freehold	22,418 6.82%	Base Speculative Office Office	35.03 785,250 2.92 65,437 785,250	Nov-2028 Nov-2029 Nov-2030 Nov-2031 Nov-2032 Nov-2033	36.03 37.03 38.03 39.03 40.03 41.03	3.00 3.09 3.17 3.25 3.34 3.42	None	Nov-2027	5 Months		Base Year Stop	100.00 2,241,800	15.30 342,955			Market - 65.00%
27. VACANT Suite: 1300-1 11/1/2027 - 10/31/2034 7 Years	5,516 1.68%	Base Speculative Office Office	35.03 193,213 2.92 16,101	Nov-2028 Nov-2029 Nov-2030 Nov-2031	36.03 37.03 38.03 39.03	3.00 3.09 3.17 3.25	None	Nov-2027	5 Months		Base Year Stop	100.00 551,600	15.30 84,385			Market - 65.00%

Lease Summary Report

Dexter Horton Building (Amounts in USD, Measures in SF)

As of Feb, 2024

All Tenants/ All Lease Periods

General Tenant Information			Rent Details				CPI	Free Rent		Miscellaneous Rent	Recovery	Tenant Improvements	Leasing Commissions	Incentives	Security Deposits	Renewal Assumption
Tenant Name Suite Number Lease Dates Lease Term Tenure	Initial Area Building Share %	Lease Period Lease Status Market Leasing Lease Type	Rate Per Year Amount Per Year Rate Per Month Amount Per Month Rental Value Per Year	Rent Changes On Date	Rent Changes To \$/SF-Annual	Rent Changes To \$/SF-Monthly	Type Timing Inflation Rate/Index	Date	Months	Name Type Rate \$/SF Total Amount	Structure Name Type Input Amount	Rate \$/SF Total Amount	Rate \$/SF Total Amount	Name Rate \$/SF Total Amount	Security Deposit @ % Percent to Refund Non-Refundable Deposit	Market - % Reabsorb Option
Freehold			193,213	Nov-2032 Nov-2033	40.03 41.03	3.34 3.42										
28. VACANT Suite: 1500 2/1/2028 - 1/31/2035 7 Years Freehold	8,793 2.68%	Base Speculative Office Office	36.08 317,238 3.01 26,437 317,238	Feb-2029 Feb-2030 Feb-2031 Feb-2032 Feb-2033 Feb-2034	37.08 38.08 39.08 40.08 41.08 42.08	3.09 3.17 3.26 3.34 3.42 3.51	None	Feb-2028	5 Months		Base Year Stop	100.00 879,300	15.76 138,552			Market - 65.00%

* Results displayed are based on Forecast data only

HISTORIC PRESERVATION ORDINANCE

4
5 ORDINANCE 116970

6 AN ORDINANCE relating to historic preservation, imposing controls
7 upon the Dexter Horton Building, a Landmark designated by the
8 Landmarks Preservation Board under Chapter 25.12 of the
9 Seattle Municipal Code (Ordinance 106348), and adding it to
10 the Table of Historical Landmarks contained in Chapter 25.32
11 of the Seattle Municipal Code.

12 WHEREAS, the Landmarks Ordinance, Chapter 25.12 of the Seattle
13 Municipal Code (SMC), establishes a procedure for the
14 designation and preservation of structures and areas having
15 historical, cultural, architectural, engineering or
16 geographic importance; and

17 WHEREAS, the Landmarks Preservation Board after a public hearing
18 on August 21, 1985, voted to approve the nomination of the
19 Dexter Horton Building at 710 Second Avenue in Seattle as a
20 Landmark under SMC Chapter 25.12; and

21 WHEREAS, after a public hearing on November 20, 1985, the Board
22 voted to approve the designation of the Dexter Horton
23 Building as a Landmark under SMC Chapter 25.12;

24 WHEREAS, on September 2, 1992, the Board and the owners of the
25 designated property agreed to controls and incentives; and

26 WHEREAS, the Board recommends to the City Council approval of
27 controls and incentives; and

28 WHEREAS, the Landmarks Preservation Board and Historic
29 Preservation Officer adopted the Signage and Storefront
30 Design Review Guidelines for the Dexter Horton Building for
31 use in reviewing and making decisions on Certificate of
32 Approval applications for this property; and now therefore,

