

CBRE VALUATION & ADVISORY SERVICES

APPRAISAL REPORT

RHODES CENTER COMPLEX
950 BROADWAY
TACOMA, WASHINGTON 98402
CBRE FILE NO. 19-224NW-1116-1

STATE OF WASHINGTON

CBRE

December 6, 2019

Stefanie Fuller
STATE OF WASHINGTON
P.O. Box 41468
Olympia, Washington 98504-1468

RE: Appraisal of: Rhodes Center Complex
950 Broadway
Tacoma, Pierce County, Washington 98402
CBRE, Inc. File No. 19-224NW-1116-1

Dear Ms. Fuller:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject is a 1,57,883-square foot (NRA) office property and attached parking garage located at 950 Broadway (Broadway Building), 949 Market Street (Market Street Building), and 940 Market Street (parking garage), in Tacoma, Washington. The property consists of two mid-rise office buildings and one parking garage. The improvements are situated on three, non-contiguous parcels across 2.11 acres, which are generally located on the north side of S. 11th Street between Broadway and S. Court D Street. Two sky bridges connect the three buildings. The Broadway Building was originally constructed in 1891, and the Market Building and parking garage were constructed in 1902 and 1960, respectively. Approximately \$10,000,000 was spent extensively renovating the subject property between 1999 and 2001. The subject's notable tenants are the Department of Labor & Industries, Court of Appeals, and Pierce County Assigned Counsel. Notably, aside from the delicatessen and Enterprise Rental Car, all the current tenants are government entities. The subject is currently 77.3% occupied and is not stabilized. It is considered to be a Class B (investment class) property in this market if offered for sale. We note the property is owned by the State of Washington and leases to State and Federal agencies. The subject is more fully described, legally and physically, within the enclosed report.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Leased Fee Interest	November 15, 2019	\$23,700,000
Upon Stabilization	Leased Fee Interest	November 1, 2021	\$32,100,000

Compiled by CBRE

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

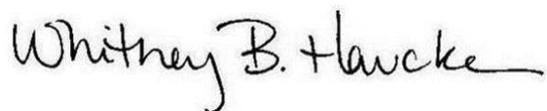
It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



Julie Holt, MAI, MRICS
Vice President
State Certified General Real Estate Appraiser
Washington Certification No. 1102475
Expiration December 17, 2020
Phone: 206-292-6197
Email: julie.holt@cbre.com



Whitney Haucke, MAI, CPA, MRICS
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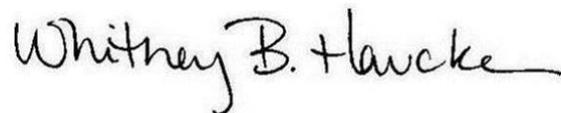
Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our 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.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Washington.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Julie Holt, MAI, MRICS and Whitney Haucke, MAI, CPA, MRICS have completed the continuing education program for Designated Members of the Appraisal Institute.
11. Julie Holt, MAI, MRICS and Whitney Haucke, MAI, CPA, MRICS have made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Julie Holt, MAI, MRICS has not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Whitney Haucke, MAI, CPA, MRICS appraised the property one time within the past three years. The effective date of the prior appraisal was July 1, 2017, and it was performed for the same client.



Julie Holt, MAI, MRICS
State Certified General Real Estate Appraiser
Washington Certification No. 1102475
Expiration December 17, 2020



Whitney Haucke, MAI, CPA, MRICS
State Certified General Real Estate Appraiser
Washington Certification No. 1101005
Expiration: May 17, 2020

Subject Photographs



Aerial View



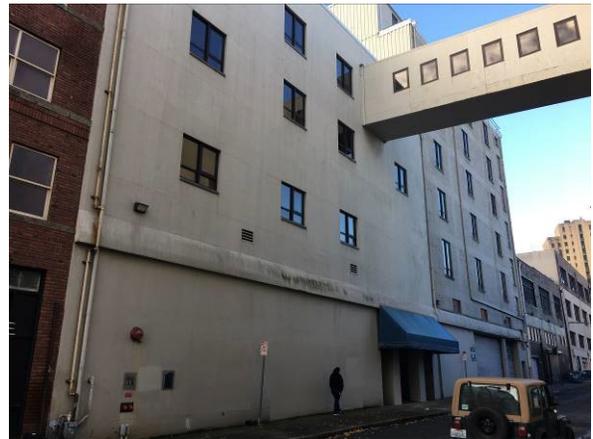
Exterior 950 Broadway Building



Exterior 950 Broadway Building



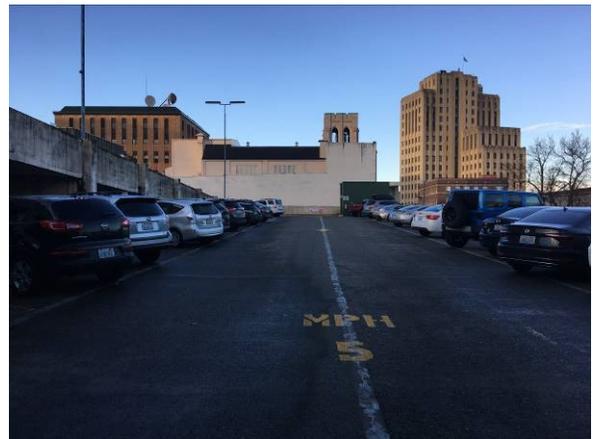
Exterior 949 Market Street Building



Exterior 949 Market Street & Skybridge



Exterior Parking Garage -940 Market Street



Parking Garage Rooftop



Interior - 949 Market



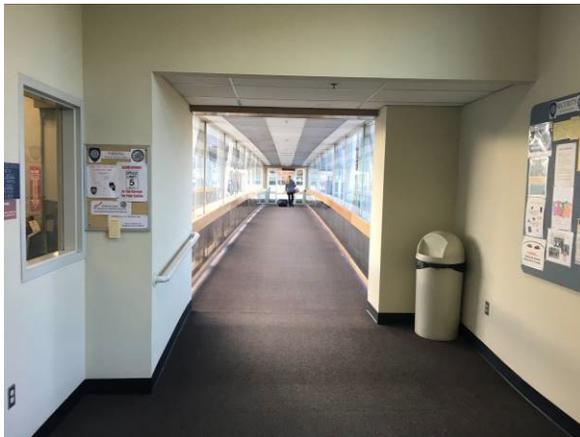
Interior - 949 Market



Interior - 949 Market



Interior - 949 Market



Interior - 949 Market Skybridge to Parking



Basement Storage



Interior-950 Broadway



Interior-950 Broadway



Interior-950 Broadway (Deli)



Interior-950 Broadway (Shell Retail Space)



Interior-950 Broadway



Interior-950 Broadway



Interior-Conference Room



Interior-950 Broadway (Elevator Lobby)



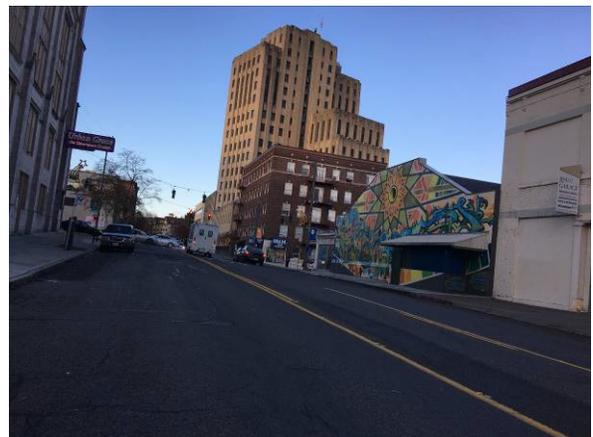
Interior - Parking Garage (Enterprise)



Interior - Parking Garage



Street Scene - Market Street Facing South



Street Scene - Market Street Facing North

Executive Summary

Property Name	Rhodes Center Complex	
Location	950 Broadway, 940 & 949 Market Street Tacoma, Pierce County, WA 98402	
Parcel Number(s)	200906-0080	
Client	State of Washington	
Highest and Best Use	Office as warranted by demand	
As If Vacant	Existing Office Use	
As Improved	Leased Fee Interest	
Property Rights Appraised	December 6, 2019	
Date of Report	November 15, 2019	
Date of Inspection	Within 12 Months	
Estimated Exposure Time	Within 12 Months	
Estimated Marketing Time		
Primary Land Area	2.12 AC	92,326 SF
Zoning	DCC - Downtown Commercial Core	
Improvements		
Property Type	Office	(Multi Tenant)
Number of Buildings	2	
Number of Stories	6 - Broadway Building 5 - Market Building 3+ Rooftop Parking - Parking Garage	
Gross Building Area	183,300 SF	
Net Rentable Area	153,951 SF	
Year Built	1891-1960	Renovated: 2001
Condition	Average	
Buyer Profile	Investor-Local	
Financial Indicators		
Current Occupancy	77.3%	
Stabilized Occupancy	91.0%	
Stabilized Credit Loss	1.0%	
Estimated Lease-up Period	6 Months	
Overall Capitalization Rate	7.75%	
Discount Rate (As-Is)	9.75%	
Discount Rate (Upon Stabilization)	9.25%	
Terminal Capitalization Rate	8.25%	
Pro Forma Operating Data (Stabilized)	Total	Per SF
Effective Gross Income	\$4,320,295	\$28.06
Operating Expenses	\$1,656,377	\$10.76
Expense Ratio	38.34%	

Net Operating Income

\$2,481,256

Executive Summary
\$16.12

VALUATION		Total	Per SF
Market Value As Is On	November 15, 2019		
Sales Comparison Approach		\$23,900,000	\$155.24
Income Capitalization Approach		\$23,700,000	\$153.95
Market Value As Stabilized On	November 1, 2021		
Sales Comparison Approach		\$32,300,000	\$209.81
Income Capitalization Approach		\$32,100,000	\$208.51

CONCLUDED MARKET VALUE			
Appraisal Premise	Interest Appraised	Date of Value	Value
As Is	Leased Fee Interest	November 15, 2019	\$23,700,000
Upon Stabilization	Leased Fee Interest	November 1, 2021	\$32,100,000

Compiled by CBRE

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

Strengths/ Opportunities

- The subject is well located in the Tacoma Central Business District (CBD);
- The subject has been well maintained and competes in the marketplace with similar vintage buildings;
- The subject has a typical market build-out even though it is leased to primarily government tenants;
- The subject is 77.3% leased and has historically not been professionally marketed for lease. There is upside in rental revenue through lease-up to a stabilized occupancy level;
- The building features partial views of Commencement Bay from the east side of the building;
- The presence of on-site garage parking is an amenity that is attractive to tenants and also generates considerable income for the owner;
- The subject floorplates are of size and configuration that allows for single and multi-tenant floors which is attractive to tenants in the marketplace;
- The parking ratio of 3.49/1,000 is above market for the area, and there is demand for garage parking in the CBD; and
- The subject property consists of a four-story parking garage that provides an additional revenue stream.

Weaknesses/ Threats

- The subject property is currently not stabilized;
- In general, office market fundamentals in the submarket (including the subject) have been lackluster over the past year, and the use of incentives and/or rental concessions has continued;
- The vacant space at the subject is not being marketed effectively if private sector leasing is to be considered by ownership; and
- The subject is located in a secondary office market area that does not garner the same aggressive investor interest as nearby Seattle.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”¹

- We have been provided with a rent roll, historical operating statements, and a representative sample of leases for the subject property. Our estimate of net rentable area and occupancy are modeled from the rent roll and leases. We have assumed all this information is accurate.
- There are two lease renewals that have been negotiated and are pending signature (discussed in the Income Approach). We have assumed these tenants will be renewed at the terms communicated to us by ownership.
- The appraisal includes a Prospective opinion of market value at the stabilization of the property. As such, the prospective value is based on forward-looking projections that are based on current market indications and typical underwriting witnessed by market participants. Any significant change in market conditions that are inconsistent with the assumptions made herein could impact the opinions of market value.
- We inspected a representative sample of the subject interior and portions of the subject’s exterior areas. We are making the extraordinary assumption that the areas we inspected are representative of the entire property and that the areas not inspected are in a similar condition as the areas we inspected. If the actual condition of the areas not inspected is different from what we have assumed, we reserve the right to amend our valuation conclusion.
- It is an assumption of this report that the necessary easements have been obtained by the subject’s ownership and that the sky bridges are legally permissible by the City of Tacoma into perpetuity.
- As noted in the tax section the subject property is tax exempt. Due to the tenancy profile historically being predominantly government tenants, we assume this will continue going forward. If not our value estimate may change herein.
- The use of these extraordinary assumptions may have affected the assignment results.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purposes of analysis.”³

- None noted

OWNERSHIP AND PROPERTY HISTORY

Title to the property is currently vested in the name of State of Washington, which acquired title to the property in 1996, as improved for \$7,475,000. To the best of our knowledge, there has been no ownership transfer of the property during the previous three years and the subject is not currently being marketed for sale.

¹ The Appraisal Foundation, *USPAP, 2018-2019*

³ The Appraisal Foundation, *USPAP, 2018-2019*

EXPOSURE/MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

- exposure periods for comparable sales used in this appraisal;
- exposure/marketing time information from the PwC Real Estate Investor Survey; and
- the opinions of market participants.

The following table presents the information derived from these sources.

EXPOSURE/MARKETING TIME DATA			
Investment Type	Exposure/Mktg. (Months)		
	Range	Average	
Comparable Sales Data	3.0 - 5.0	4.3	
<i>PwC Real Estate Investor Survey (3Q19)</i>			
National CBD Office	2.0 - 12.0	5.6	
Pacific Northwest Office	1.0 - 9.0	4.0	
Local Market Professionals	3.0 - 12.0	6.0	
CBRE Exposure Time Estimate	Within 12 Months		
CBRE Marketing Period Estimate	Within 12 Months		
Source: PwC Real Estate Survey, Comparable Sales Data & Local Market Professionals			

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Scope of Work

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied.

INTENDED USE OF REPORT

This appraisal is to be used for internal uses and no other use is permitted.

CLIENT

The client is State of Washington.

INTENDED USER OF REPORT

This appraisal is to be used by State of Washington and Department of Enterprise Services (DES), and no other user may rely on our report unless as specifically indicated in the report. DES may share this report with State agencies and other agencies as determined appropriate by DES.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.⁴

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property.

DEFINITION OF VALUE

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

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

1. buyer and seller are typically motivated;

⁴ Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

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.⁵

INTEREST APPRAISED

The value estimated represents the Leased Fee Interest as defined below:

Leased Fee Interest - The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.⁶

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- leases

Extent to Which the Property is Inspected

Julie M. Holt, MAI, MRICS of CBRE, Inc. inspected the subject property (interior and exterior) and surrounding environs as of the effective date of this report.

Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- income and expense data
- lease documents
- comparable data

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

⁵ Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

⁶ *Dictionary of Real Estate Appraisal*, 128.

Data Resources Utilized in the Analysis

DATA SOURCES	
<i>Item:</i>	<i>Source(s):</i>
Site Data	
Size	Pierce County Assessor
Improved Data	
Building Area	Lease Agreements and Rent Roll
No. Bldgs.	Property Inspection
Parking Spaces	Client Provided Information
Year Built/Developed	Pierce County Assessor's Records
Economic Data	
Deferred Maintenance:	Client Provided Information
Building Costs:	Client Provided Budget
Income Data:	Lease Agreements, Rent Roll, Market Rent Comparables, Operating History
Expense Data:	Market Expense Comparables, Operating History
Other	
Zoning	City of Tacoma
Property Taxes	Pierce County Assessor
Data Not Provided	
	Alta survey, site plan, property condition assessment, title report, environmental assessment
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APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

Cost Approach

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

Sales Comparison Approach

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

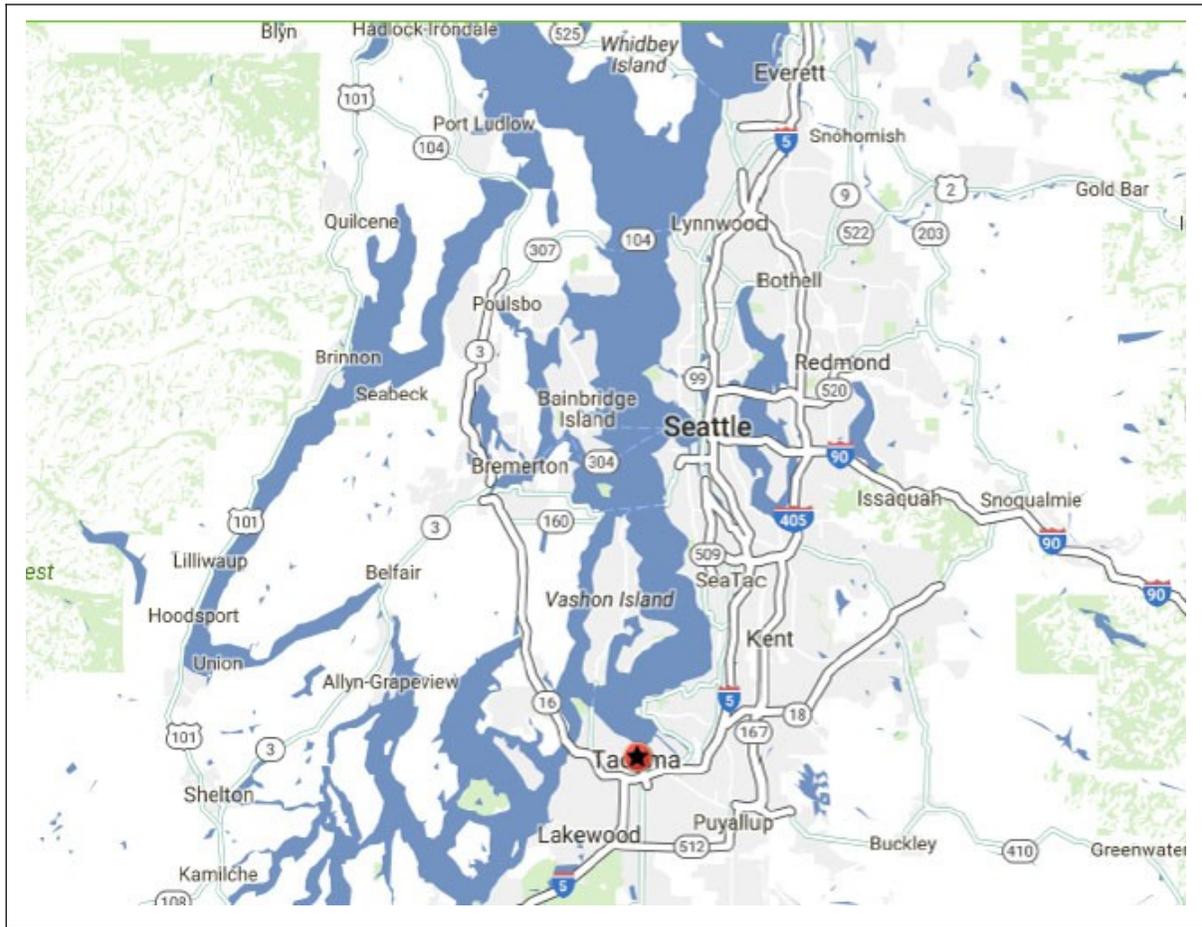
Income Capitalization Approach

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

Methodology Applicable to the Subject

In valuing the subject, only the sales comparison and income capitalization approaches are applicable and have been used. The cost approach is not applicable in the estimation of market value due in part to the depreciation present in the subject. Furthermore, market participants do not typically rely on a property's depreciated replacement cost in establishing market value. Rather, investors focus mainly on analysis of a property's income producing ability, with additional support provided by consideration of alternative properties on a substitution basis. The exclusion of the cost approach does not diminish the credibility of the final value conclusion.

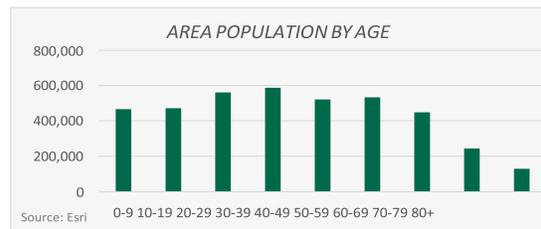
Area Analysis



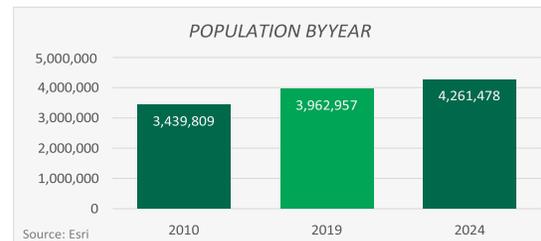
The subject is located in the Seattle-Tacoma-Bellevue, WA Metropolitan Statistical Area. Key information about the area is provided in the following tables.

POPULATION

The area has a population of 3,962,957 and a median age of 38, with the largest population group in the 30-39 age range and the smallest population in 80+ age range.

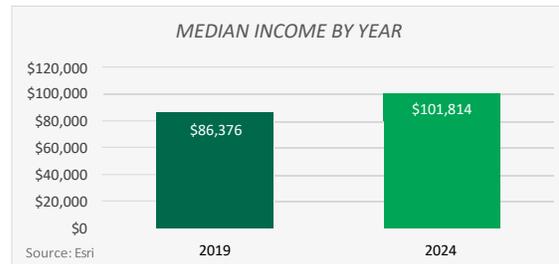


Population has increased by 523,148 since 2010, reflecting an annual increase of 1.6%. Population is projected to increase by an additional 298,521 by 2024, reflecting 1.5% annual population growth.



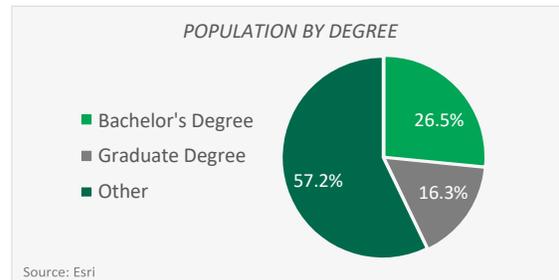
INCOME

The area features an average household income of \$116,745 and a median household income of \$86,376. Over the next five years, median household income is expected to increase by 17.9%, or \$3,088 per annum.

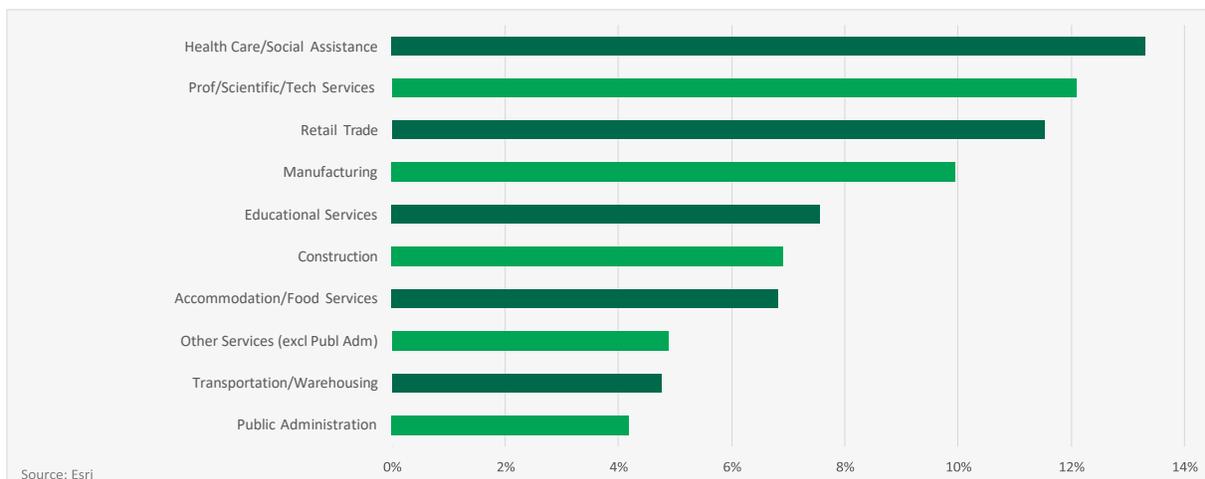


EDUCATION

A total of 42.8% of individuals over the age of 24 have a college degree, with 26.5% holding a bachelor's degree and 16.3% holding a graduate degree.



EMPLOYMENT



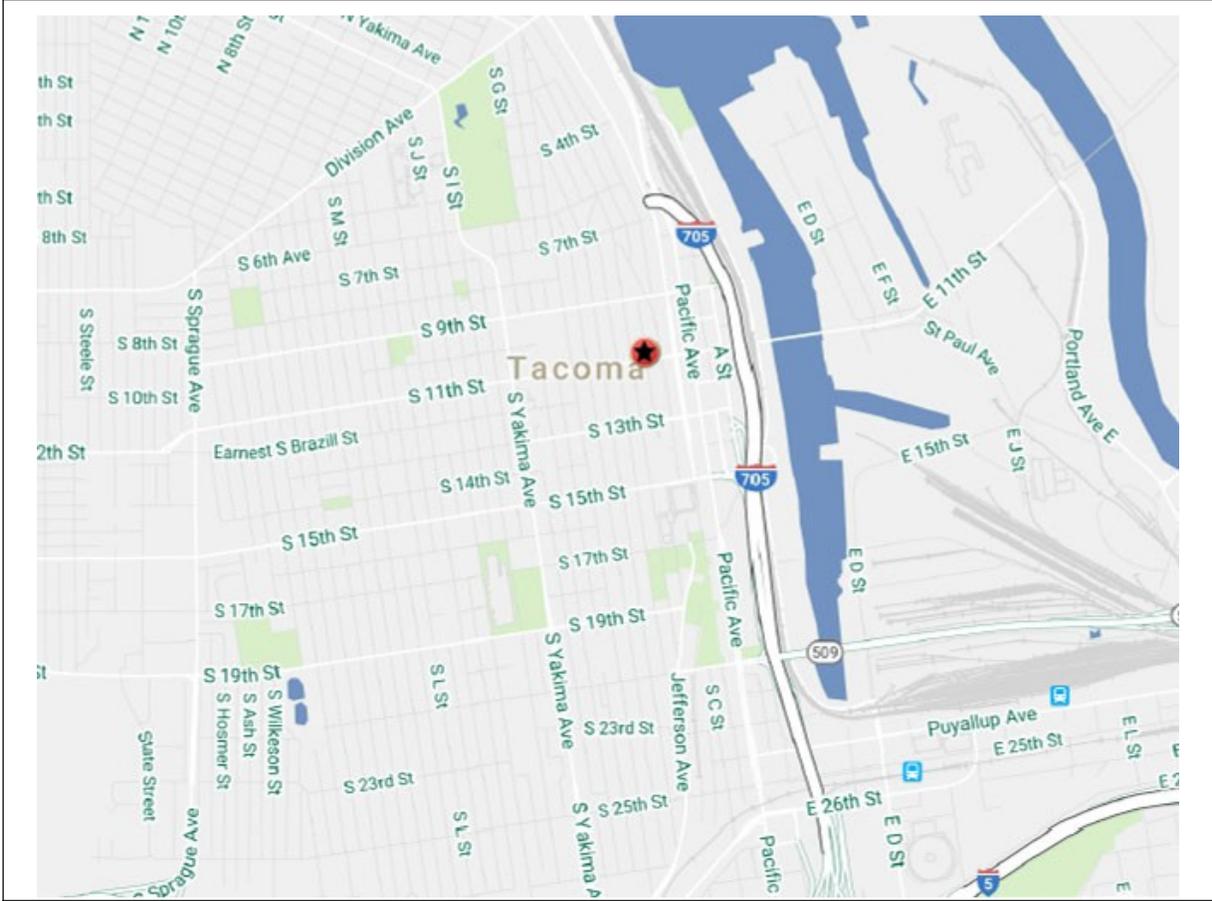
The area includes a total of 2,103,920 employees and has a 4.6% unemployment rate. The top three industries within the area are Health Care/Social Assistance, Prof/Scientific/Tech Services and Retail Trade, which represent a combined total of 37% of the population.

CONCLUSION

The expansion throughout the Seattle-Tacoma-Bellevue metro area will continue in the short run thanks to the strong national economy and growth in service industries. Over the longer run, the area's concentrations in software and biotechnology will lead to large income gains, supporting consumer industries. Although high business costs will weigh on growth, demographic trends are a strong positive for the area. As for the real estate market, construction remains a key sign of Seattle's healthy economy, and developers and investors will continue to be attracted to the

market as long as high rents and low vacancies remain intact. The Seattle-Tacoma-Bellevue area will be an above-average performer over the forecast horizon. Pierce County, specifically, should benefit from these factors as this area provides more affordable housing and business options for expansion at the larger MSA level. Infrastructure improvements at the Port of Tacoma will lift the economy in the medium term. Longer term, strong global trade links and spillover effects from Seattle's dynamic economy will help Tacoma keep pace with the U.S. in job and income growth.

Neighborhood Analysis



LOCATION

The neighborhood is located in the city of Tacoma and is an urban location. The city of Tacoma is located in northwest Pierce County. The subject neighborhood includes downtown Tacoma and the Stadium District.

BOUNDARIES

The neighborhood boundaries are detailed as follows:

- North: Commencement Bay
- South: Interstate 5
- East: Interstate 705
- West: S. Sprague Street

LAND USE

The Tacoma Central Business District includes many public office buildings, museums and retail uses. The University of Washington – Tacoma has a large campus in the Tacoma CBD. The

Tacoma Hilltop neighborhood is a historical mixed-use residential neighborhood that includes Wright Park, a 27-acre public park established in the late 19th century that includes a botanical conservatory. The neighborhood also includes a number of Tacoma's hospitals including Tacoma General Hospital, a 391-bed hospital that is the largest hospital in Tacoma and the second largest obstetrical care center in the State of Washington, and Mary Bridge Children's Hospital, a 72-bed pediatric hospital, that are located on a shared medical campus owned and operated by MultiCare Health Services.

The north end of Tacoma is highlighted by the 28-acre Point Defiance Zoo and Aquarium at the north end of subject neighborhood located within the Point Defiance Park, a 702-acre City park that contains natural forests and saltwater beaches which hosts over 3 million visitors a year.

Point Ruston is connected to downtown Tacoma to the southeast by Ruston Way, which has a number of well-regarded restaurants, maritime businesses, office space and a popular jogging and walking path along the Commencement Bay waterfront. The Tacoma Yacht Club, with a 300+ slip sheltered marina and clubhouse, is located just north of Point Ruston, adjacent to the Point Defiance Park. The immediate area between Point Ruston and Point Defiance Park is primarily a mix of residential uses built as early as the 1930s, as well as many newer homes built between 1970 and 1990. Some homes in this area have good views of Puget Sound.

GROWTH PATTERNS

Over the past two decades, the downtown area of Tacoma has been undergoing a renaissance that only recently began to slow. Historically the commercial center of Pierce County, the downtown CBD suffered through many years of neglect after several major companies moved out of the area (notably Weyerhaeuser) and following the construction of the Tacoma Mall (located in south Tacoma), which attracted the major retailers to the facility. While downtown Tacoma was still considered the primary trade center due to its proximity to the Port of Tacoma, it suffered through many years of disrepair, with no major investment until the early 1990's. The first major project was the restoration of the Union Station Building, which was converted to a Federal Courthouse. The Washington State History Museum was constructed in 1996, followed by the University of Washington Tacoma Branch. Since then, there has been substantial redevelopment as well as new development in downtown. In the late 1990s, the City began a push to provide residential development in downtown Tacoma.

State Farm Insurance Footprint in Tacoma CBD

It is prudent to note State Farm Insurance announced in early 2018 of its plans to shutter its Tacoma operations which current has an estimated 1,400 employees. The insurer is expected to lay off roughly 800 workers, and move the remainder to its Dupont facility. The State Farm Insurance lease expires at the Russell Investment Center building at the end of 2018. This is a distinct negative for the local economy.

University of Washington

The University of Washington Tacoma Branch (UWT) started its BA program in 1990, and established a permanent campus in 1997. The UWT is now situated on 46 acres in Tacoma's Downtown Historic District, and has transformed many 19th century buildings into state of the art facilities. Some of the buildings have won environmental recognition awards. The campus now contains 19 buildings totaling over 550,000 square feet. They have been converted to academic buildings, an auditorium, computer labs, student center, and an instructional center. The library, which is located in the old Snoqualmie Falls Power Company Transformer House, represents the architectural heart of the campus. Enrollment as of Fall 2015 at UWT was 4,629 students, with a 276-member faculty.

Museum District

Tacoma has also transformed itself into a small "museum mecca" and is noted for the Museum of Glass, which is an international center for contemporary art with a sustained focus on glass and located on the Thea Foss Waterway (discussed in greater detail later in this section). The exhibition schedule showcases works by internationally known artists in contemporary art. The idea for the museum was originally proposed in 1992 by Phil Phibbs (former President of the University of Puget Sound) and Dale Chihuly (an internationally renowned glass artist from the Tacoma area). The project was slow to start, but gained momentum in the mid to late nineties, with construction starting in 2000. Originally intended to include only Chihuly artwork, the artist himself insisted that other work by artists from around the world be included. The \$76 million, 55,000 square foot facility was completed in July of 2002. The Chihuly Bridge of Glass, which crosses Interstate 705, links the Washington State History Museum with the Museum of Glass, and represents the gateway to Tacoma.

Thea Foss Waterway

In 1996, the Tacoma City Council formed a seven-member Foss Waterway Development Authority Board (FWDA) to oversee property development and marketing of the publicly-owned Foss Waterway property, a 1.5 mile master planned community. Despite the designation of the Thea Foss Waterway as a Superfund site, the city of Tacoma has taken responsibility for its cleanup, and has reportedly indemnified future purchasers of the sites against potential cleanup costs.

At full build-out, the Thea Foss Waterway will be a vibrant cultural, recreational and commercial area that will capitalize on the presence of the waterfront, and will offer a much more appealing atmosphere for both residents and visitors of Tacoma.

The Tacoma Link

A voter-approved plan for getting a regional transit system in the Tacoma area is the "Link", which is 1.6 mile light rail/trolley line in downtown Tacoma. The line connects the Tacoma Dome

bus/rail station with the downtown core and several attractions, such as the University of Washington, the new Convention Center, the museums and theaters such as the Pantages.

Point Ruston

Point Ruston is located in a planned master-planned community known as "Point Ruston" which consists of reclaimed former industrial land a short distance from downtown Tacoma.

Located next to Point Defiance Park on Commencement Bay on the northern edge of Tacoma, Point Ruston is the site where Asarco formerly operated a copper smelter. In 2006, an agreement was negotiated between developer Point Ruston LLC, Asarco and the Environmental Protection Agency to clean up the heavily contaminated property, clearing the way to redevelop the Superfund site into a mixed-use residential community with new, upscale households, dozens of shops and restaurants, a hotel and a new office building. When completed, Point Ruston will add nearly 1,000 new households to the community.

The Point Ruston site contains a total of 97 acres of waterfront and upland property including almost a mile of mainly low-bank unobstructed shoreline that will be developed into a mixed-use development that will include residential, retail, hotel and office space. The first phase of the project includes the 173-unit Copperline Apartments with 20,000 square feet of commercial space. Construction on a 42-unit four-story luxury condominium project adjacent to the Copperline Apartments has begun with pre-sales occurring. Construction on the second phase was completed in 2015 and include a nine-screen movie theater, a Silver-Cloud Hotel, a full-service neighborhood grocery store, 180,000 square feet of other retail, a cultural center and over 358 multi-family units and single-family residential. Point Ruston is envisioned to serve as a community gathering place with over 50 acres of public parks, plazas and trails including the Waterwalk Esplanade which traverses the entire length of Point Ruston and connects it to downtown Tacoma. The grand opening of the final connection to the park was celebrated by the City and Metropolitan Park District in the well-publicized "Downtown to Defiance" event where 850 people, including a number of dignitaries, biked/walked/ran from the Tacoma Dome to Point Defiance Park with activities at the parks along the way.

The following map show the future intended uses of Point Ruston.



ACCESS

Primary access to the subject neighborhood and the city of Tacoma is provided by Interstate 5. Direct access to downtown Tacoma is gained by traveling north on Interstate 705 from Interstate 5. Overall access to the subject neighborhood is considered good. Public transportation is located close to the subject property, including the Tacoma Link which runs along Pacific Avenue, and automobile access is considered convenient.

DEMOGRAPHICS

Selected neighborhood demographics in 1-, 3- and 5-mile radius from the subject are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS

950 Broadway Tacoma, WA 98402	1 Mile Radius	3 Mile Radius	5 Mile Radius	Seattle-Tacoma- Bellevue, WA Metropolitan Statistical Area	Pierce County
Population					
2024 Total Population	20,916	96,046	275,993	4,261,478	965,502
2019 Total Population	19,031	89,984	259,928	3,962,957	903,370
2010 Total Population	16,881	81,245	235,734	3,439,809	795,225
2000 Total Population	14,559	80,078	226,885	3,043,878	700,551
<i>Annual Growth 2019 - 2024</i>	<i>1.91%</i>	<i>1.31%</i>	<i>1.21%</i>	<i>1.46%</i>	<i>1.34%</i>
<i>Annual Growth 2010 - 2019</i>	<i>1.34%</i>	<i>1.14%</i>	<i>1.09%</i>	<i>1.59%</i>	<i>1.43%</i>
<i>Annual Growth 2000 - 2010</i>	<i>1.49%</i>	<i>0.14%</i>	<i>0.38%</i>	<i>1.23%</i>	<i>1.28%</i>
Households					
2024 Total Households	10,088	39,400	108,392	1,667,906	358,518
2019 Total Households	8,962	36,692	102,000	1,552,319	335,998
2010 Total Households	7,694	33,092	93,060	1,357,475	299,918
2000 Total Households	6,771	31,955	89,135	1,196,568	260,708
<i>Annual Growth 2019 - 2024</i>	<i>2.40%</i>	<i>1.43%</i>	<i>1.22%</i>	<i>1.45%</i>	<i>1.31%</i>
<i>Annual Growth 2010 - 2019</i>	<i>1.71%</i>	<i>1.15%</i>	<i>1.02%</i>	<i>1.50%</i>	<i>1.27%</i>
<i>Annual Growth 2000 - 2010</i>	<i>1.29%</i>	<i>0.35%</i>	<i>0.43%</i>	<i>1.27%</i>	<i>1.41%</i>
Income					
2019 Median Household Income	\$39,564	\$55,589	\$61,823	\$86,376	\$70,635
2019 Average Household Income	\$57,119	\$74,196	\$81,541	\$116,745	\$90,365
2019 Per Capita Income	\$28,310	\$30,892	\$32,217	\$45,850	\$33,826
2019 Pop 25+ College Graduates	4,757	20,710	53,387	1,185,804	168,627
Age 25+ Percent College Graduates - 2019	33.7%	33.4%	29.9%	42.8%	27.5%

Source: ESRI

The demographic data indicates that population and households have reported positive growth rates in all three radii over the past nine years, with the largest increases occurring within a one-mile radius of the subject. Growth is anticipated to be positive in terms of population and households over the next five years, at a lower rate compared to the previous nine years.

