

CBRE VALUATION & ADVISORY SERVICES

APPRAISAL REPORT

BLOCK D, CITY OF BOTHELL
NW CORNER SR 522 AND BOTHELL WAY NE
BOTHELL, WASHINGTON 98011
CBRE GROUP, INC. FILE NO. 19-222NW-0784-1

CITY OF BOTHELL

CBRE

VALUATION & ADVISORY SERVICES



1420 Fifth Ave. Ste. 1700
Seattle, WA 98101

T 206-292-6122
F 206-292-1601

www.cbre.com

May 6, 2019

Ms. Jeanie Ashe
Economic Development Director
CITY OF BOTHELL
18415 101st Avenue North East
Bothell, Washington 98011

RE: Appraisal of: Block D, City of Bothell
NW Corner SR 522 and Bothell Way NE
Bothell, King County, Washington
CBRE, Inc. File No. 19-222NW-0784-1

Dear Ms. Ashe:

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 comprised of a two contiguous tax lots that total 2.62 acres (114,062 square feet) in size. The lots are identified as King County parcels 945720-0050 and 237420-0065 in Bothell, King County, Washington. The lots are zoned DC; Downtown Core and DN; Downtown Neighborhood by the City of Bothell. The site is identified as Simon and Sons Service Center Facility 33215922 Cleanup Site 427 of the Washington State Department of Ecology's Confirmed and Suspected Contaminated Sites List. Based on information provided by the City of Bothell, the site has been remediated and is awaiting a consent decree from the state within the next three months allowing for development as the site is part of a voluntary cleanup program that is being handled by environmental consultants. It is an extraordinary assumption of the report that the site is free of any known or potential contamination and development of the site is not impacted from any such condition. The use of this extraordinary assumptions may have affected the assignment results.

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	Fee Simple	April 29, 2019	\$13,200,000
Compiled by CBRE			

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

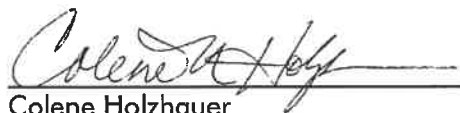
The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set 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



Colene Holzauer
Senior Appraiser
State Certified General Real Estate Appraiser
Washington Certification No. 1102417
Expiration: 09/26/2020

Phone: 206-292-6169
Fax: 206-292-1601
Email: colene.holzauer@cbre.com



Todd Henderson, MAI, AI-GRS, MRICS
Director
State Certified General Real Estate Appraiser
Washington Certification No. 1101931
Expiration Date: 04/05/2020


Phone: 206-292-6189
Fax: 206-292-1601
Email: todd.henderson@cbre.com

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, Todd Henderson, MAI, AI-GRS, MRICS has completed the continuing education program for Designated Members of the Appraisal Institute.
11. As of the date of this report, Colene Holzhauser has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.
12. Colene Holzhauser has and Todd Henderson, MAI, AI-GRS, MRICS has not made a personal inspection of the property that is the subject of this report.
13. No one provided significant real property appraisal assistance to the persons signing this report.
14. 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.
15. Colene Holzhauser and Todd Henderson, MAI, AI-GRS, MRICS have 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.


 Colene Holzhauser
 State Certified General Real Estate Appraiser
 Washington Certification No. 1102417
 Expiration: 09/26/2020


 Todd Henderson, MAI, AI-GRS, MRICS
 State Certified General Real Estate Appraiser
 Washington Certification No. 1101931
 Expiration Date: 04/05/2020



Subject looking westerly



Subject looking westerly



Subject looking westerly



Subject looking westerly



Subject looking southwesterly



Subject looking westerly



Subject looking northwesterly



Subject looking westerly



Subject looking easterly



Subject looking northerly



Subject looking northerly



Subject looking easterly



Subject looking northeasterly



Subject looking northwesterly



Subject looking northwesterly

Executive Summary

Property Name	Block D, City of Bothell
Location	NW Corner SR 522 and Bothell Way NE Bothell, King County, WA 98011
Client	City of Bothell
Parcel Numbers	945720-0050 and 237420-0065
Highest and Best Use	
As If Vacant	Mixed Use Development
Property Rights Appraised	Fee Simple
Date of Report	May 6, 2019
Date of Inspection	April 29, 2019
Estimated Exposure Time	3 Months or Less
Estimated Marketing Time	3 Months or Less
Land Area	2.62 AC 114,062 SF
Zoning	DN; Downtown Neighborhood and DC; Downtown Core
Buyer Profile	Investor-Regional

CONCLUDED MARKET VALUE			
Appraisal Premise	Interest Appraised	Date of Value	Value
As Is	Fee Simple	April 29, 2019	\$13,200,000
Compiled by CBRE			

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

- The site is identified as Simon and Sons Service Center Facility 33215922 Cleanup Site 427 of the Washington State Department of Ecology’s Confirmed and Suspected Contaminated Sites List. Based on information provided by the City of Bothell, the site has been remediated and is awaiting a consent decree from the state within the next three months allowing for development as they were part of a voluntary cleanup program that is being handled by environmental consultants. It is an extraordinary assumption of the report that the site is free of any known or potential contamination and development of the site is not impacted from any such condition.

The use of these extraordinary assumptions may have affected the assignment results.

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

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.” ²

- None noted

OWNERSHIP AND PROPERTY HISTORY

Title to the property is currently vested in the name of City of Bothell. To the best of our knowledge, there has been no ownership transfer of the property during the previous three years.

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.

The following table presents the information derived from these sources.

EXPOSURE/MARKETING TIME DATA			
Investment Type	Exposure/Mktg. (Months)		
	Range		Average
Comparable Sales Data	0.0	- 2.0	1.0
CBRE Exposure Time Estimate	3 Months or Less		
CBRE Marketing Period Estimate	3 Months or Less		
Compiled by CBRE			

² The Appraisal Foundation, *USPAP, 2018-2019*

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ADDENDA

A Land Sale Data Sheets

B Qualifications

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 decision-making purposes, and no other use is permitted.

CLIENT

The client is City of Bothell.

INTENDED USER OF REPORT

This appraisal is to be used by the City of Bothell, and no other user may rely on our report unless as specifically indicated in the report.

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.³

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;

³ 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. ⁴

INTEREST APPRAISED

The value estimated represents fee simple estate as defined below:

Fee Simple Estate - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. ⁵

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records

Extent to Which the Property is Inspected

Colene Holzhauer inspected the subject and the surrounding environs on the date of value.

Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- comparable data

Type and Extent of Analysis Applied

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. For vacant land, the sales comparison approach has been employed for this assignment.

⁴ Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

⁵ Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 90.

Data Resources Utilized in the Analysis

DATA SOURCES	
Item:	Source(s):
Site Data	
Size	King County Assessor's Office
Other	
Contamination Details:	Client and WA Department of Ecology Website
Planning and Zoning Information:	City of Bothell Planning and Development Services Department
Tax Assessment/Current Ownership:	King County Assessor's Office
Flood Zone:	FEMA
Demographics:	ESRI
Local Area Data:	ESRI and Washington State Department of Employment
Data Not Provided	
Site Plan, Title Report, Environmental Report, Soil Report, Planning and/or feasibility studies, costs to clean up	
Compiled by CBRE	

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. Depending on a specific appraisal assignment, any of the following four methods may be used to determine the market value of the fee simple interest of land:

- Sales Comparison Approach;
- Income Capitalization Procedures;
- Allocation; and
- Extraction.