33 BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. DESIGNATION. That the designation by the
Landmarks Preservation Board of the Dexter Horton Building,
located on property described as:

Lots 5-8, Block 4, Boren & Denny Addition to
the City of Seattle, according to the plat
thereof recorded in Volume 1 of Plats, page
27, records of King County, Washington

as a landmark based upon satisfaction of the following criteria of
SMC Section 25.12.350:

- 1) It is associated in a significant way with a significant aspect of the cultural, political, or economic heritage of the community, City, state or nation; and
- 2) It embodies the distinctive visible characteristics of an architectural style, or period, or of a method of construction;

1 is hereby acknowledged, and the Dexter Horton Building is hereby
2 declared a landmark.

3 Section 2. CONTROLS. The following controls are hereby
4 imposed on the specified features and characteristics of the
5 Dexter Horton Building which were designated by the Board for
6 preservation:

7 A. Except as provided in subsection 2.B and 2.C below, a
8 Certificate of Approval must be obtained from the
9 Landmarks Preservation Board pursuant to SMC 25.12.670
10 et seq. or the time for denying an application for a
11 Certificate of Approval must have expired, before the
12 owners may make alterations or significant changes to:

13 The entire exterior, including the roof, and the
14 Second and Third Avenue lobbies including the
Second Avenue entrance vestibule.

15 B. The following items may be approved by the Historic
16 Preservation Officer without the need for further action
17 by the Board if the Historic Preservation Officer
18 determines, upon examination of submitted plans and
19 specifications, that such alterations are consistent
20 with the purposes of the Landmarks Preservation
21 Ordinance. If the Historic Preservation Officer
22 disapproves such alterations, the owners may submit
23 revised plans and specifications to the Historic
24 Preservation Officer or may apply to the Board for a
25 Certificate of Approval for the alterations:

- 26 1. **Mechanical Equipment:** For the designated areas of
27 the building, the addition or elimination of ducts,
28 conduits, HVAC vents, grilles, fire escapes, pipes,
29 and other similar wiring or mechanical elements
30 necessary for the normal operation of the building
31 may be approved by the Historic Preservation
32 Officer. Alterations may be approved for the roof-
33 mounted mechanical equipment if the resulting
visible appearance from the street level is
consistent with the appearance of the existing
structural or mechanical features on the roof.
2. **Signage.** The Historic Preservation Officer shall
have authority to approve signage which complies
with the standards for building signage contained
in the Signage and Storefront Design Review

1 Guidelines for the Dexter Horton Building, adopted
2 by the Landmarks Preservation Board and the
3 Historic Preservation Officer and attached hereto
4 as Exhibit A.

- 5 3. **Cleaning.** Cleaning, tuckpointing, and sealing of
6 the building shall be performed pursuant to the
7 Secretary of Interior's Standards for
8 Rehabilitation and shall be approved by the
9 Historic Preservation Officer who shall have the
10 authority to depart from the Secretary of
11 Interior's Standards for Rehabilitation if such
12 departure will enhance the preservation of the
13 Dexter Horton Building.
- 14 4. **Painting of North Exterior Wall.** The Historic
15 Preservation Officer shall have authority to
16 approve painting of the north exterior wall a
17 uniform color in any neutral tone ranging from off-
18 white to medium-dark, e.g., off-white, tan, beige,
19 light brown, or brown, but not any dark or bright
20 color such as red, green, blue, or black.
- 21 5. **Other Changes.** The Board may at any time adopt,
22 and the Owner may at any time propose for Board
23 approval, standards for other kinds of alteration
24 that the Board or Owner wishes to subject to
25 Administrative Review by the Historic Preservation
26 Officer rather than the Certificate of Approval
27 process.
- 28 C. No Certificate of Approval shall be required, and any
29 changes may be permitted without further review, for the
30 following:
- 31 1. Change(s) in roofing material provided that the
32 height and volume of the buildings are not altered.
 - 33 2. Alterations to the space west of the marble opening
at the west end of the Third Avenue lobby (i.e.,
west of the western-most passenger elevator).
 - Alterations to the ceiling of the elevator area of
the Second Avenue lobby or the space beyond (i.e.,
east of) the existing doors at the east end of the
lobby.
 - Alterations to the elevator doors in the Second and
Third Avenue lobbies.
 - Alterations to the building directories on the
elevator walls of the Second and Third Avenue
lobbies.
 - In-kind maintenance of or repairs to any of the
designated features.