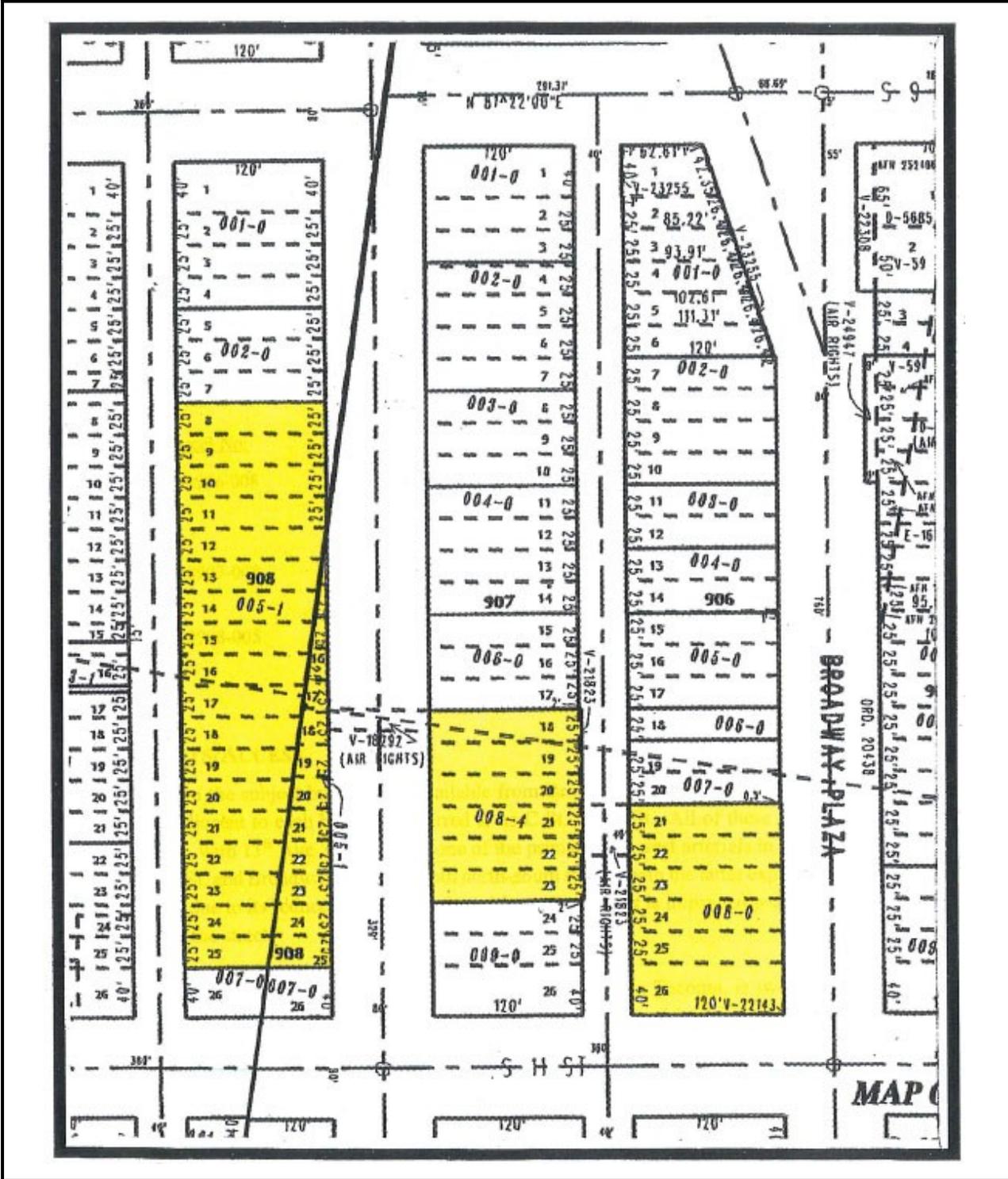
CONCLUSION

The subject's location has convenient proximity to several major thoroughfares, downtown Seattle, and commercial service amenities in the immediate areas. Downtown Tacoma has been experiencing a rebirth over the last two decades. After many years of neglect in the 1970's and 1980's, the area has undergone significant cultural, residential, educational and commercial development. Developments such as the University of Washington Tacoma Campus, the Museum of Glass, the Thea Foss Waterway Development, and the Tacoma Convention and Trade Center have all contributed to a reawakening of the central business district. State Farm Insurance taking the space previously occupied by Russell Investments is a major happening in the market place introducing over 1,000 employees into the downtown area, coupled with other major users such as Moss Adams, the University of Washington, Weyerhaeuser, and the Port of

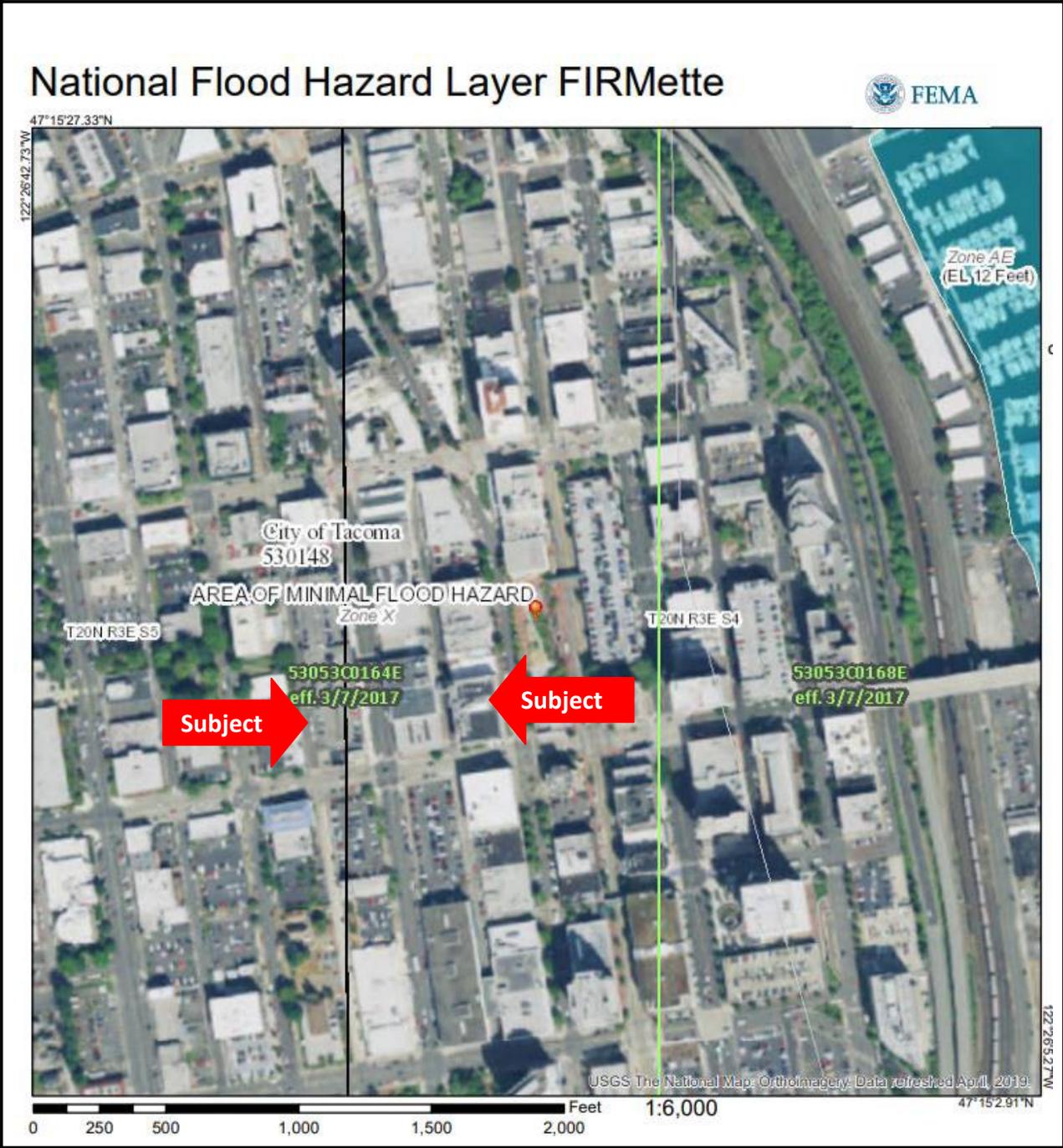
Tacoma contribute significantly to overall health and potential future success of the area. Further, the LeMay Auto Museum is having a positive impact on the area, as it is the largest auto museum in the country and as expected attracts hundreds of thousands of visitors annually to Tacoma. On balance, growth over both the short and long-term is anticipated to remain stable to positive.

General demographic statistics for the neighborhood indicate the population base is experiencing steady, upward growth, with future growth rates projected to exceed the metro and county levels. The outlook for the neighborhood is for relatively stable performance with an increase in population and household growth over the next several years. As a result, the demand for existing developments is expected to be good.

PARCEL MAP



FLOOD PLAIN MAP



Site Analysis

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY AND ANALYSIS		
Physical Description		
Gross Site Area	2.12 Acres	92,326 Sq. Ft.
Net Site Area	2.12 Acres	92,326 Sq. Ft.
Primary Road Frontage	Broadway	165 Feet
Secondary Road Frontage	S. 11th Street	120 Feet
Additional Road Frontage	Court C	315 Feet
Additional Road Frontage	Market Street	600 Feet
Additional Road Frontage	S. Court D Street	450 Feet
Excess Land Area	None	
Surplus Land Area	None	
Shape	Three Rectangular Parcels	
Topography	Sloping downward from west to east	
Zoning District	DCC - Downtown Commercial Core	
Flood Map Panel No. & Date	53053C0164E	7-Mar-17
Flood Zone	Zone X (Unshaded)	
Adjacent Land Uses	Office and retail uses	
Earthquake Zone	Zone D	

Source: Various sources compiled by CBRE

LOCATION

The subject is located on the north side of S. 11th Street between S. Court D Street and Broadway. The street address is 950 Broadway (Broadway Building), 949 Market Street (Market Street Building), and 940 Market Street (parking garage).

LAND AREA

The site is considered adequate in terms of size and utility. There is no unusable, excess or surplus land area.

SHAPE AND FRONTAGE

The three individual sites are generally rectangular and have adequate frontage along primary thoroughfares within the neighborhood.

INGRESS/EGRESS

Ingress and egress is available to the site from S. Court D, Market Street, Court C, Broadway, and S. 11th Street for pedestrian access. The 538-stall parking garage that is located between S.

Court D Street and Market Street, just north of S. 11th Street, has vehicular access from Market

Street at several locations. Street parking is permitted on Market Street. Please refer to the prior site/plat exhibit for the layout of the streets that provide access to the subject.

TOPOGRAPHY AND DRAINAGE

The site is generally sloped upwards from east to west. The topography of the site is not seen as an impediment to the development of the property. During our inspection of the site, we observed no drainage problems and assume that none exist.

SOILS

A soils analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soils report, it is a specific assumption that the site has adequate soils to support the highest and best use.

EASEMENTS AND ENCROACHMENTS

There are no known easements or encroachments impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

COVENANTS, CONDITIONS AND RESTRICTIONS

There are no known covenants, conditions or restrictions impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a copy of the current covenants, conditions and restrictions, if any, prior to making a business decision. We note there are specific air rights pertaining to the two sky bridges that traverse two public right-of-ways. Per the legal descriptions, and our discussion with a clerk with City of Tacoma, Ordinance Number 21823 states:

"An Ordinance (the city) vacating certain air rights for a sky bridge and certain ground rights for building improvements on the westerly 2 feet of Court "C" abutting Lots 18 through 23 in Block 907, together with air rights above elevation 180.00 City of Tacoma Datum over that portion of Court "C" abutting Lot 21, and the north 15 feet of Lott 22 in Blocks 906 and 907." (City of Tacoma, 1979)

Therefore, it is an assumption of this report that the necessary easements have been obtained by the subject's ownership and that the sky bridges are legally permissible by the City of Tacoma into perpetuity.

UTILITIES AND SERVICES

The site is within the jurisdiction of the City of Tacoma and is provided all municipal services, including police, fire and refuse garbage collection.

FLOOD ZONE

According to flood hazard maps published by the Federal Emergency Management Agency (FEMA), the site is within Zone X, as indicated on Community Map Panel No. 53053C0164E. FEMA defines the flood zone(s) as follows:

Zone X (unshaded) is a flood insurance rate zone used for areas outside the 0.2-percent-annual-chance floodplain. No Base Flood Elevations (BFEs) or depths are shown in this zone, and insurance purchase is not required.

ENVIRONMENTAL ISSUES

CBRE is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

- North:* Commercial retail and office buildings.
- South:* Parking lot and commercial retail and office buildings.
- East:* Office buildings
- West:* Seniors housing (Harbor View Manor) and commercial buildings.

The adjacent properties benefit the subject and help define the Tacoma CBD market.

CONCLUSION

The site is well located in the Tacoma CBD with direct access to retail amenities, lodging, office buildings, public transport and retail users. The site is compatible with surrounding improvements, with no known detrimental in the immediate vicinity. Overall, there are no known factors which are considered to prevent the site from development to its highest and best use as if vacant, or adverse to the existing use of the site.

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IMPROVEMENTS ANALYSIS

The following chart shows a summary of the improvements.

IMPROVEMENTS SUMMARY AND ANALYSIS		
Property Type	Office	(Multi Tenant)
Number of Buildings	2, plus parking garage	
Number of Stories		
Broadway Building	6	
Market Building	5	
Parking Garage	3 + rooftop parking	
Year Built	1891-1960	Renovated: 2001
Gross Building Area (Office)	183,300 SF	
Gross Building Area (Parking Garage)	139,200 SF	
Net Rentable Area	153,951 SF	
Site Coverage	100.0%	
Floor Area Ratio (FAR)	1.99	
Parking Improvements	Garage	
Parking Spaces:	538	
Parking Ratio (per 1,000 SF NRA)	3.49	
Functional Utility	Typical	
Source: Various sources compiled by CBRE		

The subject property is comprised of three buildings: (1) Broadway Building, (2) Market Building, and (3) Market Street Parking Garage. The Broadway Building is six stories, plus a basement, and is constructed of brick masonry exterior walls with wood floors and roof structure. The Market Building is five stories, and is constructed with a mixture of masonry and concrete with wood floors. There are two sky bridges connecting the two buildings and parking garage, one connects the Broadway Building with Market Building by traversing Court C and the other traverses Market Street to connect Market Building with the parking garage.

YEAR BUILT

The Broadway Building was originally constructed in 1891, and the Market Building and parking garage were constructed in 1902 and 1960, respectively. Approximately \$10,000,000 was spent extensively renovating the subject property between 1999 and 2001.

CONSTRUCTION CLASS

Building construction class is as follows:

C - Masonry/concrete ext. walls & wood/steel roof & floor struct., exc. concrete slab on grade

The construction components are assumed to be in working condition and adequate for the building.

The overall quality of the facility is considered to be average for the neighborhood and age. However, CBRE, Inc. is not qualified to determine structural integrity and it is recommended that the client/reader retain the services of a qualified, independent engineer or contractor to determine the structural integrity of the improvements prior to making a business decision.

FOUNDATION/FLOOR STRUCTURE

The foundation is assumed to be of adequate load-bearing capacity to support the improvements. The floor structure is summarized as follows:

Ground Floor:	Concrete slab on compacted fill
Other Floors:	Wood floors

EXTERIOR WALLS

The exterior facades are a combination of concrete blocks and masonry.

ROOF COVER

The building has a flat, multiple-ply, bituminous membrane roof. We note we have been provided with a budget to replace the Broadway Building roof. The cost and timing of this is explained further in this section.

INTERIOR FINISHES - OFFICE AREAS

The typical interior office finish of the property is summarized as follows:

Floor Coverings:	Commercial grade short loop carpeting over concrete.
Walls:	Textured and painted sheetrock.
Ceilings:	Combination textured and painted sheetrock and suspended acoustical tile.
Lighting:	Standard commercial fluorescent fixtures.
Summary:	The interior office areas are typical building standard office finish, and are commensurate with competitors in the area. The occupied space office finish is in good condition, while vacant spaces will likely require some tenant retrofit prior to occupancy.

INTERIOR FINISHES – COMMON AREAS

The interior common area finish of the property is summarized as follows:

Floor Coverings:	Polished tile in the ground floor lobby exterior and commercial grade short loop carpeting over concrete in the interior ground level lobby and upper level corridors.
Walls:	Textured and painted sheetrock.
Ceilings:	Combination textured and painted sheetrock and suspended acoustical tile.
Lighting:	Standard commercial fluorescent and recessed incandescent fixtures.
Summary:	The interior common areas are in average condition. The subject's common areas appear to be commensurate with competitors in the area.

ATRIUM/BALCONY/MEZZANINE/PATIO AREAS

The subject has two sky bridges connecting the two buildings and parking garage, one connects the Broadway Building with Market Building by traversing Court C and the other traverses Market Street to connect Market Building with the parking garage. The Broadway building includes a full floor to roof atrium located centrally in the building. There are skylights and the elevator core runs within the atrium.

ELEVATOR/STAIR SYSTEM

Both the office buildings have two elevators, stairwells and a freight elevator.

HVAC

The subject HVAC system is assumed to be in average working order adequate for the building with recent updates.

ELECTRICAL

The electrical system is assumed to be in average working order adequate for the building with recent updates.

PLUMBING

The plumbing system is assumed to be in average working order adequate for the building with recent updates.

PUBLIC RESTROOMS

The restrooms are adequate and are assumed built to local code.

LIFE SAFETY AND FIRE PROTECTION

The subject is 100% sprinklered. It is assumed the improvements have adequate fire alarm systems, fire exits, fire extinguishers, fire escapes and/or other fire protection measures to meet local fire marshal requirements. CBRE, Inc. is not qualified to determine adequate levels of safety & fire protection, whereby it is recommended that the client/reader review available permits, etc. prior to making a business decision.

PARKING AND DRIVES

Parking is available at the adjacent parking garage (3 level + roof top parking) accessed from the sky bridge traversing Market Street. The parking garage includes 538 parking stalls. The parking ratio is above market for the subject market. The parking ratio of 3.48: 1,000 is above market for the area especially with pent up demand for parking in the market area.

LANDSCAPING

Landscaping is considered to be in minimal as the buildings occupy the entire sites.

FUNCTIONAL UTILITY

The overall layout of the property is considered functional in utility. The typical floor plate is commensurate with the market and is typically adequate to meet existing and prospective tenant space requirements.

ADA COMPLIANCE

All common areas of the property appear to have handicap accessibility. The client/reader's attention is directed to the specific limiting conditions regarding ADA compliance.

FURNITURE, FIXTURES AND EQUIPMENT

Any personal property items contained in the property are not considered to contribute significantly to the overall value of the real estate.

ENVIRONMENTAL ISSUES

CBRE, Inc. is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed there are no hazardous materials that would cause a loss in value to the subject.

DEFERRED MAINTENANCE

Our inspection of the property and discussions with management indicated items of deferred maintenance and capital enhancements that are to be completed in 2020 as part of a capital plan. As the State of Washington has to approve major expenditures, approvals can take some time. The items we included reflect deferred maintenance expenditures that have been approved. We note that the property manager also has a “wish list” of unapproved building updates and cosmetic items. These costs are not projected. The table below outlines the budgeted costs.

ANALYSIS OF DEFERRED MAINTENANCE		
Broadway Roof Replacement	Year 1	\$921,000
Elevator Modernization	Year 1	\$2,096,301
Total Deferred Maintenance:		\$3,017,301

ECONOMIC AGE AND LIFE

CBRE, Inc.'s estimate of the subject improvements effective age and remaining economic life is depicted in the following chart:

ECONOMIC AGE AND LIFE	
Actual Age	128 Years
Effective Age	25 Years
MVS Expected Life	55 Years
Remaining Economic Life	30 Years
Accrued Physical Incurable Depreciation	45.5%
*The Broadway Building was originally constructed in 1891, and the Market Building and parking garage were constructed in 1902 and 1960, respectively.	
Compiled by CBRE	

The remaining economic life is based upon our on-site observations and a comparative analysis of typical life expectancies as published by Marshall and Swift, LLC, in the Marshall Valuation Service cost guide. While CBRE, Inc. did not observe anything to suggest a different economic life, a capital improvement program could extend the life expectancy.

CONCLUSION

The improvements are in average overall condition and are considered to be typical for the age and location in regard to improvement design and layout, as well as interior and exterior amenities for office buildings in the Tacoma CBD office submarket.

ZONING MAP



Zoning

The subject is located within the DCC - Downtown Commercial Core zoning classification in the City of Seattle. The following chart summarizes the subject's zoning requirements.

ZONING SUMMARY	
Current Zoning	DCC - Downtown Commercial Core
Legally Conforming	Yes
Uses Permitted	Offices or commercial uses serving the CBD
Zoning Change	Not likely
Category	Zoning Requirement
Minimum Lot Size	None
Minimum Lot Width	Varies with use
Maximum Height	Varies with use
Minimum Setbacks	
Front Yard	Varies with surrounding development
Street Side Yard	Varies with surrounding development
Interior Side Yard	Varies with surrounding development
Rear Yard	Varies with surrounding development
Maximum Building Coverage	100%
Maximum FAR/Density	12.00 : 1
Subject's Actual FAR	1.99 : 1
Parking Requirements	None required if built before 1/10/2000 (Reduced Parking Area in code)
Subject's Actual Parking	3.41 spaces / 1,000 square feet NRA
Source: Planning & Zoning Dept.	

ANALYSIS AND CONCLUSION

The improvements represent a legally-conforming use and, if damaged, may be restored without special permit application. Additional information may be obtained from the appropriate governmental authority. For purposes of this appraisal, CBRE has assumed the information obtained is correct.

Tax and Assessment Data

The following summarizes the local assessor's estimate of the subject's market value, assessed value, and taxes, and does not include any furniture, fixtures or equipment.

AD VALOREM TAX INFORMATION					
Parcel	Assessor's Parcel No.	Assessment Year	2017	2018	2019 (Year 1)
1	200906-0080	Broadway Building	\$9,543,000	\$10,975,300	\$11,526,100
2	200907-0084	Market Building	8,211,000	9,443,400	9,917,400
3	200908-0051	Parking Garage	5,115,000	5,116,900	5,988,200
Subtotal			\$22,869,000	\$25,535,600	\$27,431,700
Assessed Value @			100%	100%	100%
			22,869,001	25,535,600	27,431,700
Tax Year			2018	2019	2020
General Tax Rate (per \$100 A.V.)			1.576211	1.296403	1.296403
General Tax:			\$360,464	\$331,044	\$355,625
Plus: Special Assessments			24	27	30
Total Taxes			\$360,488	\$331,071	\$355,655
			<i>Exempt</i>	<i>Exempt</i>	<i>Exempt</i>

Source: Assessor's Office

Real estate tax assessments are maintained by the Pierce County Assessor. In the State of Washington, real estate is assessed at 100% of the assessor's fee simple estimate of "fair market value". The 2020 assessed values are reflective of the assessor's value as of January 1, 2019 for the 2020 tax year. Properties selling for prices significantly greater than assessed value will often trigger an adjustment upon the following re-assessment when the sale price is considered to reasonably reflect market value. Prudent investors will consider the potential for a real estate tax adjustment if market value or sales price significantly differs from the existing assessed value.

Notably, the subject is tax exempt as it is occupied by a number of state government agencies as tenants. For our analysis, we have assumed the subject will remain tax exempt.

Market Analysis

The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. The following analysis was developed from information provided by the CBRE Office Market View Report, **3rd Quarter 2019 (latest available)**. We have also included data from CBRE Economic Advisors for the subject's metro area for the **3rd Quarter 2019 (latest available)**. First, we have presented a brief national overview for the **3rd Quarter 2019 (latest available)**. The source of this market data is from CBRE Econometrics.

SEATTLE PUGET SOUND MARKET

The Puget Sound area market consists of six primary areas. The subject is located in the **Tacoma/Fife** submarket of the Puget Sound market.

Downtown Seattle

Downtown Seattle consists of 50,682,825 sq. ft. (46%) of the office market gross leasable area (GLA). It includes office building west of I-5 from the Ship Canal to Fremont to Royal Brougham near the stadiums.

Seattle Close-In

The Seattle Close-In market consist of 5,702,638 sq. ft. (5%) of the office market GLA. It includes office buildings within the city limits of Seattle, Shoreline, and Lake Forest Park, not included in the downtown submarket.

Southend

The Southend consists of 12,002,698 sq. ft. (10%) of the office market GLA. It comprises all of King County south of Lake Washington.

Tacoma/Fife

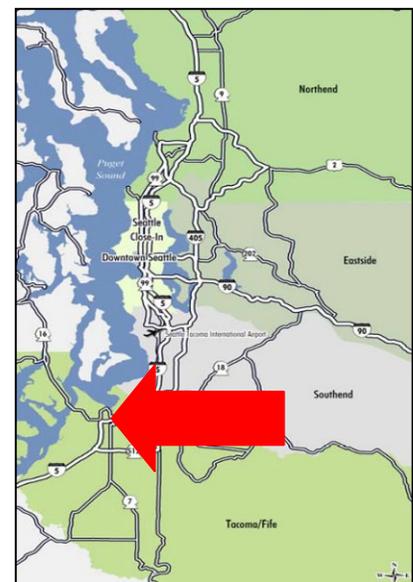
Tacoma/Fife consists of 5,108,959 sq. ft. (5%) of the office market GLA. It comprises Pierce County.

Eastside

The Eastside consists of 32,003,961 sq. ft. (30%) of the office market GLA. It comprises all of King County markets directly to the east of Lake Washington, plus the portion of Bothell extending into Snohomish County.

Northend

The Northend consists of 4,463,297 sq. ft. (4%) of the office market GLA. It consists of Snohomish County except that portion of Bothell extending into Snohomish County.



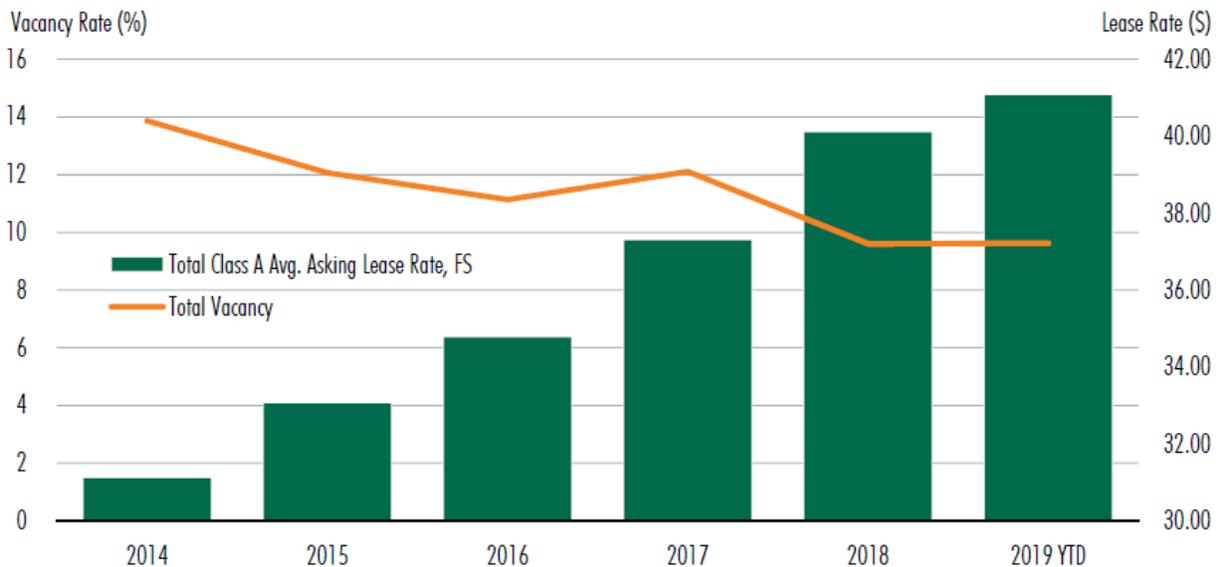
Submarket	Net Rentable Area (SF)	Direct Vacancy Rate (%)	Total Vacancy Rate (%)	Q3 2019 Net Absorption (SF)	Last 4 Qtrs Net Absorption (SF)	Under Construction (SF)	Class A Direct Weighted Avg. Asking Lease Rate, FS (\$/SF/Yr)	Class A Total Weighted Avg. Asking Lease Rate, FS (\$/SF/Yr)
Seattle CBD	22,313,122	6.7	8.1	150,038	1,098,669	1,713,034	55.02	51.59
Waterfront	2,594,327	7.4	11.0	19,396	18,591	0	45.61	46.19
Pioneer Square	4,484,973	6.0	6.1	579	(1,049)	0	47.87	47.87
Denny Triangle/Regrade	7,908,331	4.4	4.7	23,081	149,068	291,565	44.59	43.92
Lower Queen Anne	3,251,061	12.6	22.2	47,279	(226,847)	0	42.64	34.82
Lake Union	8,689,739	3.0	3.4	290,893	469,026	1,604,343	48.84	48.84
Canal	1,869,086	2.0	3.7	(7,185)	(16,722)	143,779	50.00	50.00
Downtown Seattle	51,110,639	5.9	7.5	524,081	1,490,736	3,752,721	51.76	47.47
North Seattle/Interbay	2,487,478	7.8	9.1	(27,290)	(47,148)	248,001	43.45	42.14
Capitol Hill/E Seattle/Rainier	1,019,567	5.7	6.4	(11,924)	(9,510)	71,564	43.85	43.85
South/West Seattle	2,207,485	6.3	7.4	(17,693)	14,523	0	41.62	41.85
Seattle Close-In	5,714,530	6.9	7.9	(56,907)	(42,135)	319,565	43.14	42.14
Sea-Tac	1,232,360	6.0	7.5	(10,619)	54,462	0	27.92	27.92
Tukwila	2,285,008	22.7	22.7	9,226	68,658	0	20.06	20.06
Renton	4,381,914	30.5	31.0	16,442	80,455	0	35.15	35.11
Kent	1,208,196	8.2	8.7	3,363	45,328	0	26.57	26.49
Auburn	289,025	0.0	0.0	2,154	45,280	0	N/A	N/A
Federal Way	2,606,195	30.7	31.3	(10,793)	(67,595)	0	23.72	23.61
Southend	12,002,698	23.5	24.1	9,773	226,588	0	30.68	30.60
Bellevue CBD	9,445,308	3.3	5.1	(23,603)	276,550	939,517	58.30	55.30
I-405	2,889,371	7.8	8.5	(29,299)	(5,671)	0	41.90	41.59
SR-520	2,421,613	11.9	12.7	(10,533)	(39,107)	0	45.25	44.23
I-90	7,115,312	7.4	7.7	112,328	367,510	0	39.30	37.75
Bel-Red Road	1,563,001	6.2	7.1	4,195	(1,775)	348,623	33.50	33.50
Kirkland	1,817,646	10.1	10.4	11,221	29,174	194,095	49.91	49.91
Redmond	4,122,815	1.5	2.9	35,690	142,192	245,000	37.00	32.37
Bothell	2,787,948	12.5	13.1	96,606	55,246	0	34.94	34.45
Eastside	32,163,014	6.4	7.3	196,605	824,119	1,727,235	45.60	43.79
Lynn/Edm/Mtlk Terr	2,441,750	7.0	7.7	(7,153)	(10,828)	0	30.72	28.65
Everett	2,074,129	11.1	12.1	36,106	136,340	0	24.81	19.83
Northend	4,515,879	8.9	9.7	28,953	125,512	0	29.16	25.50
Tacoma CBD	2,742,272	18.0	19.3	7,257	(259,272)	0	29.46	29.56
Tacoma Suburban	1,307,321	6.1	6.1	(1,284)	55,511	0	26.86	26.86
Fife	213,994	10.9	10.9	6,688	6,688	0	N/A	N/A
Puyallup	481,352	8.4	8.4	4,016	(4,319)	0	N/A	N/A
DuPont	364,020	0.0	0.0	0	0	0	N/A	N/A
Tacoma/Fife	5,108,959	12.5	13.2	16,677	(201,392)	0	29.38	29.48
Market Total	110,615,719	8.4	9.6	719,182	2,423,428	5,799,521	41.09	40.26

Source: CBRE Research, Q3 2019.

After more than a decade, the strength of the Puget Sound office market has yet to subside. The ability to recruit tech tenants remains crucial to the economic success of any metropolitan market. After ranking second CBRE's recent Scoring Tech Talent in North America Report, and with a consistently low vacancy rate, there is no question as to the strength of the Puget Sound region. Major tenants are having to formulate solutions to combat the Puget Sound's 9.6% vacancy rate and lack of existing large blocks of space.

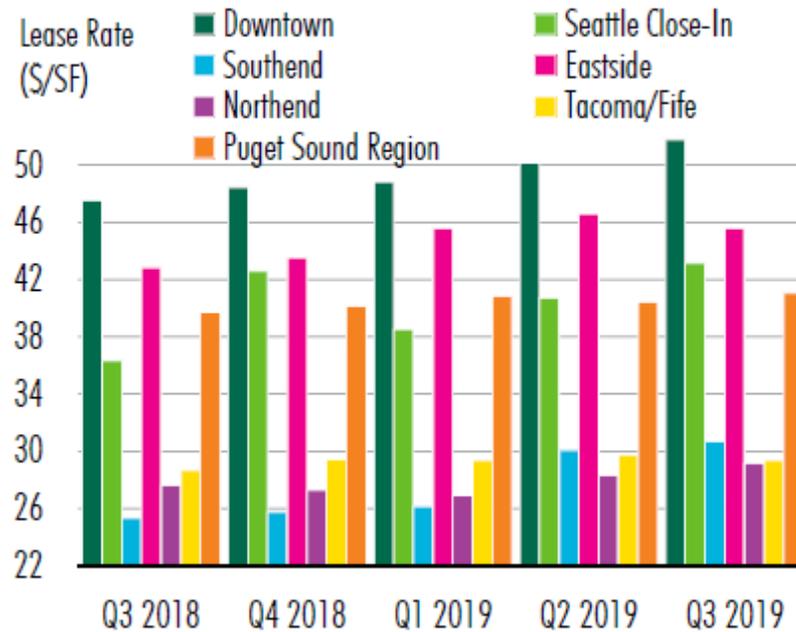
Preleases in buildings under construction have become a necessity for tenants looking to grab large contiguous spaces. This trend spans the Puget Sound, from Qualtrics' 275,223 sq. ft. lease at 2&U in the Seattle CBD to Facebook's 200,000 sq. ft. lease of Block 24 in Bellevue's Spring District. Employment is also strongly positive in the Puget Sound; the Puget Sound Economic Forecaster reported an increase at an annualized rate of 2.3% in Q3. Developers and investors will continue to be attracted to the market as long as high rents and low vacancies remain intact.

Figure 1: Vacancy vs. Class A Avg. Asking Lease Rate



Source: CBRE Research, Q3 2019.

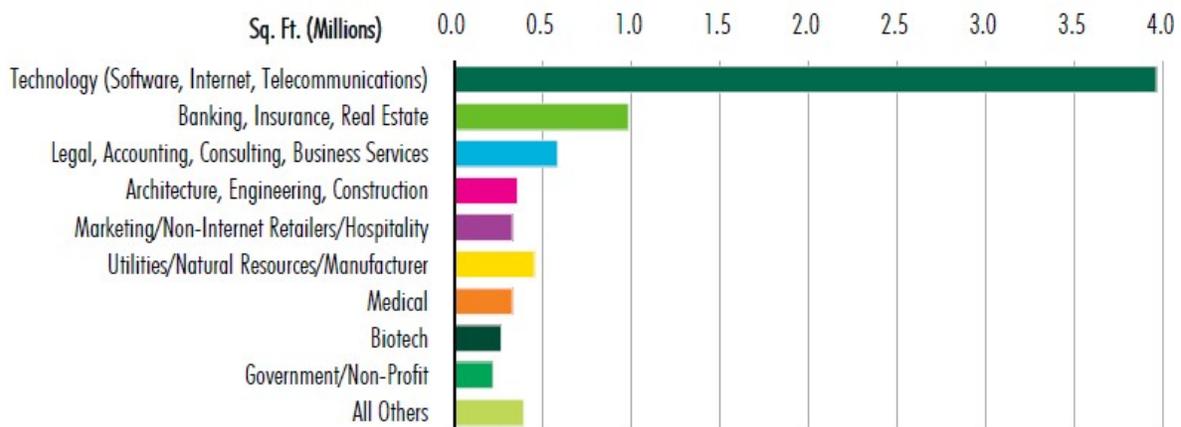
Figure 4: Total Asking Lease Rate, Class A, Full Service, per Year



Source: CBRE Research, Q3 2019.

The table below indicates a significant tech influence in the subject's overall Puget Sound market.

Figure 7: New Office Leasing by Business Sector (Previous 12 Months)



Source: CBRE Research, Q3 2019. Includes buildings outside the survey criteria

Downtown Seattle

Downtown Seattle continues to thrive. In 2019 alone, there have been four leases of more than 100,000 sq. ft. each in buildings still under construction, magnifying the lack of available large blockspaces. The third quarter was no exception to this trend, with the aforementioned Qualtrics lease, and Adaptive Biotechnologies taking the entire 100,000-sq. ft. Eleven65 project under construction in Lake Union, 54% of the office under construction downtown is preleased.

Construction remains a key sign of Seattle's healthy economy as developers eye high lease rates and large pre-leases. This opportunity has led to 3.8 million sq. ft. of new construction and renovations currently under way in the city. With millions of square feet of office also in the planning phase, the rate of construction doesn't appear to be slowing down in the foreseeable future.

Total vacancy is down 25 bps, to 7.5%; with office vacancies at a low and space needs staying elevated, downtown Class A asking rent increased over \$2.00 to \$51.76 per sq. ft., full service.

Eastside

Without enough space to keep up with the demand in the Eastside office market, vacancy continued to decrease yielding the lowest vacancy in the region.

The Bellevue CBD remains the front runner, with asking rents for Class A office reaching unprecedented levels. Class A rates in the CBD increased by \$1.36 to \$58.30, a new record for this prospering submarket. The Eastside as a whole had 196,605 sq. ft. of positive absorption in Q3 of 2019.

Major moves in the Bellevue CBD included UIPath occupying 22,795 sq. ft. at Plaza Center and Destination Holdings moving into an additional 17,647 sq. ft. office at Bellevue Place. Leases signed or Q3 in the CBD included Camouflaj signing for 11,194 sq. ft. at the Key Bank Building and SS&C Technologies signing a lease for 4,152 sq. ft. at Bellevue Pacific Center. The small number of leases signed within the Bellevue CBD for Q3 confirm the scarcity of space in the submarket.

The I-90 Corridor had 112,328 sq. ft. of positive absorption, with leases signed by OnePlus for roughly 3,000 sq. ft. of expansion space at Pacific Corporate Center, and Market Leader signing for 21,738 sq. ft. at Bellevue Terrace respectively. As there is minimal room within the CBD, we are seeing the other Eastside submarkets attracting growth. Absorption for Q3 along I-90 is in large part related to expansion by existing tenants in the submarket, with companies like ArenaNet expanding by 32,432 sq. ft. at Sunset North Corporate Campus, and T-Mobile also occupying 68,694 sq. ft. of new space at 90 North.

The largest leases signed for Q3 on the Eastside include Coinstar agreeing to a 34,350 sq. ft. lease at Ridgewood, and Stantec inking a 27,697 sq. ft. lease at Bellefield. Overall Eastside Class A rates rose to \$45.60 per sq. ft., a new high for this congested market.

Northend

In Q3, the Northend continued to see growth with 36,255 sq. ft. of positive absorption, including growth by owner-occupiers – Skotdal Real Estate occupied 10,175 sq. ft. at their Bank of America Building in Everett, and Coastal Community Bank increased their headquarters footprint at Everett Fairway Plaza by 18,175 sq. ft. The Northend proves to be a valid alternative to the Eastside, with

more space available and lower rents. Class A rents in the Northend are at \$29.16 sq. ft. which is also a new high for the submarket.

Southend

With the delivery of Southport in Q2, there is now a wider variety of office product in the Southend. The Southend had a positive absorption of 9,773 sq. ft. and Class A office space has an asking rate of \$30.68 sq. ft. but this is in large part related to the premium space in the Southport development. MultiCare occupied 18,336 sq. ft. at the Auburn 234 Office Building, a large part of the net absorption. Notable leases for Q3 include Puget Sound Electrical JATC signing for 16,359 sq. ft. and International Community Health Services signing for 12,968 sq. ft. at the 500 Building. BenefitMall signed a lease for 12,981 sq. ft. at WA Tech Center in Renton.

Tacoma

For the second consecutive quarter, total vacancy dropped in the Pierce County office market, declining to 13.2% from 13.5% in Q2 2019. The direct average asking rate for Class A spaces in the submarket was \$29.38 per sq. ft., essentially unchanged since Q4 2018. While there were no large leases this quarter, at least one big occupancy is planned for the next 12 months. As reported by the News Tribune, TOTE Maritime Alaska will be moving its headquarters to 909 A Street in Tacoma in Spring 2020. Their 33,824 sq. ft. office space will be home to about 150 employees.

The Tacoma office market is establishing itself as a startup hub. In a research report recently published by TollFreeForwarding.com, Tacoma was named one of the best college towns for startups. According to the report, over 80% of startups in Tacoma survive their first year. The entrepreneurial spirit in Tacoma is fostered by several coworking spaces, including TractionSpace and Surge Coworking.

Investment Sales

The Puget Sound has proven once again to be a top draw for investors. The largest sales of Q3 were the sale of 901 5th, which was sold by Investcorp International to the Vanbarton Group for \$305 Million, or \$564 per sq. ft.; and the 95-year-old Medical Dental Building, which traded to Menashe Properties for \$113 million, or \$387 per sq. ft. These transactions, along with earlier sales this year, are strong indicators that Seattle continues to be a place where investors see upside.

Notable Leases

The following key lease transactions were executed in Q3 2019.

Figure 8: Key Transactions

Tenant	Type	Sq. Ft.	Building	Submarket	Business Sector
Qualtrics	New Lease	275,223	2+U	Seattle CBD	Technology
Sound Transit	Renewal & Expansion	152,698	705 Union Station	Pioneer Square	Government
Adaptive Biotechnologies	New Lease	100,000	Eleven65 Eastlake	Lake Union	Biotech
WeWork	New Lease	58,000	Fremont Crossing	Canal	Coworking
TOTE Maritime	New Lease	33,824	909 A Street	Tacoma CBD	Transportation
Stantec	New Lease	27,697	Bellefield, Maplewood Building	I-405 Corridor	Engineering
Enterprise Rent-A-Car	New Lease	26,640	500 Rivertech	Renton	Personal Services
Alpine BioVentures	New Lease	22,181	The Atrium	Lake Union	Biotech
Market Leader	New Lease	21,738	Bellevue Terrace	I-90	Technology
Grab Technology	New Lease	18,636	F5 Tower	Seattle CBD	Technology

Source: CBRE Research, Q3 2019.

Historical Absorption

SEATTLE PUGET SOUND MARKET							
NET ABSORPTION - HISTORICAL							
Year	Eastside	Downtown	Seattle Close-In	Southend	Tac/Fife	Northend	Total
2019-3Q	196,605	524,081	(56,907)	9,773	16,677	28,953	719,182
2019-2Q	158,550	515,627	(26,351)	113,935	41,541	48,553	851,855
2019-1Q	252,887	138,015	34,051	40,447	-326,331	16,253	155,322
2018-4Q	158,870	365,888	40,899	114,640	66,721	31,753	778,771
2018-3Q	111,191	809,584	65,184	13,079	10,085	(6,126)	1,002,997
2018-2Q	383,842	390,125	6,777	48,840	7,342	8,368	845,294
2018-1Q	407,661	614,100	83,726	(110,840)	-54,269	82,560	1,022,938
2017-4Q	(39,568)	350,919	130,657	37,371	76,774	2,051	558,204
2017-3Q	408,297	431,210	(45,640)	94,644	35,047	16,914	940,472
2017-2Q	61,351	870,309	(28,861)	65,941	(35,032)	(54,588)	879,120
2017-1Q	220,739	528,626	242,902	-90,840	24,742	113,909	1,040,078
2016-4Q	(49,247)	259,870	30,766	273,135	(12,691)	35,876	537,709
2016-3Q	245,796	371,990	84,920	-243,325	7,301	59,823	526,505
2016-2Q	113,822	378,952	24,978	131,860	6,901	41,076	697,589
2016-1Q	236,215	134,118	88,001	78,504	61,666	76,225	674,729
2015-4Q	284,592	416,192	33,909	80,217	(61,223)	55,996	809,683
2015-3Q	(123,694)	552,373	83,192	56,726	(29,523)	(34,686)	504,388
2015-2Q	165,326	867,369	65,003	(1,861)	11,057	(25,386)	1,081,508
2015-1Q	(49,056)	598,408	144,836	14,505	(1,322)	108,539	815,910
2014-4Q	110,498	745,208	49,951	32,680	(80,938)	7,662	865,061
Total/Avg.	185,750	493,148	62,583	37,972	(10,431)	35,174	765,366
% Tot Mkt. Avg.	24.27%	64.43%	8.18%	4.96%	-1.36%	4.60%	100.00%

Source: CBRE

The Puget Sound market absorbed 719,182 sq. ft. during Q3 2019 due to a mix of expanding tenants and those contracting into a more efficient footprint with the same number of employees.