The following summaries of each method are paraphrased from the text.

The first is the sales comparison approach. This is a process of analyzing sales of similar, recently sold parcels in order to derive an indication of the most probable sales price (or value) of the property being appraised. The reliability of this approach is dependent upon (a) the availability of comparable sales data, (b) the verification of the sales data regarding size, price, terms of sale, etc., (c) the degree of comparability or extent of adjustment necessary for differences between the subject and the comparables, and (d) the absence of nontypical conditions affecting the sales price. This is the primary and most reliable method used to value land (if adequate data exists).

The income capitalization procedures include three methods: land residual technique, ground rent capitalization, and Subdivision Development Analysis. A discussion of each of these three techniques is presented in the following paragraphs.

The land residual method may be used to estimate land value when sales data on similar parcels of vacant land are lacking. This technique is based on the principle of balance and the related concept of contribution, which are concerned with equilibrium among the agents of production--i.e. labor, capital, coordination, and land. The land residual technique can be used to estimate land value when: 1) building value is

known or can be accurately estimated, 2) stabilized, annual net operating income to the property is known or estimable, and 3) both building and land capitalization rates can be extracted from the market. Building value can be estimated for new or proposed buildings that represent the highest and best use of the property and have not yet incurred physical deterioration or functional obsolescence.

The subdivision development method is used to value land when subdivision and development represent the highest and best use of the appraised parcel. In this method, an appraiser determines the number and size of lots that can be created from the appraised land physically, legally, and economically. The value of the underlying land is then estimated through a discounted cash flow analysis with revenues based on the achievable sale price of the finished product and expenses based on all costs required to complete and sell the finished product.

The ground rent capitalization procedure is predicated upon the assumption that ground rents can be capitalized at an appropriate rate to indicate the market value of a site. Ground rent is paid for the right to use and occupy the land according to the terms of the ground lease; it corresponds to the value of the landowner's interest in the land. Market-derived capitalization rates are used to convert ground rent into market value. This procedure is useful when an analysis of comparable sales of leased land indicates a range of rents and reasonable support for capitalization rates can be obtained.

The allocation method is typically used when sales are so rare that the value cannot be estimated by direct comparison. This method is based on the principle of balance and the related concept of contribution, which affirm that there is a normal or typical ratio of land value to property value for specific categories of real estate in specific locations. This ratio is generally more reliable when the subject property includes relatively new improvements. The allocation method does not produce conclusive value indications, but it can be used to establish land value when the number of vacant land sales is inadequate.

The extraction method is a variant of the allocation method in which land value is extracted from the sale price of an improved property by deducting the contribution of the improvements, which is estimated from their depreciated costs. The remaining value represents the value of the land. Value indications derived in this way are generally unpersuasive because the assessment ratios may be unreliable and the extraction method does not reflect market considerations.

As per the scope of the assignment, in valuing the subject, only the sales comparison approach is applicable and has been used. The exclusion of the Income Approach and Cost Approach are not considered to compromise the credibility of the results rendered herein.

Area Analysis



The subject is included within the Seattle-Tacoma-Bellevue MSA, per ESRI and this metro region covers King, Snohomish, and Pierce counties. Population and household demographics for Washington State, Seattle-Tacoma-Bellevue MSA, King County, Pierce County, and Snohomish County are summarized as follows:

POPULATION AND HOUSEHOLD PROJECTIONS

	Washington State	Seattle-Tacoma- Bellevue MSA	King County	Snohomish County	Pierce County
Population					
2023 Total Population	7,950,929	4,187,902	2,375,574	866,914	945,414
2018 Total Population	7,452,102	3,888,235	2,199,247	805,624	883,364
2010 Total Population	6,724,540	3,439,809	1,931,249	713,335	795,225
2000 Total Population	5,894,121	3,043,878	1,737,303	606,024	700,551
Growth 2018 - 2023	1.30%	1.50%	1.55%	1.48%	1.37%
Growth 2010 - 2018	1.29%	1.54%	1.64%	1.53%	1.32%
Growth 2000 - 2010	1.33%	1.23%	1.06%	1.64%	1.28%
Households					
2023 Total Households	3,060,684	1,630,977	959,925	321,245	349,807
2018 Total Households	2,874,133	1,517,728	890,787	299,196	327,745
2010 Total Households	2,620,076	1,357,475	789,232	268,325	299,918
2000 Total Households	2,271,398	1,196,568	711,008	224,852	260,708
Growth 2018 - 2023	1.27%	1.45%	1.51%	1.43%	1.31%
Growth 2010 - 2018	1.16%	1.40%	1.52%	1.37%	1.12%
Growth 2000 - 2010	1.44%	1.27%	1.05%	1.78%	1.41%

Source: ESRI

The Seattle MSA grew significantly between 2010 and 2018 with most growth occurring in King County. Anticipated growth over the next five years should remain relatively consistent with the trends over the last eight years with the most growth also anticipated to occur in King County.

ECONOMIC CONSIDERATIONS

The Puget Sound area has many strengths. The area has a per capita income well above the national average, it is a major global center for the software industry, it typically possesses an ample pipeline of venture capital, and it has a highly trained, well-educated labor force. These advantages are somewhat offset by the low economic diversity, high housing costs relative to the rest of the country, high business tax burden, exposure to volatile export trade, and some exposure to Boeing's employment moves.

EMPLOYMENT

The following chart summarizes industry employment statistics for the Seattle MSA.

SEATTLE, BELLEVUE, EVERETT MSA

Industry	Mar-19	% of Total	Mar-18	% of Total	% Change
Mining and Logging	800	0.05%	800	0.05%	0.00%
Construction	105,700	6.04%	99,300	5.83%	6.45%
Manufacturing	166,600	9.51%	160,100	9.39%	4.06%
Trade, Transportation, and Utilities	324,800	18.55%	319,100	18.72%	1.79%
Information	118,900	6.79%	111,400	6.54%	6.73%
Financial Activities	88,200	5.04%	86,100	5.05%	2.44%
Professional and Business Services	264,500	15.11%	259,000	15.19%	2.12%
Education and Health Services	230,000	13.14%	221,300	12.98%	3.93%
Leisure and Hospitality	174,800	9.98%	166,800	9.79%	4.80%
Other Services	60,300	3.44%	58,600	3.44%	2.90%
Government	216,400	12.36%	222,100	13.03%	-2.57%
Total Non-Agric. Employment	1,751,000	100.00%	1,704,600	100.00%	2.72%

Source: Washington State Employment Security Department

Employers in the Seattle MSA added 46,400 jobs since March 2018, a healthy 2.72% increase. Most industry sectors posted significant gains, although these gains have been smaller than in previous months. The MSA area continued to add jobs more quickly than the state.

UNEMPLOYMENT

The Seattle area's jobless rate remains low at 3.7% in March 2019 and is up on a year-over-year basis. The Seattle area's unemployment rate is just below the national jobless rate of 3.8% for March 2019. Recent declines in the jobless rate in the Puget Sound in part reflects the exodus of the unemployed from the labor force, which suggests the job market recovery still faces hurdles, but is also a result of strong job growth.