31 Section 3. INCENTIVES.

32 A: Economic incentives may be made available as set forth
33 in the Controls and Incentives Agreement between the
Owner and the Board, and as they may become available in

1 the future.

2 B: SMC Titles 23 and 24 provide for special exceptions
3 which may be available for uses not normally permitted
4 in a particular zoning classification by means of an
5 administrative conditional use.

6 Section 4. Enforcement of this Ordinance and penalties for
7 its violation shall be as provided in Section 25.12.910 of the
8 Seattle Municipal Code.

9 Section 5. The Dexter Horton Building is hereby added to the
10 Table of Historical Landmarks contained in Chapter 25.32 of the
11 Seattle Municipal Code.

12 Section 6. The City Clerk is hereby directed to record this
13 ordinance with the King County Director of Records and Elections,
14 deliver two copies of the City Historic Preservation Officer,
15 Arctic Building, and deliver one copy to the Director of the
16 Department of Construction and Land Use.

17 Section 7. This ordinance shall take effect and be in force
18 thirty days from and after its passage and approval, if approved
19 by the Mayor; otherwise it shall take effect at the time it shall
20 become a law under the provisions of the City Charter.

21 Passed by the City Council the 13 day of December,
22 1993, and signed by me in open session in authentication of its
23 passage this 13 day of December, 1993.

24
25 Geo. A. Benson
26 President of the City Council

27 Approved by me this 17 day of December, 1993.

28 Norman B. Rice
29 Norman B. Rice, Mayor

30 Filed this 20 day of December, 1993.

31 Margaret Carter
32 Deputy City Clerk
33

APPRAISERS' EXPERIENCE & QUALIFICATIONS

McKEE APPRAISAL

REAL ESTATE SERVICES & CONSULTING, INC.

600 1st Avenue, Suite 102-2074, Seattle, Washington 98104

Telephone (206) 343-8909

EXPERIENCE & QUALIFICATIONS

BATES MCKEE, MAI, CRE, AI-GRS

Mr. McKee co-founded the firm McKee Appraisal in 1990. McKee Appraisal specializes in the economic analysis of real estate, employing valuation professionals and 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 Earth & Planetary Sciences, 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, and adheres to the standards and ethics 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 and the Appraisal Institute - General Review Specialist (AI-GRS) designation in 2016. He served as the Chair of the Pacific Northwest Chapter of the Counselors of Real Estate from 2011 to 2013.

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 appraisal and litigation. Project appraisal work includes acquisition for all segments of Sound Transit Link light rail, the Alaskan Way Viaduct replacement project, the Yellowstone retail stores, Interstate 90, Interstate 5 and the Seattle Waterfront project. He has particular expertise in institutional portfolio valuation, leased fee and leasehold financial valuation, consulting, 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. He authored Optival, a computer program for analyzing and valuing stock options, and was also employed as an investment software developer with Expert Systems, Inc., Redmond, Washington.

McKEE APPRAISAL

REAL ESTATE SERVICES & CONSULTING, INC.

600 1st Avenue, Suite 102-2074, Seattle, Washington 98104

Telephone (206) 343-8909

EXPERIENCE & QUALIFICATIONS

MATTHEW LANGE

Mr. Lange graduated from the University of Washington with a Bachelor of Arts degree in Geography and a lifelong resident of the Seattle area. 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 acquired by Sound Transit for the Capitol Hill (downtown to UW) segment and above ground interests for the Tukwila segment (downtown to SeaTac).

Mr. Lange has completed most of the requirements for the MAI designation (Member of the Appraisal Institute), including successfully completing and passing several hundred hours of designation education, and completing over five thousand hours of specialized appraisal experience. He is a Practicing Affiliate of the Appraisal Institute, and is a Certified General Real Estate Appraiser (Washington State Certificate No. 1101679) and Oregon Certified General Real Estate Appraiser (Oregon State Certificate No. C001149).