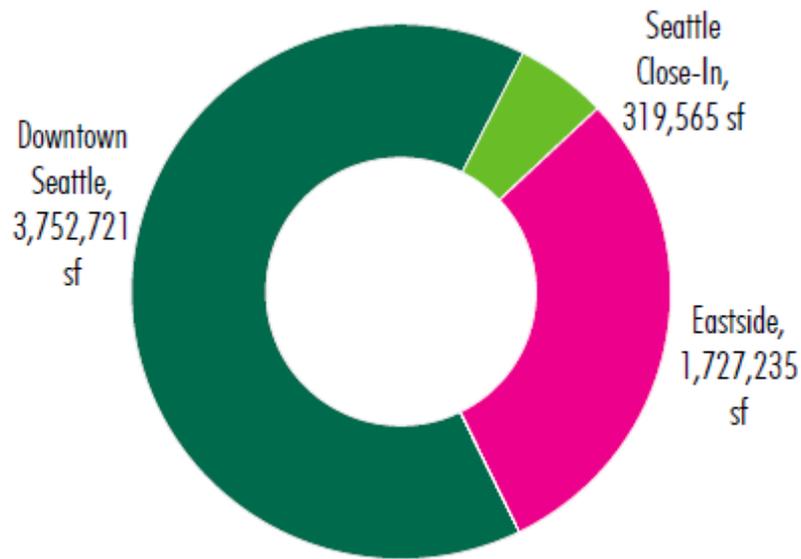
SEATTLE PUGET SOUND HISTORICAL OFFICE VACANCY	
Year	Vacancy
3Q2019	9.60%
2Q2019	9.70%
1Q2019	9.40%
4Q2018	9.40%
3Q2018	10.10%
2Q2018	10.30%
1Q2018	11.10%
4Q2017	11.80%
3Q2017	11.40%
2Q2017	11.30%
1Q2017	11.70%
4Q2016	11.10%
3Q2016	10.80%
2Q2016	11.30%
1Q2016	12.00%
4Q2015	12.00%
3Q2015	12.80%
2Q2015	13.20%
1Q2015	13.00%
4Q2014	13.70%
3Q2014	13.70%
2Q2014	14.20%
1Q2014	14.60%

Source: CBRE, Inc.

Under Construction and Recently Completed

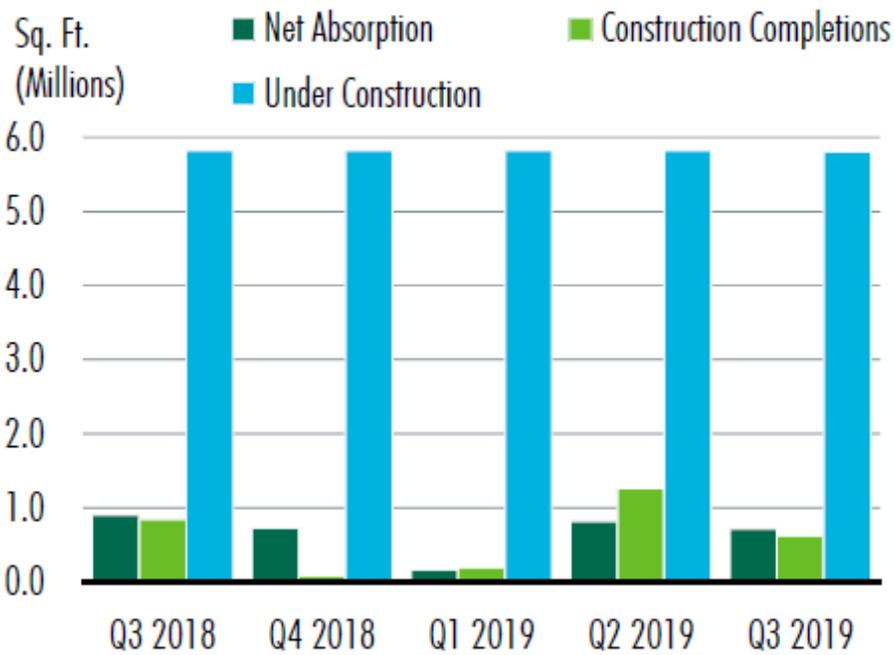
There is currently approximately 5.8 million sq. ft. of office space under construction.

Figure 6: Under Construction (SF)



Source: CBRE Research, Q3 2019.

Figure 5: Absorption and New Construction



Source: CBRE Research, Q3 2019.

The tables below show the development pipeline within the subject's market area.

Project (Developer)	Address	City	Est Delivery	Class	Status	Office NRA	Available SF	CBRE Submarket	Spec
Fourth & Columbia (Crescent Heights)	723 4th Ave	Seattle		A	Planned	160,000	160,000	01.Seattle CBD	Spec
Rainier Square/Fourth & University Site (Wright Runstad)	4th Ave, east side, between University and Union Streets	Seattle		A	Planned	100,000	100,000	01.Seattle CBD	Spec
The Nel/Marion Tower (Urban Visions/Martin Smith, Inc.)	801 3rd Ave	Seattle		A	Planned	807,000	807,000	01.Seattle CBD	Spec
2+U (Skanska)	1201 2nd Ave	Seattle	7/1/20	A	Under Construction	690,000	0	01.Seattle CBD	Spec
Federal Reserve Bank Addition (Martin Selig Real Estate)	101 S 2nd Ave	Seattle	12/1/20	A	Under Construction	233,034	233,034	01.Seattle CBD	Spec
Rainier Square (Wright Runstad/New York State Teachers' Retirement System)	1333 5th Ave	Seattle	12/1/20	A	Under Construction	790,000	0	01.Seattle CBD	Spec
75 Marion (Martin Selig Real Estate)	815 Western Ave	Seattle		A	Planned	330,000	330,000	02.Waterfront	Spec
Ainsworth & Dunn Building	2815 Elliott Ave	Seattle	12/1/19	B	Under Renovation	32,210	0	02.Waterfront	Spec
S Project, Ph I, Bldg A & B combined (Urban Visions)	1000 6th Ave S	Seattle		A	Planned	402,100	402,100	03.Pioneer Square	Spec
S Project, Ph II, Bldg A (Urban Visions)	1001 6th Ave S	Seattle		A	Planned	473,600	473,600	03.Pioneer Square	Spec
S Project, Ph III, Bldg B (Urban Visions)	1001 6th Ave S	Seattle		A	Planned	200,800	200,800	03.Pioneer Square	Spec
Salvation Army site (Developer TBD)	1000-1034 4th Ave S			A	Planned	575,000	575,000	03.Pioneer Square	Spec
The Jack (Urban Visions)	74 S Jackson	Seattle	9/1/20	A	Planned	135,000	135,000	03.Pioneer Square	Spec
Railspur, fmr FX McRory's Building	419 Occidental Ave S	Seattle	5/1/20	B	Under Renovation	57,800	57,800	03.Pioneer Square	Spec
2301 7th Ave (Onni)	2301 7th Ave	Seattle		A	Planned	300,000	300,000	04.Denny Regrade	Spec
3+V (Martin Selig)	1927 3rd Ave	Seattle		A	Planned	132,000	132,000	04.Denny Regrade	Spec
Convention Center Office Bldg (Hudson Pacific)	1711 Boren Ave	Seattle	4/1/23	A	Planned	538,000	538,000	04.Denny Regrade	Spec
Third & Virginia, Northeast Corner (BCI/Westbank)	300 Virginia St	Seattle		A	Planned	114,128	114,128	04.Denny Regrade	Spec
Belltown Tower WeWork-WeLive (Martin Selig)	2031 3rd Ave	Seattle	5/1/20	A	Under Construction	176,565	0	04.Denny Regrade	BTS
Boren Lofts (Trammell Crow)	1930 Boren Ave	Seattle	12/1/20	A	Under Construction	115,000	115,000	04.Denny Regrade	Spec
Amazon.com HQ Tower, Ph IV Block 21/Hurricane Cafe-Budget Rent/Car half block	2200 7th Ave	Seattle	2021	Owner Occupied	Under Construction	835,000	0	04.Denny Regrade	BTS
Amazon.com HQ Tower, Ph IV/Block 21/TravelLodge/half block (Amazon.com)	2201 8th Ave	Seattle	2021	Owner Occupied	Under Construction	142,800	0	04.Denny Regrade	BTS
Amazon.com HQ Tower, Ph V/Block 18 (Amazon.com)	2205 7th Ave	Seattle	2021	Owner Occupied	Under Construction	397,000	0	04.Denny Regrade	BTS
222 Fifth Ave N (Da Li Properties)	222 5th Ave N	Seattle		A	Planned	200,000	200,000	05.Lower Queen Anne	Spec
401 Queen Anne (Martin Selig)	401 Queen Anne Ave N	Seattle		A	Planned	156,000	156,000	05.Lower Queen Anne	Spec
570 Mercer St (Schnitzer)	570 Mercer St	Seattle		A	Planned	91,400	91,400	05.Lower Queen Anne	Spec
Experia expansion to Helix Campus	1201 Amgen Ct W	Seattle		Owner Occupied	Planned	200,000	0	05.Lower Queen Anne	BTS
Gates Foundation, Phase 2	500 5th Ave N	Seattle	4/1/22	Owner Occupied	Planned	385,000	0	05.Lower Queen Anne	BTS
Experia Renovation of Helix Campus	Amgen Ct W	Seattle	10/1/19	Owner Occupied	Under Renovation	900,000	0	05.Lower Queen Anne	BTS
1120 John St (Onni)	1120 John St	Seattle		A	Planned	940,160	940,160	06.Lake Union	Spec
330 Yale Ave N (Unico)	330 Yale Ave N	Seattle		A	Planned	200,000	200,000	06.Lake Union	Spec
701 Dexter ReBuild (Alexandria)	701 Dexter Ave N	Seattle	1/1/22	A	Planned	217,000	217,000	06.Lake Union	Spec
Ace Hardware/Kauffer's Site (Vulcan)	901 Harrison St	Seattle		A	Planned	220,000	220,000	06.Lake Union	Spec
Block 37 South (Vulcan)	630 Westlake Ave N	Seattle		A	Planned	150,000	150,000	06.Lake Union	Spec
Block 48/Discovery Center Site (Vulcan)	111 Westlake Ave N	Seattle		A	Planned	400,000	400,000	06.Lake Union	Spec
Block 57 West (Vulcan)	300 Dexter Ave N	Seattle		A	Planned	195,000	195,000	06.Lake Union	Spec
Eleven50 (Alexandria)	1150 Eastlake Ave E	Seattle	3/1/23	A	Planned	306,191	306,191	06.Lake Union	Spec
Firestone Site (Martin Selig Real Estate)	400 Westlake Ave N	Seattle		A	Planned	200,000	200,000	06.Lake Union	Spec
Google BTS/Guitar Center site (Vulcan)	500-534 Westlake Ave N	Seattle	7/1/21	A	Planned	322,127	0	06.Lake Union	BTS
Allen Institute Expansion/Bucca di Beppo Site (Vulcan)	701 9th Ave N	Seattle		Biotech	Planned	TBD	0	06.Lake Union	BTS
UW Medicine 3.2	500 Dexter Ave N	Seattle		Biotech	Planned	165,000	0	06.Lake Union	BTS
SCCA Expansion	1300 Valley St	Seattle		Owner Occupied	Planned	260,509	0	06.Lake Union	BTS
333 Dexter (Kilroy)	333 Dexter Ave N	Seattle	8/1/20	A	Under Construction	592,000	0	06.Lake Union	Spec
Dexter Yard (BMR)	700 Dexter Ave N	Seattle	8/1/21	A	Under Construction	515,000	515,000	06.Lake Union	Spec
Lakefront Blocks; Block 25E (Vulcan)	609 Fairview Ave N	Seattle	10/1/19	A	Under Construction	184,631	0	06.Lake Union	BTS
Lakefront Blocks; Block 31N (Vulcan)	625 Boren Ave N	Seattle	10/1/19	A	Under Construction	163,242	0	06.Lake Union	BTS
Lakefront Blocks; Block 31S (Vulcan)	Valley St	Seattle	10/1/19	A	Under Construction	149,470	0	06.Lake Union	BTS
Eleven65 (Alexandria)	1165 Eastlake Ave E	Seattle	3/1/21	Biotech	Under Construction	96,000	0	06.Lake Union	Spec
3540 Stone Way N (The Schwartz Co./SRM Development)	3540 stone Way N	Seattle	4/1/21	A	Planned	90,000	90,000	07.Canal	Spec
Fremont Northshore (Blue Rooster)	1326 N Northlake Way	Seattle		A	Planned	35,000	35,000	07.Canal	Spec
36th + Phinney (Fremont Dock)	401 N 36th St	Seattle	3/1/20	A	Under Construction	33,566	0	07.Canal	BTS
Fremont Crossing/Bleitzi Funeral Home Renovation (Talon)	316 Florentia St	Seattle	10/1/20	A	Under Construction	57,213	0	07.Canal	BTS
Watershed (Stephen C. Grey & Associates)	900 N 34th St	Seattle	6/1/20	A	Under Construction	53,000	53,000	07.Canal	Spec
Salmon Bay Center, Ph I (Stimson)	5423 Shilshole Ave NW	Seattle		A	Planned	105,000	105,000	08.North Seattle (Ballard)	Spec
1110 Elliott Ave W (Cheng family/DSA Development Services)	1110 Elliott Ave W	Seattle		B	Planned	29,250	29,250	08.North Seattle (Ballard)	Spec
Salmon Bay Center, Ph II-V (Stimson)	5423 Shilshole Ave NW	Seattle		A	Planned	395,000	395,000	08.North Seattle (Ballard)	Spec
15th & Market (Martin Selig Real Estate)	1448 NW Market St	Seattle	11/1/19	A	Under Construction	204,000	42,390	08.North Seattle (Ballard)	Spec
Ballard Blocks II	1401 NW 46th St	Seattle	3/1/20	A	Under Construction	25,000	25,000	08.North Seattle (Ballard)	Spec
Tammer Office Building (Kamin)	5101 14th Ave NW	Seattle	5/1/20	A	Under Construction	19,001	19,001	08.North Seattle (Ballard)	Spec
Northgate Mall Renovation (Simon Property Group)	401 NE Northgate Way	Seattle		A	Planned	1,100,000	1,100,000	08.North Seattle (Northgate)	Spec
Gerding Edlen Development	Unknown, could be a duplicate of URG			A	Planned	250,000	250,000	08.North Seattle (University)	Spec
Office Tower, Lot A (Touchstone/Portman)	4530 12th Ave NE	Seattle		A	Planned	190,000	190,000	08.North Seattle (University)	Spec
Office Tower, Lot B (Touchstone/Portman)	4536 Brooklyn Ave NE			A	Planned	155,000	155,000	08.North Seattle (University)	Spec
1525 11th Ave (Legacy)	1525 11th Ave	Seattle	10/1/19	B	Under Construction	71,564	0	09.Capitol Hill/E Seattle	Spec
1732 4th Ave S	1732 4th Ave S	Seattle		B	Planned	10,000	10,000	10.South/West Seattle	Spec
Alaskan Airlines HQ, Phase 2	19210 28th Ave S	Seatac	7/13/05	Owner Occupied	Planned	120,667	0	11.SeaTac	BTS
Alaskan Airlines HQ, Phase 3	19225 International Blvd	Seatac	7/14/05	Owner Occupied	Planned	120,667	0	11.SeaTac	BTS
Alaskan Airlines HQ, Phase 4	19215 International Blvd	Seatac	7/15/05	Owner Occupied	Planned	120,667	0	11.SeaTac	BTS
Alaskan Airlines HQ, Phase 1	19237 International Blvd	Seatac	7/12/05	Owner Occupied	Under Construction	128,000	0	11.SeaTac	BTS
Highmark Building (Highmark Investments)	32200 Weyerhaeuser Way S	Federal Way		B	Planned	47,800	47,800	16.Federal Way	Spec
DaVita BTS (Davita)	32nd Ave S	Federal Way		Owner Occupied	Under Construction	200,000	0	16.Federal Way	BTS
20 Story Tower (Fana)	106th Ave NE & NE 8th St	Bellevue		A	Planned	400,000	400,000	21.Bellevue CBD	Spec
Bellevue Plaza Site (Vulcan)	117 106th Ave NE	Bellevue	6/1/23	A	Planned	880,000	880,000	21.Bellevue CBD	Spec

Bellevue Tower, Ph I (Onni Group)	606 106th Ave NE	Bellevue	11/1/23	A	Planned	875,000	875,000	21.Bellevue CBD	Spec
Bellevue Tower, Ph II & III (Onni Group)	650/700 106th Ave NE	Bellevue		A	Planned	1,811,204	1,811,204	21.Bellevue CBD	Spec
Claudru, formerly Elev8, 3 office towers (Stanford Hotels)	10855 NE 8th St	Bellevue	6/1/23	A	Planned	1,700,000	1,700,000	21.Bellevue CBD	Spec
Four 106 Office (Fana Group)	320 106th Ave NE	Bellevue	6/1/23	A	Planned	420,000	420,000	21.Bellevue CBD	Spec
Taco Time Site (Vulcan)	201-221 106th Ave NE	Bellevue	12/1/23	A	Planned	150,000	150,000	21.Bellevue CBD	Spec
to be named Tower (Fana Group)	305 108th Ave NE	Bellevue		A	Planned	210,000	210,000	21.Bellevue CBD	Spec
Transit Center Site (Vulcan)	555 108th Ave NE	Bellevue	12/1/22	A	Planned	695,610	695,610	21.Bellevue CBD	Spec
Washington Square (Skanska)	10660 NE 8th St	Bellevue	9/1/22	A	Planned	500,000	500,000	21.Bellevue CBD	Spec
Amazon Bellevue 600, Phase I (Amazon)	600 108th Ave NE	Bellevue	2024	Owner Occupied	Planned	885,000	0	21.Bellevue CBD	BTS
Amazon Bellevue 600, Phase II (Amazon)	600 108th Ave NE	Bellevue		Owner Occupied	Planned	583,670	0	21.Bellevue CBD	BTS
Binary Towers (Trammell Crow)	1001 106th Ave NE	Bellevue	2/1/22	A	Under Construction	565,293	0	21.Bellevue CBD	BTS
Summit III (Hines)	320 108th Ave NE	Bellevue	12/1/20	A	Under Construction	374,224	0	21.Bellevue CBD	BTS
Kirkland Northpointe (Vector Development)	12700 116th Ave NE	Kirkland			Planned	95,000	95,000	22.I-405 Corridor	Spec
2005 Poplar (Rowley Properties)	2005 NW Poplar Way	Issaquah	7/1/20	A	Planned	68,570	68,570	24.I-90/Issaquah	Spec
Lincaln Executive Center Expansion (URG)	3380 146th Pl SE	Bellevue		A	Planned	TBD		24.I-90/Issaquah	Spec
Costco HQ Expansion	999 Lake Dr	Issaquah		Owner Occupied	Planned	620,000	0	24.I-90/Issaquah	BTS
Costco HQ Expansion	999 Lake Dr	Issaquah		Owner Occupied	Planned	685,000	0	24.I-90/Issaquah	BTS
Pine Forest, Building 1 (Pine Forest)	1251 120th Ave NE	Bellevue		A	Planned	155,000	155,000	25.Bel-Red Rd	Spec
The Spring District Phase I, Block 24 (Wright Runstad/Shorenstein)	124th St NE & NE 12th St (NW Corner)	Bellevue		A	Planned	166,614	0	25.Bel-Red Rd	BTS
The Spring District Phase III (Wright Runstad/Shorenstein)	1121 124th Ave NE	Bellevue		A	Planned	TBD		25.Bel-Red Rd	Spec
Pine Forest, Building 2 (Pine Forest)	NWC NE 12th St & 120th Ave NE	Bellevue			Planned	560,000	560,000	25.Bel-Red Rd	Spec
The Spring District Phase I, Block 12 office/brewpub (Wright Runstad/Shorenstein)	1285 122nd Ave NE	Bellevue	5/1/20	A	Under Construction	18,963	18,963	25.Bel-Red Rd	Spec
The Spring District, Block 16 (Wright Runstad/Shorenstein)	1288 123rd Ave NE	Bellevue	1/1/20	A	Under Construction	329,660	0	25.Bel-Red Rd	BTS
The Spring District, REI (Wright Runstad/Shorenstein)	1209 124th Ave NE	Bellevue	5/1/20	Owner Occupied	Under Construction	413,489	0	25.Bel-Red Rd	BTS
422 6th St S (Talon)	422 6th St S	Kirkland		A	Planned	50,500	50,500	26.Kirkland	Spec
5501 Lakeview Building	5501 Lakeview Drive	Kirkland	7/12/05	A	Planned	50,595	50,595	26.Kirkland	Spec
Kirkland Urban, South (Talon/Prudential)	425 Parkplaz Cir	Kirkland	4/1/21	A	Planned	230,818	230,818	26.Kirkland	Spec
North of Google's Campus (SRM Development)	509 6th St S	Kirkland		A	Planned	136,000	136,000	26.Kirkland	Spec
301 8th St S (Rena Ware)	301 8th St S	Kirkland		B	Planned	35,000	35,000	26.Kirkland	Spec
Kirkland Urban, Central (Talon/Prudential)	425 Parkplaz Cir	Kirkland	12/1/19	A	Under Construction	194,095	0	26.Kirkland	Spec
Heritage Plaza/Sears Replacement (Seritage)	2200 148th Ave NE	Redmond		A	Planned	266,800	266,800	27.Redmond	Spec
Redmond City Center (Cosmos)	16135 NE 85th St	Redmond		A	Planned	252,000	252,000	27.Redmond	Spec
Parh + Park Office (Developer TBD)	16005 NE Redmond Way	Redmond		B	Planned	18,794	18,794	27.Redmond	Spec
Willows Ridge Building (TBD)	12611 Willows Rd NE	Kirkland		B	Planned	30,000	30,000	27.Redmond	Spec
also tracking as Flex, Facebook/Oculus BTS (Self Developed)	10301 & 10201 Willows Rd NE	Redmond		Owner Occupied	Planned	450,000	0	27.Redmond	BTS
Microsoft Campus Expansion		Redmond		Owner Occupied	Planned	2,500,000	0	27.Redmond	BTS
Redmond Town Center, former Macy's	7400 166th Ave NE	Redmond		B	Planned for Renovation	111,368	56,000	27.Redmond	Spec
Studio 7500 (PMF Investments)	7500 166th Ave NE	Redmond		B	Planned for Renovation	34,873	34,873	27.Redmond	Spec
Esterra Park, Building 1 (Capstone)	NE 28th St & 156th Ave NE	Redmond	1/1/21	A	Under Construction	245,000	245,000	27.Redmond	Spec
North Creek Office Plaza (Anderson and Associates)	18438 120th Ave NE	Bothell		A	Planned	101,000	101,000	31.Canyon Pk/Bothell/M	Spec
University Heights Office Center, Bldg 1	10812 NE 185th St	Bothell		B	Planned	32,000	32,000	31.Canyon Pk/Bothell/M	Spec
University Heights Office Center, Bldg 2	10812 NE 185th St	Bothell		B	Planned	26,000	26,000	31.Canyon Pk/Bothell/M	Spec
Canyon Park Commons, Building 5 (EOP)	2000 224th St SE	Bothell		currently surplus p	Planned	66,000	66,000	31.Canyon Pk/Bothell/M	Spec
Creekside Plaza II (JDA Associates)	20322 52nd Ave W	Lynnwood		A	Planned	13,200	13,200	32.Lynn/Ed/Mtk/Terr	Spec
Northpointe Corporate Center (Comcast or Honeywell expansion only)		Lynnwood			Planned	63,000	63,000	32.Lynn/Ed/Mtk/Terr	Spec
2501 S Fawcett	2501 S Fawcett	Tacoma		B	Planned for Renovation	19,620	19,620	41.Tacoma CBD	Spec
Old City Hall Renovation (Surge Tacoma)		Tacoma		B	Planned for Renovation	20,000	20,000	41.Tacoma CBD	Spec
Pierce County Bldg (Wright Runstad)	3580 Pacific Ave	Tacoma		Owner Occupied	Planned	330,000	0	42.Tacoma Suburban	BTS

Puget Sound Office, Investor Owned		Office NRA	
Planned		19,247,261	
Under Construction		5,799,521	
Under Renovation		90,010	
Combo Under Construction/Renovation		5,889,531	
		SF Preleased	% Preleased
Planned		488,741	3%
Under Construction		4,533,133	78%
Under Renovation		32,210	36%
Combo Under Construction/Renovation		4,565,343	78%
		Combined	
Planned/Under Construction/Renovation		25,136,792	
SF Preleased		5,054,084	
% Preleased		20%	
Puget Sound Office & Biotech, User & Investor Owned		Office NRA	
Planned		26,511,440	
Under Construction		7,883,810	
Under Renovation		990,010	
Combo Under Construction/Renovation		8,873,820	
		SF Preleased	% Preleased
Planned		7,752,920	29%
Under Construction		6,617,422	84%
Under Renovation		932,210	94%
Combo Under Construction/Renovation		7,549,632	85%
		Combined	
Planned/Under Construction/Renovation		35,385,260	
SF Preleased		15,302,552	
% Preleased		43%	

CBRE ECONOMETRIC ADVISORS-SEATTLE Q3 2019 OFFICE OUTLOOK (MOST RECENT)

Seattle is the 13th largest office market tracked by CBRE EA, with a total population of 4.01 million. Average per capita personal income (according to recent data from Moody's Economy.com) is estimated to be \$76,045 - approximately 33.7% above the national average. Total employment stands at 2.12 million workers.

Over the last five years, Seattle's total employment has grown at an average annual rate of 2.8% while across the U.S., employment has grown at an average annual rate of 1.7%. In the last four quarters, Seattle's employment has grown at an average annual rate of 3.2%. Our forecast predicts growth of 1.0% in the Seattle area in the next five years. Seattle's construction employment sector will post the best job performance over the next five years.

The table below presents the current employment levels for major industry groups as well as historical growth rates over the last five years, last 12 months, and the next five years.

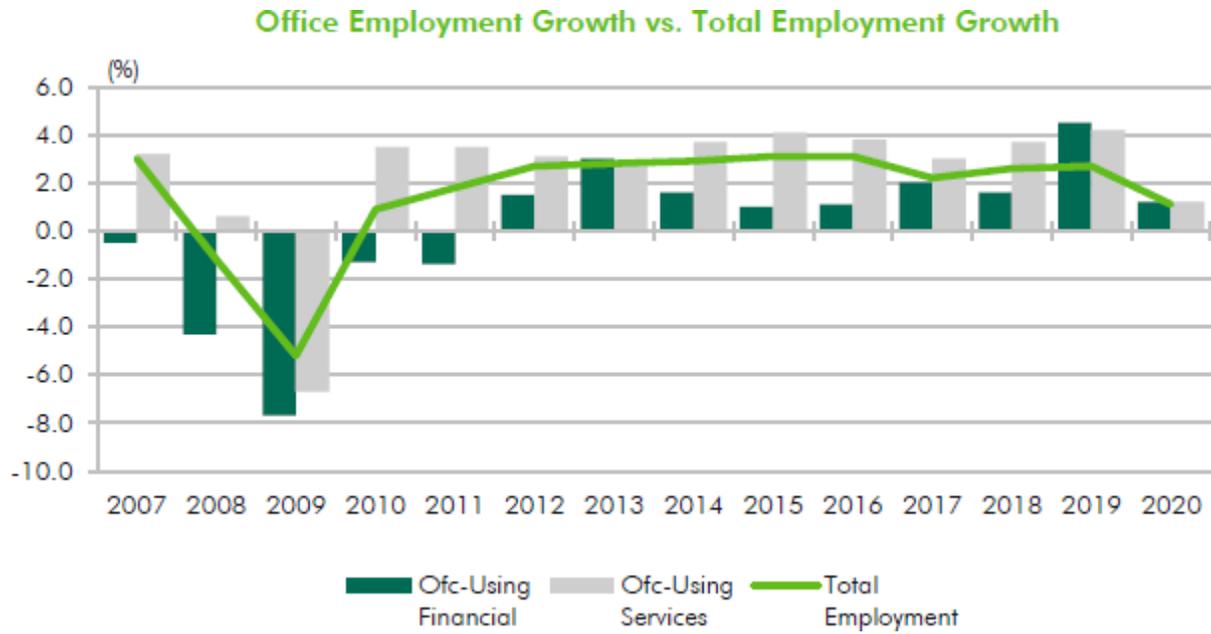
Employment Levels & Growth Rates: Seattle vs. Nation

NAICS Category	Level (x 1000)	Location Quotient	Avg Annual Growth Rates (%)					
			Last 5 Years		Last 12 Mos.		Next 5 Years	
			Metro	U.S.	Metro	U.S.	Metro	U.S.
Agriculture & Mining	1	0.11	1.9	-3.6	0.0	1.0	0.0	0.1
Construction	133	1.27	6.2	3.9	4.2	2.4	2.5	1.8
Manufacturing	188	1.05	0.0	1.0	5.1	1.0	-0.4	-1.5
Wholesale Trade	87	1.05	1.2	0.7	0.1	1.3	0.6	0.3
Retail Trade	229	1.04	3.2	0.5	0.4	-0.4	0.6	0.2
Transportation & Warehousing	78	1.01	4.2	3.5	4.8	2.3	0.8	0.4
Information	126	3.20	5.8	0.7	5.6	0.1	0.4	0.0
Financial Activities	106	0.87	2.3	1.7	4.6	1.2	1.1	0.6
Prof. & Business Svcs.	308	1.02	3.6	2.3	3.7	2.2	1.7	1.2
Education & Health	289	0.85	3.0	2.5	4.2	2.6	1.2	0.9
Hospitality & Leisure	215	0.92	3.8	2.5	4.9	2.0	1.4	0.9
Other Services	78	0.94	2.3	1.3	5.0	1.6	0.5	0.1
Government	276	0.87	0.8	0.7	-0.3	0.6	0.7	0.7
Total	2,116	n/a	2.8	1.7	3.2	1.4	1.0	0.6

Source: Moody's Economy.com, CBRE Econometric Advisors

OFFICE EMPLOYMENT

Office employment, the primary determinant of demand, is defined as certain categories within the Financial and Service employment sectors in which workers typically occupy office space. Our estimate of office employment for Seattle currently stands at 504,700 workers. Over the last five years, office employment has grown by 3.5%. Over the last 12 months, office employment has grown by 4.3%.



Presented below is our six-year forecast for the Seattle office market. Historical measures are provided back to 2007. Forecasted figures for new supply are based on projects known to be currently under construction.

Seattle Annual History & Forecast: 2007 - 2024

Year	Ofc. Empl. (ths.)		Inventory (sf x 1000)	Completions (sf x 1000)	Vacancy Rate (%)	Net Absorp. (sf x 1000)	TW Rent Index (\$/sf)	Rent Infl. (%)
	Financial	Services						
History								
2007	97.8	306.4	79,091	1,486	9.7	1,206	26.18	15.5
2008	93.6	308.2	81,289	2,198	11.8	240	28.76	9.9
2009	86.4	287.6	83,931	2,642	17.9	-2,782	24.98	-13.1
2010	85.3	297.6	84,942	1,011	17.5	1,152	22.37	-10.4
2011	84.1	308.0	85,192	250	15.4	1,956	24.02	7.4
2012	85.4	317.7	85,564	372	13.7	1,790	24.92	3.7
2013	88.0	326.3	86,026	462	13.2	898	26.04	4.5
2014	89.4	338.4	86,183	157	11.0	1,968	28.11	7.9
2015	90.3	352.4	88,446	2,263	9.9	3,025	29.66	5.5
2016	91.3	365.8	91,615	3,169	8.1	4,533	30.50	2.8
2017	93.1	376.7	94,560	2,945	8.0	2,758	31.92	4.7
2018	94.6	390.8	94,937	377	6.7	1,615	34.12	6.9
Forecast								
2019	98.9	407.3	98,235	3,298	7.3	2,440	35.58	4.3
2020	100.1	412.1	101,897	3,662	8.9	1,798	36.50	2.6
2021	100.5	413.7	103,307	1,410	10.3	-226	37.00	1.4
2022	101.9	419.4	105,236	1,926	11.2	820	37.48	1.3
2023	103.6	425.0	106,927	1,689	11.7	974	38.02	1.4
2024	105.3	430.5	108,372	1,442	12.0	918	38.62	1.6

While economic growth has been weak in Seattle, the market has avoided declines in office-using jobs. We expect office employment to grow 1.7% per year over the next six years - though this growth will be lower than the long-term average of 3.1% per year. Net absorption is expected to average 1.1 million SF per year but supply is expected to have a depressing impact on vacancy with an average 2.2 million SF per year. Vacancy rates are forecasted to rise to 12.0% while rents are forecasted to rise to \$38.62/SF.

CONCLUSION

The subject is located in the Tacoma/Fife market within the Tacoma CBD submarket. The Tacoma/Fife submarket currently maintains a total vacancy rate of 13.2% (all classes), while the Tacoma CBD submarket has a vacancy rate of 19.3%. Asking Class A full service lease rates for Tacoma/Fife are \$29.48 PSF FSG, while asking rates for the CBD are at \$29.56 PSF FSG. In general, vacancy rates within the submarket have been increasing over the past four quarters, with 9.6% (all classes) vacancy reported in Q3 2018. This market data shows the Tacoma CBD market still appears to be a tenant's market overall as vacancy levels remain sensitive, even

though market rental rates are on the rise. This is evident by the concessions which are still prevalent in the market.

Rents have also been increasing over the last 24 months based upon the most recent leasing deals at the subject and among the comparables. With signs of stabilization in the marketplace, we consider the subject through active management and a leasing campaign could move closer to a stabilized occupancy. Due to the creditworthiness of the in place State and Federal government leasing, the subject property would be an attractive investment if offered for sale and provided the State was committed to staying as a tenant in the building.

Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

AS VACANT

Legal Permissibility

The legally permissible uses were discussed in the site analysis and zoning sections of this report. The subject, if vacant, could support a multitude of commercial uses, depending on allowable uses under the current zoning.

Physical Possibility

The subject is adequately served by utilities, has an adequate shape and size, sufficient access, etc., to be a separately developable site. The subject site would reasonably accept a site layout for any of the legally probable uses. There are no known physical reasons why the subject site would not support any legally probable development. The existence of the present development on the site provides additional evidence for the physical possibility of development. Further, existing structures on similar sites provides additional evidence for the physical possibility of development.

Financial Feasibility

The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. As discussed in the market analysis of this report, the subject office market is generally un-stabilized. Development of new office properties has occurred in the past few years in the Tacoma/Fife market; however, mostly as build-to-suit or for owner-occupancy rather than speculative development. These factors indicate that it probably would not be financially feasible to complete a new speculative office project at this time, and only possible if the site acquisition cost was low enough to provide an adequate developer's profit for of the subject site. Furthermore, to acquire financing in the current marketplace the project would need to be substantially pre-leased prior to construction.

Maximum Productivity

The final test of highest and best use of the site as though vacant is that the use be maximally productive, yielding the highest return to the land. In the case of the subject as if vacant, the analysis has indicated that a new office/retail project would be most appropriate when market conditions improve.

Conclusion

Based on the information presented above and upon information contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject as if vacant would be commercial office, or mixed use either currently if profitable or when market conditions are more favorable and development feasibility is more viable. Our analysis of the subject and its respective market characteristics indicate the most likely buyer, as if vacant, would be an investor (land speculation), owner occupier (build to suit) or a developer.

AS IMPROVED

Legal Permissibility

As discussed, the subject site's zoning and legal restrictions permit a variety of land uses. The site has been improved with an office development and is a legal conforming use.

Physical Possibility

The physical characteristics of the subject improvements were discussed in detail in the Improvement Analysis section. The layout and positioning of the improvements is considered functional for office use. While it would be physically possible for a wide variety of uses, based on the legal restrictions and the design of the improvements, the continued use of the property for office users would be the most functional use.

Financial Feasibility

The financial feasibility of an office property is based on the amount of rent which can be generated, less operating expenses required to generate that income; if a residual amount existing, then the land is being put to a productive use. As will be indicated in the Income Capitalization Approach section, the subject is capable of producing a positive net cash flow 'as is' and 'upon stabilization' and continued utilization of the improvements for office purposes is considered financially feasible.

Maximum Profitability

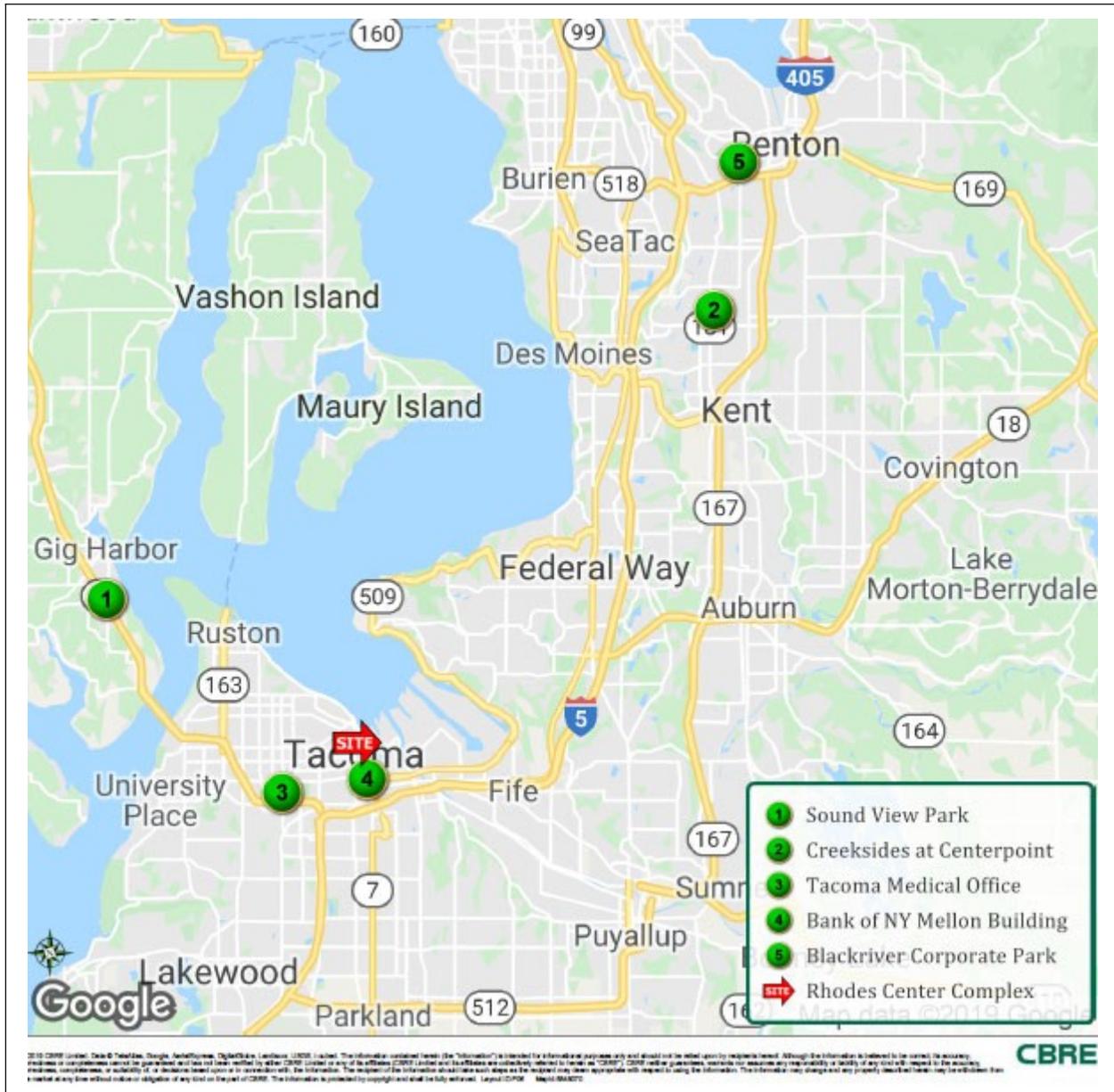
The maximum profitable use of the subject as improved should conform to neighborhood trends and be consistent with existing land uses. Although several uses may generate sufficient revenue to satisfy the required rate of return on investment and provide a return on the land, the single use that produces the highest price or value is typically the highest and best use. As shown in the applicable valuation sections, buildings that are similar to the subject have been acquired or continue to be used by office owners/tenants. None of the comparable buildings have been acquired for conversion to – or demolition for - an alternative use. These comparables would indicate that the maximally productive use of the property is consistent with the existing use as an office with the ground floor retail/office suites.

Conclusion

Based on the foregoing, the highest and best use of the property as improved is consistent with the existing use, as a two multi-story office buildings with parking garage. The most likely buyer of the subject would be a 'value add' investor.

Sales Comparison Approach

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE OFFICE SALES											
No.	Property Name	Transaction Type	Date	YOC / Reno'd	NRA (SF)	Actual Sale Price	Adjusted Sale Price ¹	Price Per SF ¹	Occ.	NOI Per SF	OAR
1	Sound View Park, 5775 Soundview Drive Gig Harbor, WA 98335	Sale	Oct-19	1990	52,634	\$8,200,000	\$8,200,000	\$155.79	100%	\$9.99	6.41%
2	Creeksides at Centerpoint, 20415, 20425 and 20435 - 72nd Avenue South Kent, WA 98032	Sale	Aug-19	1984 / 2010	218,426	\$39,000,000	\$39,000,000	\$178.55	98%	\$12.65	7.08%
3	Tacoma Medical Office, 2420 Union Avenue South Tacoma, WA 98405	Sale	Jun-19	1980	29,870	\$7,720,000	\$7,720,000	\$258.45	100%	\$17.83	6.90%
4	Bank of NY Mellon Building, 1313 Broadway Tacoma, WA 98402	Sale	Oct-18	1977	97,528	\$12,500,000	\$12,500,000	\$128.17	81%	\$9.39	7.33%
5	Blackriver Corporate Park, 935 Powell Ave SW, et al. Renton, WA 98057	Sale	Mar-18	1985	234,997	\$28,800,000	\$28,800,000	\$122.55	96%	\$9.74	7.95%
	Subj, Rhodes Center Complex, Pro 950 Broadway Forma 939 Market Street 940 Market Street Tacoma WA 98402	---	---	1920 / 2001	153,951				91.00%	\$16.12	

¹ Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable)
Compiled by CBRE

The sales utilized represent the best data available for comparison with the subject. Due to the lack of recent sales in the subject's submarket of CBD Tacoma, we had to expand our research within the greater Puget Sound region (in particular the Southend markets), primarily due to timing and similarities in physical and economic characteristics to the subject. The unit of comparison in this analysis is price per square foot of NRA.

SUMMARY OF ADJUSTMENTS

As commercial real estate markets often are imperfect in nature, the comparable sales are analyzed based on qualitative comparison. The adjustments are subjective, but are based on market evidence as well as the appraiser's judgment, experience and research. The adjustments are not derived through quantitative analysis techniques, such as paired sale or regression analysis, as the data does not exist in a manner that would provide reliable results. As such, the adjustments made on a percentage basis are conveying the applied degree of subjective adjustments and are not the result of quantitative analysis.