Historical unemployment rates for the past ten years are detailed as follows:

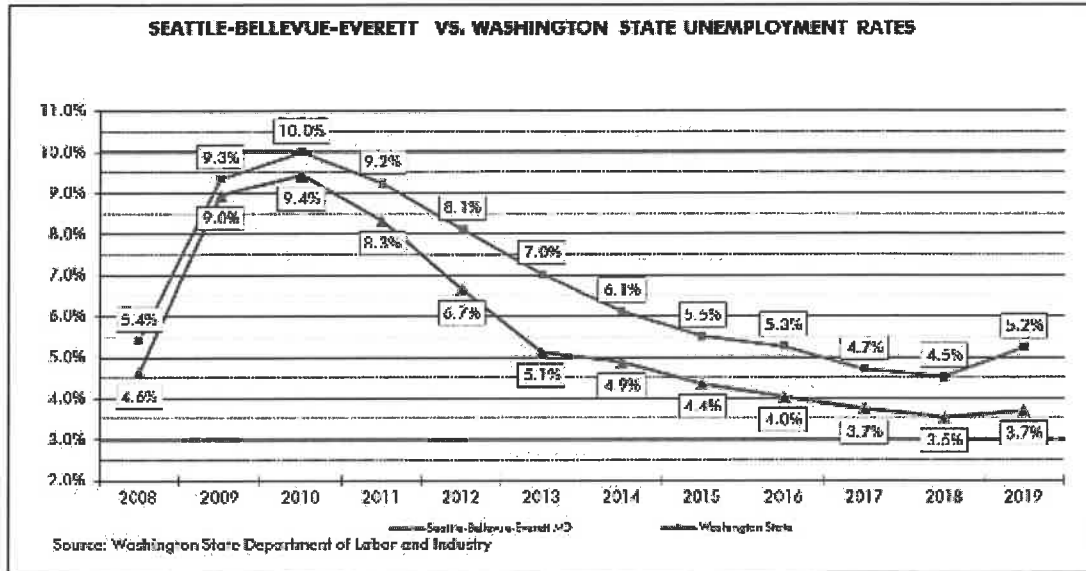
SEATTLE-BELLEVUE-EVERETT UNEMPLOYMENT RATES

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Average
2019	3.8%	3.6%	3.7%										3.7%
2018	4.0%	3.8%	3.5%	3.0%	3.2%	3.7%	3.6%	3.5%	3.5%	3.4%	3.7%	3.4%	3.5%
2017	3.9%	3.8%	3.6%	3.2%	3.5%	3.9%	4.0%	3.9%	3.9%	3.7%	3.9%	3.6%	3.7%
2016	4.4%	4.3%	4.2%	3.7%	3.9%	4.2%	4.2%	4.1%	4.1%	3.9%	4.0%	3.5%	4.0%
2015	4.6%	4.5%	4.3%	3.6%	4.1%	4.4%	4.5%	4.3%	4.5%	4.5%	4.7%	4.3%	4.4%
2014	5.1%	5.3%	5.3%	4.4%	4.6%	5.1%	5.2%	5.0%	4.8%	4.6%	4.8%	4.2%	4.9%
2013	5.7%	5.4%	5.2%	4.5%	4.7%	5.5%	5.3%	5.2%	5.1%	5.1%	5.1%	4.7%	5.1%
2012	7.6%	7.5%	7.3%	6.4%	6.7%	7.3%	7.1%	6.6%	6.1%	5.9%	5.9%	5.5%	6.7%
2011	9.2%	9.1%	8.9%	8.1%	8.2%	8.9%	8.6%	8.2%	8.0%	7.8%	7.7%	7.3%	8.3%
2010	9.9%	9.9%	9.8%	9.0%	9.1%	9.7%	9.5%	9.3%	9.3%	9.2%	9.5%	9.0%	9.4%
2009	7.4%	8.3%	8.5%	7.9%	8.7%	9.7%	9.5%	9.3%	9.5%	9.6%	9.4%	9.6%	9.0%
2008	3.9%	4.0%	3.9%	3.5%	4.1%	4.5%	4.7%	4.7%	4.8%	5.3%	5.8%	6.3%	4.6%

Source: Washington State Employment Security Department, Labor Market and Performance Analysis

On a year-over-year basis, the March rate of 3.7% is slightly higher than March of 2018 rate of 3.5%, but remains below the national average of 3.8% for March 2019. This is also a result of a higher workforce, as job gains increased moderately.

The following graph tracks the annual change in average unemployment rates for the past 10 years in the Seattle-Bellevue-Everett MD. For the purpose of comparison, the corresponding data for Washington State is also included in the graph.



Over the past decade, the average unemployment rates in both the MD and Washington State peaked in 2010. In addition, a distinctive trend of lower unemployment rates in the MD is indicated by the data.

TOP EMPLOYERS

Within the Seattle-Bellevue-Everett MD, three of the four largest employers are Fortune 500 corporations, Boeing, Microsoft and Amazon, which employ approximately 140,000 local people, respectively. The third largest employer is the University of Washington, a public university that employs approximately 30,200 local people. Healthcare employers also provide a large number of jobs. As per data compiled by the Economic Development Council of Seattle & King County, the top 11 employers in the region, by number of employees, are ranked as follows:

Employer Name	# of Full-Time Employees in WA
The Boeing Co.	81,919
Microsoft Corp.	43,031
University of Washington	30,200
Amazon.com Inc.	24,700
King County Government	13,400
Starbucks Corp.	11,239
Swedish Health Services	10,758
City of Seattle	10,080
Costco Wholesale Corp.	9,264
Nordstrom	8,982
Group Health Cooperative	7,271

Source: Economic Development Council of Seattle & King County

Boeing: The Boeing Company – the world’s largest aerospace company and America’s largest exporter – assembles commercial airplanes and defense products and also builds aerospace components in the United States. Among Boeing’s 137,000 employees in all 50 states (as of January 2017) are more than 50,000 factory employees and more than 45,000 engineers.

Boeing’s market success plays a key role in supporting high-value aerospace jobs across its supply chain and across the United States. In 2016 alone, Boeing paid nearly \$45 billion to more than 13,600 businesses, supporting an additional 1.3 million supplier-related jobs in the United States. These businesses include suppliers for our commercial and defense production, non-production vendors and subsidiaries of companies to which Boeing made other payments.

Microsoft: Initially based in New Mexico, the company was later moved to Seattle causing the great Seattle tech boom that still shows no signs of slackening. Microsoft was, remains and will continue to play a central role in shaping economic and political environment in the Seattle, until consumers cease buying computers (which is unlikely to happen soon).