Expenditures After Purchase

This adjustment accounts for the anticipated costs that are incurred by the buyer after the sale of the property. The costs include, but are not limited to, any number of immediate expenditures such as costs to cure deferred maintenance, demolition or removal of any portion of the improvements, and remediation of environmental contamination. It is necessary to account for these costs as they have an effect on the purchase price.

No adjustments are required for expenditures after purchase.

Property Rights Conveyed

Real estate carries with it a bundle of property rights, which can be transferred in whole or in part. The most common property rights are the fee simple estate, leased fee interest, leasehold interest, and partial interests. Selling prices may be impacted by the specific property rights included in the transfer. Thus, any differences in property rights among the comparable sales must be identified, and may require adjustment to account for differences in property rights compared with the property rights appraised for the subject.

We are valuing the subject's leased fee interest, and all of the comparables represent leased fee sales. As such, no adjustments for property rights was applied.

Financing

Financing terms provided by the seller can affect the sale price if they differ from terms available from third party lenders. The value estimate in this appraisal is based on an all cash payment to the seller, with buyers typically using institutional financing based on an appropriate loan-to-value ratio, debt-coverage ratio and market interest rate. Seller financing may have an upward influence on the sale price, if favorable terms are provided. Conversely, existing assumable financing that has a higher than market interest rate and loan-to-value tend to have a downward influence on sale price.

All of the comparables sold for cash or at market terms, and no adjustments are applied.

Conditions of Sale

Typically, adjustments for conditions of sale usually reflect the motivations of the buyer and the seller in the transfer of real property. Examples of unusual motivations include related parties, assemblage (plottage) value, forced sale, tax considerations, and lack of sufficient exposure on the market. These circumstances may result in the following: manipulation of the price by buyer or seller, distress prices that do not reflect typical exposure or marketing time, or premiums (or discounts) associated with unusual motivations.

None of the sales had any special conditions affecting the sale price, and no adjustments are warranted for the closed transactions.

Market Conditions

This adjustment accounts for the change in market conditions as it relates to investor demand, rental rates, and occupancy. As discussed previously, commercial properties are experiencing increased renter demand and the submarket is experiencing increasing rental rates, while capitalization rates continue to compress in the region.

A market conditions adjustment of 3% per year has been made as market conditions have improved from the oldest sale date to current conditions. This is intended to illustrate improving market conditions rather than as a strict quantitative adjustment.

Location

This adjustment is based primarily on neighborhood characteristics, location desirability, proximity/access to complimentary commercial development, and access to major roadways. All other elements of comparison being equal, sites with superior office location will sell for a higher price per unit of comparison as compared to sites within less desirable office locations.

Comparable 1 is located a less densely developed area of Gig Harbor, a location that has lower underlying land values, and an upward adjustment was applied.

Size

This adjustment accounts for the economy of scale attributed to size, in particular the total square footage of gross leasable area. Typically properties with a smaller square footage have a wider investor pool as compared to a property with a greater square footage. Properties with more potential investors typically command higher per square foot sales prices. Comparables 1 and 3 were adjusted downward for their smaller building sizes compared to the subject. Comparable 5 is a larger building, and was adjusted upward as a result.

Age/Condition

The overall condition of a property generally affects a property's marketability, with those in better condition having more appeal. None of the comparables required adjustment.

Quality of Construction

The adjustment for construction quality refers primarily to the common area and exterior overall quality. For example, a steel and concrete framed building has a superior construction quality when compared to a wood framed building. Similarly, a building with little detail or few amenities is inferior to one with more ornate fenestration and a wider range of amenities.

Comparable 1 is a 4-building office park whereby one of the buildings is more flexible in nature (has a storage warehouse component). An upward adjustment was applied to this sale. Comparable 3 is a medical office building, which suggests more intensive and higher buildout costs, warranting a downward adjustment. No adjustments are required for the remaining transactions.

Parking

The parking adjustment accounts for the amount of parking available to prospective customers or employees depending on the type of property. Typically, properties with more parking available are more appealing to prospective tenants and command higher rent levels. In addition, parking spaces in densely developed areas serve as a source of ancillary income. In the case of the subject's parking garage, it accounts for approximately 20% of the property's revenue.

Comparable 4 is located in Downtown Tacoma, like the subject, yet its parking ratio is nominal compared to the subject. An upward adjustment was applied. The remaining comparables are

served with adequate parking, yet they have more suburban locations whereby parking is not a revenue source. These sales were adjusted upward for this difference relative to the subject.

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

OFFICE SALES ADJUSTMENT GRID						
Comparable Number	1	2	3	4	5	Subj. Pro Forma
Transaction Type	Sale	Sale	Sale	Sale	Sale	---
Transaction Date	Oct-19	Aug-19	Jun-19	Oct-18	Mar-18	---
Year Built/Renovated	1990	1984 / 2010	1980	1977	1985	1920 / 2001
Property Subtype	Multi Tenant	Multi Tenant	Medical	Multi Tenant	Office Park	Multi Tenant
NRA (SF)	52,634	218,426	29,870	97,528	234,997	153,951
Parking Ratio	4.12	4.10	5.99	0.62	5.17	3.49
Actual Sale Price	\$8,200,000	\$39,000,000	\$7,720,000	\$12,500,000	\$28,800,000	
Adjusted Sale Price ¹	\$8,200,000	\$39,000,000	\$7,720,000	\$12,500,000	\$28,800,000	
Price Per SF ¹	\$155.79	\$178.55	\$258.45	\$128.17	\$122.55	
Occupancy	100%	98%	100%	81%	96%	91%
NOI Per SF	\$9.99	\$12.65	\$17.83	\$9.39	\$9.74	\$16.12
OAR	6.41%	7.08%	6.90%	7.33%	7.95%	
Adj. Price Per SF	\$155.79	\$178.55	\$258.45	\$128.17	\$122.55	
Property Rights Conveyed	0%	0%	0%	0%	0%	
Financing Terms ¹	0%	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	0%	
Market Conditions (Time)	1%	1%	1%	3%	5%	
Subtotal - Price Per SF	\$157.35	\$180.34	\$261.03	\$132.02	\$128.68	
Location	5%	0%	0%	0%	0%	
Size	-5%	0%	-10%	0%	5%	
Age/Condition	0%	0%	0%	0%	0%	
Quality of Construction	5%	0%	-10%	0%	0%	
Parking	20%	20%	20%	15%	20%	
Tenancy	0%	0%	0%	10%	0%	
Amenities	0%	0%	0%	0%	0%	
Other	0%	0%	0%	0%	0%	
Total Other Adjustments	25%	20%	0%	25%	25%	
Indicated Value Per SF	\$196.68	\$216.40	\$261.03	\$165.02	\$160.85	
Absolute Adjustment	36%	21%	41%	28%	30%	

¹ Adjusted for cash equivalency, lease-up and/or deferred maintenance (where applicable)

Compiled by CBRE

SALE PRICE PER SQUARE FOOT CONCLUSION

Prior to adjustments, the comparables ranged \$122.55 /SF to \$258.45 /SF. After adjustments, the range narrows from \$160.85 /SF to \$261.03 /SF, with an average of \$200.00 /SF.

After adjustments, all of the comparables are considered to be good indicators of value for the subject. Yet we recognize that Comparable 2 required the least adjustment, and it is highly

similar relative to size, tenancy and having transacted within the three months. This sale presents an adjusted unit value of \$216, and the remaining sales present an average indication of \$196. Overall, we have reconciled to a value range within these adjusted unit values, or approximately \$200.00 /SF to \$220.00 /SF for the subject based on the preceding analysis.

A stabilized value of \$32,300,000 (\$209.81 /SF NRA) is concluded for the subject property. This considers the subject property as if all capital projects have been completed and the asset is leased-up to stabilized occupancy. From this value, we apply a discount for anticipated capital costs as well as applicable costs in reaching stabilization. The costs to achieve stabilization adjustment shown is developed in the Income Approach ahead in the report.

The following chart presents the valuation conclusion:

SALES COMPARISON APPROACH				
GBA (SF)	X	Value Per SF	=	Value
153,951	X	\$200.00	=	\$30,790,200
153,951	X	\$220.00	=	\$33,869,220
VALUE CONCLUSION				
Indicated Value Upon Stabilization				\$32,300,000
Lease-Up Discount				<u>(\$8,400,000)</u>
Indicated As Is Value				\$23,900,000
Rounded				\$23,900,000
Value Per SF				\$155.24
Compiled by CBRE				

Income Capitalization Approach

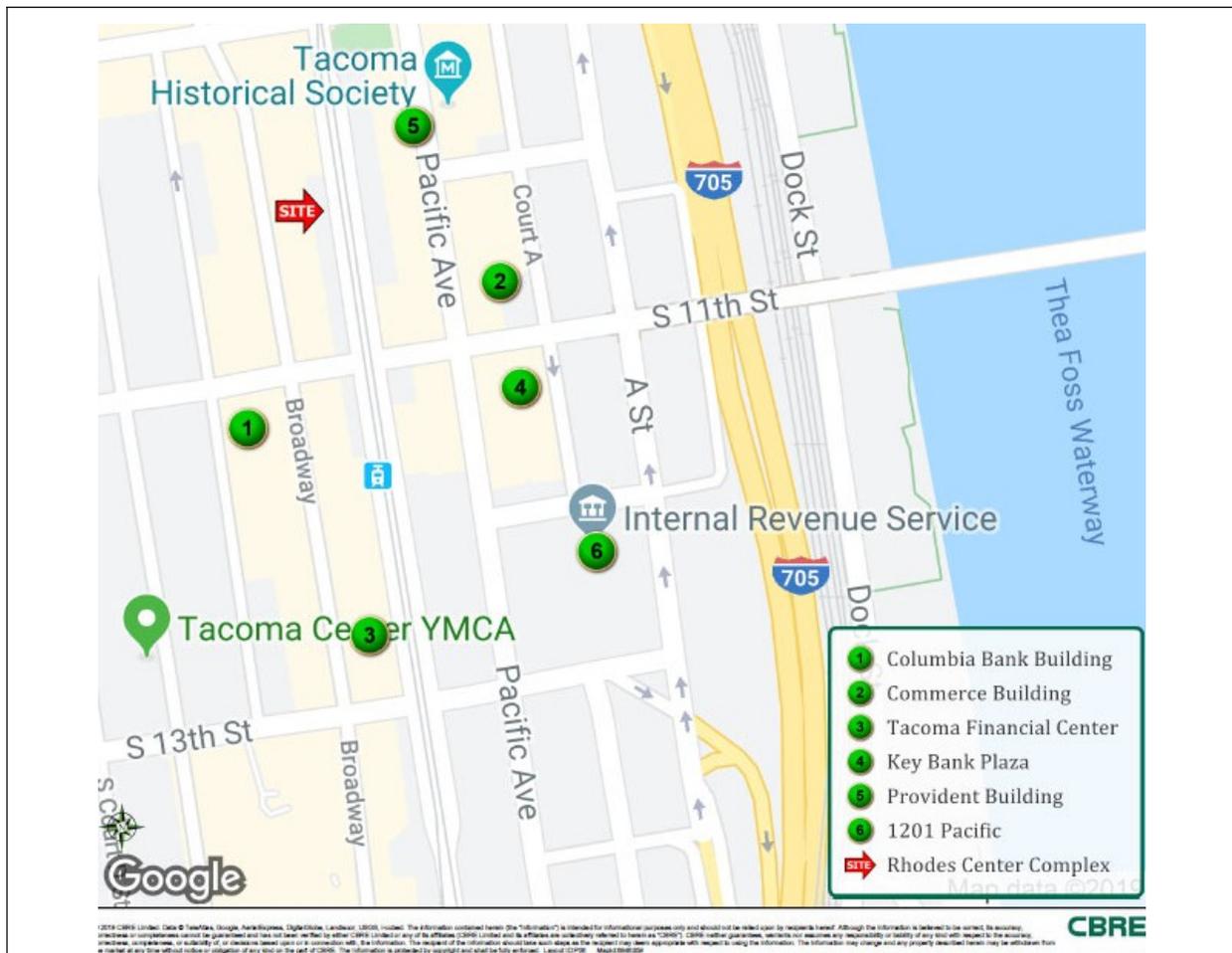
The subject is a multi-tenant office building that is comprised of a variety of tenant types. For comparison purposes, the tenants were grouped into classifications that enable meaningful comparisons between the market and subject leases. An analysis of subject and comparable leasing data is provided in this section of the report in order to determine appropriate market lease terms for each classification. The subject's space classifications are listed below:

MARKET RENT CATEGORIES	
Space Allocation	Size
Office	147,748 SF
Retail	3,699 SF
Amenity	2,504 SF

Compiled by CBRE

COMPARATIVE LEASE ANALYSIS: OFFICE SPACE

The following map and table summarize the primary comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE OFFICE RENTALS

No.	Property Name and Location	YOC / Reno'd	No. Stories	NRA (SF)	Tenant Name	Lease Area (SF)	Lease Date	Lease Term	Base Rent	Allowance PSF	Expense Method	Escalations	Free Rent
1	Columbia Bank Building 1102 Broadway, Tacoma, WA 98402	1906 / 1999	5	88,470	McGavick & Graves	9,598	Jan-21	8.0 Yrs.	\$23.95 PSF	Yes - Nominal	Full Service	3% Annual	0 Months
					American Cancer Society	4,072	Jun-19	5.2 Yrs.	\$23.00 PSF	Yes - Nominal	Full Service	3% Annual	2 Months
					Safe Haven Security Svc.	1,289	Mar-19	3.0 Yrs.	\$20.50 PSF	\$0.00 PSF	Full Service	3% Annual	0 Months
					Charles Kim DMD	3,818	Aug-18	10.5 Yrs.	\$23.00 PSF	\$40.00 PSF	Full Service	3% Annual	6 Months
2	Commerce Building 950 Pacific Avenue, Tacoma, WA 98402	1910	12	86,610	Quoted Terms	437-3,286	Nov-19	3-7 Yrs.	\$21.50 PSF	Negotiable	Full Service	2.5%-3% Annual	Negot.
3	Tacoma Financial Center 1145 Broadway, Tacoma, WA 98402	1984	17	208,404	Systems Consulting LLC	2,111	Jan-19	3.0 Yrs.	\$26.50 PSF	n/av	Full Service	2.5% Annual	0 Months
4	Key Bank Plaza 1101 Pacific Avenue, Tacoma, WA 98402	1918 / 1985	4	100,000	Trusted Plans Service Corp.	12,560	Oct-18	7.4 Yrs.	\$20.00 PSF	\$20.00 PSF	Full Service	3% Annual	5 Months
5	Provident Building 917 Pacific Avenue, Tacoma, WA 98402	1903 / 2007	6	74,360	Bank of the Pacific	2,085	Feb-19	1.0 Yrs.	\$23.00 PSF	\$0.00 PSF n/av	NNN	0.00%	0 Months n/av
6	1201 Pacific 1201 Pacific Avenue, Tacoma, WA 98402	1970	22	348,000	Confidential	5,071	Nov-18	5.4 Yrs.	\$29.00 PSF	\$15.00 PSF	Full Service	3% Annual	2 Months
					Ameriprise Financial	4,860	Apr-16	5.3 Yrs.	\$27.50 PSF	\$0.00 PSF	Full Service	3.0% Annual	4 Months
					Wells Fargo	19,590	Jan-16	8.0 Yrs.	\$27.58 PSF	\$20.65 PSF	Full Service	3.0% Annual	0 Months
Subj.	Rhodes Center Complex 950 Broadway, Tacoma, Washington	1920 / 2001	5 & 6	153,951					---		---		

Compiled by CBRE

The preceding rent comparables are the best available data points for comparison with the subject property. These represent recent office space leases negotiated in competitive buildings in the immediate neighborhood. They were chosen based upon their proximity to the subject, amenities and overall appeal to prospective tenants.

The rent comparable table indicates 11 actual leases as well as the quoted terms for available space in a neighboring building. The leases were all written with gross recovery structures, like the subject, and they present a range from \$17.00/SF to \$29.00/SF on a full service gross basis. The data indicates that the larger and taller buildings tend to command the highest rents. This is a function of their superior amenity package as well as the ability to command view premiums for higher floors. It is noted that Comparables 1, 2, 4 and 5 are the most similar to the subject in regard to physical attributes like size and height, and these are also located most proximate to the subject. Of these, Comparable 5 is an outlier in terms of base rent, and this is due in part to the building's lack of on-site parking. When excluding this data point, the comparables present a more narrow rental rate range from \$20.00 to \$23.95, with an average initial base rental rate of \$21.99 per square foot among the five leases commencing during the past 15 months. It is noted that all of the comparable leases were written with annual rent steps. These are most often structured as a 3% annual step.

Landlord concessions remain present among the subject's competitive group, with the leases exhibiting free rent ranging from 0 to 6 months, and tenant improvement allowances ranging from \$0 to \$40 per square foot.

COMPARATIVE LEASE ANALYSIS: RETAIL SPACE

The Broadway Building includes a 1,400-square-foot street-level retail space fronting on the corner of Broadway and S 11th Street. It is also accessed via the building's main elevator lobby. As this space comprises only 2.4% of the subject's net rentable area, we present the following summarized market rent analysis as support for our conclusions.

SUMMARY OF COMPARABLE RETAIL RENTALS									
Property Name and Location	YOC / Reno'd	Tenant Name	Lease Area (SF)	Lease Date	Lease Term	Base Rent	e Method	Rent Steps	
Umpqua Bank Building 1498 Pacific Avenue, Tacoma, WA 98402	2004	Available (fmr Starbucks)	1,686	Nov-19	5+ Yrs.	\$15.00 PSF	NNN	CPI / Annual	
Retail Storefront 819 Pacific Avenue, Tacoma, WA 98402	1919	Available	4,750	Nov-19	3-5 Yrs.	\$18.00 PSF	NNN	CPI / Annual	
Stadium Retail Space 102 North G Street, Tacoma, WA 98403	2017	Anthem	2,245	Mar-18	12.0 Yrs.	\$25.00 PSF	NNN	Steps	
Stadium Place 1 Tacoma Avenue N, Tacoma, WA 98403	2003	Bartell Drugs	2,252	Aug-17	5.0 Yrs.	\$22.00 PSF	NNN	3% Annual	
Mandarin Building 616 St. Helens Avenue, Tacoma, WA 98402	1928 / 2005	Dystopian State Brewing Company	8,500	Mar-16	5.0 Yrs.	\$14.00 PSF	NNN	3% Annual	
9th & Pacific Building 901-907 Pacific Avenue, Tacoma, WA 98402	1919	Cafe Amasia	1,176	Jan-16	2.0 Yrs.	\$12.00 PSF	NNN	Flat	

The comparable properties summarized above represent a variety of street-level retail uses in Downtown Tacoma. The comparable properties report a range in rental rates between \$12.00 and \$25.00/SF NNN. The two Stadium District comparables are outliers on the high end, and these are located most distant from the subject. The remaining leases are in buildings more proximate to the subject, and these also present a more narrow range of likely rents for the subject (\$12.00 to \$18.00 per square foot). Further, we note that the Umpqua Bank Building space is most similar to the subject's retail space in terms of its retail exposure and the type of building in which it is located.

Based on the preceding, we would expect the subject to command approximately \$15.00/SF NNN given its location and age/condition in relation to the majority of the comparables.

SUBJECT RENTAL INFORMATION

In addition to the comparables, we have considered the subject's most recent leasing activity as shown on the following table:

SUMMARY OF RECENT LEASES (PRIOR 12 MONTHS) FOR RHODES CENTER COMPLEX

Tenant	Tenant Type	New/ Renewal	Term (Mo.)	Commence Date	Size (SF)	Contract Rent		Rent	Expense
						\$/SF/Yr.	\$/Yr.	Steps	Basis
Actual Leases									
Sundance Deli	Amenity	Renewal	24	Oct-19	1,604	\$8.10	\$12,992	Flat	None
Office of Admin Hearings	Office	Renewal	60	Sep-19	6,035	\$22.50	\$135,788	Flat	None
GSA-Census	Office	New	20	Aug-19	6,600	\$29.76	\$196,416	Flat	None
Dept of Labor & Industries	Office	Renewal	24	Jul-19	29,188	\$22.50	\$656,730	Flat	None
Dept of Services for the Blind	Office	New	24	Jul-19	2,503	\$18.36	\$45,955	Flat	None
Pierce County Assigned Counsel	Office	Renewal	24	Jul-19	24,165	\$19.67	\$475,260	Flat	None
Office of Admin Hearings	Office	Renewal	12	Jul-19	5,221	\$22.50	\$117,473	Flat	None
Office of the State Auditor	Office	Renewal	24	Jul-19	4,422	\$22.50	\$99,495	Flat	None
Enterprise Car Rental	Office	New	60	Mar-19	5,180	\$22.40	\$116,032	Flat	None
Subtotal Actual Leases					84,918	\$21.86	\$1,856,141		
Compiled by CBRE									

Current asking rates at the subject property for the vacant office space were reported by the property manager at \$22.50 per square foot. As the property is owned by the State of WA, the majority of leasing has historically been to State, Federal and County Government tenants. The only private sector tenants currently in place are Sundance Deli and Enterprise Car Rental. We note that occupancy has remained low over the past several years due to ownership not historically marketing the available space on the leading commercial real estate platforms, nor have they engaged professional leasing services. If ownership wishes to lease the vacant space to private sector tenants, this will require an active marketing campaign from a reputable brokerage firm.

There has been 84,918 square feet of new and renewal leasing activity in 9 office suites over the past year. The initial base lease rates have ranged from \$18.36 to \$29.76 per square foot for the office space, with the deli (amenity) being at a lower rate. The leases are largely written with flat rent structures, and none of the tenants currently reimburse for any operating expenses. Free rent concessions have been minimal, as have tenant improvement allowances.

MARKET PARTICIPANTS

In addition to analyzing the subject's recent leasing, we discussed typical lease terms with market participants active in Downtown Tacoma, but have kept our respondents' names confidential. These professionals were familiar with the subject property and familiar with the Tacoma CBD market and more in particular the immediate location. The participants agreed that a rent level in the low-to-mid \$20's per square on a full service gross basis would be reasonable for the subject assuming that the landlord would make initial contributions to tenant finish of \$20.00 to \$30.00 per square foot for a new tenant. Further, additional concessions in the form of free rent are common in the local market and would need to be provided in order to be competitive with similar buildings. These discussions have been reflected in our consideration of the conclusions reported in the following table.

MARKET RENT CONCLUSIONS

The following chart shows the market rent conclusions for the subject:

MARKET RENT CONCLUSIONS			
Category	Office	Retail	Amenity
Net Rentable Area (SF)	147,748	3,699	2,504
Percent of Total SF	96.0%	4.0%	1.6%
Market Rent (\$/SF/Yr.)	\$22.50	\$15.00	\$10.00
Concessions (New Tenants)	3 Months	3 Months	3 Months
Concessions (Renewals)	0 Months	0 Months	0 Months
Reimbursements	None	Net	None
Escalations	3% Annual	3% Annual	3% Annual
Tenant Improvements (New Tenants)	\$25.00	\$25.00	\$25.00
Tenant Improvements (Renewals)	\$5.00	\$5.00	\$5.00
Average Lease Term	60 Months	60 Months	60 Months
Leasing Commissions (New Tenants)	6.00%	6.00%	6.00%
Leasing Commissions (Renewals)	3.00%	3.00%	3.00%
Compiled by CBRE			

The preceding conclusions reflect blended rates for the suites, as some tenant spaces may command slightly higher or lower rents due to the unique size, configuration, views and location of each space within the building.

As the Broadway building retail space is in shell condition, we have assumed an above-standard TI of \$75 per square foot for the initial leasing of this space.

RENT ROLL ANALYSIS

The subject's rent roll is illustrated as follows:

RENT ROLL ANALYSIS FOR RHODES CENTER COMPLEX												
Suite No.	Tenant	Tenant Type	Lease Start	Lease Expiration	Term (Mos.)	Size (NRA) SF	% Total	Market Rent \$/SF/Yr.	(Pre-Renov.) \$/Yr.	Market Exp. Basis	Contract Rent \$/SF/Yr.	Contract Rent \$/Yr.
B- 200,	Dept of Labor & Industries	Office	Jul-19	Jun-21	24	29,188	19.0%	\$22.50	\$656,730	None	\$22.50	\$656,730
B- 2	WSECU (ATM)	Office	Jan-16	Dec-19	48	82	0.1%	\$22.50	\$1,845	None	\$23.29	\$1,910
B- Floor	Court of Appeals	Office	Jul-15	Jun-20	60	27,269	17.7%	\$22.50	\$613,553	None	\$24.28	\$662,088
B - 1	Sundance Deli	Amenity	Oct-19	Sep-21	24	1,604	1.0%	\$10.00	\$16,040	None	\$8.10	\$12,992
B-Mezz	GSA-Census	Office	Aug-19	Mar-21	19	6,600	4.3%	\$22.50	\$148,500	None	\$29.76	\$196,416
M-418	Dept of Services for the Blind	Office	Nov-17	Nov-19	25	272	0.2%	\$22.50	\$6,120	None	\$22.50	\$6,120
M-508	Dept of Services for the Blind	Office	Jul-19	Jun-21	24	2,503	1.6%	\$22.50	\$56,318	None	\$18.36	\$45,955
M-442-444	Pierce County Assigned Counsel	Office	Jul-19	Jun-21	24	24,165	15.7%	\$22.50	\$543,713	None	\$19.67	\$475,260
M-424	Office of Admin Hearings	Office	Sep-19	Aug-24	60	6,035	3.9%	\$22.50	\$135,788	None	\$22.50	\$135,788
M- 500-548	Office of Admin Hearings	Office	Jul-19	Jun-20	12	5,221	3.4%	\$22.50	\$117,473	None	\$22.50	\$117,473
M- 560	Office of the State Auditor	Office	Jul-19	Jun-21	24	4,422	2.9%	\$22.50	\$99,495	None	\$22.50	\$99,495
M-600	GSA - Food & Drug Admin	Office	Nov-18	Nov-21	37	5,564	3.6%	\$22.50	\$125,190	None	\$1.94	\$10,796
M-413	GSA-Dept of Labor	Office	Aug-17	Aug-27	120	842	0.5%	\$22.50	\$18,945	None	\$22.50	\$18,945
G-100	Enterprise Car Rental	Office	Mar-19	Feb-24	59	5,180	3.4%	\$22.50	\$116,550	None	\$22.40	\$116,032
Occupied Subtotals						118,947	77.3%	\$22.33	\$2,656,258		\$21.49	\$2,556,000
Suite No.	Tenant	Tenant Type	Lease Start	Lease Expiration	Term (Mos.)	Size (NRA) SF	% Total	Market Rent \$/SF/Yr.	(Pre-Renov.) \$/Yr.	Market Exp. Basis	Vacant at Market \$/SF/Yr.	Vacant at Market \$/Yr.
	Vacant - B 106	Office	Feb-20	Jan-25	60	3,100	2.0%	\$22.50	\$69,750	None	---	\$69,750
	Vacant - B 112	Office	May-20	Apr-27	84	1,738	1.1%	\$22.50	\$39,105	None	---	\$39,105
	Vacant - B 118	Office	Aug-20	Jul-25	60	1,970	1.3%	\$22.50	\$44,325	None	---	\$44,325
	Vacant - B 104	Retail	Nov-20	Oct-25	60	3,699	2.4%	\$15.00	\$55,485	Net	---	\$55,485
	Vacant - B 108	Office	Feb-21	Jan-26	60	246	0.2%	\$22.50	\$5,535	None	---	\$5,535
	Vacant - B 348	Office	May-21	Apr-26	60	4,534	2.9%	\$22.50	\$102,015	None	---	\$102,015
	Vacant - B 519	Office	Aug-21	Jul-26	60	3,945	2.6%	\$22.50	\$88,763	None	---	\$88,763
	Vacant - B Mezz	Office	Nov-21	Oct-26	60	3,031	2.0%	\$22.50	\$68,198	None	---	\$68,198
	Vacant - M 4A	Office	May-20	Apr-25	60	3,100	2.0%	\$22.50	\$69,750	None	---	\$69,750
	Vacant - M 4E	Office	Nov-20	Oct-25	60	4,000	2.6%	\$22.50	\$90,000	None	---	\$90,000
	Vacant - M 601	Office	May-21	Apr-26	60	2,501	1.6%	\$22.50	\$56,273	None	---	\$56,273
	Vacant - M 701	Office	Nov-21	Oct-26	60	2,240	1.5%	\$22.50	\$50,400	None	---	\$50,400
	Conference Room 355	Amenity				450	0.3%	\$10.00	\$4,500	None	---	\$4,500
	Conference Room 352	Amenity				450	0.3%	\$10.00	\$4,500	None	---	\$4,500
Vacant Subtotals						35,004	22.7%	\$21.39	\$748,598		---	\$748,598
Property Totals - Contract Rent						153,951	100.0%				\$21.47	\$3,304,598
Property Totals - Market Rent						153,951	100.0%	\$22.12	\$3,404,855		\$22.12	

Compiled by CBRE

The building is 77.3% percent leased as of the date of this appraisal. These leases were modeled based on the terms provided by ownership. Average in place contract rents of \$21.49 per square foot, are below the market rent conclusions previously discussed. This is largely due to a number of the older leases being at below-market rates, as well as the lack of landlord contribution to tenant improvement among many of the more recent leases.

Specific Anticipated Changes to Rent Roll

The leasing agent and building manager reported no significant anticipated changes to the rent roll due to tenant defaults and/or non-renewals. As previously noted, the property has not been professionally marketed for lease, and it is an assumption of this report that a prudent owner would hire professional representation to market to prospective tenants. The market leasing assumptions applied herein are based on the assumption of an owner that is motivated to achieve occupancy and rent stabilization.

In terms of renewals, the 5-year WSECU ATM renewal is pending signature, and we have modeled this renewal based on the terms provided by ownership. Likewise, the Department of

Services for the Blind lease of M-418 (272 square feet) is being renewed in accordance with the State of WA's negotiated flat biennium rent of \$22.50 per square foot. Note that the remainder of the State of WA leases extend through the current biennium (ends June 2021). It is assumed that the next biennium rental rate will also be approved by the State Legislature at market-oriented terms. All leases are projected to roll to market based on the speculative renewal assumptions herein.

Lease Expiration Schedule

The subject's scheduled lease expiration for the existing leases is shown as follows:

LEASE EXPIRATION SCHEDULE					
Year	Ending	---- Contract Only ----		---- Cumulative ----	
		Sq. Ft.*	% of Total	Sq. Ft.*	% of Total
Year 1	Nov-20	32,844	21.33%	32,844	21.33%
Year 2	Nov-21	68,482	44.48%	101,326	65.82%
Year 3	Nov-22	5,564	3.61%	106,890	69.43%
Year 4	Nov-23	0	0.00%	106,890	69.43%
Year 5	Nov-24	11,215	7.28%	118,105	76.72%
Year 6	Nov-25	0	0.00%	118,105	76.72%
Year 7	Nov-26	0	0.00%	118,105	76.72%
Year 8	Nov-27	842	0.55%	118,947	77.26%

*Results only reflect spaces that are currently occupied

Compiled by CBRE

Disproportionate leasing exposure can increase risk and impact discount and capitalization rates for a property. From a risk standpoint, investors would prefer to have lease expirations distributed evenly over the holding period; although this scenario is rarely the case. Given the market lease term of 5 years, we would expect an average of 20% lease exposure per year. In the case of the subject, near-term leasing exposure is considered normal and does not add significant risk to the cash flow. The turnover risk will be a consideration in the investment rates applied to the cash flow.

POTENTIAL RENTAL INCOME CONCLUSION

Within this analysis, potential rental income (as stabilized) is estimated based upon the actual income in-place of a stabilized income stream (physically and economically). In this case, Year 3 of the cash flow period represents the first stabilized year (November 2021-October 2022). This stabilized potential rental income includes the contract rent from existing tenants, vacant space at market rent based upon our absorption estimates, and any rollover that occurs during the stabilization period. This method of calculating rental income is most prevalent among investors' underwriting and is consistent with the method used to derive overall capitalization rates from the comparable sales data. Therefore for our prospective stabilized income stream for the direct

capitalization we have utilized the in place contract rent indicator from on our stabilized Argus model year 3.

OPERATING HISTORY

The following table presents available operating data for the subject.

OPERATING HISTORY										
Year-Occupancy	FY 2019 (7/18-6/19)		FY 2020 Annualized*		FY 2020 Budget		CBRE Year 1 Estimate		CBRE Stabilized Year	
	n/av		59.9%		59.9%		64.4%		90.0%	
	Total	\$/SF	Total	\$/SF	Total	\$/SF	Total ²	\$/SF	Total ²	\$/SF
Income										
Potential Rental Income	\$2,438,792	\$15.84	\$2,438,696	\$15.84	\$2,430,432	\$15.79	\$2,434,527	\$15.81	\$3,398,883	\$22.08
Parking Income	627,168	4.07	661,664	4.30	-	-	660,000	4.29	850,000	5.52
Storage Income	15,975	0.10	27,144	0.18	15,372	0.10	15,546	0.10	21,014	0.14
Miscellaneous Revenue	7,028	0.05	16,108	0.10	4,128	0.03	8,887	0.06	10,558	0.07
Expense Reimbursement	-	-	-	-	-	-	-	-	39,840	0.26
Potential Gross Income	\$3,088,963	\$20.06	\$3,143,612	\$20.42	\$2,449,932	\$15.91	\$3,118,960	\$20.26	\$4,320,295	\$28.06
LESS: Vacancy & Collection Loss						-	(9,022)	(0.06)	(182,662)	(1.19)
Effective Gross Income	3,088,963	\$20.06	3,143,612	\$20.42	2,449,932	\$15.91	\$3,109,938	\$20.20	\$4,137,633	\$26.88
Expenses										
Real Estate Taxes	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Property Insurance	70,128	0.46	81,824	0.53	73,341	0.48	80,000	0.52	84,872	0.55
Utilities	212,531	1.38	177,912	1.16	198,241	1.29	207,752	1.35	232,838	1.51
General Operating	76,207	0.50	55,920	0.36	69,838	0.45	65,000	0.42	68,959	0.45
Repairs & Maintenance	460,124	2.99	387,044	2.51	222,620	1.45	300,000	1.95	318,270	2.07
Other Contract Services	866,926	5.63	744,156	4.83	980,583	6.37	550,000	3.57	583,495	3.79
Janitorial	-	-	-	-	-	-	205,215	1.33	243,814	1.58
Management Fee ¹	-	-	-	-	-	-	93,298	0.61	124,129	0.81
Operating Expenses	\$1,685,916	\$10.95	\$1,446,856	\$9.40	1,544,623	\$10.03	\$1,501,265	\$9.75	\$1,656,377	\$10.76
Net Operating Income	#####	\$9.11	#####	####	905,309	\$5.88	\$1,608,673	\$10.45	\$2,481,256	\$16.12
							3.0%		3.0%	
¹ (Mgmt. typically analyzed as a % of EGI)	0.0%		0.0%		0.0%					
*Annualized Amounts Represent July-September 2019 actuals.										
										² (Some revenue categories may reflect net figures) gories may reflect net figures)

Source: Operating statements

The CBRE Year 1 estimate is taken from Argus Year 1 and is based upon contract rents and absorption of vacant space over the coming 12 months. This is presented as a comparison to historical and budgeted operating statements. The stabilized figures are based upon prospective stabilized cash flow as of November 1, 2021, after the vacant space is absorbed to a stabilized level and all associated leasing costs have been incurred (i.e. stabilized economically and physically).

VACANCY & CREDIT LOSS

The market and submarket occupancy were previously discussed in the market analysis. For the long-term stabilized operation of the subject property, a deduction is necessary to reflect losses in income due to the periodic presence of un-leased space and the occasional inability to collect scheduled rents from certain tenants. The vacancy allowance is associated with tenant turnover and downtime when a space rolls. Based on vacancy trends at the subject property and in the immediate office market, and considering the underwriting criteria of investors in the marketplace, we projected a stabilized vacancy and collection loss of 10.0%. Due to the creditworthiness of the government tenants, they have been excluded from this deduction.

PARKING INCOME

Parking income is supplemental to that derived from standard rent and includes collections from the subject's 538 parking stalls located in the subject parking garage. As noted in the operating statement, parking revenue averaged \$52,264/month in FY 2019, and has averaged \$55,139/month to date in FY 2020. Based upon current occupancy of 77.3%, this equates to approximately \$130/month/stall, which is similar to contract rates and market. We estimate that stabilized monthly income will continue at a rate of \$55,139/month in Year 1, stabilizing at \$71,330/month in Year 3. Note that parking revenue is modeled subject to the 10% vacancy and credit loss factor. The subject's effective parking income is detailed as follows:

PARKING INCOME		
Year	Total	\$/SF
FY 2019 (7/18-6/19)	\$627,168	\$4.07
FY 2020 Annualized*	\$661,664	\$4.30
CBRE Year 1 Estimate	\$660,000	\$4.29
CBRE Stabilized Year 3	\$850,000	\$5.52
Compiled by CBRE		

STORAGE INCOME

Storage income is derived from tenant use of the storage areas at the subject.

STORAGE INCOME		
Year	Total	\$/SF
FY 2019 (7/18-6/19)	\$15,975	\$0.10
FY 2020 Annualized*	\$27,144	\$0.18
FY 2020 Budget	\$15,372	\$0.10
CBRE Year 1 Estimate	\$15,546	\$0.10
CBRE Stabilized Year 3	\$21,014	\$0.14
Compiled by CBRE		

We note our 'as is' pro-forma is similar to the full years' operations (FY 2019 and Budget 2020), as the 3-month annualized figure appears to be elevated possibly due to some pre-paid rent or late rent payment from the prior fiscal year. Stabilized amounts represent a stabilized income stream as of November 2021.

MISCELLANEOUS REVENUE

Other income is supplemental to that derived from leasing of the improvements. This includes categories such as use fees for the building's amenity conference rooms, forfeited deposits, antennae income, late charges, after hour utility charges, et cetera. The subject's income is detailed as follows:

MISCELLANEOUS REVENUE		
Year	Total	\$/SF
FY 2019 (7/18-6/19)	\$7,028	\$0.05
FY 2020 Annualized*	\$16,108	\$0.10
FY 2020 Budget	\$4,128	\$0.03
CBRE Year 1 Estimate	\$8,887	\$0.06
CBRE Stabilized Year 3	\$10,558	\$0.07
Compiled by CBRE		

We note our Year 1 pro-forma is within the historical range. Stabilized amounts reflect this revenue stream stepping up as the property stabilizes.

EXPENSE REIMBURSEMENTS

The subject's office leases are typically based on a gross structure whereby the tenant does not reimburse any expenses. This is consistent with office leasing in the market. The one retail space is modeled with a triple net recovery structure, whereby the tenant will be responsible for their pro rata share of all operating expenses, real estate taxes, insurance and management fee.

EFFECTIVE GROSS INCOME

The subject's effective gross income is detailed as follows:

EFFECTIVE GROSS INCOME		
Year	Total	% Change
FY 2019 (7/18-6/19)	\$3,088,963	
FY 2020 Annualized*	\$3,143,612	2%
FY 2020 Budget	\$2,449,932	-22%
CBRE Year 1 Estimate	\$3,109,938	-1%
CBRE Stabilized Year 3	\$4,137,633	33%
Compiled by CBRE		

Note that the owner's 2020 budget does not include a projection for parking revenue; thus this total is understated. Overall, our Year 1 projection is in line with historical operations.

OPERATING EXPENSE ANALYSIS

Expense Comparables

The following chart summarizes expenses obtained from comparable properties.

EXPENSE COMPARABLES					
Comparable Number	1	2	3	4	Subject
Location	Puget Sound	Puget Sound	Puget Sound	Puget Sound	Tacoma, WA
NRA (SF)	50,000-100,000	50,000-100,000	150,000-200,000	+ -50,000	153,951
Year Built	1980-1990	1980-1990	1980-1990	1960-1970	1920 / 2001
Type	Office	Office	Office	Office	
Period	2019 Annualized	2019 Budget	2019	2020 Budget	Pro Forma
Revenues	\$/SF	\$/SF	\$/SF	\$/SF	\$/SF
Effective Gross Income	\$28.75	\$30.38	\$21.67	\$16.95	\$26.88
Expenses					
Real Estate Taxes	\$3.05	\$2.64	\$1.78	\$1.09	\$0.00
Property Insurance	0.78	0.89	0.07	0.34	0.55
Utilities	2.15	1.89	2.47	1.06	1.51
General Operating	1.41	0.37	0.78	0.14	0.45
Repairs & Maintenance	2.77	2.05	1.48	1.19	2.07
Other Contract Services	0.36	0.14	0.64	0.87	3.79
Janitorial	1.69	0.80	1.27	1.71	1.58
Management Fee ¹	0.85	0.91	0.54	0.57	0.81
Operating Expenses	13.06	9.69	9.03	6.97	\$10.76
Operating Expense Ratio	45.4%	31.9%	41.7%	41.1%	40.0%
¹ (Mgmt. typically analyzed as a % of EGI)	3.0%	3.0%	2.5%	3.4%	3.0%
² The median total differs from the sum of the individual amounts.					

Compiled by CBRE

A discussion of each expense category is presented on the following pages.

Real Estate Taxes

The comparable data and projections for the subject are summarized as follows:

REAL ESTATE TAXES		
Year	Total	\$/SF
FY 2019 (7/18-6/19)	\$0	\$0.00
FY 2020 Annualized*	\$0	\$0.00
FY 2020 Budget	\$0	\$0.00
Expense Comparable 1		\$3.05
Expense Comparable 2		\$2.64
Expense Comparable 3		\$1.78
Expense Comparable 4		\$1.09
CBRE Year 1 Estimate	\$0	\$0.00
CBRE Stabilized Year 3	\$30	\$0.00
Compiled by CBRE		

As noted in the tax section the subject property is exempt from real estate taxes. Due to the tenancy profile being predominantly government tenants, we assume this will continue going forward. If Pierce County changes their policy toward the subject property, our value estimate could be materially impacted.

Property Insurance

Property insurance expenses typically include fire and extended coverage and owner's liability coverage. The comparable data and projections for the subject are summarized as follows:

PROPERTY INSURANCE		
Year	Total	\$/SF
FY 2019 (7/18-6/19)	\$70,128	\$0.46
FY 2020 Annualized*	\$81,824	\$0.53
FY 2020 Budget	\$73,341	\$0.48
Expense Comparable 1		\$0.78
Expense Comparable 2		\$0.89
Expense Comparable 3		\$0.07
Expense Comparable 4		\$0.34
CBRE Year 1 Estimate	\$80,000	\$0.52
CBRE Stabilized Year 3	\$84,872	\$0.55
Compiled by CBRE		

The expense comparables and historical operations bracket this expense estimate; however, insurance is generally property specific such that comparables warrant limited emphasis.

Utilities

Utilities expenses typically include electricity, natural gas, water, sewer and trash removal. The comparable data and projections for the subject are summarized as follows:

UTILITIES		
Year	Total	\$/SF
FY 2019 (7/18-6/19)	\$212,531	\$1.38
FY 2020 Annualized*	\$177,912	\$1.16
FY 2020 Budget	\$198,241	\$1.29
Expense Comparable 1		\$2.15
Expense Comparable 2		\$1.89
Expense Comparable 3		\$2.47
Expense Comparable 4		\$1.06
CBRE Year 1 Estimate	\$207,752	\$1.35
CBRE Stabilized Year 3	\$232,838	\$1.51
Compiled by CBRE		

Our estimate takes into account that this expense fluctuates with occupancy and is at the upper point of the historical amounts, as the vacant space is absorbed this variable expense increases. Our estimates are similar to other properties operating in the area and generally supported by the available historical data.

General Operating

General operating expenses typically include all payroll and payroll related items for all directly-employed administrative personnel such as building managers, secretaries, and bookkeepers. Leasing personnel are not included nor are the salaries or fees for off-site management firm personnel and services. This expense category also typically includes administrative expenses such as legal costs pertaining to the operation of the building, telephone, supplies, furniture, temporary help, etc. The comparable data and projections for the subject are summarized as follows:

GENERAL OPERATING		
Year	Total	\$/SF
FY 2019 (7/18-6/19)	\$76,207	\$0.50
FY 2020 Annualized*	\$55,920	\$0.36
FY 2020 Budget	\$69,838	\$0.45
Expense Comparable 1	N/A	\$1.41
Expense Comparable 2	N/A	\$0.37
Expense Comparable 3	N/A	\$0.78
Expense Comparable 4	N/A	\$0.14
CBRE Year 1 Estimate	\$65,000	\$0.42
CBRE Stabilized Year 3	\$68,959	\$0.45
Compiled by CBRE		

The subject's actual expenses and buyer's pro forma are consistent within the low portion of the expense comparable range and we have therefore concluded the subject's pro forma estimate consistent with the available historical and budgeted financial data and supported by other properties operating in the area.

Repairs & Maintenance

Repairs and maintenance expenses typically include all payroll and payroll related items for all directly employed maintenance personnel. This expense category also typically includes all outside maintenance service contracts and the cost of maintenance and repairs supplies. The comparable data and projections for the subject are summarized as follows:

REPAIRS & MAINTENANCE		
Year	Total	\$/SF
FY 2019 (7/18-6/19)	\$460,124	\$2.99
FY 2020 Annualized*	\$387,044	\$2.51
FY 2020 Budget	\$222,620	\$1.45
Expense Comparable 1	N/A	\$2.77
Expense Comparable 2	N/A	\$2.05
Expense Comparable 3	N/A	\$1.48
Expense Comparable 4	N/A	\$1.19
CBRE Year 1 Estimate	\$300,000	\$1.95
CBRE Stabilized Year 3	\$318,270	\$2.07

Compiled by CBRE

Our conclusion falls within the historical indications and comparable data. It is also consistent with the assumption that the capital expenditures will result in systems which operate in a more efficient manner and replacement of components that have historically been maintenance burdens.

Other Contract Services

This category includes landscaping and security expenses, service contracts associated with the parking facility and all other outside service providers. As the owner's statements combine all of these, we are not able to segregate the individual components. The comparable data and projections for the subject are summarized as follows:

OTHER CONTRACT SERVICES		
Year	Total	\$/SF
FY 2019 (7/18-6/19)	\$866,926	\$5.63
FY 2020 Annualized*	\$744,156	\$4.83
FY 2020 Budget	\$980,583	\$6.37
Expense Comparable 1	N/A	\$0.36
Expense Comparable 2	N/A	\$0.14
Expense Comparable 3	N/A	\$0.64
Expense Comparable 4	N/A	\$0.87
CBRE Year 1 Estimate	\$550,000	\$3.57
CBRE Stabilized Year 3	\$583,495	\$3.79

Compiled by CBRE

The subject's historical amounts also include janitorial contracts, which we have segregated into its own line item. Therefore, our projection appears to be below the recent historicals, but is in-line when considering both line items. Note that this expense category includes expenses associated with the garage, and the comparables are not operating major parking facilities like the subject. Therefore, the subject's actual and projected expense levels are above the comparables.

Janitorial

Janitorial expenses typically include the outside service contract for cleaning. The comparable data and projections for the subject are summarized as follows:

JANITORIAL		
Year	Total	\$/SF
FY 2019 (7/18-6/19)	\$0	\$0.00
FY 2020 Annualized*	\$0	\$0.00
FY 2020 Budget	\$0	\$0.00
Expense Comparable 1	N/A	\$1.69
Expense Comparable 2	N/A	\$0.80
Expense Comparable 3	N/A	\$1.27
Expense Comparable 4	N/A	\$1.71
CBRE Year 1 Estimate	\$205,215	\$1.33
CBRE Stabilized Year 3	\$243,815	\$1.58
Compiled by CBRE		

As previously noted, janitorial and cleaning costs have historically been categorized in the Other Contract Services classification. Our estimate segregates this expense and takes into account that this expense fluctuates with occupancy. Our estimates similar to other properties operating in the area.

Management Fee

Management expenses are typically negotiated as a percentage of collected revenues (i.e., effective gross income). The comparable data and projections for the subject are summarized as follows:

MANAGEMENT FEE		
Year	Total	% EGI
Expense Comparable 1		3.0%
Expense Comparable 2		3.0%
Expense Comparable 3		2.5%
Expense Comparable 4		3.4%
CBRE Year 1 Estimate	\$93,298	3.0%
CBRE Stabilized Year 3	\$124,129	3.0%
Compiled by CBRE		

Professional management fees in the local market range from 1.5% to 4.0% for comparable properties. Historically, the subject has been owner-managed. As a typical investor would underwrite an asset of this size and complexity with the assumption of being professionally managed, we believe an appropriate management expense for the subject would be towards the middle end of the range at 3.0%, above historical indicators.

Reserves for Replacement

Investors in properties of the subject size may establish a reserve fund (or consider the cost as an accounting measure) for replacing building components with a shorter physical life than the economic life of the property. These items include the roof, HVAC systems, plumbing systems, electrical systems, parking lot resurfacing, etc. It is customary and prudent to deduct an annual sum to establish a reserve fund to replace short-lived items throughout the project's life. This expense attempts to stabilize periodic capital expenditures made throughout a typical holding period, as it is recognized that most property owners and managers do not actually set up a reserves sinking fund, but rather expend monies out of cash flow during the years requiring the capital expenditures.

Typically, depending on age, quality, and condition, replacement reserves are estimated at \$0.05 to \$0.40/SF for office buildings. We have modeled \$0.25 per square foot based upon the age and size of the building. We included this amount within our Discounted Cash Flow, but excluded this expense as an above-the-line expense item in our Direct Capitalization Approach, which is consistent with other properties operating in the area and industry standards.

OPERATING EXPENSE CONCLUSION

The comparable data and projections for the subject are summarized as follows:

OPERATING EXPENSES		
Year	Total	\$/SF
FY 2019 (7/18-6/19)	\$1,685,916	\$10.95
FY 2020 Annualized*	\$1,446,856	\$9.40
FY 2020 Budget	\$1,544,623	\$10.03
Expense Comparable 1		\$13.06
Expense Comparable 2		\$9.69
Expense Comparable 3		\$9.03
Expense Comparable 4		\$6.97
CBRE Year 1 Estimate	\$1,501,265	\$9.75
CBRE Stabilized Year 3	\$1,656,377	\$10.76
Compiled by CBRE		

As noted in the individual expense category discussions, the subject's per square foot operating expense pro forma is supported by the comparables as well as the actual operating history trend indicated above.

NET OPERATING INCOME CONCLUSION

The comparable data and projections for the subject are summarized as follows:

NET OPERATING INCOME		
Year	Total	\$/SF
FY 2019 (7/18-6/19)	\$1,403,047	\$9.11
FY 2020 Annualized*	\$1,696,756	\$11.02
FY 2020 Budget	\$905,309	\$5.88
CBRE Year 1 Estimate	\$1,608,673	\$10.45
CBRE Stabilized Year 3	\$2,481,256	\$16.12
Compiled by CBRE		

As previously noted, the owner's 2020 budget does not include a projection for parking revenue; thus the budgeted NOI is understated. Overall, our Year 1 projection is in line with historical operations.

DIRECT CAPITALIZATION

Direct capitalization is a method used to convert a single year's estimated stabilized net operating income into a value indication. The following subsections represent different techniques for deriving an overall capitalization rate.

Comparable Sales

The overall capitalization rates (OARs) confirmed for the comparable sales analyzed in the sales comparison approach are as follows:

COMPARABLE CAPITALIZATION RATES					
Sale	Sale Date	Sale Price \$/SF	Occupancy	Buyer's Primary Analysis	OAR
1	Oct-19	\$155.79	100%	Pro Forma (Stabilized)	6.41%
2	Aug-19	\$178.55	98%	Pro Forma (Stabilized)	7.08%
3	Jun-19	\$258.45	100%	Pro Forma (Stabilized)	6.90%
4	Oct-18	\$128.17	81%	Pro Forma (Stabilized)	7.33%
5	Mar-18	\$122.55	96%	Trailing Actuals	7.95%
6	Dec-16	\$81.59	80%	Pro Forma (Stabilized)	8.92%
Indicated OAR:			94%		6.41%-8.92%
Compiled by: CBRE					

The financial information and overall capitalization rates were available for all of the sales, and they were derived based upon the actual and pro forma income characteristics of the property. As noted in the table and in the sales comparison approach, these have all transpired in the last three years and provide a reasonably good insight into investor requirements in the marketplace. The primary factors influencing capitalization rates are location, age/condition, tenant quality, occupancy rates, the relationship between contract and market rents, and the perceived risk in the property and income stream.

Comparable 1 is a smaller multi-building flex property that is fully leased. Comparable 2 is a good-quality suburban office property that is stabilized and predominantly occupied by creditworthy national tenants, and it is considered a low indication due to its superior investment risk profile. Comparable 3 is also a low indicator at 6.9% as it is a medical office building an asset class that tends to be underwritten more aggressively. Comparable 4 is a Class B office building in Tacoma that sold at a below-stabilized occupancy level; thus a slightly higher capitalization rate would be expected for the subject. Comparable 5 is a suburban business park that was stabilized at sale. Comparable 6 is an older sale of a property located in the Tacoma CBD, like the subject. Overall, its tenant base is inferior to the subject's relative to credit, and this building does not have any parking. This is considered a high indication for the subject.

Based on these data points, a rate toward the mid-to-upper end of the range would be expected if the subject were presently stabilized.

Published Investor Surveys

The results of the most recent investor surveys are summarized in the following chart.

OVERALL CAPITALIZATION RATES		
Investment Type	OAR Range	Average
<i>CBRE Urban Office</i>		
Class B	6.18% - 8.25%	6.94%
Class C	7.88% - 9.76%	8.68%
<i>PwC Real Estate Investor Survey (3Q19)</i>		
National CBD Office	3.75% - 7.50%	5.52%
Pacific Northwest Office	4.00% - 8.00%	5.69%
Indicated OAR:		7.00%-8.00%
Compiled by: CBRE		

The subject is best identified as a small office property located in Downtown Seattle. The PwC Real Estate Investor Survey for office buildings indicates a range from 3.75% to 8.00%. Due to the subject's location, condition, current market conditions, and tenancy, an OAR near the midpoint of the range indicated in the preceding table is considered appropriate.

Market Participants

We have discussed capitalization rates a number of participants active in the local investment market (including brokers, investment managers, analysts and ownership representatives). The subject is an office building in an urban location that would most likely attract the attention of regional and local investors. We discussed the subject's position within the local area with market participants. Stabilized overall capitalization rate expectations currently range from high-6.0 to high 8.0 range in Tacoma based on the most comparable transactions, and those active in the market believe that this data set is highly supportive of the manner in which the subject would be

underwritten by the most likely buyers. Overall, the subject would generally be viewed favorably as an investment due to its creditworthy tenant base and its physical characteristics.

Capitalization Rate Conclusion

The following chart summarizes the OAR conclusions.

OVERALL CAPITALIZATION RATE - CONCLUSION	
<u>Source</u>	<u>Indicated OAR</u>
Comparable Sales	6.41%-8.92%
Comparable Sales (Most Similar)	7.33%-8.92%
Published Surveys	7.00%-8.00%
Market Participants	6.75%-8.75%
CBRE Estimate	7.75%
Compiled by: CBRE	

For investments of the subject's size and price, we believe that data derived from recent local market transactions most clearly reflects current market parameters. In this analysis, sufficient recent sales data was available. National Survey data has limited direct application for the subject property; however, it helps establish general macro trends for this type of investment property.

Cost to Achieve Stabilized Operations

The income and expense estimates employed for this approach are reflective of the subject property operating at a stabilized level. A stabilized occupancy for the subject has been estimated to be 90.0% while the subject is currently operating at 77.3%. As the subject is currently below a stabilized occupancy position, an adjustment is warranted to account for stabilization costs. These include: rent loss, expense carry, leasing commissions, free rent, other capital expenditures associated with the renovation and tenant improvements. Also inherent in the lease-up cost is the inclusion of an entrepreneurial profit to compensate an investor for taking on the risks of investing in a property with vacancy.

The lease-up cost associated with bringing the subject property to stabilized occupancy represents the difference between the values reflected in the discounted cash flow models "As Is" and "As Stabilized" as presented in the Income Capitalization Approach section of the report. The As Is discounted cash flow reflected a value of \$23,700,325 and the As Stabilized discounted cash flow reflected a value of \$32,116,318. The entrepreneurial profit is included, as it represents the difference between the discount rates in the As Is cash flow and the As Stabilized cash flow. In the As Is analysis the discount rate was 9.75 percent, and in the As Stabilized analysis the discount rate was 9.25 percent. Therefore, the total deduction required from the As Stabilized value to arrive at the As Is value is (\$8,400,000).

DIRECT CAPITALIZATION SUMMARY

A summary of the direct capitalization is illustrated in the following chart.

DIRECT CAPITALIZATION SUMMARY		
	Stabilized (Year 3)	
	\$/SF/Yr	Total
Income		
Potential Rental Income	\$22.08	\$3,398,883
Parking Income	5.52	850,000
Storage Income	0.14	21,014
Miscellaneous Revenue	0.07	10,558
Expense Reimbursement	0.00	39,840
Potential Gross Income	\$28.06	4,320,295
LESS: Vacancy & Collection Loss	(\$1.19)	(182,662)
Effective Gross Income	\$26.88	\$4,137,633
Expenses		
Real Estate Taxes	\$0.00	\$0
Property Insurance	0.55	84,872
Utilities	1.51	232,838
General Operating	0.45	68,959
Repairs & Maintenance	2.07	318,270
Other Contract Services	3.79	583,495
Janitorial	1.58	243,814
Management Fee	0.81	124,129
	3.00%	
Operating Expenses	\$10.76	\$1,656,377
Operating Expense Ratio		38.34%
Net Operating Income	\$16.12	2,481,256
OAR	÷	7.75%
Indicated Value Upon Stabilization		\$32,016,207
Rounded		\$32,000,000
Stabilization Costs		(8,400,000)
Indicated As Is Value		\$23,616,207
Rounded		\$23,600,000
Value Per SF		\$153.30
Compiled by CBRE		

DISCOUNTED CASH FLOW ANALYSIS (DCF)

The DCF assumptions for the subject are summarized as follows:

SUMMARY OF DISCOUNTED CASH FLOW ASSUMPTIONS						
General						
Start Date	Nov-19					
Hold Period	10 Years					
Basis	Fiscal					
Software	Argus Enterprise					
Growth Rates						
Growth Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6+
General Inflation Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Market Inflation Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expense Inflation Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Market Leasing Assumptions						
Leasing Category	Market Rent	Lease Term (Months)	Recovery Structure	Escalations	Concessions New (Months)	Concessions Renewal (Months)
Office	\$22.50	60	None	3% Annual	3	0
Retail	\$15.00	60	Net	3% Annual	3	0
Amenity	\$10.00	60	None	3% Annual	3	0
Leasing Category	Tl's New (SF/Yr)	Tl's Renewal (SF/Yr)	Downtime (Months)	Commission New	Commission Renewal	Renewal Probability
Office	\$25.00	\$5.00	9	6.00%	3.00%	75%
#REF!	\$25.00	\$5.00	9	6.00%	3.00%	75%
Retail	\$25.00	\$5.00	9	6.00%	3.00%	75%
Amenity	\$25.00	\$5.00	0	6.00%	3.00%	100%
Economic Assumptions						
Stabilized Operating Expenses (\$/SF/Yr.)	\$10.76					
Current Occupancy	77.26%					
Stabilized Occupancy	91.00%					
Credit Loss	1.00%					
Stabilized Occupancy (w/Credit Loss)	90.00%					
Estimated Absorption Period	6 Months					
Financial						
	Rate					
Discount Rate (As-Is)	9.75%					
Discount Rate (Upon Stabilization)	7.50%					
Terminal Capitalization Rate	8.25%					
Cost of Sale	4.00%					
Year 1 Capital Expenditures	\$5,152,090					
Compiled by CBRE						

Provided on the following pages is a discussion of additional assumptions used in the discounted cash flow analysis.

General Assumptions

The DCF analysis utilizes a 10-year projection period (as-is). Due to significant year 11 rollover in the stabilized cash flow, it has been extended it to an 11-year hold with a year 12 reversion. This is consistent with current investor assumptions.

Growth Rate Assumptions

Published investor surveys are shown below.

SUMMARY OF GROWTH RATES			
Investment Type	Rent	Expenses	Inflation
U.S. Bureau of Labor Statistics (CPI-U) 10-Year Snapshot Average as of Oct-19			1.76%
<i>PwC CBD Office</i>	2.57%	2.79%	
<i>PwC Seattle Office</i>	3.07%	2.96%	
<i>PwC Pacific NW Office</i>	2.79%	2.96%	
CBRE Estimate	3.00%	3.00%	3.00%
Compiled by: CBRE			

For our market rent estimates, we have placed primary emphasis on the local indicators from the CBRE EA Rent Growth and PwC investor survey data.

Leasing Assumptions

The contract lease terms for the existing tenants are utilized within the DCF analysis, with market leasing assumptions applied for renewals and absorption tenants. All subsequent years vary according to the growth rate assumptions applied to the Year 1 estimate.

LEASING COMMISSIONS

The following table presents the leasing commissions quoted for the subject, those prevalent in the market as derived through the comparable properties, and our pro forma estimate. In estimating the market rate for leasing commissions, primary emphasis has been placed on market estimates.

LEASING COMMISSIONS	
Rent Comparables and/or Broker Data	
New Tenants	5.0% - 6.0%
Renewals	2.5% - 3.0%
CBRE Estimate	
New Tenants	6.00%
Renewals	3.00%
Compiled by CBRE	

RENEWAL PROBABILITY

The renewal probability incorporated within the market leasing assumptions has been estimated at 70%. This rate is considered reasonable based on the rent comparable data, a survey of market participants and the subject.

DOWNTIME BETWEEN LEASES

The downtime estimate at lease rollover incorporated within the market leasing assumptions has been estimated at 9 months. This rate is considered reasonable based on the rent comparable data, a survey of market participants and actual leasing at the subject.

The market leasing assumptions incorporate no downtime at lease rollover. This factor is accounted for in the vacancy and collection loss estimate.

Specific Tenant Assumptions

Financial Assumptions

DISCOUNT RATE ANALYSIS

The results of the most recent investor surveys are summarized in the following chart.

DISCOUNT RATES		
Investment Type	Rate Range	Average
<i>RealtyRates.com</i>		
Office	6.05% - 13.46%	10.35%
CBD Office	6.05% - 12.37%	9.76%
Suburban	6.89% - 13.46%	10.51%
-		
<i>PwC CBD Office</i>		
National CBD Office	5.25% - 10.00%	6.86%
Pacific Northwest Office	5.75% - 10.00%	7.25%
CBRE Estimate (As-Is)		9.75%
Compiled by: CBRE		

PwC surveys indicated averages from 5.25% - 10.00%. Given the subject's Tacoma location and its age/condition, a discount rate near the middle upper end of the range at 9.25% is considered warranted as stabilized. For the 'as is' scenario we have increased the discount rate 50 basis points to account for the increased risk to the income stream of outstanding leasing and capital costs and the risk associated with 65% rollover in the first two years of the hold. This is considered appropriate and how market participants are underwriting and pricing similar assets and transactions in the market place. We note even though Tacoma could be classified as 'CBD' by virtue of the physical appearance of the neighborhood, its investment profile and historical investment rates achieved have been more in line with suburban rates in this market. This is why we also present more suburban orientated indicators.

TERMINAL CAPITALIZATION RATE

The reversionary value of the subject is based on an assumed sale at the end of the holding period based on capitalizing the reversion year NOI at a terminal capitalization rate. Typically, for properties similar to the subject property, terminal capitalization rates are 0 to 100 basis points higher than going-in capitalization rates (OARs) to reflect the fact that the improvements will have aged over the course of the holding period, and to account for any unexpected market or property-level risks that could affect the reversion year. We would expect the terminal capitalization rate to be above the going in rate in line with this reasoning. It is noted that the reversionary year reflects a stabilized occupancy level.

TERMINAL CAPITALIZATION RATES		
Investment Type	Rate Range	Average
<i>PwC National CBD Office</i>		
National Data - OAR	3.75% - 7.50%	5.52%
National Data - Residual OAR	5.00% - 7.50%	5.91%
Spread: Basis Points (BP)	125 - 0	39
<i>PwC Pacific Northwest Office</i>		
National Data - OAR	4.00% - 8.00%	5.69%
National Data - Residual OAR	5.00% - 9.00%	6.28%
Spread: Basis Points (BP)	100 - 100	59
<i>PwC Seattle Office</i>		
National Data - OAR	4.00% - 8.00%	5.58%
National Data - Residual OAR	5.00% - 9.00%	6.17%
Spread: Basis Points (BP)	100 - 100	59
Concluded BP Spread		50
CBRE Estimate		8.25%
Compiled by: CBRE		

COST OF SALE

In April 2019, Washington State Legislature passed a bill that increases the amount of Real Estate Excise Tax (REER) paid by sellers of real property in Washington. This new tax law will replace the current flat tax rate of 1.28% with a graduated tax rate, and will be effective as of January 2020, with the selling price thresholds set to be reestablished in July 2022 and effective in January 2023. The new state tax rate is as shown below:

- 1.1% of the selling price equal to or less than \$500,000;
- 1.28% of the selling price between \$500,001 and \$1,500,000;
- 2.75% of the selling price between \$1,500,001 and \$3,000,000;
- 3.0% of the selling price over \$3,000,000.

Assuming the graduated scale remains in effect until the reversion year, this will result in an increased cost of sale above historic levels. To date, based on conversations with brokers and investors, we have not seen evidence of buyers making drastic changes to their underwriting. However, given the additional costs associated with the excise tax for properties of the subject's size, we have applied a deduction of 4.00% for a costs of sale (inclusive of excise tax, brokerage commission and other closing costs).

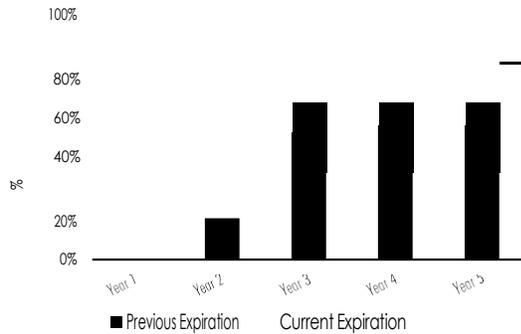
Discounted Cash Flow Conclusion

The DCF schedule(s) and value conclusions are depicted on the following page(s).

FINANCIAL SUMMARY

Property Name:	Rhodes Center Complex	Product Type:	Office - Multi Tenant
Property Address:	950 Broadway	Year Built/Renovated:	1920 / 2001
Interest Appraised:	Leased Fee Interest	Stories:	4
Effective Date:	November 15, 2019	Parking Ratio:	3.49/1000 SF
NRA:	153,951 SF	Land Area (acres):	2.12

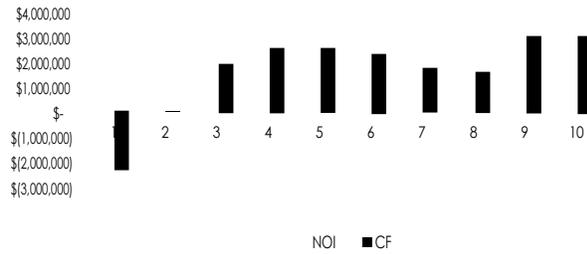
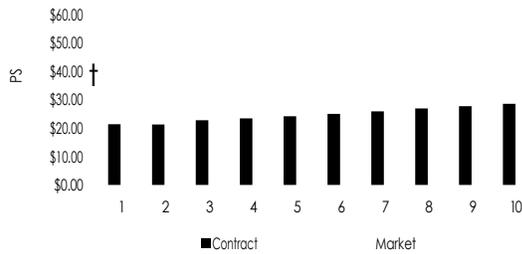
Cumulative Lease Expiration Profile



Top Tenants

Tenant	Size (GLA) SF	% of Base Rent	Exp.
Court of Appeals	27,269	25.9%	6/30/2020
Dept of Labor & Industries	29,188	25.7%	6/30/2021
Pierce County Assigned Counsel	24,165	18.6%	6/30/2021
Office of Admin Hearings	11,256	9.9%	8/31/2024
GSA-Census	6,600	7.7%	3/11/2021

Occupancy Rate: 77.26%
 Avg. Remaining Lease Term: 1.7 Years



Year 1 Contract Rent	\$21.47	Year 1 NOI	\$1,608,673
Year 1 Market Rent	\$43.71	Year 1 CF	(\$2,386,214)

Final Value Conclusion	\$23,700,000
Value PSF	\$153.95
Investment Parameters	
IRR (As-Is)	9.75%
Terminal Cap Rate	8.25%
Direct Cap Rate (Yr. 1)	6.79%

Income Yields	NOI	CF
Year 1	6.79%	-10.07%
Years 1-5	9.46%	4.08%
Years 6-10	12.38%	10.21%

Source: CBRE

CBRE

Rhodes Center Complex

For the Years Ending	Year 1 Oct-20	Year 2 Oct-21	Year 3 Oct-22	Year 4 Oct-23	Year 5 Oct-24	Year 6 Oct-25	Year 7 Oct-26	Year 8 Oct-27	Year 9 Oct-28	Year 10 Oct-29	Year 11 Oct-30
Rental Revenue											
Potential Base Rent	\$3,279,562	\$3,282,398	\$3,513,289	\$3,619,443	\$3,732,635	\$3,862,461	\$3,997,650	\$4,156,011	\$4,281,848	\$4,410,303	\$4,541,852
Absorption & Turnover Vacancy	-\$743,614	-\$603,939	-\$35,264		-\$47,335	-\$185,855	-\$349,126	-\$85,171		-\$25,345	-\$77,168
Free Rent	-\$101,422	-\$189,812	-\$79,142		-\$8,199	-\$26,568	-\$84,262	-\$134,405	-\$1,500	-\$9,504	-\$27,076
Scheduled Base Rent	\$2,434,527	\$2,488,647	\$3,398,883	\$3,619,443	\$3,677,102	\$3,650,039	\$3,564,262	\$3,936,434	\$4,280,348	\$4,375,454	\$4,437,608
Total Rental Revenue	\$2,434,527	\$2,488,647	\$3,398,883	\$3,619,443	\$3,677,102	\$3,650,039	\$3,564,262	\$3,936,434	\$4,280,348	\$4,375,454	\$4,437,608
Other Tenant Revenue											
Expense Recoveries		\$38,155	\$39,840	\$41,119	\$42,333	\$43,521	\$37,256	\$46,203	\$47,728	\$49,156	\$50,598
Total Other Tenant Revenue		\$38,155	\$39,840	\$41,119	\$42,333	\$43,521	\$37,256	\$46,203	\$47,728	\$49,156	\$50,598
Total Tenant Revenue	\$2,434,527	\$2,526,802	\$3,438,723	\$3,660,561	\$3,719,435	\$3,693,559	\$3,601,518	\$3,982,637	\$4,328,076	\$4,424,610	\$4,488,206
Other Revenue											
Other Income	\$8,887	\$9,428	\$10,558	\$10,927	\$11,187	\$11,324	\$11,429	\$12,176	\$12,668	\$13,011	\$13,328
Storage Income	\$15,546	\$17,113	\$21,014	\$21,855	\$22,237	\$22,112	\$21,833	\$24,106	\$25,335	\$25,949	\$26,433
Parking Garage Revenue	\$660,000	\$750,000	\$850,000	\$875,500	\$901,765	\$928,818	\$956,682	\$985,383	\$1,014,944	\$1,045,393	\$1,076,755
Total Other Revenue	\$684,433	\$776,541	\$881,572	\$908,282	\$935,189	\$962,255	\$989,944	\$1,021,664	\$1,052,948	\$1,084,353	\$1,116,515
Potential Gross Revenue	\$3,118,960	\$3,303,343	\$4,320,295	\$4,568,843	\$4,654,623	\$4,655,814	\$4,591,463	\$5,004,302	\$5,381,023	\$5,508,963	\$5,604,721
Vacancy & Credit Loss											
Vacancy Allowance			-\$164,396	-\$171,892	-\$152,973	-\$132,929	-\$98,575	-\$161,420	-\$199,935	-\$177,574	-\$159,761
Credit Loss	-\$9,022	-\$13,537	-\$18,266	-\$19,099	-\$19,426	-\$19,727	-\$19,755	-\$21,166	-\$22,215	-\$22,547	-\$22,946
Total Vacancy and Credit Loss	-\$9,022	-\$13,537	-\$182,662	-\$190,991	-\$172,400	-\$152,656	-\$118,330	-\$182,586	-\$222,150	-\$200,120	-\$182,707
Effective Gross Revenue	\$3,109,938	\$3,289,807	\$4,137,633	\$4,377,852	\$4,482,224	\$4,503,158	\$4,473,133	\$4,821,716	\$5,158,873	\$5,308,843	\$5,422,014
Operating Expenses											
Property Insurance	\$80,000	\$82,400	\$84,872	\$87,418	\$90,041	\$92,742	\$95,524	\$98,390	\$101,342	\$104,382	\$107,513
Utilities	\$207,752	\$217,011	\$232,838	\$240,400	\$246,860	\$252,089	\$257,060	\$267,689	\$276,648	\$286,648	\$294,436
General Operating	\$65,000	\$66,950	\$68,959	\$71,027	\$73,158	\$75,353	\$77,613	\$79,942	\$82,340	\$84,810	\$87,355
Repairs and Maintenance	\$300,000	\$309,000	\$318,270	\$327,818	\$337,653	\$347,782	\$358,216	\$368,962	\$380,031	\$391,432	\$403,175
Janitorial	\$205,215	\$217,723	\$243,814	\$252,340	\$258,332	\$261,512	\$263,917	\$281,171	\$292,531	\$300,462	\$307,774
Other Contract Svcs.	\$550,000	\$566,500	\$583,495	\$601,000	\$619,030	\$637,601	\$656,729	\$676,431	\$696,724	\$717,625	\$739,154
Management Fee	\$93,298	\$98,694	\$124,129	\$131,336	\$134,467	\$135,095	\$134,194	\$144,651	\$154,766	\$159,265	\$162,660
Total Operating Expenses	\$1,501,265	\$1,558,278	\$1,656,377	\$1,711,338	\$1,759,540	\$1,802,174	\$1,843,253	\$1,918,767	\$1,986,423	\$2,044,624	\$2,102,067
Net Operating Income	\$1,608,673	\$1,731,529	\$2,481,256	\$2,666,514	\$2,722,683	\$2,700,985	\$2,629,880	\$2,902,949	\$3,172,451	\$3,264,219	\$3,319,947
Leasing Costs											
Total Leasing Costs	\$939,098	\$1,670,812	\$464,561		\$77,609	\$246,605	\$790,477	\$1,200,236	\$13,142	\$81,720	\$228,506
Capital Expenditures											
Reserves for Replacement	\$38,488	\$39,642	\$40,832	\$42,057	\$43,318	\$44,618	\$45,956	\$47,335	\$48,755	\$50,218	\$51,724
Broadway Roof Replacement	\$921,000										
Elevator Modernization	\$2,096,301										
Total Capital Expenditures	\$3,055,789	\$39,642	\$40,832	\$42,057	\$43,318	\$44,618	\$45,956	\$47,335	\$48,755	\$50,218	\$51,724
Total Leasing & Capital Costs	\$3,994,887	\$1,710,454	\$505,392	\$42,057	\$120,927	\$291,223	\$836,433	\$1,247,571	\$61,897	\$131,938	\$280,230
Cash Flow Before Debt Service	-\$2,386,214	\$21,075	\$1,975,864	\$2,624,457	\$2,601,756	\$2,409,762	\$1,793,446	\$1,655,378	\$3,110,554	\$3,132,281	\$3,039,716
Total Operating Expense PSF/YR	\$9.75	\$10.12	\$10.76	\$11.12	\$11.43	\$11.71	\$11.97	\$12.46	\$12.90	\$13.28	\$13.65
Inferred Capitalization Rate	6.79%	7.31%	10.47%	11.25%	11.49%	11.40%	11.10%	12.25%	13.39%	13.77%	14.01%
Unleveraged Cash Flow Return	-10.07%	0.09%	8.34%	11.07%	10.98%	10.17%	7.57%	6.98%	13.12%	13.22%	12.83%

Reversion Summary

Terminal Capitalization Rate	8.25%
Adjusted Gross Reversionary Proceeds	\$40,241,777
Minus: Cost of Sale 4.00%	(\$1,609,671)
Net Reversion	\$38,632,106

Value Summary

Discount Rate	9.75%
Cash Flow PV	\$8,463,198
Reversion PV	\$15,237,127
As Is Market Value (Rounded)	\$23,700,000
Inferred First Year Cap Rate	6.79%



CBRE

Stabilized

Rhodes Center Complex For the Years Ending	Year 3 Oct-22	Year 4 Oct-23	Year 5 Oct-24	Year 6 Oct-25	Year 7 Oct-26	Year 8 Oct-27	Year 9 Oct-28	Year 10 Oct-29	Year 11 Oct-30	Year 12 Oct-31	Year 13 Oct-32	Year 14 Oct-33
Rental Revenue												
Potential Base Rent	\$3,513,289	\$3,619,443	\$3,732,635	\$3,862,461	\$3,997,650	\$4,156,011	\$4,281,848	\$4,410,303	\$4,541,852	\$4,677,580	\$4,813,932	\$4,945,569
Absorption & Turnover Vacancy	-\$35,264		-\$47,335	-\$185,855	-\$349,126	-\$85,171		-\$25,345	-\$77,168	-\$255,363	-\$426,047	-\$4,637
Free Rent	-\$79,142		-\$8,199	-\$26,568	-\$84,262	-\$134,405	-\$1,500	-\$9,504	-\$27,076	-\$93,839	-\$163,722	-\$1,739
Scheduled Base Rent	\$3,398,883	\$3,619,443	\$3,677,102	\$3,650,039	\$3,564,262	\$3,936,434	\$4,280,348	\$4,375,454	\$4,437,608	\$4,328,378	\$4,224,163	\$4,939,193
Total Rental Revenue	\$3,398,883	\$3,619,443	\$3,677,102	\$3,650,039	\$3,564,262	\$3,936,434	\$4,280,348	\$4,375,454	\$4,437,608	\$4,328,378	\$4,224,163	\$4,939,193
Other Tenant Revenue												
Expense Recoveries	\$39,840	\$41,119	\$42,333	\$43,521	\$37,256	\$46,203	\$47,728	\$49,156	\$50,598	\$43,305	\$53,320	\$55,317
Total Other Tenant Revenue	\$39,840	\$41,119	\$42,333	\$43,521	\$37,256	\$46,203	\$47,728	\$49,156	\$50,598	\$43,305	\$53,320	\$55,317
Total Tenant Revenue	\$3,438,723	\$3,660,561	\$3,719,435	\$3,693,559	\$3,601,518	\$3,982,637	\$4,328,076	\$4,424,610	\$4,488,206	\$4,371,683	\$4,277,483	\$4,994,510
Other Revenue												
Other Income	\$10,558	\$10,927	\$11,187	\$11,324	\$11,429	\$12,176	\$12,668	\$13,011	\$13,328	\$13,464	\$13,643	\$14,679
Storage Income	\$21,014	\$21,855	\$22,237	\$22,112	\$21,833	\$24,106	\$25,335	\$25,949	\$26,433	\$26,173	\$26,055	\$29,344
Parking Garage Revenue	\$850,000	\$875,500	\$901,765	\$928,818	\$956,682	\$985,383	\$1,014,944	\$1,045,393	\$1,076,755	\$1,109,057	\$1,142,329	\$1,176,599
Total Other Revenue	\$881,572	\$908,282	\$935,189	\$962,255	\$989,944	\$1,021,664	\$1,052,948	\$1,084,353	\$1,116,515	\$1,148,695	\$1,182,027	\$1,220,621
Potential Gross Revenue	\$4,320,295	\$4,568,843	\$4,654,623	\$4,655,814	\$4,591,463	\$5,004,302	\$5,381,023	\$5,508,963	\$5,604,721	\$5,520,378	\$5,459,510	\$6,215,131
Vacancy & Credit Loss												
Vacancy Allowance	-\$144,396	-\$171,892	-\$152,973	-\$132,929	-\$98,575	-\$161,420	-\$199,935	-\$177,574	-\$159,761	-\$120,351	-\$181,052	-\$226,679
Credit Loss	-\$18,266	-\$19,099	-\$19,426	-\$19,727	-\$19,755	-\$21,166	-\$22,215	-\$22,946	-\$22,946	-\$23,007	-\$24,421	-\$25,702
Total Vacancy and Credit Loss	-\$162,662	-\$190,991	-\$172,400	-\$152,656	-\$118,330	-\$182,586	-\$222,150	-\$200,120	-\$182,707	-\$143,358	-\$205,472	-\$252,381
Effective Gross Revenue	\$4,157,633	\$4,377,852	\$4,482,224	\$4,503,158	\$4,473,133	\$4,821,716	\$5,158,873	\$5,308,843	\$5,422,014	\$5,377,020	\$5,254,038	\$5,962,750
Operating Expenses												
Property Insurance	\$84,872	\$87,418	\$90,041	\$92,742	\$95,524	\$98,390	\$101,342	\$104,382	\$107,513	\$110,739	\$114,061	\$117,483
Utilities	\$232,838	\$240,400	\$246,860	\$252,089	\$257,060	\$269,220	\$278,689	\$286,648	\$294,436	\$300,375	\$306,903	\$323,004
General Operating	\$68,959	\$71,027	\$73,158	\$75,353	\$77,613	\$79,942	\$82,340	\$84,810	\$87,355	\$89,975	\$92,674	\$95,455
Repairs and Maintenance	\$318,270	\$327,818	\$337,653	\$347,782	\$358,216	\$368,962	\$380,031	\$391,432	\$403,175	\$415,270	\$427,728	\$440,560
Janitorial	\$243,814	\$252,340	\$258,332	\$261,512	\$263,917	\$281,171	\$292,531	\$300,462	\$307,774	\$310,931	\$315,044	\$338,969
Other Contract Svcs.	\$583,495	\$601,000	\$619,030	\$637,601	\$656,729	\$676,431	\$696,724	\$717,625	\$739,154	\$761,329	\$784,168	\$807,694
Management Fee	\$124,129	\$131,336	\$134,467	\$135,095	\$134,194	\$144,651	\$154,766	\$159,265	\$162,660	\$161,311	\$157,621	\$178,883
Total Operating Expenses	\$1,656,377	\$1,711,338	\$1,759,540	\$1,802,174	\$1,843,253	\$1,918,767	\$1,986,423	\$2,044,624	\$2,102,067	\$2,149,929	\$2,198,200	\$2,302,046
Net Operating Income	\$2,481,256	\$2,666,514	\$2,722,683	\$2,700,985	\$2,629,880	\$2,902,949	\$3,172,451	\$3,264,219	\$3,319,947	\$3,227,091	\$3,055,838	\$3,660,704
Leasing Costs												
Total Leasing Costs	\$464,561		\$77,609	\$246,605	\$790,477	\$1,200,236	\$13,142	\$81,720	\$228,506	\$801,359	\$1,331,975	\$13,894
Capital Expenditures												
Reserves for Replacement	\$40,832	\$42,057	\$43,318	\$44,618	\$45,956	\$47,335	\$48,755	\$50,218	\$51,724	\$53,276	\$54,874	\$56,521
Broadway Roof Replacement												
Elevator Modernization												
Total Capital Expenditures	\$40,832	\$42,057	\$43,318	\$44,618	\$45,956	\$47,335	\$48,755	\$50,218	\$51,724	\$53,276	\$54,874	\$56,521
Total Leasing & Capital Costs	\$505,392	\$42,057	\$120,927	\$291,223	\$836,433	\$1,247,571	\$61,897	\$131,938	\$280,230	\$854,635	\$1,386,849	\$70,414
Cash Flow Before Debt Service	\$1,975,864	\$2,624,457	\$2,601,756	\$2,409,762	\$1,793,446	\$1,655,378	\$3,110,554	\$3,132,281	\$3,039,716	\$2,372,456	\$1,668,989	\$3,590,290
Total Operating Expense PSF/YR	\$10.76	\$11.12	\$11.43	\$11.71	\$11.97	\$12.46	\$12.90	\$13.28	\$13.65	\$13.97	\$14.28	\$14.95
Inferred Capitalization Rate	10.47%	11.25%	11.49%	11.40%	11.10%	12.25%	13.39%	13.77%	14.01%	13.62%	12.89%	15.45%
Unleveraged Cash Flow Return	8.34%	11.07%	10.98%	10.17%	7.57%	6.98%	13.12%	13.22%	12.83%	10.01%	7.04%	15.15%

Analysis Period	Period Ending	Cash Flow Before Debt Service	P.V. of Cash Flow @ 8.75 %	P.V. of Cash Flow @ 9.25 %	P.V. of Cash Flow @ 9.75 %
Year 1	Oct-2022	1,975,864	1,816,886	1,808,571	1,800,331
Year 2	Oct-2023	2,624,457	2,219,121	2,198,855	2,178,866
Year 3	Oct-2024	2,601,756	2,022,920	1,995,273	1,968,126
Year 4	Oct-2025	2,409,762	1,722,888	1,691,564	1,660,948
Year 5	Oct-2026	1,793,446	1,179,077	1,152,341	1,126,330
Year 6	Oct-2027	1,655,378	1,000,741	973,573	947,262
Year 7	Oct-2028	3,110,554	1,729,151	1,674,509	1,621,833
Year 8	Oct-2029	3,132,281	1,601,130	1,543,438	1,488,074
Year 9	Oct-2030	3,039,716	1,428,794	1,371,008	1,315,807
Year 10	Oct-2031	2,372,456	1,025,429	979,453	935,735
Year 11	Oct-2032	1,668,989	663,333	630,692	599,796
Totals		26,384,659	16,409,469	16,019,277	15,643,108
Property Resale @ 8.25 % Cap Rate		42,597,287	16,930,119	16,097,041	15,308,482
Total Unleveraged Present Value			33,339,589	32,116,318	30,951,590

Percentage Value Distribution		
Income		49.22%
Net Sale Price		50.78%
		100.00%



CONCLUSION OF INCOME CAPITALIZATION APPROACH

The conclusions via the valuation methods employed for this approach are as follows:

INCOME CAPITALIZATION APPROACH VALUES		
	As Is on November 15, 2019	As Stabilized on November 1, 2021
Direct Capitalization Method	\$23,600,000	\$32,000,000
Discounted Cash Flow Analysis	\$23,700,000	\$32,100,000
Reconciled Value	\$23,700,000	\$32,100,000
Compiled by CBRE		

Primary emphasis has been placed on the discounted cash flow analysis, as it is better at accounting for fluctuations in cash flows over time. Furthermore, multi-tenant assets of the complexity of the subject are typically modeled utilizing this methodology, and it is also considered to best reflect the actions of buyers and sellers currently active in this market.