Microsoft Corporation develops, manufactures, licenses and supports a wide range of software products for various computing devices. The Company's software products include scalable operating systems for servers, personal computers (PCs) and intelligent devices; server

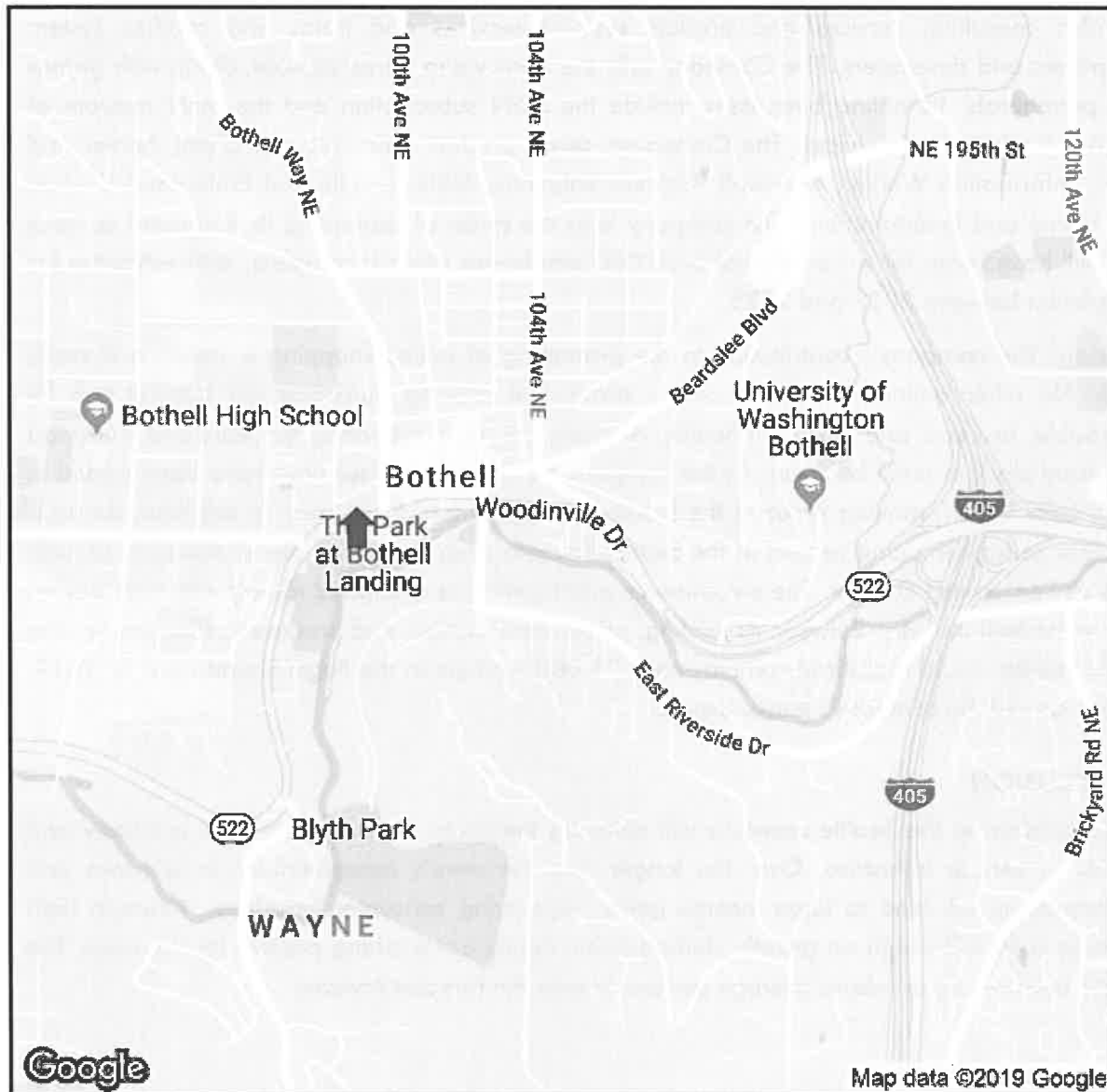
applications for client/server environments; information worker productivity applications; business solutions applications; software development tools, and mobile and embedded devices. Microsoft provides consulting services and product support services and trains and certifies system integrators and developers. The Company sells the Xbox video game console, along with games and peripherals. Its online businesses include the MSN subscription and the MSN network of Internet products and services. The Company's seven product segments are: Client, Server and Tools, Information Worker, Microsoft Business Solutions, MSN, Mobile and Embedded Devices and Home and Entertainment. The company is in the midst of expanding its Redmond campus and will have room for an additional 5-10,000 employees when it complete, with estimates for completion between 2022 and 2025.

Amazon: The company's contribution to the promoting of online shopping in America is really huge. No other online store did more to prove that making purchases via Internet can be affordable, fast and safe. Based in Seattle, Amazon has been operating for years and withstood the recent slack in retail business. As the company expanded new buildings have been added in South Lake Union, making Amazon the leading private employer in town. In addition, Amazon operates several shipping centers in the Seattle-Tacoma area providing jobs to residents of such cities as Renton and Dupont. The e-commerce giant continues to expand rapidly with high paying jobs in the tech industry. Between its existing, under-construction, and proposed office spaces, the online retailer could realistically employ near 75,000 workers in the Puget Sound area by 2019, when many of the company's leases expire.

CONCLUSION

The expansion in the Seattle economy will continue 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. The Seattle area will be an above average performer over the forecast horizon.

Neighborhood Analysis



LOCATION

The neighborhood is located in Downtown Bothell and is a suburban location. Interstate 405 is located less than one mile from the subject while Interstate 5 is located about six miles west of the subject and numerous employment centers, commercial and retail centers, city parks and public golf courses are located in the area.

BOUNDARIES

The subject neighborhood boundaries are generally delineated as follows:

North: Interstate 405
 South: Lake Washington
 East: I-405
 West: 80th Avenue NE

LAND USE

Over the past century, the city of Bothell evolved from a logging village to a regional employment center. The Canyon Park subarea of Bothell along Bothell-Everett Highway consists of the most prominent land uses. At the northwest intersection of Interstate 405 and Bothell Everett Highway is Philips Ultrasound, Inc. which is the 57-acre, electro-medical equipment manufacturing headquarters.

The **North Creek Regional Area**, comprising approximately 878 acres located east of I-405, straddling the King-Snohomish County line, and containing the Quadrant North Creek, Quadrant Monte Villa and Schnitzer business parks, the University of Washington, Bothell / Cascadia Community College co-located campus and retail development in the south portion of the activity center.

The Canyon Park Regional Area, comprising approximately 637 acres located north of I-405 on both sides of the Bothell-Everett Highway, and containing the 300-acre Canyon Park Business Center and several large light manufacturing businesses.

Employment capacity in the two regional activity centers, assuming a continuation of the current pattern of development and business types, is estimated to be about 45,000.

The **Canyon Park Community Area**, comprising approximately 98 acres and located around the intersection of SR 527 and 228th Street SE. Most of these commercial and retail developments were built in the 1980's and 1990's with some of the most recent development coming in the last couple of years. Major anchors include QFC, Albertsons, Bartell Drugs, and many local and regional retailers.

The **Downtown Bothell Community Area**, comprising approximately 111 acres in Bothell's historic central business district, located along SR 522 and SR 527 from the Wayne Curve north to about NE 190th Street, and east of SR 527 along Main Street and Beardslee Boulevard to I-405. This area is the older part of Bothell that centers around Main Street and was originally built as far back as the early 1900's. A major land use in the area is Pop Keeney football field which is used by Bothell High School and was recently renovated. This is the main area of redevelopment, as discussed below.

The **Thrasher's Corner Community Activity Center**, comprising approximately 48 acres and located around the intersection of SR 527 and SR 524 (Filbert and Maltby Roads) is located west of the subject. Thrasher's Corner includes a number of other newer retail developments. The intersection includes several inline properties, with the largest property being a Fred Meyer

anchor center. Both single and multi-family developments have slowed in the neighborhood over the past year, and are generally situated to the east and west of the arterial along the secondary streets.

The remaining land uses within the Bothell neighborhood consist of a mixture of commercial centers and residential developments. Other activity centers comprise a concentration of businesses providing a particular type of product or shopping experience, typically for a regional market. The Planning Area contains one such center, Country Village, located on the Bothell-Everett Highway north of 240th Street SE. Country Village is a collection of retail shops and restaurants arranged in a country setting.