Reconciliation of Value

The value indications from the approaches to value are summarized as follows:

SUMMARY OF VALUE CONCLUSIONS		
	As Is on November 15, 2019	As Stabilized on November 1, 2021
Sales Comparison Approach	\$23,900,000	\$32,300,000
Income Capitalization Approach	\$23,700,000	\$32,100,000
Reconciled Value	\$23,700,000	\$32,100,000
Compiled by CBRE		

The cost approach typically gives a reliable value indication when there is strong support for the replacement cost estimate and when there is minimal depreciation. Considering the amount of depreciation present in the property, the reliability of the cost approach is considered somewhat diminished. Therefore, the cost approach is considered less applicable to the subject and is not employed.

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on investment properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to provide a reliable value indication, and has been given secondary emphasis in the final value reconciliation.

The income capitalization approach is applicable to the subject since it is an income producing property leased in the open market. Market participants are primarily analyzing properties based on their income generating capability. Therefore, the income capitalization approach is considered a reasonable and substantiated value indicator and has been given primary emphasis in the final value estimate.

Based on the foregoing, the market value of the subject has been concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Leased Fee Interest	November 15, 2019	\$23,700,000
Upon Stabilization	Leased Fee Interest	November 1, 2021	\$32,100,000
Compiled by CBRE			

Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

ADDENDA

Addendum A

IMPROVED SALE DATA SHEETS

Property Name	Sound View Park
Address	5775 Soundview Drive Gig Harbor, WA 98335
County	Pierce
Govt./TaxID	400006-0010 & -0020
NetRentableArea (NRA)	52,634 sf
Condition	Average
Number of Buildings	4
ParkingType/Ratio	Surface/ 4.12:1,000 sf
Year Built/Renovated	1990/ N/A
Floor Count	2
Occupancy Type	Multi-tenant
Land Area Net	5.164 ac/ 224,957 sf
Actual FAR	0.00
Zoning	N/A
Construction Class/Type	N/A/ Good
External Finish	N/A
Amenities	N/A



Transaction Details

Type	Sale	Primary Verification	N/A
Interest Transferred	Leased Fee	Transaction Date	10/15/2019
Condition of Sale	None	Recording Date	N/A
Remaining Lease Term	N/A	Avg. Credit Rating	N/A
Recorded Buyer	Donkey Creek Holdings LLC	Sale Price	\$8,200,000
Buyer Type	Private Investor	Financing	N/A
Recorded Seller	Soundview Park Inc	Cash Equivalent	\$8,200,000
Marketing Time	3 Month(s)	Capital Adjustment	\$0
Listing Broker	N/A	Adjusted Price	\$8,200,000
Doc #	N/A	Adjusted Price / sf	\$155.79
Buyer's Primary Analysis	Static Capitalization Analysis	Occupancy at Sale	100%
Static Analysis Method	Pro Forma (Stabilized)	Underwritten Occupancy	N/A
Source	Broker	Potential Gross Income	N/A
NOI / sf	\$9.99	Vacancy/Collection Loss	N/A
IRR	N/A	Effective Gross Income	N/A
OER	N/A	Expenses	N/A
Expenses /sf	\$0.00	Net Operating Income	\$525,620
Cap Rate	6.41%		

Comments

This is a 4-building business park / office flex property (77% office finish overall). Three of the buildings are fully office, and one has a warehouse component. Prior to being placed under contract for sale, this property had been marketed for three months at an asking price of \$8.3 million.

Property Name	Creeksides at Centerpoint
Address	20415, 20425 and 20435 - 72nd Avenue South Kent, WA 98032
County	King
Govt./Tax ID	N/A
Net Rentable Area (NRA)	218,426 sf
Condition	Average
Number of Buildings	3
Parking Type/Ratio	Surface/ 4.10:1,000 sf
Year Built/Renovated	1984/ 2010
Floor Count	2
Occupancy Type	Multi-tenant
Land Area Net	12.630 ac/ 550,232 sf
Actual FAR	0.41
Zoning	N/A
Construction Class/Type	C/ N/A
External Finish	Concrete
Amenities	N/A



Transaction Details

Type	Sale	Primary Verification	JMH - Confirmed through buyer, PSA, OM
Interest Transferred	Leased Fee	Transaction Date	08/01/2019
Condition of Sale	None	Recording Date	N/A
Remaining Lease Term	N/A	Avg. Credit Rating	N/A
Recorded Buyer	J&J Creekside LLC	Sale Price	\$39,000,000
Buyer Type	Private Investor	Financing	Cash to Seller
Recorded Seller	LBJ Creekside LLC	Cash Equivalent	\$39,000,000
Marketing Time	5 Month(s)	Capital Adjustment	\$0
Listing Broker	HFF	Adjusted Price	\$39,000,000
Doc #	20190801000815; 3002807	Adjusted Price / sf	\$178.55
Buyer's Primary Analysis	Static Capitalization Analysis	Occupancy at Sale	98%
Static Analysis Method	Pro Forma (Stabilized)	Underwritten Occupancy	95%
Source	Broker	Potential Gross Income	N/A
NOI / sf	\$12.65	Vacancy/Collection Loss	N/A
IRR	N/A	Effective Gross Income	\$4,732,000
OER	41.61%	Expenses	\$1,969,000
Expenses /sf	\$9.01	Net Operating Income	\$2,763,000
Cap Rate	7.08%		

Comments

This is the August 2019 sale of Creeksides at Centerpoint, consisting of three four-story office buildings in Kent, WA. The property's largest tenant is the State of Washington Departments of Health and Social & Health Services (19.6% of NRA), who has occupied space in the building for over 15 years. Other major tenants include Naverus (GE Aviation), Progressive International Corporation and Iron Bow Technologies. Lease rollover exposure was considered average for the asset class with 39% expiring in the first 3 years and 75% in the first 5 years. The property has had strong tenant retention with 35% of the NRA being leased to tenants that have occupied space for renewed terms in excess of 11 years. Weighted average contract rent was \$21.44 (FS-BYS) at the time of sale which was considered to be 10-15% below market. The buyer did not report any items of notable deferred maintenance, but they are considering some upgrades to the 34-year old property including a new fitness center, more onsite food and beverage options, updated common areas and electric vehicle chargers.

Property Name	Tacoma Medical Office
Address	2420 Union Avenue South Tacoma, WA 98405
County	Pierce
Govt./Tax ID	032007-2055
Net Rentable Area (NRA)	29,870 sf
Condition	Average
Number of Buildings	N/A
Parking Type/Ratio	Open and Covered/ 5.99:1,000 sf
Year Built/Renovated	1980/ N/A
Floor Count	3
Occupancy Type	N/A
Land Area Net	2.075 ac/ 90,369 sf
Actual FAR	0.33
Zoning	N/A
Construction Class/Type	N/A/ N/A
External Finish	Concrete
Amenities	N/A



Transaction Details

Type	Sale	Primary Verification	Reliable Third Party
Interest Transferred	Leased Fee	Transaction Date	06/11/2019
Condition of Sale	None	Recording Date	N/A
Remaining Lease Term	N/A	Avg. Credit Rating	N/A
Recorded Buyer	Hr Acquisition I Corp	Sale Price	\$7,720,000
Buyer Type	REIT	Financing	Cash to Seller
Recorded Seller	Kim O K & Jeon 2013 L Trust	Cash Equivalent	\$7,720,000
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	N/A	Adjusted Price	\$7,720,000
Doc #	201906110473	Adjusted Price / sf	\$258.45
Buyer's Primary Analysis	Static Capitalization Analysis	Occupancy at Sale	100%
Static Analysis Method	Pro Forma (Stabilized)	Underwritten Occupancy	N/A
Source	Broker	Potential Gross Income	N/A
NOI / sf	\$17.83	Vacancy/Collection Loss	N/A
IRR	N/A	Effective Gross Income	N/A
OER	N/A	Expenses	N/A
Expenses /sf	\$0.00	Net Operating Income	\$532,680
Cap Rate	6.90%		

Comments

This is a medical office property located two blocks south of the MultiCare Allenmore Hospital. It was fully leased to a variety of medical tenants at the time of sale. Building amenities include: covered parking, secured storage, outdoor terrace/decks and elevator service.

Property Name	Bank of NY Mellon Building
Address	1313 Broadway Tacoma, WA 98402
County	Pierce
Govt./Tax ID	2013050121
Net Rentable Area (NRA)	97,528 sf
Condition	N/A
Number of Buildings	1
Parking Type/Ratio	Open and Covered/0.62:1,000 sf
Year Built/Renovated	1977/ N/A
Floor Count	6
Occupancy Type	Multi-tenant
Land Area Net	0.918 ac/ 39,988 sf
Actual FAR	2.61
Zoning	DCC
Construction Class/Type	A/ N/A
External Finish	N/A
Amenities	N/A



Transaction Details

Type	Sale	Primary Verification	Public Records, Listing Broker - Will Frame
Interest Transferred	Leased Fee	Transaction Date	10/02/2018
Condition of Sale	None	Recording Date	N/A
Remaining Lease Term	N/A	Avg. Credit Rating	N/A
Recorded Buyer	X2 Broadway, LLC	Sale Price	\$12,500,000
Buyer Type	Private Investor	Financing	All Cash
Recorded Seller	1313 Broadway, LLC	Cash Equivalent	\$12,500,000
Marketing Time	5 Month(s)	Capital Adjustment	\$0
Listing Broker	Will Frame - Kidder Mathews (253)722-1412	Adjusted Price	\$12,500,000
Doc #	201810050137	Adjusted Price / sf	\$128.17
Buyer's Primary Analysis	Static Capitalization Analysis	Occupancy at Sale	81%
Static Analysis Method	Pro Forma (Stabilized)	Underwritten Occupancy	N/A
Source	Broker	Potential Gross Income	N/A
NOI / sf	\$9.39	Vacancy/Collection Loss	N/A
IRR	N/A	Effective Gross Income	N/A
OER	N/A	Expenses	N/A
Expenses /sf	\$0.00	Net Operating Income	\$916,250
Cap Rate	7.33%		

Comments

This comparable represents the October 2018 sale of the Bank of New York Mellon building located at 1313 Broadway in Tacoma, Washington. The building consists of 97,528 rentable square feet and was constructed in 1977 and is in average condition. At the time of sale, the building was approximately 81% occupied. The buyer is a local investor that intended on marketing the remaining space for lease. It was on the market for approximately five months, and sold for a price of \$12,500,000 or \$128.17 per square foot. Based on pro forma income and expenses at the time of sale, the implied OAR according to the broker was 7.33%.

Property Name	Blackriver Corporate Park
Address	935 Powell Ave SW, et al. Renton, WA 98057
County	King
Govt./Tax ID	N/A
Net Rentable Area (NRA)	234,997 sf
Condition	Average
Number of Buildings	13
Parking Type/Ratio	Open/ 5.17:1,000 sf
Year Built/Renovated	1985/ N/A
Floor Count	1
Occupancy Type	Multi-tenant
Land Area Net	20.270 ac/ 882,961 sf
Actual FAR	0.24
Zoning	N/A
Construction Class/Type	C/ N/A
External Finish	N/A
Amenities	N/A



Transaction Details

Type	Sale	Primary Verification	Confidential
Interest Transferred	Leased Fee	Transaction Date	03/23/2018
Condition of Sale	None	Recording Date	N/A
Remaining Lease Term	N/A	Avg. Credit Rating	N/A
Recorded Buyer	LN Blackriver LLC	Sale Price	\$28,800,000
Buyer Type	N/A	Financing	Not Available
Recorded Seller	Blackriver JV LLC	Cash Equivalent	\$28,800,000
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	JLL, Lori Hill	Adjusted Price	\$28,800,000
Doc #	N/A	Adjusted Price / sf	\$122.55
Buyer's Primary Analysis	Yield Capitalization Analysis	Occupancy at Sale	96%
Static Analysis Method	Trailing Actuals	Underwritten Occupancy	N/A
Source	N/A	Potential Gross Income	N/A
NOI / sf	\$9.74	Vacancy/Collection Loss	N/A
IRR	N/A	Effective Gross Income	N/A
OER	N/A	Expenses	N/A
Expenses /sf	\$0.00	Net Operating Income	\$2,289,413
Cap Rate	7.95%		

Comments

This comparable is the sale of the a 13-building portion of the Blackriver Corporate Office Park located in Renton, Washington. The Class B buildings were constructed between 1983 and 1989, and are situated on a 20.27-acre site. There are 13 total office buildings that are single and two-story, with open parking. The property was 95.6% occupied at the time of sale, with a capitalization rate of 7.95% based on year 1 NOI. The property sold in March 2018 for \$28,800,000 or \$122.55 per square foot. Financing was obtained through a \$17,150,000 (60%) first mortgage loan from The Lincoln National Life Insurance Company.

Addendum B

RENT COMPARABLE DATASHEETS

Property Name	Columbia Bank Building
Address	1102 Broadway Tacoma, WA 98402
County	Pierce
Govt./TaxID	2011060010
NetRentable Area (NRA)	88,470 sf
Condition	Average
Number of Buildings	1
Parking Type/Ratio	Garage/ N/A
Year Built/Renovated	1906/ 1999
Floor Count	5
Occupancy Type	N/A
Land Area Net	0.380 ac/ 16,800 sf
Actual FAR	4.96
Zoning	DCC
Construction Class/Type	B/ N/A
External Finish	Concrete
Amenities	N/A



Quoted Terms

Reimbursements	Full Service	Rent Changes/Steps	3.0% Annual
Occupancy	100%	Free Rent	0 - 3 Mo(s).
Tenant Size	1,191 - 21,475 sf	TI Allowance	\$10.00 - \$50.00 per sf
Lease Term	36 - 120 Mo(s).	Reimbursement Amount	N/A
Survey Date	11/2019	Total Oper. & Fixed Exp.	N/A
Verification	CBRE	Annual Base Rent	\$22.00 - \$23.00 per sf

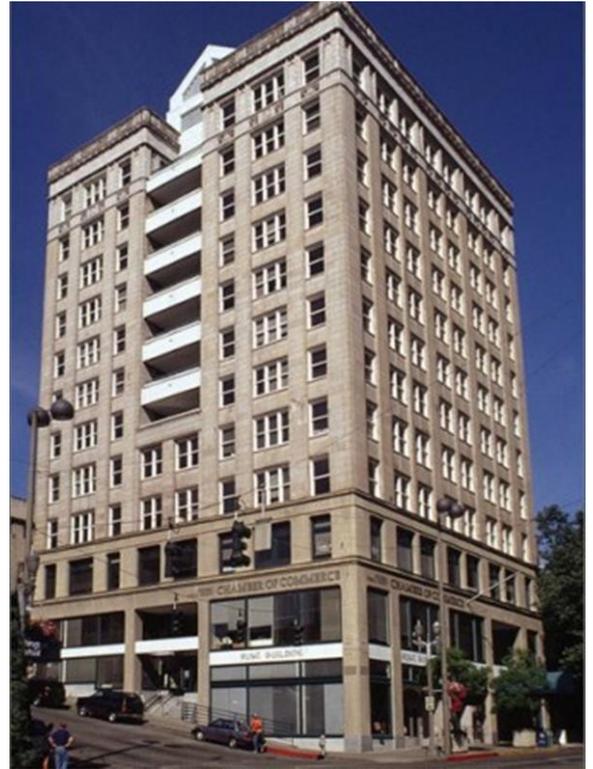
Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
McGavick & Graves	Office	9,598	96	Renewal	Jan 2021	Full Service	3% Annual	N/A	N/A	\$23.95
American Cancer Society	Office	4,072	62	New	Jun 2019	Full Service	3% Annual	2.00	N/A	\$23.00
Safe Haven Security Svc.	Office	1,289	36	New	Mar 2019	Full Service	3% Annual	0.00	\$0.00	\$20.50
Charles Kim DMD	Office	3,818	126	New	Aug 2018	Full Service	3% Annual	6.00	\$40.00	\$23.00

Comments

The Columbia Bank Building is located at 1102 Broadway, in Tacoma, WA. This comparable represents an 88,470 square foot class B multi-tenant office building that was built in 1906 and renovated more recently in 1999 and 2014. Current occupancy is approximately 92%, with asking rent from \$23.00 to \$25.00 per square foot, FSG. The most recent leasing has ranged from \$19.00 to \$25.00 per square foot, FSG.

Property Name	Commerce Building
Address	950 Pacific Avenue Tacoma, WA 98402
County	Pierce
Govt./Tax ID	200904-0130
Net Rentable Area (NRA)	86,610 sf
Condition	Average
Number of Buildings	N/A
Parking Type/Ratio	None/N/A
Year Built/Renovated	1910/ N/A
Floor Count	12
Occupancy Type	N/A
Land Area Net	0.207 ac/ 9,017 sf
Actual FAR	9.61
Zoning	DCC
Construction Class/Type	N/A/ N/A
External Finish	Masonry
Amenities	N/A



Quoted Terms

Reimbursements	Full Service	Rent Changes/Steps	2.5% - 3.0% Annual
Occupancy	92%	Free Rent	N/A
Tenant Size	437 - 3,286 sf	TI Allowance	\$0.00 - \$40.00 per sf
Lease Term	36 - 84 Mo(s).	Reimbursement Amount	N/A
Survey Date	11/2019	Total Oper. & Fixed Exp.	N/A
Verification	Denise Davis / 253-779-8400	Annual Base Rent	\$21.50 - \$21.50 per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance	Annual Base Rate
No actual leases available for this property.										

Comments

The Commerce Building is located at 950 Pacific Avenue in Tacoma, Washington. The 12-story, 86,610-square-foot (NRA) improvements were constructed in 1910 and were most recently renovated in 1986. The two most recent leases commenced in August 2016 (new lease) and January 2017 (renewal). The August 2016 lease was executed for a base rental rate of \$21.50 per square foot, full-service, for a seven-year term with 2.5% annual escalations. Additionally, the tenants received a \$40.00 per square foot tenant allowance, which the leasing agent opined raised the base rental rate slightly above market. Secondly, the January 2017 renewal lease was executed for a base rental rate of \$17.50 per square foot, full-service, for a three-year term, with 3.0% annual escalations. No incentives were given. The building is approximately 91% occupied.

Property Name	Tacoma Financial Center
Address	1145 Broadway Tacoma, WA 98402
County	Pierce
Govt./Tax ID	2011050141
NetRentable Area (NRA)	208,404 sf
Condition	Good
Number of Buildings	N/A
Parking Type/Ratio	Garage/ N/A
Year Built/Renovated	1984/ N/A
Floor Count	17
Occupancy Type	N/A
Land Area Net	0.610 ac/ 26,572 sf
Actual FAR	0.00
Zoning	N/A
Construction Class/Type	N/A/ N/A
External Finish	Poured Concrete
Amenities	N/A



Quoted Terms

Reimbursements	N/A	Rent Changes/Steps	CPI
Occupancy	92%	Free Rent	6 Mo(s).
Tenant Size	1,608 - 12,000 sf	TI Allowance	\$15.00 per sf
Lease Term	60 Mo(s).	Reimbursement Amount	\$10.00 per sf
Survey Date	11/2019	Total Oper. & Fixed Exp.	N/A
Verification	Neil Walter Company / 253-779-2400	Annual Base Rent	\$28.00 per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Systems Consulting LLC	N/A	2,111	36	Renewal	Jan 2019	Full Service	2.5% Annual	0.00	N/A	\$26.50

Comments

This comparable represents a 208,404-square-foot, Class A office property at 1145 Broadway, Tacoma, WA. The 17-story improvements were originally constructed in 1984 and were considered in good condition at the time of our research. The structure's exterior walls depict concrete and glass construction components. According to a representative for this property, asking base rent is \$24.00 per square foot annually FSG, based upon a typical lease term of 3 to 5 years. Expenses are based upon a full service gross structure with a base year amount of \$10.00 per square foot. Free rent was quoted as negotiable while a tenant improvement allowance of \$0 - \$30 per square foot is typically provided. The property is currently 75.5% leased. The Tacoma Financial Center is located one block west from Pacific Avenue the main thorough fare in downtown Tacoma.

Property Name	Key Bank Plaza
Address	1101 Pacific Avenue Tacoma, WA98402
County	Pierce
Govt./Tax ID	Multiple
Net Rentable Area (NRA)	100,000 sf
Condition	N/A
Number of Buildings	1
Parking Type/Ratio	N/A/ N/A
Year Built/Renovated	1918/ 1985
Floor Count	4
Occupancy Type	N/A
Land Area Net	N/A/ N/A
Actual FAR	N/A
Zoning	B
Construction Class/Type	N/A/ N/A
External Finish	N/A
Amenities	N/A



Quoted Terms

Reimbursements	N/A	Rent Changes/Steps	N/A
Occupancy	100%	Free Rent	N/A
Tenant Size	N/A	TI Allowance	N/A
Lease Term	36 - 84 Mo(s).	Reimbursement Amount	N/A
Survey Date	11/2019	Total Oper. & Fixed Exp.	N/A
Verification	N/A	Annual Base Rent	\$21.00 - \$21.50 per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Trusted Plans Service Corp.	Office	12,560	89	New	Oct 2018	Full Service	3% Annual	5.00	\$20.00	\$20.00

Comments

Property Name	Provident Building
Address	917 Pacific Avenue Tacoma, WA 98402
County	Pierce
Govt./Tax ID	N/A
Net Rentable Area (NRA)	74,360 sf
Condition	N/A
Number of Buildings	1
Parking Type/Ratio	N/A/ N/A
Year Built/Renovated	1903/ 2007
Floor Count	6
Occupancy Type	Multi-tenant
Land Area Net	0.280 ac/ 12,000 sf
Actual FAR	6.20
Zoning	N/A
Construction Class/Type	N/A/ N/A
External Finish	N/A
Amenities	N/A



Quoted Terms

Reimbursements	Full Service	Rent Changes/Steps	N/A
Occupancy	88%	Free Rent	N/A
Tenant Size	1,000 - 5,642 sf	TI Allowance	N/A
Lease Term	N/A	Reimbursement Amount	N/A
Survey Date	12/2019	Total Oper. & Fixed Exp.	N/A
Verification	N/A	Annual Base Rent	per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual Base Rate per sf
Bank of the Pacific	Office	2,085	12	New	Feb 2019	NNN	N/A	N/A	N/A	\$23.00

Comments

Property Name	1201 Pacific
Address	1201 Pacific Avenue Tacoma, WA 98402
County	Pierce
Govt./Tax ID	2012020018
Net Rentable Area (NRA)	348,000 sf
Condition	Good
Number of Buildings	N/A
Parking Type/Ratio	Open and Covered/ N/A
Year Built/Renovated	1970/ N/A
Floor Count	24
Occupancy Type	N/A
Land Area Net	2.000 ac/ 87,120 sf
Actual FAR	3.99
Zoning	N/A
Construction Class/Type	N/A/ N/A
External Finish	Poured Concrete
Amenities	N/A



Quoted Terms

Reimbursements	Full Service	Rent Changes/Steps	3.0% Annual
Occupancy	93%	Free Rent	3 Mo(s).
Tenant Size	2,184 - 13,723 sf	TI Allowance	\$20.00 per sf
Lease Term	N/A	Reimbursement Amount	\$10.75 per sf
Survey Date	11/2019	Total Oper. & Fixed Exp.	N/A
Verification	GVA Kidder Mathews / 253-722-1403	Annual Base Rent	\$22.00 - \$29.00 per sf

Actual Leases

Tenant Name	Tenancy Use Type	Size (sf)	Term (Mo.)	Type of Lease	Start Date	Reimbs.	Rent Changes / Steps	Free Rent (Mo.)	TI Allowance per sf	Annual
										Base Rate per sf
Confidential	Office	5,071	65	Renewal	Nov 2018	Full Service	3% Annual	2.00	\$15.00	\$29.00
Ameriprise Financial	Office	4,860	64	New	Apr 2016	Full Service	3.0% Annual	4.00	N/A	\$27.50
Wells Fargo	N/A	19,590	96	New	Jan 2016	Full Service	3.0% Annual	0.00	\$20.65	\$27.58

Comments

This comparable represents a 301,334-square-foot, Class A office property at 1201 Pacific Avenue, Tacoma, WA. The 24-story improvements were originally constructed in 1970 and were considered in good condition at the time of our research. The structure's exterior walls depict concrete and glass construction components with a parking ratio of 1.40, per 1,000sf. According to a representative for this property, asking base rent is \$27.50 per square foot annually, based upon a typical lease term of 3 - 10 years. The property is currently 92.6% occupied. The most recent leasing has been at approximately \$27.50 per square foot, FSG.

Addendum C

OPERATING DATA

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - Fiscal Year 2020 Operating Budget)

Report Number: PNL001
Biennium: 2021

As of Fiscal Month: Adj FY1

Date Run: Oct 28, 2019 8:44AM
Transactions Through: Oct 25, 2019 8:00PM

Amounts by Month (FY1)

YTD Actuals
through Prior

BTD Actuals
through Prior

Jul FM01	Aug FM02	Sep FM03	Oct FM04	Nov FM05	Dec FM06	Jan FM07	Feb FM08	Mar FM09	Apr FM10	May FM11	Jun FM12	Month	Month	FY Plan	FY Forecast	Variance
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1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - Fiscal Year 2020 Operating Budget)

Revenue

Report Number: 6144/ Investment Income Biennium:	PNL001 2021	0	0	0	0	0	0	0	0	0	0	0	0	Date Run: Oct 28, 2019 8:44AM Transactions Through: Oct 25, 2019 8:00PM				
													As of Fiscal Month: Adj FY1					
04/01/ Investment Income Monthly		4,211	3,896	3,625	0	0	0	0	0	0	0	0	0	11,731	11,731	0	11,731	11,731
Variance		4,211	3,896	3,625	0	0	0	0	0	0	0	0	0					
04/02/000701 Csm Campus Rent		95,202	(95,202)	0	0	0	0	0	0	0	0	0	0					
04/02/000701 Csm Campus Rent		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Monthly Variance		(95,202)	95,202	0	0	0	0	0	0	0	0	0	0					
04/02/000705 Off Campus Parking		0	0	0	0	0	0	0	0	0	0	0	0					
04/02/000705 Off Campus Parking		54,232	64,201	58,165	41,710	0	0	0	0	0	0	0	0	218,307	218,307	0	218,307	218,307
Monthly Variance		54,232	64,201	58,165	41,710	0	0	0	0	0	0	0	0					
04/02/000709 Off Campus Rent		107,334	297,738	202,536	202,536	202,536	202,536	202,536	202,536	202,536	202,536	202,536	202,536					
04/02/000709 Off Campus Rent		185,234	206,122	218,317	46,537	0	0	0	0	0	0	0	0	656,211	656,211	2,430,432	656,211	(1,774,221)
Monthly Variance		77,900	(91,616)	15,781	(155,999)	(202,536)	(202,536)	(202,536)	(202,536)	(202,536)	(202,536)	(202,536)	(202,536)					
04/02/000710 Off Campus Utilities		43	43	43	43	43	43	43	43	43	43	43	43					
04/02/000710 Off Campus Utilities		350	150	150	150	0	0	0	0	0	0	0	0	800	800	516	800	284
Monthly Variance		307	107	107	107	(43)	(43)	(43)	(43)	(43)	(43)	(43)	(43)					
04/02/000711 Storage		1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281					
04/02/000711 Storage Monthly		1,538	2,986	2,262	1,924	0	0	0	0	0	0	0	0	8,710	8,710	15,372	8,710	(6,662)
Variance		257	1,705	981	643	(1,281)	(1,281)	(1,281)	(1,281)	(1,281)	(1,281)	(1,281)	(1,281)					
04/02/000712 Conference Room Rental		301	301	301	301	301	301	301	301	301	301	301	301					

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - Fiscal Year 2020 Operating Budget)

Report Number: PNL001
Biennium: 2021

As of Fiscal Month: Adj FY1

Date Run: Oct 28, 2019 8:44AM
Transactions Through: Oct 25, 2019 8:00PM

	Amounts by Month (FY1)												YTD Actuals through Prior	BTD Actuals through Prior	FY Plan	FY Forecast	Variance
	Jul FM01	Aug FM02	Sep FM03	Oct FM04	Nov FM05	Dec FM06	Jan FM07	Feb FM08	Mar FM09	Apr FM10	May FM11	Jun FM12					

6144 - Tacoma Rhodes																	
Revenue																	
04/02/000712 Conference Room Rental	95	0	820	0	0	0	0	0	0	0	0	0	915	915	3,612	915	(2,697)
Monthly Variance	(206)	(301)	519	(301)	(301)	(301)	(301)	(301)	(301)	(301)	(301)	(301)					
04/02/000816 Parking Tax - Tacoma Rate	(3,588)	(3,588)	(3,588)	(3,588)	(3,588)	(3,588)	(3,588)	(3,588)	(3,588)	(3,588)	(3,588)	(3,588)	(11,181)	(11,181)	(43,056)	(11,181)	31,875
Rate Monthly Variance	338	(632)	(123)	3,588	3,588	3,588	3,588	3,588	3,588	3,588	3,588	3,588					
04/20/000500 Reimbursable	0	0	0	0	0	0	0	0	0	0	0	0	2,285	2,285	0	2,285	2,285
04/20/000500 Reimbursable Monthly Variance	0	2,285	0	0	0	0	0	0	0	0	0	0					
04/20/000535 Tenant Improvements-Reimbursable	0	0	0	0	0	0	0	0	0	0	0	0	170,107				
04/20/000535 Tenant Improvements Reimbursable Monthly Variance	0	170,107	0	0	0	0	0	0	0	0	0	0					
04/99/000110 P-Card Incentive Rebate	0	0	0	0	0	0	0	0	0	0	0	0	177				
04/99/000110 P-Card Incentive Rebate Monthly Variance	0	177	0	0	0	0	0	0	0	0	0	0					
Total Revenue Allotment	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573	200,573					
Total Revenue	242,409	445,704	279,628	90,322	0	1,058,063	1,058,063	2,406,876	1,058,063	(1,348,813)							
Total Variance	41,836	245,131	79,055	(110,251)	(200,573)												
Net Revenue	242,409	445,704	279,628	90,322	0	1,058,063	1,058,063	2,406,876	1,058,063	(1,348,813)							
Gross Profit Margin %	100%	100%	100%	100%	0%												

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0 170,107 170,107

This is offset by an alteration expense, and it has been excluded from the presentation as they cancel out

177 0 177 177

1790 - Department of Enterprise Services

Expenses

(Tacoma Rhodes - Fiscal Year 2020 Operating Budget)

Report Number: PNL001
Biennium: 2021

As of Fiscal Month: Adj FY1

Date Run: Oct 28, 2019 8:44AM
Transactions Through: Oct 25, 2019 8:00PM

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - Fiscal Year 2020 Operating Budget)

Report Number: PNL001
Biennium: 2021

As of Fiscal Month: Adj FY1

Date Run: Oct 28, 2019 8:44AM
Transactions Through: Oct 25, 2019 8:00PM

	Amounts by Month (FY1)												YTD Actuals through Prior	BTD Actuals through Prior				
	Jul FM01	Aug FM02	Sep FM03	Oct FM04	Nov FM05	Dec FM06	Jan FM07	Feb FM08	Mar FM09	Apr FM10	May FM11	Jun FM12		Month	Month	FY Plan	FY Forecast	Variance

6144 - Tacoma Rhodes																		
Expenses																		
Total A / Salaries and Wages	3,172	3,172	3,172	3,172	3,172	3,172	3,172	3,172	3,172	3,172	3,172	3,172	12,013					
Total A / Salaries and Wages Monthly Variance	3,172	3,172	3,172	1,586	0	0	0	0	0	0	0	0	0	11,102	11,102	46,905	11,102	35,803
Total B / Employee Benefits	1,206	1,206	1,206	1,206	1,206	1,206	1,206	1,206	1,206	1,206	1,206	1,206	6,720					
Total B / Employee Benefits Monthly Variance	1,232	1,232	1,232	853	0	0	0	0	0	0	0	0	0	4,550	4,550	19,986	4,550	15,436
EA-Supplies and Materials	2,279	2,211	2,211	2,211	2,211	2,211	2,211	2,211	2,211	2,211	2,211	2,211						
EA-Supplies and Materials Monthly Variance	3,281	3,146	4,862	0	0	0	0	0	0	0	0	0	0	11,290	11,290	26,600	11,290	15,310
EB-Communications/Telecommunications	501	449	449	449	449	449	449	449	449	449	449	450						
EB-Communications/Telecommunications Monthly Variance	570	538	539	232	0	0	0	0	0	0	0	0	0	1,878	1,878	5,441	1,878	3,563
EC-Utilities	16,184	16,056	16,056	16,056	16,056	16,056	16,056	16,056	16,056	16,056	16,056	16,056						
EC-Utilities Monthly Variance	18,381	18,889	5,561	177	0	0	0	0	0	0	0	0	0	43,009	43,009	192,800	43,009	149,791
EE-Repairs, Alterations & Maintenance	16,268	16,212	16,212	16,212	16,212	16,212	16,212	16,212	16,212	16,212	16,212	16,212						
EE-Repairs, Alterations & Maintenance Monthly Variance	12,791	231,043	10,802	(6,895)	0	0	0	0	0	0	0	0	0	247,741				

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deduct \$170,107 b/c offsetting revenue line
- this is one time extraordinary expense

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - Fiscal Year 2020 Operating Budget)

Report Number: PNL001
 Biennium: 2021

As of Fiscal Month: Adj FY1

Date Run: Oct 28, 2019 8:44AM
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	Amounts by Month (FY1)												YTD Actuals through Prior Month	BTD Actuals through Prior Month	FY Plan	FY Forecast	Variance
	Jul FM01	Aug FM02	Sep FM03	Oct FM04	Nov FM05	Dec FM06	Jan FM07	Feb FM08	Mar FM09	Apr FM10	May FM11	Jun FM12 *****					
6144 - Tacoma Rhodes																	
Expenses	87	83	83	83	83	83	83	106	83	83	83	83					
EG-Employee Prof Dev & Training	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,023	0	1,023
EG-Employee Prof Dev & Training Monthly Variance	87	83	83	83	83	83	83	106	83	83	83	83					
EH-Rental & Leases - Furn & Equipment	40	10	10	10	10	10	10	10	10	10	10	10					
EH-Rental & Leases - Furn & Equipment	9	9	9	0	0	0	0	0	0	0	0	0	26	26	150	26	124
EH-Rental & Leases - Furn & Equipment Monthly Variance	31	1	1	10	10	10	10	10	10	10	10	10					
EK-Facilities and Services	123	107	107	107	107	107	107	107	107	107	107	107					
EK-Facilities and Services	304	304	304	0	0	0	0	0	0	0	0	0	912	912	1,300	912	388
EK-Facilities and Services Monthly Variance	(181)	(197)	(197)	107	107	107	107	107	107	107	107	107					
EL-Data Processing Services (Interagency)	153	135	135	135	135	135	135	135	135	135	135	130					
EL-Data Processing Services (Interagency)	244	145	145	99	0	0	0	0	0	0	0	0	633	633	1,633	633	1,000
EL-Data Processing Services (Interagency) Monthly Variance	(91)	(10)	(10)	36	135	135	135	135	135	135	135	130					
EN-Personnel Services	9	6	6	9	6	6	9	6	6	8	6	8					
EN-Personnel Services	3	43	3	40	0	0	0	0	0	0	0	0	90	90	85	90	(5)
EN-Personnel Services Monthly Variance	6	(37)	3	(31)	6	6	9	6	6	8	6	8					
EP-Insurance	72,803	1	1	1	1	1	1	1	531	1	1	(2)					
EP-Insurance	189	13,767	67,867	0	0	0	0	0	0	0	0	0	81,824	81,824	73,341	81,824	(8,483)
EP-Insurance Monthly Variance	72,614	(13,766)	(67,866)	1	1	1	1	1	531	1	1	(2)					

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - Fiscal Year 2020 Operating Budget)

Report Number: PNL001
 Biennium: 2021

As of Fiscal Month: Adj FY1

Date Run: Oct 28, 2019 8:44AM
 Transactions Through: Oct 25, 2019 8:00PM

	Amounts by Month (FY1)												YTD Actuals through Prior	BTD Actuals through Prior	FY Plan	FY Forecast	Variance	
	Jul FM01	Aug FM02	Sep FM03	Oct FM04	Nov FM05	Dec FM06	Jan FM07	Feb FM08	Mar FM09	Apr FM10	May FM11	Jun FM12 *****						
6144 - Tacoma Rhodes																		
Expenses																		
ER-Other Contractual Services	58,766	58,806	58,806	58,806	58,806	58,806	58,806	58,806	58,806	58,806	58,806	58,806	58,806					
	44,566	44,220	27,470	17,344	0	0	0	0	0	0	0	0	0	133,599	133,599	705,632	133,599	572,033
ER-Other Contractual Services Monthly Variance	14,200	14,586	31,336	41,462	58,806	58,806	58,806	58,806	58,806	58,806	58,806	58,806	58,806					
ES-Vehicle Maintenance & Operating Cst	10	10	10	10	10	10	10	10	10	10	10	10	10					
	0	30	0	0	0	0	0	0	0	0	0	0	0	30	30	120	30	90
ES-Vehicle Maintenance & Operating Cst Monthly Variance	10	(20)	10	10	10	10	10	10	10	10	10	10	10					
EW-Archives & Records Management Svcs	6	0	0	6	0	0	6	0	0	5	0	0	0					
	0	9	0	9	0	0	0	0	0	0	0	0	0	18	18	23	18	5
EW-Archives & Records Management Svcs Monthly Variance	6	(9)	0	(3)	0	0	6	0	0	5	0	0	0					
EY-Software Licenses and Maintenance	3	3	3	3	3	3	3	3	3	3	3	3	0					
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33	0	33
EY-Software Licenses and Maintenance Monthly Variance	3	3	3	3	3	3	3	3	3	3	3	3	0					
EZ-Other Goods and Services	735	640	640	665	640	640	665	640	640	665	640	640	640					
	1,691	230	1,089	115	0	0	0	0	0	0	0	0	0	3,124	3,124	7,850	3,124	4,726
EZ-Other Goods and Services Monthly Variance	(956)	410	(449)	550	640	640	665	640	640	665	640	640	640					

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - Fiscal Year 2020 Operating Budget)

Report Number: PNL001
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1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - Fiscal Year 2020 Operating Budget)

Report Number: PNL001
Biennium: 2021

As of Fiscal Month: Adj FY1

Date Run: Oct 28, 2019 8:44AM
Transactions Through: Oct 25, 2019 8:00PM

	Amounts by Month (FY1)												YTD Actuals through Prior	BTD Actuals through Prior		FY Plan	FY Forecast	Variance
	Jul FM01	Aug FM02	Sep FM03	Oct FM04	Nov FM05	Dec FM06	Jan FM07	Feb FM08	Mar FM09	Apr FM10	May FM11	Jun FM12		Month	Month			

6144 - Tacoma Rhodes																		
Expenses																		
Total E / Goods and Services	167,967	94,729	94,729	94,763	94,729	94,729	94,763	94,752	95,259	94,761	94,729	94,721						
	82,029	312,374	118,652	11,121	0	0	0	0	0	0	0	0	524,175	524,175	1,210,631	524,175	686,456	
Total E / Goods and Services Monthly Variance	85,938	(217,645)	(23,923)	83,642	94,729	94,729	94,763	94,752	95,259	94,761	94,729	94,721						
Total JA,JB - Non Capitalized Equip	12	8	8	8	8	8	8	8	8	8	8	8						
	472	0	0	0	0	0	0	0	0	0	0	0	472	472	100	472	(372)	
Total JA,JB - Non Capitalized Equip Monthly Variance	(460)	8	8	8	8	8	8	8	8	8	8	8						
Total PB,PC,PE - Debt Service Interest	4,994	4,994	4,994	4,994	4,994	4,994	4,309	4,309	4,309	4,309	4,309	4,309						
	4,994	4,994	4,994	4,994	0	0	0	0	0	0	0	0	19,978	19,978	55,818	19,978	35,840	
Total PB,PC,PE - Debt Service Interest Monthly Variance	0	0	0	0	4,994	4,994	4,309	4,309	4,309	4,309	4,309	4,309						
TE-Goods and Services	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,274						
	22,258	22,258	22,258	22,258	0	0	0	0	0	0	0	0	89,033	89,033	267,101	89,033	178,068	
TE-Goods and Services Monthly Variance	(1)	(1)	(1)	(1)	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,274						
Total T / Intra-Agency Reimbursements	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,274						
	22,258	22,258	22,258	22,258	0	0	0	0	0	0	0	0	89,033	89,033	267,101	89,033	178,068	
Total T / Intra-Agency Reimbursements Monthly Variance	(1)	(1)	(1)	(1)	22,257	22,257	22,257	22,257	22,257	22,257	22,257	22,274						
Total W / Depreciation/Amortization/Bad Debts	95,202	95,202	95,202	95,202	95,202	95,202	95,202	95,202	95,202	95,202	95,202	95,202						
	95,201	95,201	95,201	1,627	0	0	0	0	0	0	0	0	287,230	287,230	1,142,424	287,230	855,194	
Total W / Depreciation/Amortization/Bad Debts Monthly Variance	1	1	1	93,575	95,202	95,202	95,202	95,202	95,202	95,202	95,202	95,202						
Total Expenses Allotment	294,810	221,568	221,568	221,602	221,568	221,568	220,917	220,906	221,413	220,915	220,883	235,247						
Total Expenses	209,359	439,232	245,510	42,439	0	0	0	0	0	0	0	0	936,540	936,540	2,742,965	936,540	1,806,425	
Total Variance	85,451	(217,664)	(23,942)	179,163	221,568	221,568	220,917	220,906	221,413	220,915	220,883	235,247						