The **University of Washington-Bothell Campus and Cascadia Community College** campuses total 128 acres and are located along Beardslee Boulevard in the Downtown Corridor District. The University of Washington Bothell was established in 1990 and facilitates 3,759 students (3,337 full-time equivalent), approximately 264 academic staff, and 235 administrative staff members. It offers undergraduate, post-baccalaureate programs, and graduate programs. Cascadia Community College was established in 2000 and offers Associated Degrees in a variety of fields. The student population is unknown but an agreement with the City of Bothell limits UW Bothell and Cascadia Community College enrollment. The enrollment limit is currently 10,000 FTE students between both campuses. Initially, enrollment was limited to 3,000 FTE students until an entrance was built with direct access to State Route 522. The Washington State Department of Transportation completed this project in September 2009.

GROWTH PATTERNS

There are many proposed land use signs within the city of Bothell. Proposed uses such as single-family subdivisions, retail and commercial sites, business parks, and multi-family developments are typically the proposed uses and/or are currently under construction. This is all in accordance to the Comprehensive Plan developed by the City of Bothell to promote development.

The Comprehensive Plan provides direction for development within the city over the next 20 years. According to the Executive Summary, "the Plan defines a Planning Area, which consists of land within the current city limits plus unincorporated territory in King and Snohomish counties which might potentially annex to the city at some point in the future, and allocates land uses within the Planning Area. In summary, the Plan provides for the following broad land use allocation:

- Single family residential development ranging in lot size from 40,000 square feet, where extensive high-quality critical areas or other constraining environmental features are present, to 5,400 square feet, and comprising the predominant single land use within the Planning Area;

- Multiple family residential development mixed within or in close proximity to the City's activity centers, and ranging from one unit per 5,400 square feet of lot area to one unit per 2,800 square feet of lot area, with higher densities allowed for senior housing and within designated activity centers, subject to conditions;
- Two regional office / technology / light industrial activity centers, at North Creek and Canyon Park;
- Three community retail / services activity centers, at Thrasher's Corner, Canyon Park and downtown Bothell;
- Four neighborhood retail / services activity centers, at Meridian Avenue and 228th Street; SR 527 and 240th Street SE; Juanita-Woodinville Way and NE 160th Street; and Juanita-Woodinville Way and NE 145th Street;
- One specialty retail activity center, Country Village, on SR 527 north of 240th Street SE;
- Parks, schools and other public facilities; and
- Open space corridors within and at the boundaries of the Planning Area.

PROPOSED AND RECENTLY CONSTRUCTED LAND USES

- The Bothell Landing is the proposed \$90 million city campus that is headed by Seattle-based Vulcan Real Estate. The project includes the new city hall and underground parking.
- In addition to the city center campus, McMenamins opened their hotel and associated brewery. Pacific Northern Construction and Senior Housing Assistance Groups (SHAG) collaborated on a retail project with about 250 affordable senior apartments; and Wallace Properties bought two parcels with about three and a half acres for a development.
- The map below illustrates the proposed development plan for downtown Bothell.

DEMOGRAPHICS

Selected neighborhood demographics in the one-, three- and five-mile radii from the subject are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS				
NW Corner SR 522 and Bothell Way NE Bothell, WA 98011	1 Mile Radius	3 Mile Radius	5 Mile Radius	Seattle-Tacoma- Bellevue, WA Metropolitan Statistical Area
Population				
2023 Total Population	14,734	115,732	280,301	4,187,902
2018 Total Population	13,069	106,800	259,143	3,888,235
2010 Total Population	9,744	91,875	226,782	3,439,809
2000 Total Population	8,562	83,338	207,057	3,043,878
Annual Growth 2018 - 2023	2.43%	1.62%	1.58%	1.50%
Annual Growth 2010 - 2018	3.74%	1.90%	1.68%	1.54%
Annual Growth 2000 - 2010	1.30%	0.98%	0.91%	1.23%
Households				
2023 Total Households	6,042	44,925	109,217	1,630,977
2018 Total Households	5,400	41,681	101,533	1,517,728
2010 Total Households	4,199	36,539	90,303	1,357,475
2000 Total Households	3,666	32,333	80,490	1,196,568
Annual Growth 2018 - 2023	2.27%	1.51%	1.47%	1.45%
Annual Growth 2010 - 2018	3.19%	1.66%	1.48%	1.40%
Annual Growth 2000 - 2010	1.37%	1.23%	1.16%	1.27%
Income				
2018 Median Household Income	\$71,638	\$92,587	\$92,502	\$79,251
2018 Average Household Income	\$100,286	\$117,359	\$119,832	\$107,274
2018 Per Capita Income	\$41,707	\$46,028	\$47,170	\$42,329
2018 Pop 25+ College Graduates	4,714	39,967	97,104	1,153,238
Age 25+ Percent College Graduates - 2018	50.9%	52.9%	52.8%	42.6%
Source: ESRI				

CONCLUSION

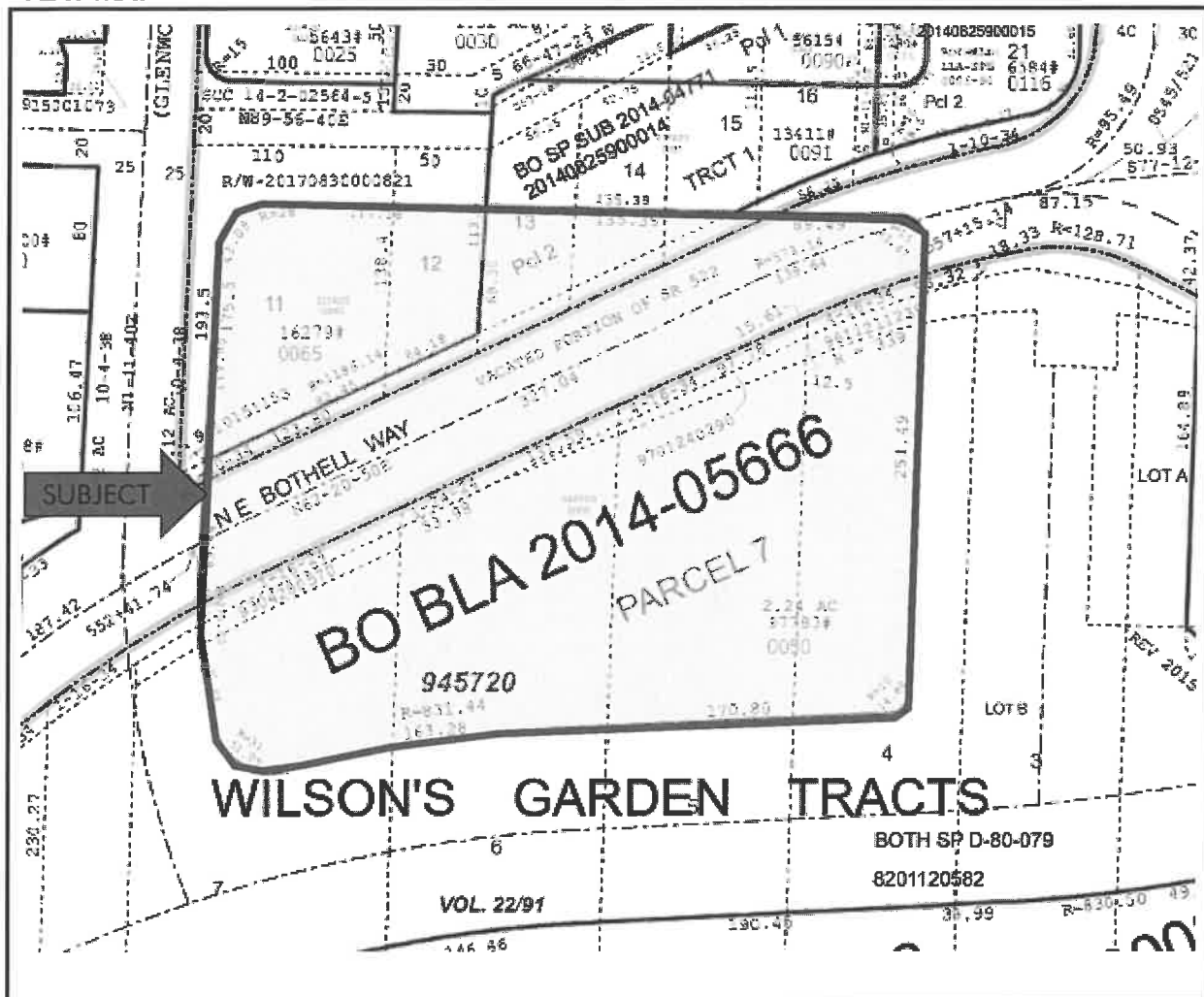
As shown above, the population within the subject neighborhood has shown moderate growth over the past eight years with annual growth between 1.68% to 3.74%, which is highest within the one-mile radius. Anticipated growth is strongest within a one-mile radius at 2.43% over the next five years.

The neighborhood currently has a middle-income demographic profile, with a 2018 median household income of \$71,638 within a one-mile radius. 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.

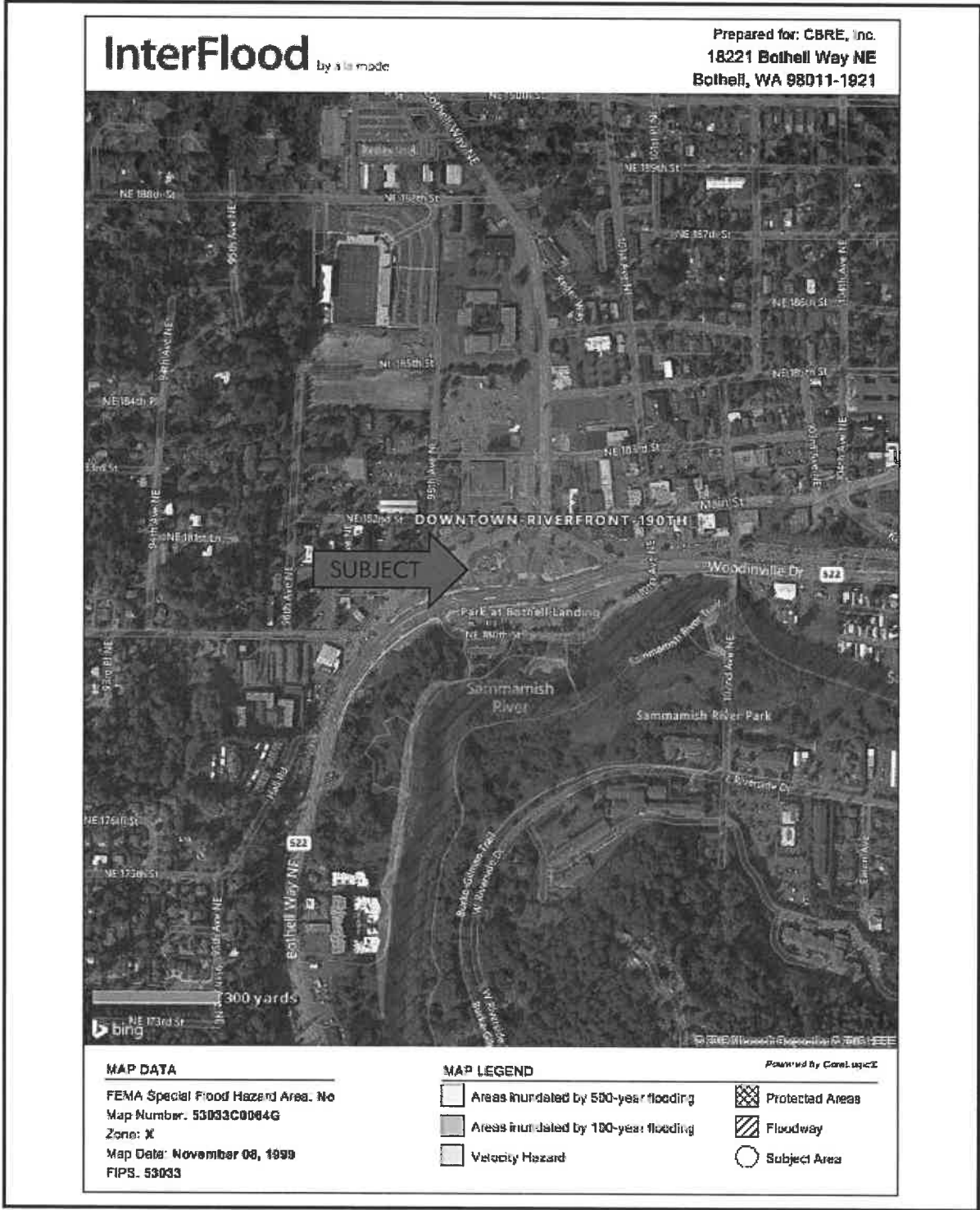
Overall, Bothell is an established and stable neighborhood. It has a strong retail market due to favorable demographics. Bothell is a middle-class community with an average employment base

and good proximity to other employment centers. The immediate neighborhood influences are generally positive for the subject property and surrounding retail, commercial, and industrial developments.

PLAT 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	2.62 Acres	114,062 Sq. Ft.	
Net Site Area	2.62 Acres	114,062 Sq. Ft.	
Primary Road Frontage	@ 350 Feet	SR-522	
Secondary Road Frontage	@ 252 Feet	Bothell Way NE	
Excess Land Area	None	n/a	
Surplus Land Area	None	n/a	
Zoning District	DN; Downtown Neighborhood and DC; Downtown Core		
Flood Map Panel No. & Date	53033C0064G	8-Nov-99	
Flood Zone	X		
Adjacent Land Uses	Commercial and residential uses		
Earthquake Zone	D		
Comparative Analysis		Rating	
Visibility	Very Good		
Functional Utility	Average		
Traffic Volume	Very Good		
Adequacy of Utilities	Assumed adequate		
Landscaping	Average		
Drainage	Assumed adequate		
Utilities	Provider	Availability	
Water		Yes	
Sewer		Yes	
Natural Gas		Yes	
Electricity		Yes	
Telephone		Yes	
Mass Transit		Yes	
Other	Yes	No	Unknown
Detrimental Easements			X
Encroachments			X
Deed Restrictions			X
Reciprocal Parking Rights			X
Source: Various sources compiled by CBRE			

LOCATION

The subject is identified as King County parcels 945720-0050 and 237420-0065 and is situated at the southwest corner of SR-522 and Bothell Way NE in Bothell, King County, Washington.