1790 - Department of Enterprise Services

Net Income (or loss)

(Tacoma Rhodes - Fiscal Year 2020 Operating Budget)

Report Number: PNL001
Biennium: 2021

As of Fiscal Month: Adj FY1

Date Run: Oct 28, 2019 8:44AM
Transactions Through: Oct 25, 2019 8:00PM

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - Fiscal Year 2020 Operating Budget)

Report Number: PNL001
 Biennium: 2021

As of Fiscal Month: Adj FY1

Date Run: Oct 28, 2019 8:44AM
 Transactions Through: Oct 25, 2019 8:00PM

	Amounts by Month (FY1)												YTD Actuals	BTD Actuals	FY Plan	FY Forecast	Variance
	Jul FM01	Aug FM02	Sep FM03	Oct FM04	Nov FM05	Dec FM06	Jan FM07	Feb FM08	Mar FM09	Apr FM10	May FM11	Jun FM12	through Prior	through Prior			

6144 - Tacoma Rhodes																	
Net Income	33,051	6,472	34,118	47,882	0	0	0	0	0	0	0	0	121,523	121,523	(336,089)	121,523	457,612
Income Margin	14%	1%	12%	53%	0%	0%	0%	0%	0%	0%	0%	0%					
Conversion to Expenditures																	
Total Expenses	209,359	439,232	245,510	42,439	0	0	0	0	0	0	0	0	936,540	936,540			
Deduct Depreciation (Subobjects WA, WB, PF)	(93,575)	(93,575)	(93,575)	0	0	0	0	0	0	0	0	0	(280,724)	(280,724)			
Expenditures	115,784	345,657	151,936	42,439	0	0	0	0	0	0	0	0	655,816	655,816			
FTEs																	
Total FTE Allotment	1	1	1	1	1	1	1	1	1	1	1	1					
Total FTEs	1	1	1	0	0	0	0	0	0	0	0	0	2	2	6	2	4
Total FTE Variance	0	0	0	0	1	1	1	1	1	1	1	1					

Input Parameters:	Entered As	Interpreted As
User ID:	tsw0179	
Report Title	Profit and Loss Flexible by Project	Profit and Loss Flexible by Project
Biennium:	2021	2021
Agency:	179	179
Fiscal Month:	12A-Adj FY1	12A-Adj FY1
Account:	422	422
Program:	*	All
Subprogram:	*	All
Activity:	*	All
Subactivity:	*	All
Task:	*	All
Program Index:	*	All
Division:	*	All
Branch:	*	All
Section:	*	All
Unit:	*	All
Cost Center:	*	All
Organization Index:	*	All
Project:	6144	6144
Subproject:	*	All
Project Phase:	*	All
Report Group 1:	Project	Project
Report Group 2:	None	None
Report Group 3:	None	None
Report Group 4:	None	None
Report Group 5:	None	None

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - 2017-19 Operating Statements)

Report Number: PNL001
 Biennium: 2019

As of Fiscal Month: Adj FY2

Date Run: Oct 28, 2019 8:48AM
 Transactions Through: Oct 25, 2019 8:00PM

	Amounts by Month (FY2)												YTD Actuals through Prior	BTD Actuals through Prior	FY Plan	FY Forecast	Variance
	Jul FM13	Aug FM14	Sep FM15	Oct FM16	Nov FM17	Dec FM18	Jan FM19	Feb FM20	Mar FM21	Apr FM22	May FM23	Jun FM24					

6144 - Tacoma Rhodes																	
Revenue																	
04/01/ Investment Income	0	0	0	0	0	0	0	0	0	0	0	0					
04/01/ Investment Income Monthly	0	0	0	0	0	0	0	0	0	0	0	978	978	978	0	978	978
Variance	0	0	0	0	0	0	0	0	0	0	0	978					
04/02/000705 Off Campus Parking	0	0	0	0	0	0	0	0	0	0	0	0					
04/02/000705 Off Campus Parking	50,294	60,115	57,489	57,034	55,412	49,076	64,723	54,913	50,674	52,988	49,033	69,174	670,926	1,281,033	0	670,926	670,926
Monthly Variance	50,294	60,115	57,489	57,034	55,412	49,076	64,723	54,913	50,674	52,988	49,033	69,174					
04/02/000709 Off Campus Rent	202,927	202,927	202,927	202,927	202,927	202,927	202,927	202,927	202,927	202,927	202,927	202,927					
04/02/000709 Off Campus Rent	204,035	204,035	209,645	204,545	204,545	204,545	204,545	184,713	206,610	206,610	206,610	198,352	2,438,792	4,838,107	2,435,124	2,438,792	3,668
Monthly Variance	1,108	1,108	6,718	1,618	1,618	1,618	1,618	(18,214)	3,683	3,683	3,683	(4,575)					
04/02/000710 Off Campus Utilities	0	0	0	0	0	0	0	0	0	0	0	0					
04/02/000710 Off Campus Utilities	0	100	100	100	100	100	100	100	100	100	100	100	1,100	1,100	0	1,100	1,100
Monthly Variance	0	100	100	100	100	100	100	100	100	100	100	100					
04/02/000711 Storage	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331					
04/02/000711 Storage Monthly	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	15,975	30,750	15,972	15,975	3
Variance	0	0	0	0	0	0	0	0	0	0	0	0					
04/02/000712 Conference Room Rental	125	125	125	125	125	125	125	125	125	125	125	125					
04/02/000712 Conference Room Rental	0	0	555	450	600	200	525	450	1,420	(100)	200	725	5,025	8,245	1,500	5,025	3,525
Monthly Variance	(125)	(125)	430	325	475	75	400	325	1,295	(225)	75	600					
04/02/000816 Parking Tax - Tacoma	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)					
Rate																	

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - 2017-19 Operating Statements)

Report Number: PNL001
 Biennium: 2019

As of Fiscal Month: Adj FY2

Date Run: Oct 28, 2019 8:48AM
 Transactions Through: Oct 25, 2019 8:00PM

	Amounts by Month (FY2)												YTD Actuals	BTD Actuals	FY Plan	FY Forecast	Variance
	Jul FM13	Aug FM14	Sep FM15	Oct FM16	Nov FM17	Dec FM18	Jan FM19	Feb FM20	Mar FM21	Apr FM22	May FM23	Jun FM24 *****	through Prior	through Prior			
6144 - Tacoma Rhodes																	
Revenue																	
04/02/000816 Parking Tax - Tacoma Rate Monthly Variance	(3,232)	(4,140)	(3,907)	(7,702)	143	(3,135)	(4,549)	(3,662)	(3,282)	(3,520)	(3,162)	(3,610)	(43,758)	(84,396)	(37,200)	(43,758)	(6,558)
04/20/000500 Reimbursable	(132)	(1,040)	(807)	(4,602)	3,243	(35)	(1,449)	(562)	(182)	(420)	(62)	(510)					
04/20/000500 Reimbursable Monthly Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
04/20/000535 Tenant Improvements-Reimbursable	0	0	0	0	3,071	0	0	0	(3,071)	0	0	0					
04/20/000535 Tenant Improvements-Reimbursable Monthly Variance	0	0	0	0	3,071	0	0	0	(3,071)	0	0	0	100	21,532	0	100	100
04/99/000110 P-Card Incentive Rebate	100	0	0	0	0	0	0	0	0	0	0	0					
04/99/000110 P-Card Incentive Rebate Monthly Variance	0	0	0	0	0	0	0	0	0	0	0	0	797	1,396	0	797	797
04/99/006000 Misc Recovery of Expenditures	0	199	0	0	103	0	0	158	150	0	0	187					
04/99/006000 Misc Recovery of Expenditures Monthly Variance	0	199	0	0	103	0	0	158	150	0	0	187					
04/99/006000 Misc Recovery of Expenditures Monthly Variance	0	0	0	0	0	0	0	0	0	0	0	0	6	11	0	6	6
Total Revenue Allotment	0	0	0	0	0	0	0	0	6	0	0	0					
Total Revenue	201,283	201,283	201,283	201,283	201,283	201,283	201,283	201,283	201,283	201,283	201,283	201,283	3,089,940	6,098,757	2,415,396	3,089,940	674,544
Total Variance	252,528	261,641	265,213	255,759	265,305	252,118	266,676	238,003	253,939	257,409	254,111	267,238					
Net Revenue	51,245	60,358	63,930	54,476	64,022	50,835	65,393	36,720	52,656	56,126	52,828	65,955					
Gross Profit Margin %	252,528	261,641	265,213	255,759	265,305	252,118	266,676	238,003	253,939	257,409	254,111	267,238	3,089,940	6,098,757	2,415,396	3,089,940	674,544
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%					

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - 2017-19 Operating Statements)

Report Number: PNL001
 Biennium: 2019

As of Fiscal Month: Adj FY2

Date Run: Oct 28, 2019 8:48AM
 Transactions Through: Oct 25, 2019 8:00PM

Amounts by Month (FY2)													YTD Actuals through Prior	BTD Actuals through Prior	FY Plan	FY Forecast	Variance
	Jul FM13	Aug FM14	Sep FM15	Oct FM16	Nov FM17	Dec FM18	Jan FM19	Feb FM20	Mar FM21	Apr FM22	May FM23	Jun FM24	Month	Month	FY Plan	FY Forecast	Variance

6144 - Tacoma Rhodes																	
Expenses																	
Total A / Salaries and Wages	3,019	3,019	3,019	3,019	3,019	3,019	3,080	3,080	3,080	3,080	3,080	3,080					
Total A / Salaries and Wages Monthly Variance	3,019	3,019	3,019	3,019	3,019	3,019	3,301	10,696	3,080	3,080	3,079	3,167	44,516	79,986	36,594	44,516	(7,922)
Total B / Employee Benefits	1,148	1,148	1,148	1,148	1,148	1,148	1,161	1,161	1,161	1,161	1,161	1,161					
Total B / Employee Benefits Monthly Variance	1,190	1,190	1,194	1,194	1,194	1,196	1,213	1,779	1,196	1,196	1,196	1,300	15,038	29,484	13,854	15,038	(1,184)
EA-Supplies and Materials	2,229	2,355	2,355	2,355	2,355	2,355	2,355	2,355	2,355	2,355	2,355	2,355					
EA-Supplies and Materials Monthly Variance	551	2,903	672	4,471	2,661	2,034	2,370	4,320	7,596	1,140	4,074	4,287	37,078	63,241	28,134	37,078	(8,944)
EB-Communications/Telecommunications	504	504	504	504	504	504	504	504	504	504	504	502					
EB-Communications/Telecommunications Monthly Variance	394	397	393	395	495	465	462	463	445	481	481	482	5,353	10,278	6,046	5,353	693
EC-Utilities	16,279	16,279	16,279	16,279	16,279	16,279	16,279	16,279	16,279	16,279	16,279	16,291					
EC-Utilities Monthly Variance	16,351	16,792	15,688	14,403	16,716	13,116	23,772	20,552	17,974	17,260	15,548	19,005	207,178	403,312	195,360	207,178	(11,818)
EE-Repairs, Alterations & Maintenance	15,430	15,430	15,430	15,430	15,430	15,430	25,624	15,430	15,430	15,430	15,430	15,433					
EE-Repairs, Alterations & Maintenance Monthly Variance	16,338	11,658	16,669	(4,331)	12,184	57,545	18,382	148,551	44,827	5,651	44,396	49,209	421,078	670,369	195,357	421,078	(225,721)

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - 2017-19 Operating Statements)

Report Number: PNL001
 Biennium: 2019

As of Fiscal Month: Adj FY2

Date Run: Oct 28, 2019 8:48AM
 Transactions Through: Oct 25, 2019 8:00PM

	Amounts by Month (FY2)												YTD Actuals through Prior	BTD Actuals through Prior	FY Plan	FY Forecast	Variance	
	Jul FM13	Aug FM14	Sep FM15	Oct FM16	Nov FM17	Dec FM18	Jan FM19	Feb FM20	Mar FM21	Apr FM22	May FM23	Jun FM24						Month

6144 - Tacoma Rhodes																		
Expenses																		
EF-Printing and Reproduction	0	0	0	0	0	0	0	0	0	0	0	0	0					
EF-Printing and Reproduction Monthly Variance	0	0	0	0	0	0	0	0	0	0	0	0	5	5	5	0	5	(5)
EG-Employee Prof Dev & Training	0	0	0	0	0	0	0	0	0	0	0	250						
EG-Employee Prof Dev & Training Monthly Variance	0	0	0	0	0	0	0	23	0	0	0	0	23	43	250	23	228	
EH-Rental & Leases - Furn & Equipment	320	320	320	320	320	320	320	320	320	320	320	320						
EH-Rental & Leases - Furn & Equipment Monthly Variance	9	9	9	9	8	9	18	9	9	9	9	9	113	229	3,840	113	3,727	
EK-Facilities and Services	75	75	75	75	75	75	75	75	75	75	75	75						
EK-Facilities and Services Monthly Variance	105	105	105	105	105	105	105	195	195	195	195	370	1,881	3,198	900	1,881	(981)	
EL-Data Processing Services (Interagency)	761	761	761	771	761	761	761	761	761	761	761	758						
EL-Data Processing Services (Interagency) Monthly Variance	757	777	774	783	772	772	775	772	772	773	773	773	9,275	19,047	9,139	9,275	(136)	
EN-Personnel Services	20	2	2	20	2	2	20	2	2	15	2	2						
EN-Personnel Services Monthly Variance	18	2	2	18	2	2	18	2	2	18	2	2	91	177	91	91	0	
	2	0	0	2	0	0	2	0	0	(3)	0	0						

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - 2017-19 Operating Statements)

Report Number: PNL001
Biennium: 2019

As of Fiscal Month: Adj FY2

Date Run: Oct 28, 2019 8:48AM
Transactions Through: Oct 25, 2019 8:00PM

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - 2017-19 Operating Statements)

Report Number: PNL001
 Biennium: 2019

As of Fiscal Month: Adj FY2

Date Run: Oct 28, 2019 8:48AM
 Transactions Through: Oct 25, 2019 8:00PM

	Amounts by Month (FY2)												YTD Actuals	BTD Actuals	FY Plan	FY Forecast	Variance	
	Jul FM13	Aug FM14	Sep FM15	Oct FM16	Nov FM17	Dec FM18	Jan FM19	Feb FM20	Mar FM21	Apr FM22	May FM23	Jun FM24 *****	through Prior	through Prior				
6144 - Tacoma Rhodes																		
Expenses																		
EP-Insurance	5,808	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,745						
	5,801	5,846	5,795	5,795	5,795	5,795	5,795	5,795	5,795	5,795	5,795	6,325	5,795	70,128	136,573	69,083	70,128	(1,045)
EP-Insurance Monthly Variance	7	(93)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(42)	(572)	(50)						
ER-Other Contractual Services	31,969	31,969	31,999	31,969	31,969	31,969	31,969	31,969	31,969	31,969	31,969	31,969						
	31,597	33,477	38,728	33,324	12,094	28,595	135,158	47,890	47,437	60,373	91,394	156,098		716,164	1,170,525	383,658	716,164	(332,506)
ER-Other Contractual Services Monthly Variance	372	(1,508)	(6,729)	(1,355)	19,875	3,374	(103,189)	(15,921)	(15,468)	(28,404)	(59,425)	(124,129)						
ES-Vehicle Maintenance & Operating Cst	0	0	0	0	0	0	0	0	0	0	0	0						
	0	0	37	0	0	0	0	0	0	0	0	0		37	217	0	37	(37)
ES-Vehicle Maintenance & Operating Cst Monthly Variance	0	0	(37)	0	0	0	0	0	0	0	0	0						
EW-Archives & Records Management Svcs	6	0	0	6	0	0	6	0	0	6	0	0						
	0	5	0	5	0	0	5	0	0	5	0	0		22	43	24	22	2
EW-Archives & Records Management Svcs Monthly Variance	6	(5)	0	1	0	0	1	0	0	1	0	0						
EY-Software Licenses and Maintenance	93	93	93	93	93	93	93	93	93	93	93	97						
	0	183	97	93	93	93	93	93	93	93	93	93		1,120	1,120	1,120	1,120	0
EY-Software Licenses and Maintenance Monthly Variance	93	(90)	(4)	0	0	0	0	0	0	0	0	4						
EZ-Other Goods and Services	53	0	0	29	0	0	29	0	0	27	0	0						

1790 - Department of Enterprise Services

1,364	144	88	166	2,095	63	214	176	452	461	976	(195)	6,004	15,523	138	6,004	(5,866)
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Profit and Loss Flexible by Project

(Tacoma Rhodes - 2017-19 Operating Statements)

Report Number: PNL001

Date Run: Oct 28, 2019 8:48AM

Biennium: 2019

As of Fiscal Month: Adj FY2

Transactions Through: Oct 25, 2019 8:00PM

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - 2017-19 Operating Statements)

Report Number: PNL001
 Biennium: 2019

As of Fiscal Month: Adj FY2

Date Run: Oct 28, 2019 8:48AM
 Transactions Through: Oct 25, 2019 8:00PM

	Amounts by Month (FY2)												YTD Actuals	BTD Actuals	FY Plan	FY Forecast	Variance	
	Jul FM13	Aug FM14	Sep FM15	Oct FM16	Nov FM17	Dec FM18	Jan FM19	Feb FM20	Mar FM21	Apr FM22	May FM23	Jun FM24	through Prior	through Prior				

6144 - Tacoma Rhodes																		
Expenses																		
EZ-Other Goods and Services Monthly																		
Variance	(1,311)	(144)	(88)	(137)	(2,095)	(63)	(185)	(176)	(452)	(434)	(976)	195						
Total E / Goods and Services	73,547	73,541	73,571	73,604	73,541	73,541	83,788	73,541	73,541	73,587	73,541	73,797						
	73,284	72,299	79,056	55,236	53,020	108,594	187,168	228,842	125,597	92,254	164,265	235,934	1,475,550	2,493,898	893,140	1,475,550	(582,410)	
Total E / Goods and Services Monthly	263	1,242	(5,485)	18,368	20,521	(35,053)	(103,380)	(155,301)	(52,056)	(18,667)	(90,724)	(162,137)						
Variance																		
Total G / Travel	158	158	158	158	158	158	158	158	158	158	158	158	162					
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33	1,900	0	1,900
Total G / Travel Monthly Variance	158	158	158	158	158	158	158	158	158	158	158	162						
Total JA,JB - Non Capitalized Equip	0	0	0	0	0	0	0	0	0	0	0	0	0					
	0	50	0	0	0	0	0	0	0	0	0	0	0	50	50	0	50	(50)
Total JA,JB - Non Capitalized Equip Monthly Variance	0	(50)	0	0	0	0	0	0	0	0	0	0						
Total PB,PC,PE - Debt Service Interest	1,655	1,655	1,655	1,655	1,655	1,655	1,176	1,176	1,176	1,176	1,176	1,180						
	1,655	1,655	1,655	1,655	1,655	1,655	1,176	1,176	1,176	1,176	1,176	25,767	41,576	63,686	16,990	41,576	(24,586)	
Total PB,PC,PE - Debt Service Interest Monthly Variance	0	0	0	0	0	0	0	0	0	0	0	(24,587)						
TE-Goods and Services	13,595	13,595	13,595	13,595	13,595	13,595	13,595	13,595	13,595	13,595	13,595	13,579						
	13,596	13,596	13,596	13,596	13,596	13,596	13,596	13,596	13,596	13,596	13,596	1,206	150,762	240,178	163,124	150,762	12,362	
Total T / Intra-Agency Reimbursements	13,595	13,595	13,595	13,595	13,595	13,595	13,595	13,595	13,595	13,595	13,595	13,579						
	13,596	13,596	13,596	13,596	13,596	13,596	13,596	13,596	13,596	13,596	13,596	1,206	150,762	240,178	163,124	150,762	12,362	
Total T / Intra-Agency Reimbursements Monthly Variance	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	12,373						

1790 - Department of Enterprise Services

Profit and Loss Flexible by Project

(Tacoma Rhodes - 2017-19 Operating Statements)

Report Number: PNL001
 Biennium: 2019

As of Fiscal Month: Adj FY2

Date Run: Oct 28, 2019 8:48AM
 Transactions Through: Oct 25, 2019 8:00PM

	Amounts by Month (FY2)												YTD Actuals	BTD Actuals	FY Plan	FY Forecast	Variance
	Jul FM13	Aug FM14	Sep FM15	Oct FM16	Nov FM17	Dec FM18	Jan FM19	Feb FM20	Mar FM21	Apr FM22	May FM23	Jun FM24	through Prior	through Prior			
6144 - Tacoma Rhodes																	
Expenses																	
Total W / Depreciation/Amortization/Bad Debts	95,202	95,202	95,202	95,202	95,202	95,202	95,202	95,202	95,202	95,202	95,202	95,202					
Total W / Depreciation/Amortization/Bad Debts Monthly Variance	1	1	1	1	1	1	1	1	1	1	1	1					
Total Expenses Allotment	188,324	188,318	188,348	188,381	188,318	188,318	198,160	187,913	187,913	187,959	187,913	188,161					
Total Expenses	187,945	187,010	193,721	169,901	167,685	223,261	301,655	351,289	239,846	206,503	278,514	362,575	2,869,905	5,204,469	2,268,026	2,869,905	(601,879)
Total Variance	379	1,308	(5,373)	18,480	20,633	(34,943)	(103,495)	(163,376)	(51,933)	(18,544)	(90,601)	(174,414)					
Net Income (or loss)																	
Net Income	64,583	74,631	71,492	85,858	97,620	28,857	(34,979)	(113,286)	14,093	50,906	(24,403)	(95,337)	220,036	894,288	147,370	220,036	72,666
Income Margin	26%	29%	27%	34%	37%	11%	(13)%	(48)%	6%	20%	(10)%	(36)%					
Conversion to Expenditures																	
Total Expenses	187,945	187,010	193,721	169,901	167,685	223,261	301,655	351,289	239,846	206,503	278,514	362,575	2,869,905	5,204,469			
Add Principle Payments (Subobjects PA, PD)	0	0	0	0	0	460,000	0	0	0	0	0	0	460,000	910,000			
Deduct Depreciation (Subobjects WA, WB, PF)	(93,575)	(93,575)	(93,575)	(93,575)	(93,575)	(93,575)	(93,575)	(93,575)	(93,575)	(93,575)	(93,575)	(93,575)	(1,122,894)	(2,258,116)			
Deduct Expense Adj. GAAP (GL 6525)	0	0	0	0	0	(460,000)	0	8,199	0	0	0	191	(451,610)	(901,421)			
Expenditures	94,370	93,435	100,147	76,326	74,111	129,686	208,080	265,914	146,271	112,929	184,940	269,192	1,755,400	2,954,932			
FTEs																	
Total FTE Allotment	1	1	1	1	1	1	1	1	1	1	1	1					
Total FTEs	1	1	1	1	1	1	1	1	1	1	1	1	6	12	6	6	0
Total FTE Variance	0	0	0	0	0	0	0	0	0	0	0	0					

Input Parameters:	Entered As	Interpreted As
User ID:	tsw0179	
Report Title	Profit and Loss Flexible by Project	Profit and Loss Flexible by Project
Biennium:	2019	2019
Agency:	179	179
Fiscal Month:	24A-Adj FY2	24A-Adj FY2
Account:	422	422
Program:	*	All
Subprogram:	*	All
Activity:	*	All
Subactivity:	*	All
Task:	*	All
Program Index:	*	All
Division:	*	All
Branch:	*	All
Section:	*	All
Unit:	*	All
Cost Center:	*	All
Organization Index:	*	All
Project:	6144	6144
Subproject:	*	All
Project Phase:	*	All
Report Group 1:	Project	Project
Report Group 2:	None	None
Report Group 3:	None	None
Report Group 4:	None	None
Report Group 5:	None	None

Addendum D

ARGUS SUPPORTING SCHEDULES

Lease Expiration Report

Rhodes Center Complex (Amounts in USD, Measures in SF)

As of Nov, 2019

All Tenants/ All Lease Periods

12/6/2019 3:00:06 PM

<u>Tenants</u>	<u>Suite</u>	<u>Lease Period</u>	<u>Lease Status</u>	<u>Expiration Date</u>	<u>Remaining Term</u>	<u>Expiring Area</u>	<u>Building Share %</u>	<u>Base Rent</u>	<u>Base Rent/SF</u>	<u>Market Rent/SF</u>
FY 2020 Expirations										
2. WSECU (ATM)	B- 2	Base	Contract	12/31/2019	5 Years 2 Months	82.00	0.05%	1,910.17	23.29	22.50
4. Court of Appeals	B- Floor	Base	Contract	6/30/2020	8 Months	27,269.00	17.71%	662,088.00	24.28	22.50
7. Dept of Services for the Blind	M-418	Base	Contract	11/30/2019	5 Years 1 Month	272.00	0.18%	6,120.00	22.50	22.50
12. Office of Admin Hearings	M- 500-548	Base	Contract	6/30/2020	8 Months	5,221.00	3.39%	117,472.56	22.50	22.50
Total FY 2020 Expirations						32,844.00	21.33%	787,590.73	23.98	22.50
FY 2021 Expirations										
1. Dept of Labor & Industries	B- 200,	Base	Contract	6/30/2021	1 Year 8 Months	29,188.00	18.96%	656,730.00	22.50	23.18
5. Sundance Deli	B - 1	Base	Contract	9/30/2021	1 Year 11 Months	1,604.00	1.04%	12,992.40	8.10	10.30
6. GSA-Census	B-Mezz	Base	Contract	3/11/2021	1 Year 4 Months 11 Days	6,600.00	4.29%	196,416.00	29.76	23.18
9. Dept of Services for the Blind	M-508	Base	Contract	6/30/2021	1 Year 8 Months	2,503.00	1.63%	45,955.08	18.36	23.18
10. Pierce County Assigned Counsel	M-442-444	Base	Contract	6/30/2021	1 Year 8 Months	24,165.00	15.70%	475,260.00	19.67	23.18
13. Office of the State Auditor	M- 560	Base	Contract	6/30/2021	1 Year 8 Months	4,422.00	2.87%	99,495.00	22.50	23.18
Total FY 2021 Expirations						68,482.00	44.48%	1,486,848.48	21.71	22.87
FY 2022 Expirations										
14. GSA - Food & Drug Admin	M-600	Base	Contract	11/30/2021	2 Years 1 Month	5,564.00	3.61%	10,796.49	1.94	23.87
Total FY 2022 Expirations						5,564.00	3.61%	10,796.49	1.94	23.87
FY 2024 Expirations										
11. Office of Admin Hearings	M-424	Base	Contract	8/31/2024	4 Years 10 Months	6,035.00	3.92%	135,787.50	22.50	25.32
16. Enterprise Car Rental	G-100	Base	Contract	2/29/2024	4 Years 4 Months	5,180.00	3.36%	116,032.00	22.40	25.32
Total FY 2024 Expirations						11,215.00	7.28%	251,819.50	22.45	25.32
FY 2025 Expirations										
3. WSECU (ATM) (Contract Renewal 1)	B- 2	Base	Contract Renewal	12/31/2024		82.00	0.05%	2,253.49	27.48	26.08
4. Court of Appeals	B- Floor	Market	Speculative	8/31/2025		27,269.00	17.71%	613,552.50	22.50	26.08
8. Dept of Services for the Blind (Contract Renewal 1)	M-418	Base	Contract Renewal	11/30/2024		272.00	0.18%	6,120.00	22.50	26.08
12. Office of Admin Hearings	M- 500-548	Market	Speculative	8/31/2025		5,221.00	3.39%	117,472.50	22.50	26.08
17. Vacant - B 106		Base	Speculative	1/31/2025		3,100.00	2.01%	78,504.24	25.32	26.08
18. Vacant - B 112		Base	Speculative	4/30/2025		1,738.00	1.13%	44,013.02	25.32	26.08
19. Vacant - B 118		Base	Speculative	7/31/2025		1,970.00	1.28%	49,888.18	25.32	26.08
20. Vacant - B 104		Base	Speculative	10/31/2025		3,699.00	2.40%	64,322.32	17.39	17.39
25. Vacant - M 4A		Base	Speculative	4/30/2025		3,100.00	2.01%	78,504.24	25.32	26.08
26. Vacant - M 4E		Base	Speculative	10/31/2025		4,000.00	2.60%	104,334.67	26.08	26.08
Total FY 2025 Expirations						50,451.00	32.77%	1,158,965.16	22.97	25.45

Lease Expiration Report

Rhodes Center Complex (Amounts in USD, Measures in SF)

As of Nov, 2019

All Tenants/ All Lease Periods

12/6/2019 3:00:06 PM

<u>Tenants</u>	<u>Suite</u>	<u>Lease Period</u>	<u>Lease Status</u>	<u>Expiration Date</u>	<u>Remaining Term</u>	<u>Expiring Area</u>	<u>Building Share %</u>	<u>Base Rent</u>	<u>Base Rent/SF</u>	<u>Market Rent/SF</u>
FY 2026 Expirations										
1. Dept of Labor & Industries	B- 200,	Market	Speculative	8/31/2026		29,188.00	18.96%	676,431.90	23.18	26.87
5. Sundance Deli	B - 1	Market	Speculative	9/30/2026		1,604.00	1.04%	16,521.20	10.30	11.94
9. Dept of Services for the Blind	M-508	Market	Speculative	8/31/2026		2,503.00	1.63%	58,007.03	23.18	26.87
10. Pierce County Assigned Counsel	M-442-444	Market	Speculative	8/31/2026		24,165.00	15.70%	560,023.88	23.18	26.87
13. Office of the State Auditor	M- 560	Market	Speculative	8/31/2026		4,422.00	2.87%	102,479.85	23.18	26.87
21. Vacant - B 108		Base	Speculative	1/31/2026		246.00	0.16%	6,416.58	26.08	26.87
22. Vacant - B 348		Base	Speculative	4/30/2026		4,534.00	2.95%	118,263.34	26.08	26.87
23. Vacant - B 519		Base	Speculative	7/31/2026		3,945.00	2.56%	102,900.07	26.08	26.87
24. Vacant - B Mezz		Base	Speculative	10/31/2026		3,031.00	1.97%	81,431.38	26.87	26.87
27. Vacant - M 601		Base	Speculative	4/30/2026		2,501.00	1.62%	65,235.25	26.08	26.87
28. Vacant - M 701		Base	Speculative	10/31/2026		2,240.00	1.46%	60,180.24	26.87	26.87
Total FY 2026 Expirations						78,379.00	50.91%	1,847,890.71	23.58	26.56
FY 2027 Expirations										
6. GSA-Census	B-Mezz	Market	Speculative	11/30/2026		6,600.00	4.29%	157,543.65	23.87	27.67
14. GSA - Food & Drug Admin	M-600	Market	Speculative	1/31/2027		5,564.00	3.61%	132,814.07	23.87	27.67
15. GSA-Dept of Labor	M-413	Base	Contract	8/17/2027	7 Years 9 Months 17 Days	842.00	0.55%	18,945.00	22.50	27.67
Total FY 2027 Expirations						13,006.00	8.45%	309,302.72	23.78	27.67
FY 2029 Expirations										
11. Office of Admin Hearings	M-424	Market	Speculative	10/31/2029		6,035.00	3.92%	157,414.93	26.08	29.36
16. Enterprise Car Rental	G-100	Market	Speculative	4/30/2029		5,180.00	3.36%	131,178.05	25.32	29.36
Total FY 2029 Expirations						11,215.00	7.28%	288,592.98	25.73	29.36
FY 2030 Expirations										
3. WSECU (ATM) (Contract Renewal 1)	B- 2	Market	Speculative	2/28/2030		82.00	0.05%	2,138.86	26.08	30.24
4. Court of Appeals	B- Floor	Market	Speculative	10/31/2030		27,269.00	17.71%	732,613.77	26.87	30.24
8. Dept of Services for the Blind (Contract Renewal 1)	M-418	Market	Speculative	1/31/2030		272.00	0.18%	7,094.76	26.08	30.24
12. Office of Admin Hearings	M- 500-548	Market	Speculative	10/31/2030		5,221.00	3.39%	140,268.31	26.87	30.24
17. Vacant - B 106		Market	Speculative	3/31/2030		3,100.00	2.01%	80,859.37	26.08	30.24
18. Vacant - B 112		Market	Speculative	6/30/2030		1,738.00	1.13%	45,333.41	26.08	30.24
19. Vacant - B 118		Market	Speculative	9/30/2030		1,970.00	1.28%	51,384.82	26.08	30.24
25. Vacant - M 4A		Market	Speculative	6/30/2030		3,100.00	2.01%	80,859.37	26.08	30.24
Total FY 2030 Expirations						42,752.00	27.77%	1,140,552.67	26.68	30.24
FY 2031 Expirations										
1. Dept of Labor & Industries	B- 200,	Market	Speculative	10/31/2031		29,188.00	18.96%	807,695.06	27.67	31.15
5. Sundance Deli	B - 1	Market	Speculative	9/30/2031		1,604.00	1.04%	19,152.60	11.94	13.84

Lease Expiration Report

Rhodes Center Complex (Amounts in USD, Measures in SF)

As of Nov, 2019

All Tenants/ All Lease Periods

12/6/2019 3:00:06 PM

<u>Tenants</u>	<u>Suite</u>	<u>Lease Period</u>	<u>Lease Status</u>	<u>Expiration Date</u>	<u>Remaining Term</u>	<u>Expiring Area</u>	<u>Building Share %</u>	<u>Base Rent</u>	<u>Base Rent/SF</u>	<u>Market Rent/SF</u>
9. Dept of Services for the Blind	M-508	Market	Speculative	10/31/2031		2,503.00	1.63%	69,263.42	27.67	31.15
10. Pierce County Assigned Counsel	M-442-444	Market	Speculative	10/31/2031		24,165.00	15.70%	668,697.79	27.67	31.15
13. Office of the State Auditor	M- 560	Market	Speculative	10/31/2031		4,422.00	2.87%	122,366.30	27.67	31.15
20. Vacant - B 104		Market	Speculative	12/31/2030		3,699.00	2.40%	66,251.99	17.91	20.76
21. Vacant - B 108		Market	Speculative	3/31/2031		246.00	0.16%	6,609.08	26.87	31.15
22. Vacant - B 348		Market	Speculative	6/30/2031		4,534.00	2.95%	121,811.25	26.87	31.15
23. Vacant - B 519		Market	Speculative	9/30/2031		3,945.00	2.56%	105,987.07	26.87	31.15
26. Vacant - M 4E		Market	Speculative	12/31/2030		4,000.00	2.60%	107,464.71	26.87	31.15
27. Vacant - M 601		Market	Speculative	6/30/2031		2,501.00	1.62%	67,192.31	26.87	31.15
Total FY 2031 Expirations						80,807.00	52.49%	2,162,491.58	26.76	30.33
FY 2032 Expirations										
6. GSA-Census	B-Mezz	Market	Speculative	1/31/2032		6,600.00	4.29%	182,636.27	27.67	32.08
14. GSA - Food & Drug Admin	M-600	Market	Speculative	3/31/2032		5,564.00	3.61%	153,967.91	27.67	32.08
15. GSA-Dept of Labor	M-413	Market	Speculative	10/31/2032		842.00	0.55%	23,998.96	28.50	32.08
24. Vacant - B Mezz		Market	Speculative	12/31/2031		3,031.00	1.97%	83,874.32	27.67	32.08
28. Vacant - M 701		Market	Speculative	12/31/2031		2,240.00	1.46%	61,985.64	27.67	32.08
Total FY 2032 Expirations						18,277.00	11.87%	506,463.10	27.71	32.08
FY 2034 Expirations										
16. Enterprise Car Rental	G-100	Market	Speculative	6/30/2034		5,180.00	3.36%	152,071.31	29.36	34.03
Total FY 2034 Expirations						5,180.00	3.36%	152,071.31	29.36	34.03
Final Totals					1 Year 8 Months 23 Days	418,172.00	271.63%	10,103,385.44	24.16	26.98

* 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

Present Value As Of Report

Rhodes Center Complex (Amounts in USD)

12/6/2019 2:51:46 PM

Secondary Valuation (PV/IRR) Date: Nov, 2021

Discount Method: Annual

Analysis Period	Period Ending	Cash Flow Before Debt Service	P.V. of Cash Flow @ 8.75 %	P.V. of Cash Flow @ 9.25 %	P.V. of Cash Flow @ 9.75 %	P.V. of Cash Flow @ 10.25 %	P.V. of Cash Flow @ 10.75 %	NOI to Book Value
Year 1	Oct-2022	1,975,864	1,816,886	1,808,571	1,800,331	1,792,167	1,784,076	490.96%
Year 2	Oct-2023	2,624,457	2,219,121	2,198,855	2,178,866	2,159,147	2,139,696	487.08%
Year 3	Oct-2024	2,601,756	2,022,920	1,995,273	1,968,126	1,941,470	1,915,294	407.36%
Year 4	Oct-2025	2,409,762	1,722,888	1,691,564	1,660,948	1,631,022	1,601,766	281.47%
Year 5	Oct-2026	1,793,446	1,179,077	1,152,341	1,126,330	1,101,020	1,076,390	146.43%
Year 6	Oct-2027	1,655,378	1,000,741	973,573	947,262	921,776	897,087	95.38%
Year 7	Oct-2028	3,110,554	1,729,151	1,674,509	1,621,833	1,571,041	1,522,059	102.16%
Year 8	Oct-2029	3,132,281	1,601,130	1,543,438	1,488,074	1,434,934	1,383,920	100.83%
Year 9	Oct-2030	3,039,716	1,428,794	1,371,008	1,315,807	1,263,065	1,212,661	94.38%
Year 10	Oct-2031	2,372,456	1,025,429	979,453	935,735	894,154	854,596	73.81%
Year 11	Oct-2032	1,668,989	663,333	630,692	599,796	570,544	542,841	53.06%
Totals		26,384,659	16,409,469	16,019,277	15,643,108	15,280,340	14,930,385	
Property Resale @ 8.25 % Cap Rate		42,597,287	16,930,119	16,097,041	15,308,482	14,561,877	13,854,819	
Total Unleveraged Present Value			33,339,589	32,116,318	30,951,590	29,842,217	28,785,204	

Percentage Value Distribution

Income	49.22%	49.88%	50.54%	51.20%	51.87%
Net Sale Price	50.78%	50.12%	49.46%	48.80%	48.13%
	100.00%	100.00%	100.00%	100.00%	100.00%

* Results displayed are based on Forecast data only

Present Value Report

Rhodes Center Complex (Amounts in USD)

12/6/2019 2:58:45 PM

Valuation (PV/IRR) Date: Nov, 2019

Discount Method: Annual

Analysis Period	Period Ending	Cash Flow Before Debt Service	P.V. of Cash Flow @ 8.75 %	P.V. of Cash Flow @ 9.25 %	P.V. of Cash Flow @ 9.75 %	P.V. of Cash Flow @ 10.25 %	P.V. of Cash Flow @ 10.75 %	NOI to Book Value
Year 1	Oct-2020	-2,386,214	-2,194,220	-2,184,177	-2,174,227	-2,164,366	-2,154,595	40.27%
Year 2	Oct-2021	21,075	17,820	17,657	17,497	17,338	17,182	30.35%
Year 3	Oct-2022	1,975,864	1,536,276	1,515,279	1,494,663	1,474,420	1,454,540	39.95%
Year 4	Oct-2023	2,624,457	1,876,387	1,842,272	1,808,928	1,776,336	1,744,474	42.65%
Year 5	Oct-2024	2,601,756	1,710,489	1,671,704	1,633,969	1,597,252	1,561,521	42.72%
Year 6	Oct-2025	2,409,762	1,456,795	1,417,247	1,378,945	1,341,845	1,305,905	40.53%
Year 7	Oct-2026	1,793,446	996,973	965,469	935,097	905,812	877,571	35.06%
Year 8	Oct-2027	1,655,378	846,181	815,691	786,432	758,348	731,387	33.18%
Year 9	Oct-2028	3,110,554	1,462,091	1,402,958	1,346,471	1,292,499	1,240,921	36.01%
Year 10	Oct-2029	3,132,281	1,353,842	1,293,142	1,235,422	1,180,524	1,128,297	36.50%
Totals		16,938,359	9,062,634	8,757,241	8,463,198	8,180,009	7,907,204	
Property Resale @ 8.25 % Cap Rate		38,632,106	16,697,664	15,949,017	15,237,127	14,560,035	13,915,892	
Total Unleveraged Present Value			25,760,298	24,706,258	23,700,325	22,740,043	21,823,096	

Percentage Value Distribution

Income	35.18%	35.45%	35.71%	35.97%	36.23%
Net Sale Price	64.82%	64.55%	64.29%	64.03%	63.77%
	100.00%	100.00%	100.00%	100.00%	100.00%

* Results displayed are based on Forecast data only

Tenant Summary

Rhodes Center Complex (Amounts in USD, Measures in SF)

Nov, 2019 through Oct, 2034

Tenant Information for the Period ending 10/31/2020

22 Tenants have been input	1 Year 10 Months 11 Days Avg remaining term	0.00% Avg occupancy cost
22 Current tenants totaling 119,669 SF	\$20.34 Avg lease rate / SF / Year	
91.00% Stabilized Occupancy Reached 9/1/2021	\$0.00 Avg sales / SF / Year	

Top 5 Tenants by Area

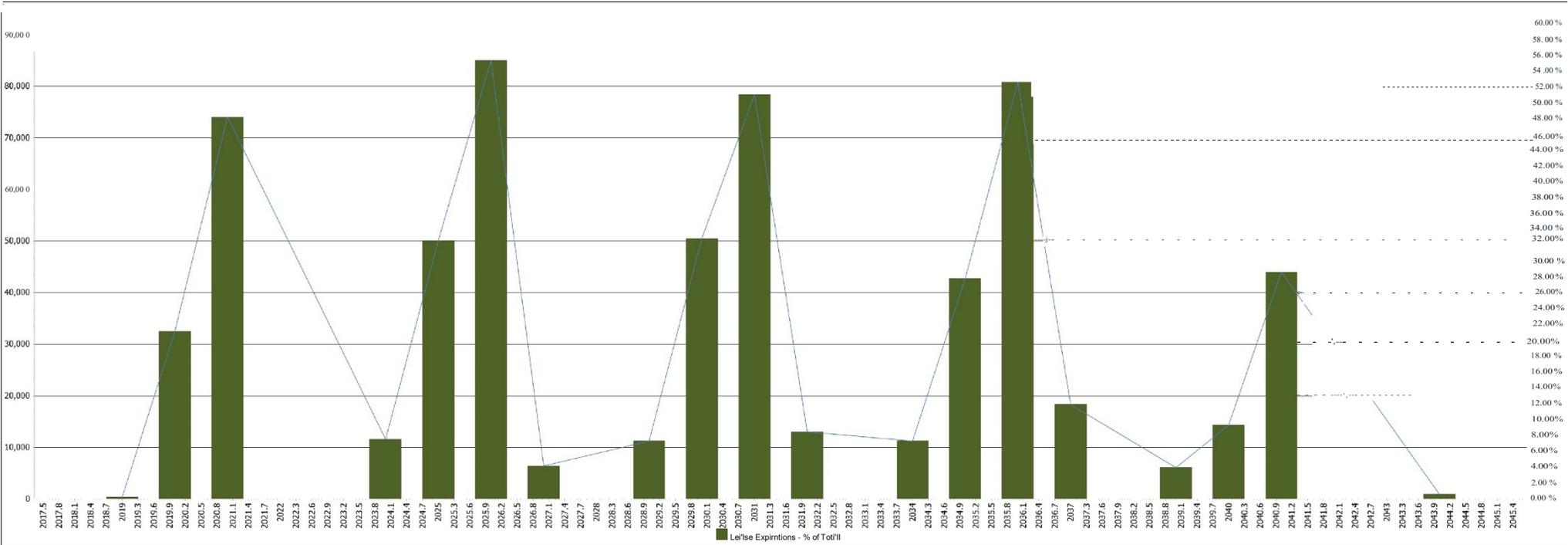
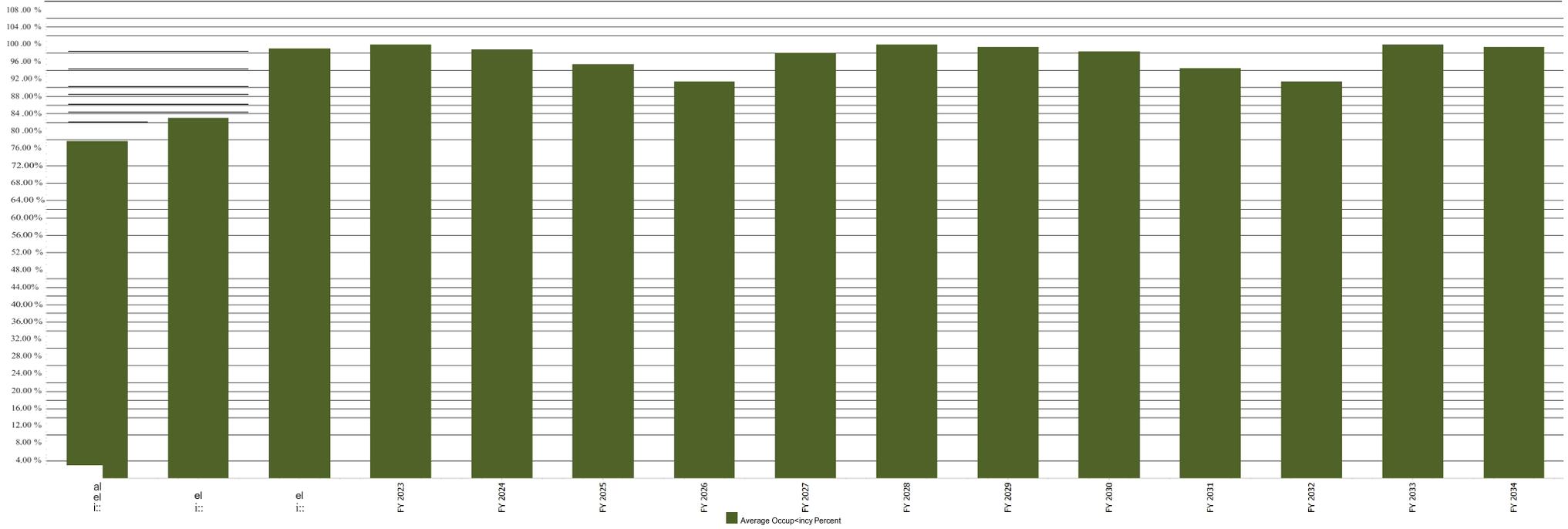
Name	Suite	Lease Status	Area	% of NRA	Start	End	Base Rent	Market Rent	Upon Expiry
1.Dept of Labor & Industries	B- 200,	Contract	29,188	18.96%	7/1/2019	6/30/2021	\$22.50/SF/Year	\$22.50/SF/Year	Market
2.Court of Appeals	B- Floor	Contract	27,269	17.71%	7/1/2015	6/30/2020	\$55,174/Month	\$22.50/SF/Year	Market
3.Pierce County Assigned Counsel	M-442-444	Contract	24,165	15.70%	7/1/2019	6/30/2021	\$39,605/Month	\$22.50/SF/Year	Market
4.GSA-Census	B-Mezz	Contract	6,600	4.29%	8/12/2019	3/11/2021	\$196,416/Year	\$22.50/SF/Year	Vacate
5.Office of Admin Hearings	M-424	Contract	6,035	3.92%	9/1/2019	8/31/2024	\$22.50/SF/Year	\$22.50/SF/Year	Market

Market Leasing Assumptions

	Office	Amenity	Retail
Term Length	5 Years	5 Years	5 Years
Renewal Probability	75.00%	100.00%	75.00%
Months Vacant	9.00 months	0.00 months	9.00 months
Months Vacant (Blended)	2.25 months	0.00 months	2.25 months
Market Base Rent (New)	\$22.50/SF/Year	\$10.00/SF/Year	\$15.00/SF/Year
Market Base Rent (Renewal)	\$22.50/SF/Year	\$10.00/SF/Year	\$15.00/SF/Year
Market Base Rent (Blended)	\$22.50/SF/Year	\$10.00/SF/Year	\$15.00/SF/Year
Market Rental Value	Continue Prior	Continue Prior	Continue Prior
Use Market or Prior	N/A	N/A	N/A
Prior Rent	N/A	N/A	N/A
Fixed Steps	3.00%	3.00%	3.00%
CPI Increase	None	None	None
Free Rent (New)	3.00 months	3.00 months	3.00 months
Free Rent (Renewal)	0.00 months	0.00 months	0.00 months
Free Rent (Blended)	0.75 months	0.00 months	0.75 months
Recovery Type	None	None	Net
Miscellaneous Rent	None	None	None
Incentives	None	None	None
Tenant Improvements (New)	\$25.00/SF	\$25.00/SF	\$25.00/SF
Tenant Improvements (Renew)	\$5.00/SF	\$5.00/SF	\$5.00/SF
Tenant Improvements (Blended)	\$10.00/SF	\$5.00/SF	\$10.00/SF
Leasing Commissions (New)	6.00%	6.00%	6.00%
Leasing Commissions (Renew)	3.00%	3.00%	3.00%
Leasing Commissions (Blended)	3.75%	3.00%	3.75%
Sales Percentage	ContinuePrior	ContinuePrior	ContinuePrior
Sales Volume	ContinuePrior	ContinuePrior	ContinuePrior
Sales Breakpoint	Natural	Natural	Natural
Upon Expiration	Office	Amenity	Retail

* Results displayed are based on Forecast data only

Tenant Summary



Addendum E

CLIENT CONTRACT INFORMATION

CONTRACT

No. K6302

**APPRAISAL SERVICES
TACOMA RHODES CENTER COMPLEX**

By and Between

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES**

And

**CBRE INC.
VALUATION & ADVISORY SERVICES**

Dated 10/18/19

CONTRACT
No. K6302
APPRAISAL SERVICES
TACOMA RHODES CENTER COMPLEX

This Direct Buy Contract (“Contract”) is made and entered into by and between the State of Washington acting by and through the Department of Enterprise Services, a Washington State governmental agency (“Enterprise Services”) and CBRE Inc. a Washington State (“Contractor”) and is dated and effective as of 10/18/19.

RECITALS

- A.** Pursuant to RCW chapter 39.26, Enterprise Services, Enterprise Services, as part of a governmental Direct Buy No. K6302 dated October 18, 2019 to provide appraisal services for the Enterprise Services’ Tacoma Rhodes Center Complex.
- B.** Enterprise Services has determined that entering into this Contract will meet the identified needs and be in the best interest of the State of Washington

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises, covenants, and conditions set forth herein, the parties hereto hereby agree as follows:

- 1. TERM.** The term of this Contract is Three month(s), commencing October 18, 2019 and ending January 18, 2020.
- 2. SCOPE – INCLUDED GOODS/SERVICES AND PRICE.**
 - 2.1. CONTRACT SCOPE AND PRICING.** Pursuant to this Direct Buy Contract, Contractor is authorized to sell only those services related to creating a commercial property appraisal of the Tacoma Rhodes Center Complex and to provide a self-contained narrative appraisal report, *articles contained in exhibit A represent the purchase.*
 - 2.2. STATE’S ABILITY TO MODIFY SCOPE OF CONTRACT.** Subject to mutual agreement between the parties, Enterprise Services reserves the right to modify the goods and/or services included in this Contract; *Provided*, however, that any such modification shall be effective only upon ten (10) days advance written notice; and *Provided further*, that any such modification must be within the scope of this Contract.
 - 2.3. PRICE CEILING.** Although Contractor may offer lower prices to Enterprise Services, during the term of this Contract, Contractor guarantees to provide the Goods/Services at no greater than the prices set forth in *Exhibit A – Prices for Goods/Services.*
- 3. CONTRACTOR REPRESENTATIONS AND WARRANTIES.** Contractor makes each of the following representations and warranties as of the effective date of this Contract and at the time of performance pursuant to this Contract. If, at the time of performance, Contractor cannot make such representations and warranties, Contractor shall not perform and shall, within three (3) business days notify Enterprise Services, in writing, of such breach.

- 3.1. QUALIFIED TO DO BUSINESS. Contractor represents and warrants that it is in good standing and qualified to do business in the State of Washington, that it possesses and shall keep current all required licenses and/or approvals, and that it is current, in full compliance, and has paid all applicable taxes owed to the State of Washington.
- 3.2. SUSPENSION & DEBARMENT. Contractor represents and warrants that neither it nor its principals or affiliates presently are debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in any governmental contract by any governmental department or agency within the United States.
- 3.3. QUALITY OF SERVICES. Contractor represents and warrants that any or services sold or provided pursuant to this Contract shall be merchantable, shall conform to this Contract, shall be fit and safe for the intended purposes, shall be free from defects in materials and workmanship, and shall be produced and delivered in full compliance with applicable law. Contractor further represents and warrants it has clear title to the goods and that the same shall be delivered free of liens and encumbrances. Contractor shall convey to Enterprise Services any manufacturer's warranty. Upon breach of warranty, Contractor will repair or replace (at no charge to Enterprise Services or services whose nonconformance is discovered and made known to the Contractor. If, in Enterprise Services' judgment, repair or replacement is inadequate, or fails of its essential purpose, Contractor will refund the full amount of any payments that have been made. The rights and remedies of the parties under this warranty are in addition to any other rights and remedies of the parties provided by law or equity, including, without limitation, actual damages, and, as applicable and awarded under the law, to a prevailing party, reasonable attorneys' fees and costs.
- 3.4. STATEWIDE PAYEE DESK. Contractor represents and warrants that it is registered with the Statewide Payee Desk, which registration is a condition to payment.
- 3.5. ADVERTISING AND ENDORSEMENT. Contractor understands and acknowledges that neither Enterprise Services nor the State of Washington are endorsing Contractor's goods and/or services or suggesting that such goods and/or services are the best or only solution to their needs. Accordingly, Contractor represents and warrants that it shall make no reference to Enterprise Services or the State of Washington in any promotional material without the prior written consent of Enterprise Services.
- 3.6. WAGE VIOLATIONS. Contractor represents and warrants that neither it nor its principals or affiliates presently are determined, by a final order of the Washington Department of Labor and Industries or a Court, to be in willful violation of state wage laws.

4. DELIVERY.

- 4.1. DELIVERY REQUIREMENTS. Contractor must ensure that delivery of services will be made as required by this Contract, including the requirements set forth in *Appendix A*, or as otherwise mutually agreed in writing between Enterprise Services and Contractor.

5. INVOICING & PAYMENT.

- 5.1. CONTRACTOR INVOICE. Contractor shall submit to Enterprise Services' designated invoicing contact properly itemized invoices. Such invoices shall itemize the following:
 - (a) Contract No. K6302

- (b) Contractor name, address, telephone number, and email address for billing issues (i.e., Contractor Customer Service Representative)
- (c) Contractor's Federal Tax Identification Number
- (d) Date(s) of delivery
- (e) Invoice amount; and
- (f) Payment terms, including any available prompt payment discounts.

Contractor's invoices for payment shall reflect accurate Contract prices. Invoices will not be processed for payment until receipt of a complete invoice as specified herein.

- 5.2. **PAYMENT.** Payment is the sole responsibility of, and will be made by, Enterprise Services. Payment is due within thirty (30) days of invoice. If Enterprise Services fails to make timely payment(s), Contractor may invoice Enterprise Services in the amount of one percent (1%) per month on the amount overdue or a minimum of \$1. Payment will not be considered late if a check or warrant is mailed within the time specified.
- 5.3. **OVERPAYMENTS.** Contractor promptly shall refund to Enterprise Services the full amount of any erroneous payment or overpayment. Such refunds shall occur within thirty (30) days of written notice to Contractor; *Provided*, however, that Enterprise Services shall have the right to elect to have either direct payments or written credit memos issued. If Contractor fails to make timely payment(s) or issuance of such credit memos, Enterprise Services may impose a one percent (1%) per month on the amount overdue thirty (30) days after notice to the Contractor.
- 5.4. **NO ADVANCE PAYMENT.** No advance payments shall be made for any products or services furnished by Contractor pursuant to this Contract.
- 5.5. **NO ADDITIONAL CHARGES.** Unless otherwise specified herein, Contractor shall not include or impose any additional charges including, but not limited to, charges for shipping, handling, or payment processing.
- 5.6. **TAXES/FEES.** Contractor promptly shall pay all applicable taxes on its operations and activities pertaining to this Contract. Failure to do so shall constitute breach of this Contract. Unless otherwise agreed, Enterprise Services shall pay applicable sales tax imposed by the State of Washington on purchased goods and/or services. Contractor, however, shall not make any charge for federal excise taxes and Enterprise Services agrees to furnish Contractor with an exemption certificate where appropriate.

6. CONTRACT MANAGEMENT.

- 6.1. **CONTRACT ADMINISTRATION & NOTICES.** Except for legal notices, the parties hereby designate the following contract administrators as the respective single points of contact for purposes of this Contract. Enterprise Services' contract administrator shall provide Contract oversight. Contractor's contract administrator shall be Contractor's principal contact for business activities under this Contract. The parties may change contractor administrators by written notice as set forth below.

Any notices required or desired shall be in writing and sent by U.S. mail, postage prepaid, or sent via email, and shall be sent to the respective addressee at the respective address or email address set forth below or to such other address or email address as the parties may specify in writing:

State of Washington

Attn: Stefanie Fuller
Dept. of Enterprise Services
1500 Jefferson Street SE
Mail Stop: 41015
Olympia, WA 98504
Tel: (360) 407-9310
Email: stefanie.fuller@des.wa.gov

Contractor

Attn: Whitney Haucke
CBRE, Inc. Valuation & Advisory Services
1201 Pacific Ave,
Suite 1502
Tacoma, WA 98402
Tel: (206) 292-6006
Email: whitney.haucke@cbre.com

Notices shall be deemed effective upon the earlier of receipt, if mailed, or, if emailed, upon transmission to the designated email address of said addressee.

7. RECORDS RETENTION & AUDITS.

- 7.1. RECORDS RETENTION. Contractor shall maintain books, records, documents, and other evidence pertaining to this Contract to the extent and in such detail as shall adequately reflect performance and administration of payments and fees. Contractor shall retain such records for a period of six (6) years following expiration or termination of this Contract or final payment, whichever is later; *Provided*, however, that if any litigation, claim, or audit is commenced prior to the expiration of this period, such period shall extend until all such litigation, claims, or audits have been resolved.
- 7.2. AUDIT. Enterprise Services reserves the right to audit, or have a designated third party audit, applicable records to ensure that Contractor has properly invoiced Enterprise Services. Accordingly, Contractor shall permit Enterprise Services and any other duly authorized agent of a governmental agency, to audit, inspect, examine, copy and/or transcribe Contractor's books, documents, papers and records directly pertinent to this Contract for the purpose of making audits, examinations, excerpts, and transcriptions. This right shall survive for a period of six (6) years following expiration or termination of this Contract or final payment, whichever is later; *Provided*, however, that if any litigation, claim, or audit is commenced prior to the expiration of this period, such period shall extend until all such litigation, claims, or audits have been resolved.
- 7.3. OVERPAYMENT OF PURCHASES. Without limiting any other remedy available to Enterprise Services, Contractor shall reimburse Enterprise Services for any overpayments inconsistent with the terms of this Contract, at a rate of 125% of such overpayments, found as a result of the examination of the Contractor's records.

8. INSURANCE.

- 8.1. REQUIRED INSURANCE. During the Term of this Contract, Contractor, at its expense, shall maintain in full force and effect the insurance coverages set forth in *Exhibit B – Insurance Requirements*.
- 8.2. WORKERS COMPENSATION. Contractor shall comply with applicable worker's compensation statutes and regulations (e.g., RCW Title 51, Industrial Insurance). If Contractor fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees as may be required by law, Enterprise Services may terminate this Contract. This

provision does not waive any of the Washington State Department of Labor and Industries (L&I) rights to collect from Contractor. In addition, Contractor waives its immunity under RCW Title 51 to the extent it is required to indemnify, defend, and hold harmless the State of Washington and its agencies, officials, agents, or employees.

9. CLAIMS.

- 9.1. ASSUMPTION OF RISKS; CLAIMS BETWEEN THE PARTIES. Contractor assumes sole responsibility and all risks of personal injury or property damage to itself and its employees and agents in connection with Contractor's operations under this Contract. Enterprise Services has made no representations regarding any factor affecting Contractor's risks. Contractor shall pay for all damage to any Enterprise Services' property resulting directly or indirectly from its acts or omissions under this Contract, even if not attributable to negligence by Contractor or its agents.
- 9.2. THIRD-PARTY CLAIMS; INDEMNITY. To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless Enterprise Services and its employees and agents from and against all claims, demands, judgments, assessments, damages, penalties, fines, costs, liabilities or losses including, without limitation, sums paid in settlement of claims, attorneys' fees, consultant fees, and expert fees (collectively "claims") arising from any act or omission of Contractor or its successors, agents, and subcontractors under this Contract, except claims caused solely by Enterprise Services' negligence. Contractor shall take all steps needed to keep Enterprise Services' property free of liens arising from Contractor's activities, and promptly obtain or bond the release of any such liens that may be filed.

10. DISPUTE RESOLUTION. The parties shall cooperate to resolve any dispute pertaining to this Contract efficiently, as timely as practicable, and at the lowest possible level with authority to resolve such dispute. If, however, a dispute persists and cannot be resolved, it may be escalated within each organization. In such situation, upon notice by either party, each party, within five (5) business days shall reduce its description of the dispute to writing and deliver it to the other party. The receiving party then shall have three (3) business days to review and respond in writing. In the event that the parties cannot then agree on a resolution of the dispute, the parties shall schedule a conference between the respective senior manager of each organization to attempt to resolve the dispute. In the event the parties cannot agree, either party may resort to court to resolve the dispute.

11. SUSPENSION & TERMINATION; REMEDIES.

- 11.1. SUSPENSION & TERMINATION FOR DEFAULT. Enterprise Services may suspend Contractor's operations under this Contract immediately by written cure notice of any default. Suspension shall continue until the default is remedied to Enterprise Services' reasonable satisfaction; *Provided*, however, that, if after twenty (20) days from such a suspension notice, Contractor remains in default, Enterprise Services may terminate Contractor's rights under this Contract. All of Contractor's obligations to Enterprise Services survive termination of Contractor's rights under this Contract, until such obligations have been fulfilled.
- 11.2. DEFAULT. Each of the following events shall constitute default of this Contract by Contractor:
- (a) Contractor fails to perform or comply with any of the terms or conditions of this Contract;
 - (b) Contractor breaches any representation or warranty provided herein; or

- (c) Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary.

11.3. REMEDIES FOR DEFAULT.

- (a) Enterprise Services' rights to suspend and terminate Contractor's rights under this Contract are in addition to all other available remedies.
- (b) In the event of termination for default, Enterprise Services may exercise any remedy provided by law including, without limitation, the right to procure replacement goods and/or services. In such event, Contractor shall be liable to Enterprise Services for damages as authorized by law including, but not limited to, any price difference between the Contract price and the replacement or cover price as well as any administrative and/or transaction costs directly related to such replacement procurement – e.g., the cost of the competitive procurement.

11.4. LIMITATION ON DAMAGES. Notwithstanding any provision to the contrary, the parties agree that in no event shall any party be liable to the other for exemplary or punitive damages.

11.5. GOVERNMENTAL TERMINATION.

- (a) Termination for Withdrawal of Authority. Enterprise Services may suspend or terminate this Contract if, during the term hereof, Enterprise Services' procurement authority is withdrawn, reduced, or limited such that Enterprise Services, in its judgment, would lack authority to enter into this Contract; *Provided*, however, that such suspension or termination for withdrawal of authority shall only be effective upon twenty (20) days prior written notice; and *Provided further*, that such suspension or termination for withdrawal of authority shall not relieve Enterprise Services from payment for goods and/or services already ordered as of the effective date of such notice. Except as stated in this provision, in the event of such suspension or termination for withdrawal of authority, Enterprise Services shall not have any obligation or liability to Contractor.
- (b) Termination for Convenience. Enterprise Services, for convenience, may terminate this Contract; *Provided*, however, that such termination for convenience must, in Enterprise Services' judgment, be in the best interest of the State of Washington; and *Provided further*, that such termination for convenience shall only be effective upon sixty (60) days prior written notice; and *Provided further*, that such termination for convenience shall not relieve Enterprise Services from payment for goods and/or services already ordered as of the effective date of such notice. Except as stated in this provision, in the event of such termination for convenience, Enterprise Services shall not have any obligation or liability to Contractor.

11.6. TERMINATION PROCEDURE. Regardless of basis, in the event of suspension or termination (in full or in part), the parties shall cooperate to ensure an orderly and efficient suspension or termination.

12. GENERAL PROVISIONS.

- 12.1. TIME IS OF THE ESSENCE. Time is of the essence for each and every provision of this Contract.
- 12.2. COMPLIANCE WITH LAW. Contractor shall comply with all applicable law.
- 12.3. INTEGRATED AGREEMENT. This Contract constitutes the entire agreement and understanding of the parties with respect to the subject matter and supersedes all prior negotiations,

representations, and understandings between them. There are no representations or understandings of any kind not set forth herein.

- 12.4. AMENDMENT OR MODIFICATION. Except as set forth herein, this Contract may not be amended or modified except in writing and signed by a duly authorized representative of each party hereto.
- 12.5. AUTHORITY. Each party to this Contract, and each individual signing on behalf of each party, hereby represents and warrants to the other that it has full power and authority to enter into this Contract and that its execution, delivery, and performance of this Contract has been fully authorized and approved, and that no further approvals or consents are required to bind such party.
- 12.6. NO AGENCY. The parties agree that no agency, partnership, or joint venture of any kind shall be or is intended to be created by or under this Contract. Neither party is an agent of the other party nor authorized to obligate it.
- 12.7. ASSIGNMENTS. Contractor may not assign its rights under this Contract without Enterprise Services' prior written consent and Enterprise Services may consider any attempted assignment without such consent to be void; *Provided*, however, that, if Contractor provides written notice to Enterprise Services within thirty (30) days, Contractor may assign its rights under this Contract in full to any parent, subsidiary, or affiliate of Contractor that controls or is controlled by or under common control with Contractor, is merged or consolidated with Contractor, or purchases a majority or controlling interest in the ownership or assets of Contractor. Unless otherwise agreed, Contractor guarantees prompt performance of all obligations under this Contract notwithstanding any prior assignment of its rights.
- 12.8. BINDING EFFECT; SUCCESSORS & ASSIGNS. This Contract shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.
- 12.9. PUBLIC INFORMATION. This Contract and all related documents are subject to public disclosure as required by Washington's Public Records Act, RCW chapter 42.56.
- 12.10. ASSIGNMENT OF ANTITRUST RIGHTS REGARDING PURCHASED GOODS/SERVICES. Contractor irrevocably assigns to Enterprise Services, on behalf of the State of Washington, any claim for relief or cause of action which the Contractor now has or which may accrue to the Contractor in the future by reason of any violation of state or federal antitrust laws in connection with any goods and/or services provided in Washington for the purpose of carrying out the Contractor's obligations under this Contract, including, at Enterprise Services' option, the right to control any such litigation on such claim for relief or cause of action.
- 12.11. FEDERAL FUNDS. To the extent that Enterprise Services uses federal funds to purchase goods and/or services pursuant to this Contract, Enterprise Services shall specify any applicable requirement or certification that must be satisfied by Contractor as a condition of payment.
- 12.12. SEVERABILITY. If any provision of this Contract is held to be invalid or unenforceable, such provision shall not affect or invalidate the remainder of this Contract, and to this end the provisions of this Contract are declared to be severable. If such invalidity becomes known or apparent to the parties, the parties agree to negotiate promptly in good faith in an attempt to amend such provision as nearly as possible to be consistent with the intent of this Contract.
- 12.13. WAIVER. Failure of either party to insist upon the strict performance of any of the terms and conditions hereof, or failure to exercise any rights or remedies provided herein or by law, or

to notify the other party in the event of breach, shall not release the other party of any of its obligations under this Contract, nor shall any purported oral modification or rescission of this Contract by either party operate as a waiver of any of the terms hereof. No waiver by either party of any breach, default, or violation of any term, warranty, representation, contract, covenant, right, condition, or provision hereof shall constitute waiver of any subsequent breach, default, or violation of the same or other term, warranty, representation, contract, covenant, right, condition, or provision.

- 12.14. SURVIVAL. All representations, warranties, covenants, agreements, and indemnities set forth in or otherwise made pursuant to this Contract shall survive and remain in effect following the expiration or termination of this Contract, *Provided*, however, that nothing herein is intended to extend the survival beyond any applicable statute of limitations periods.
- 12.15. GOVERNING LAW. The validity, construction, performance, and enforcement of this Contract shall be governed by and construed in accordance with the laws of the State of Washington, without regard to its choice of law rules.
- 12.16. JURISDICTION & VENUE. In the event that any action is brought to enforce any provision of this Contract, the parties agree to submit to exclusive in personam jurisdiction in Thurston County Superior Court for the State of Washington and agree that in any such action venue shall lie exclusively at Olympia, Washington.
- 12.17. ATTORNEYS' FEES. In the event of litigation or other action brought to enforce the terms of this Contract or alternative dispute process, each party agrees to bear its own attorneys' fees and costs.
- 12.18. FAIR CONSTRUCTION & INTERPRETATION. The provisions of this Contract shall be construed as a whole according to their common meaning and not strictly for or against any party and consistent with the provisions contained herein in order to achieve the objectives and purposes of this Contract. Each party hereto and its counsel has reviewed and revised this Contract and agrees that the normal rules of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be construed in the interpretation of this Contract. Each term and provision of this Contract to be performed by either party shall be construed to be both a covenant and a condition.
- 12.19. FURTHER ASSURANCES. In addition to the actions specifically mentioned in this Contract, the parties shall each do whatever may reasonably be necessary to accomplish the transactions contemplated in this Contract including, without limitation, executing any additional documents reasonably necessary to effectuate the provisions and purposes of this Contract.
- 12.20. EXHIBITS. All exhibits referred to herein are deemed to be incorporated in this Contract in their entirety.
- 12.21. CAPTIONS & HEADINGS. The captions and headings in this Contract are for convenience only and are not intended to, and shall not be construed to, limit, enlarge, or affect the scope or intent of this Contract nor the meaning of any provisions hereof.
- 12.22. ELECTRONIC SIGNATURES. A signed copy of this Contract or any other ancillary agreement transmitted by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Contract or such other ancillary agreement for all purposes.

12.23. COUNTERPARTS. This Contract may be executed in any number of counterparts, each of which shall be deemed an original and all of which counterparts together shall constitute the same instrument which may be sufficiently evidenced by one counterpart. Execution of this Contract at different times and places by the parties shall not affect the validity thereof so long as all the parties hereto execute a counterpart of this Contract.

EXECUTED as of the date and year first above written.

STATE OF WASHINGTON
Department of Enterprise Services

CBRE, INC
VALUATION & ADVISORY SERVICES

By: _____

By: Whitney B. Hawcke Asst ent of CBRE INC

Its: _____

Its: _____



CBRE, Inc.
 1420 Fifth Avenue, Suite 1700
 Seattle, WA 98101
www.cbre.us/valuation

Whitney Hauke, MAI, CPA, MRICS
 Managing Director

October 17, 2019

Stefanie Fuller
 Acquisition & Disposal Manager, Real Estate Services
DEPARTMENT OF ENTERPRISE SERVICES, STATE OF WASHINGTON
 P.O. Box 41468
 Olympia, WA 98504
 Phone: 360.407.9310
 Email: stefanie.fuller@des.wa.gov

RE: Assignment Agreement - Office
 Tacoma Rhodes Center,
 950 Broadway, 939 Market Street, 940 Market Street
 Tacoma, WA 98102

Dear Ms. Fuller:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

PROPOSAL SPECIFICATIONS

Purpose:	To estimate the Market Value of the referenced real estate
Premise:	As Is and As Stabilized
Rights Appraised:	Leased Fee
Intended Use:	Internal Decision Making purposes
Intended User:	The intended user is DEPARTMENT OF ENTERPRISE SERVICES, STATE OF WASHINGTON ("Client"), and such other parties and entities (if any) expressly recognized by CBRE as "Intended Users" (as further defined herein).
Reliance:	Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.



Inspection: CBRE will conduct a physical inspection of both the interior and exterior of the subject property, as well as its surrounding environs on the effective date of appraisal.

Valuation Approaches: The Sales Comparison and Income Capitalization Approaches will be completed.

Report Type: Standard Appraisal Report

Appraisal Standards: USPAP

Appraisal Fee: \$9,000

Expenses: Fee includes all associated expenses

Retainer: A retainer is not required for this assignment

Payment Terms: Final payment is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. The fee is considered earned upon delivery of the draft report.

Delivery Instructions: We will invoice you for the assignment in its entirety at the completion of the assignment. CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report.

An Adobe PDF file via email will be delivered to stefanie.fuller@des.wa.gov.

Delivery Schedule:

Draft Report: 15 to 20 business days (approximately three to four calendar weeks) after the Start Date

Final Report: Upon Client's request

Start Date: The appraisal process will start upon receipt of your signed agreement and the property specific data.

Acceptance Date: These specifications are subject to modification if this proposal is not accepted within three business days from the date of this letter.

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties hereto.



We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

CBRE, Inc.
Valuation & Advisory Services

Whitney Haucke, MAI, CPA, MRICS
Managing Director
As Agent for CBRE, Inc.
T 206.292.6006
whitney.haucke@cbre.com

AGREED AND ACCEPTED

FOR DEPARTMENT OF ENTERPRISE SERVICES, STATE OF WASHINGTON ("CLIENT"):

_____ Signature	_____ Date
Stefanie Fuller	Acquisition & Disposal Manager, Real Estate Services
_____ Name	_____ Title
360.407.9310	stefanie.fuller@des.wa.gov
_____ Phone Number	_____ E-Mail Address

www.cbre.us/valuation



INSURANCE REQUIREMENTS

1. **INSURANCE OBLIGATION.** During the Term of this Contract, Contractor obtain and maintain in full force and effect, at Contractor's sole expense, the following insurance coverages:
 - a. **COMMERCIAL GENERAL LIABILITY INSURANCE.** Commercial General Liability Insurance (and, if necessary, commercial umbrella liability insurance) covering Bodily Injury and Property Damage on an 'occurrence form' in the amount of not less than \$1,000,000 per occurrence and \$1,000,000 general aggregate. This coverage shall include Contractual Liability insurance for the indemnity provided under this Contract.
 - b. **COMMERCIAL AUTOMOBILE LIABILITY INSURANCE.** 'Symbol 1' Commercial Automobile Liability coverage (and, if necessary, commercial umbrella liability insurance) including coverage for all owned, hired, and non-owned vehicles. The combined single limit per occurrence shall not be less than \$1,000,000.
 - c. **WORKERS' COMPENSATION INSURANCE & EMPLOYER'S LIABILITY (STOP GAP).** Contractor shall comply with applicable Workers' Compensation or Industrial Accident insurance providing benefits as required by law, including Employer's or Stop-Gap Liability with a minimum limit of \$1,000,000 per accident.

The limits of all insurance required to be provided by Contractor shall be no less than the minimum amounts specified. Coverage in the amounts of these minimum limits, however, shall not be construed to relieve Contractor from liability in excess of such limits.

A cross-liability clause or separation of insured condition shall be included in all general liability, professional liability, pollution, and errors and omissions policies required by this Contract.

2. **INSURANCE CARRIER RATING.** Coverages provided by the Contractor must be underwritten by an insurance company deemed acceptable to the State of Washington's Office of Risk Management. Insurance coverage shall be provided by companies authorized to do business within the State of Washington and rated A- Class VII or better in the most recently published edition of Best's Insurance Rating. Enterprise Services reserves the right to reject all or any insurance carrier(s) with an unacceptable financial rating.
3. **ADDITIONAL INSURED.** Except for Workers' Compensation, Professional Liability, Personal Automobile Liability, and Pollution Liability Insurance, all required insurance shall include the State of Washington Department of Enterprise Services (and their agents, officers, and employees) as an Additional Insureds evidenced by copy of the Additional Insured Endorsement attached to the Certificate of Insurance on such insurance policies.
4. **CERTIFICATE OF INSURANCE.** Upon request by Enterprise Services, Contractor shall furnish to Enterprise Services, as evidence of the insurance coverage required by this Contract, a certificate of insurance satisfactory to Enterprise Services that insurance, in the above-stated kinds and minimum amounts, has been secured. A renewal certificate shall be delivered to Enterprise Services no less than ten (10) days prior to coverage expiration. Failure to provide proof of insurance, as required, will result in contract cancellation. All policies and certificates of insurance shall include the Contract number stated on the cover of this Contract.

5. **PRIMARY COVERAGE.** Contractor's insurance shall apply as primary and shall not seek contribution from any insurance or self-insurance maintained by, or provided to, the additional insureds listed above including, at a minimum, the State of Washington and/or Enterprise Services. All insurance or self-insurance of the State of Washington and/or Enterprise Services shall be excess of any insurance provided by Contractor or subcontractors.
6. **SUBCONTRACTORS.** Contractor shall include all subcontractors as insureds under all required insurance policies, or shall furnish separate Certificates of Insurance and endorsements for each subcontractor. Each subcontractor must comply fully with all insurance requirements stated herein. Failure of any subcontractor to comply with insurance requirements does not limit Contractor's liability or responsibility.
7. **WAIVER OF SUBROGATION.** Contractor waives all rights of subrogation against the State of Washington and Enterprise Services for the recovery of damages to the extent such damages are or would be covered by the insurance specified herein.
8. **NOTICE OF CHANGE OR CANCELLATION.** There shall be no cancellation, material change, exhaustion of aggregate limits, or intent not to renew insurance coverage, either in whole or in part, without at least sixty (60) days prior written Legal Notice by Contractor to Enterprise Services. Failure to provide such notice, as required, shall constitute default by Contractor. Any such written notice shall include the Contract number stated on the cover of this Contract.

Addendum F

QUALIFICATIONS

Julie M. Holt, MAI, MRICS

Vice President, Pacific Northwest

CBRE

Experience

Julie Holt is a Vice President of the Valuation & Advisory Services within the Pacific Northwest Region and is located in Seattle, Washington. Ms. Holt is a designated member of the Appraisal Institute (MAI) and is licensed as a Certified General Real Estate Appraiser in the State of Washington, Idaho, Texas and Florida. Prior to joining CBRE, she was a Senior Director at Cushman & Wakefield working in their Seattle, Jacksonville and Houston offices.

Ms. Holt has been actively engaged in commercial real estate since 1997, and has experience in appraising and consulting on a variety of property types throughout the United States. She has solved challenging real estate issues for clients including: institutional and private capital lenders, portfolio managers, developers, mortgage brokers, accountants and attorneys.

Appraisal and consulting experience represents virtually all commercial property types including: suburban and CBD office buildings, shopping centers and freestanding retail facilities, regional malls, auto dealerships, marinas, a variety of industrial facilities, feasibility and market studies, vacant land, multifamily developments, hotels, special-use properties, medical office, self storage, and residential subdivisions throughout the United States.

Professional Affiliations / Accreditations

- Appraisal Institute - Designated Member (MAI #394835). As of the current date, Julie Holt, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Member, Royal Institution of Chartered Surveyors (MRICS Designation - RICS# 6679562)
- Certified General Real Estate Appraiser, State of Washington, # 1102475
- Certified General Real Estate Appraiser, State of Idaho, #CGA-4674
- Certified General Real Estate Appraiser, State of Texas, #1380842
- Certified General Real Estate Appraiser, State of Florida, #RZ3077
- Board of Directors, CREW Jacksonville (2012-2017)

Education

- Florida State University, Tallahassee, FL
 - Bachelor of Science, Finance
 - Bachelor of Science, Real Estate



Clients Represented

- Major National Financial Institutions
- Regional Financial Institutions
- Life Insurance Companies
- Core Investors
- Non Core Investors
- Private Investors
- REITS
- Attorneys
- Development Companies



State of Washington
DEPARTMENT OF LICENSING
 APPRAISER PROGRAM
 PO Box 9021
 Olympia, WA 98507

ADDRESS SERVICE REQUESTED

REAA 666

JULIE MICHELE HOLT
 4716 NE 47TH STREET
 SEATTLE WA 98105

STATE OF WASHINGTON
 CERTIFIED GENERAL REAL ESTATE APPRAISER

JULIE MICHELE HOLT
 4716 NE 47TH STREET
 SEATTLE WA 98105

1102475 12/17/2020
 License Number Expiration Date


 Teresa Berntsen, Director

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 DEPARTMENT OF LICENSING-BUSINESS AND PROFESSIONS (t)(VtSION |

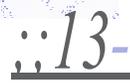
THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A

CERTIFIED GENERAL APPRAISER

Julie Michele Holt

4716 NE 47TH STREET
 SEATTLE WA 98105

1102475 10/26/2017 12/17/2020
 License Number Issued Date Expiration Date


 Teresa Berntsen, Director

COOPY

Whitney Haucke, MAI, CPA, MRICS

CBRE

Managing Director, Pacific Northwest



T + 1 206 292 6006
whitney.haucke@cbre.com

1420 5th Avenue, Suite 1700
Seattle, WA 98101

- Major National Financial Institutions
- Regional Financial Institutions
- Life Insurance Companies
- Core Investors
- Non-Core Investors
- Private Investors
- REITS
- Attorneys
- Development Companies

Experience

Ms. Haucke has been involved with real estate counseling and appraisal for nearly 20 years. Her family background is in real estate and her roots in the Pacific Northwest run deep, stemming from the active family brokerage and development business in Eugene, Oregon (CW Walker & Associates). She works with a wide variety of clients on diverse issues dealing with real estate. She is the Managing Director of CBRE, managing the consulting and appraisal activities in the Pacific Northwest (Oregon, Idaho, Washington and Alaska). She is also a Washington State licensed Certified Public Accountant.

Her appraisal and consulting assignments have included area malls and shopping centers, apartments, condominiums, vacant land, office buildings, industrial complexes, commercial properties, residential properties, self-storage and other investment properties along the West Coast. She has performed valuations of proposed, partially completed, renovated and existing structures. She has served as arbiter in numerous real estate matters, including ground rent redetermination, space lease renewal rent determination and property tax issues.

Professional Affiliations / Accreditations

- Designated Member (MAI), Appraisal Institute
 - Chapter President 2018 – Seattle Chapter
 - Chapter Vice President 2017 – Seattle Chapter
 - Chapter Treasurer 2016 – Seattle Chapter
 - Chapter Secretary 2015 – Seattle Chapter
 - Former Member, Board of Directors – Seattle Chapter
 - Former Seattle Chapter Finance Committee Member and Associate Member Guidance Chair
- Royal Institution of Chartered Surveyors – Member (MRICS)
- Certified Public Accountant (CPA) – Washington State, license #20170
- Ms. Haucke is a Certified General Real Estate Appraiser in the following states:
 - Washington #1101005
 - Oregon #C001037
 - Idaho #CGA-3142
 - Alaska #866

Education

- Seattle Pacific University, Seattle, Washington
Bachelor of Arts (Majoring in Accounting)
- Appraisal Institute Professional Development Program Registry for Litigation
- Appraisal Institute Program Registry for Valuation of Sustainable Buildings
- “Yellow Book” course (Uniform Appraisal Standards for Federal Land Acquisition)



State of Washington
DEPARTMENT OF LICENSING
 APPRAISER PROGRAM
 PO Box 9021
 Olympia, WA 98507

ADDRESS SERVICE REQUESTED

REAA 950

WHITNEY B HAUCKE
 2102 NE 100TH STREET
 SEATTLE WA 98125

STATE OF WASHINGTON
 CERTIFIED GENERAL REAL ESTATE APPRAISER

WHITNEY B HAUCKE
 2102 NE 100TH STREET
 SEATTLE WA 98125

1101005 **05/17/2020**
 License Number Expiration Date

Pat Kohler, Director

STATE OF WASHINGTON

DEPARTMENT OF LICENSING - BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A



CERTIFIED GENERAL REAL ESTATE APPRAISER

WHITNEY B HAUCKE
 2102 NE 100TH STREET
 SEATTLE WA 98125

1101005
 License Number

04/03/2001
 Issued Date

05/17/2020
 Expiration Date

Pat Kohler
 Pat Kohler, Director