LAND AREA

The land area size was obtained via King County Assessor's Office. The site is considered adequate in terms of size and utility. There is no unusable, excess or surplus land area.

SHAPE AND FRONTAGE

The site is irregular and has adequate frontage along three arterials within the neighborhood.

TOPOGRAPHY AND DRAINAGE

The site is generally level to moderately sloping downward from the northwest to southeast as illustrated in the mapping below.



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

A title report for the assignment was not provided. 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.

UTILITIES AND SERVICES

The site includes all municipal services, including police, fire and refuse garbage collection. All utilities are available to the site in adequate quality and quantity to service the highest and best use.

ENVIRONMENTAL ISSUES

The site Washington State Department of Ecology's identifies the subject as Facility 33215922 Cleanup Site 427. The website describes the site as follows:

"The site is generally located at 18107 Bothell Way NE, Bothell, WA 98011. The 0.62-acre parcel of land previously housed a one-story commercial building constructed in 1988 and demolished in August 2016. A dry-cleaning facility operated at the west end of the building from 1988-1999. Dry cleaning solvents were released during this period and traced to the former dry-cleaning facility. Soil and groundwater were contaminated by this release. The chemicals of concern are dry cleaning solvents and their breakdown products: tetrachloroethene (PCE), trichloroethylene (TCE), 1,2-Dichloroethene (DCE), and vinyl chloride. The city investigated the site further under the Voluntary Cleanup Program (VCP). The investigation confirmed the presence of contamination in soil as deep as 60 feet below the ground surface. In addition to impacts in soil, there is a groundwater plume (mostly PCE) extending from beneath the former property building to the east and southeast. "

Based on information provided by the City of Bothell, the site has been remediated and is awaiting a consent decree as they were part of a voluntary cleanup program that is being

handled by environmental consultants. It is an extraordinary assumption of the report that the site is free of any known or potential contamination and development of the site is not impacted from any such condition. The use of this extraordinary assumptions may have affected the assignment results.

A map illustrating the property is presented below:



The appraiser 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, Inc. 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:	Mixed use and multifamily
South:	Park – Public Use
East:	Land and commercial uses
West:	Commercial uses

The adjacent properties are mainly commercial and mixed use in nature.

CONCLUSION

The site is well located in the growing City of Bothell, which includes significant development including several new mixed-use projects including street level retail and multifamily as well as the McMenamins commercial development, which has bolstered the downtown presence. The site benefits from its very good frontage along SR-522 as the entry point to downtown Bothell. The immediate market has experienced significant growth in the recent years which is anticipated to continue in the immediate future.

ZONING MAP



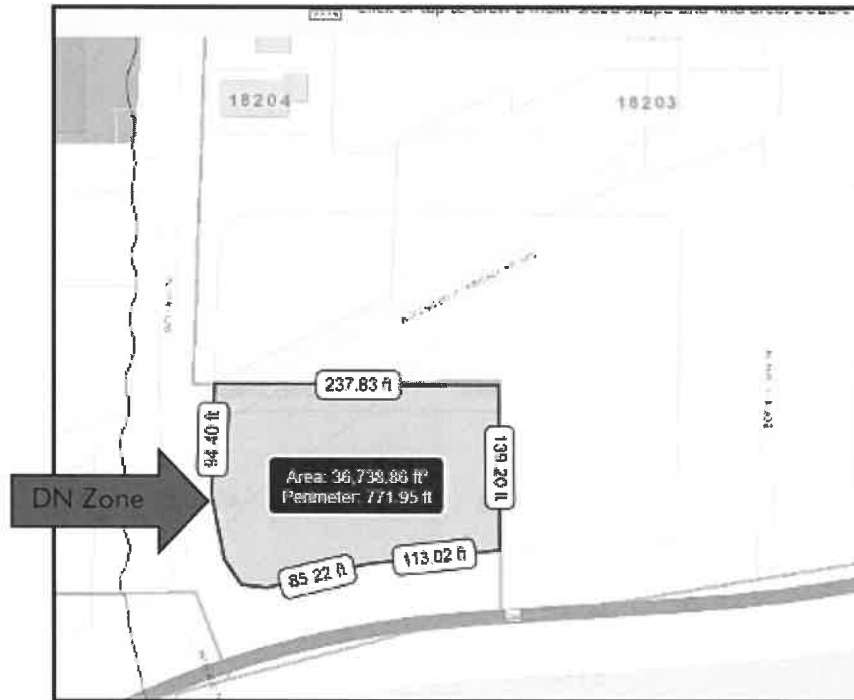
Zoning

The following chart summarizes the subject's zoning requirements.

ZONING SUMMARY		
Current Zoning	DC; Downtown Core and DN; Downtown Neighborhood	
Legally Conforming	N/A - Land	
Uses Permitted	Offices or commercial uses serving neighborhoods and community needs including mixed uses and multifamily	
Zoning Change	Not likely	
Category	DC; Downtown Core	DN; Downtown Neighborhood
Minimum Lot Size	None	None
Minimum Lot Width	None	None
Maximum Height	76 Feet (6 Floors)	65 Feet (5 Floors)
Minimum Setbacks		
Front Yard	0 Feet	0 Feet
Street Side Yard	0 Feet	0 Feet
Interior Side Yard	0 Feet	0 Feet
Rear Yard	5 Feet	5 Feet
Maximum Bldg. Coverage	100%	95%
Maximum FAR	6.00 : 1	5.00 : 1
Maximum FAR Allocated		5.50 : 1
Parking Requirements		Varies by Use
Source: City of Bothell Planning & Zoning Dept.		

ANALYSIS AND CONCLUSION

Approximately 36,750 square feet is zoned DN; Downtown Neighborhood based on the mapping below. The remaining 77,312 square feet is zoned DC; Downtown Core. We have applied an allocated FAR, based on size, height and coverage. 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

AD VALOREM TAX INFORMATION				
Parcel	Assessor's Parcel No.	Parcel Description	2018	2019
1	945720-0050		\$3,324,600	\$3,813,500
2	237420-0065		997,500	895,300
Subtotal			\$4,322,100	\$4,708,800
Assessed Value @			100%	100%
			\$4,322,100	\$4,708,800
General Tax Rate (per \$1,000 A.V.)			11.018900	10.563610
General Tax:			\$47,625	\$49,742
Special Assessments:			1,516	7,438
Effective Tax Rate (per \$1,000 A.V.)			11.369697	12.143114
Total Taxes			\$49,141	\$57,179

Source: King County Assessor's Office

Washington State law requires all property assessments for tax purposes based on 100% of fair market value of both the land and improvements (if any). The Assessor values properties on a cyclical basis according to a revaluation plan filed with the state Department of Revenue. At a minimum, real property must be revalued every year and inspected every four years. Assessed values typically vary from 70-90% of market value depending upon the property type, amount of reliable comparable data, etc. However, properties selling for prices significantly greater (or lower) than assessed value will often trigger an adjustment upon the following re-assessment when the sale price is considered to reasonably reflect market value. The subject has been exempt due to its ownership by a municipality. However, we have provided the associated levy rate as the subject is situated within Bothell under levy code 0859.

CONCLUSION

While the subject is current exempt from real estate taxes, if the subject sold to an entity that is not a municipality for the value estimate in this report, a reassessment at that value would most likely occur. Currently, both parcels indicate delinquent taxes for the special assessments for 2019 and are negligible, and if the property was sold, these taxes would be addressed upon closing and paid for out of sale proceeds, so there is no impact on the subject's market value.

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 are discussed in the Zoning Section. The site is split zoned DC and DN by the City of Bothell which allows development up to 76 and 65 feet, respectively.

Physical Possibility

The subject is adequately served by utilities, and has an adequate shape and size, sufficient access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development (i.e. it appears adequate for development).

Existing structures on similar sites provides additional evidence for the physical possibility of development.

Financial Feasibility

Potential uses of the site include mixed use including residential, office and retail uses. 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. With respect to the legal uses for the subject site, the local market is stabilized. Development of new mixed-use properties has occurred in the recent past and continues to this day with several projects under construction in the immediate area. Development of a build-to-suit structure for a specific tenant/owner is also considered financially feasible.

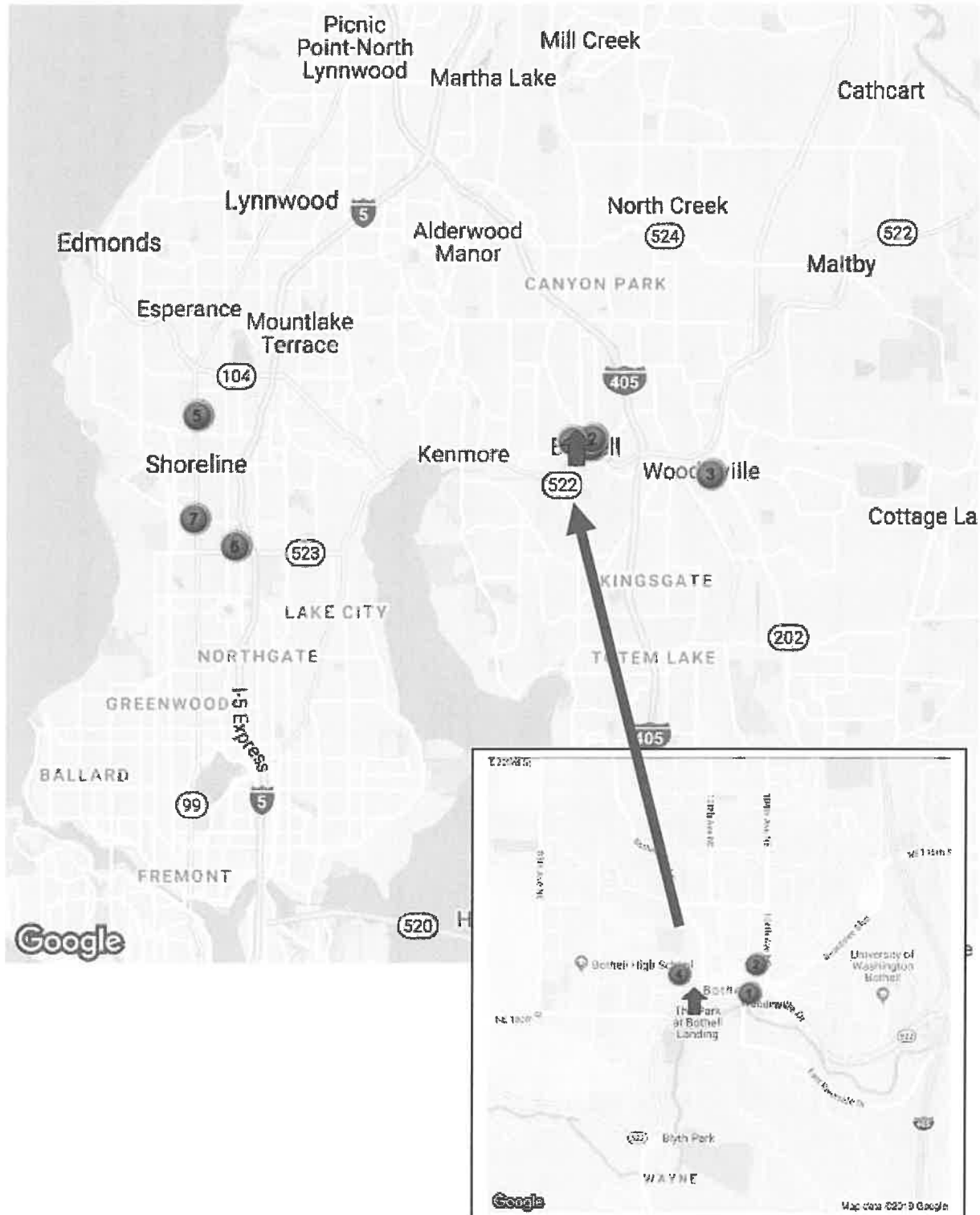
Maximum Productivity - Conclusion

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land.

Based on the information presented above, the subject would be developed with a mixed-use development to its highest allowable density, which is typical of similar projects in this market. Our analysis of the subject and its respective market characteristics indicate the most likely buyer, as if vacant, would be an investor (land speculation) or a developer.

Land Value

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



SUMMARY OF COMPARABLE LAND SALES

No.	Property Location	Transaction Type	Date	Proposed Use	Actual Sale Price	Adjusted Sale Price ¹	Size (SF)	Density (UPA)	Allowable Units	Price Per Acre	Price Per SF	Price Per Bldg Unit
1	10201-10221 Main Street Bothell, WA 98011	Sale	Nov-14	122-unit apartments	\$2,250,000	\$2,250,000	19,020	279.43	122	\$5,153,459	\$118.30	\$19.72
2	18417 103rd Avenue NE Bothell, WA 98011	Sale	Jul-16	135-unit multi-family development	\$4,250,000	\$4,250,000	43,213	136.09	135	\$4,284,274	\$98.35	\$19.67
3	17311 135th Ave NE Woodinville, WA 98072	Sale	Jan-17	338-unit Apartment Complex	\$10,750,000	\$10,750,000	151,694	97.06	338	\$3,086,952	\$70.87	\$17.72
4	18315 98th Ave NE Bothell, WA 98011	Sale	Apr-17	79-unit multi-family development	\$2,625,000	\$2,625,000	38,769	88.76	79	\$2,949,438	\$67.71	\$13.54
5	19022 Aurora Avenue N Shoreline, WA 98133	Sale	Mar-18	Mixed-use apartments	\$5,450,000	\$5,450,000	71,981	145.84	241	\$3,298,033	\$75.71	\$10.82
6	2303 N 147th Street et al Shoreline, WA 98133	Sale	Sep-18	Townhome development	\$12,721,200	\$12,721,200	127,200	27.74	81	\$4,356,426	\$100.01	\$25.00
7	15540 Westminster Way N Shoreline, WA 98133	Sale	Dec-18	330-unit multifamily development	\$11,500,000	\$11,500,000	88,308	162.78	330	\$5,672,569	\$130.23	\$27.77
Subject NW Corner SR 522 and Bothell Way NE, Bothell, Washington		---	---	---	---	---	114,062	---	---	---	---	---

¹ Adjusted sale price for cash equivalency and/or development costs (where applicable)
Compiled by CBRE

Under the current zoning, the site allows for a wide range of uses. There have been limited recent sales within the immediate market that are of similar zoning, size and utility. As such, we have included three older sales from the downtown Bothell market as these best represent the subject in terms of location and zoning. This includes a much older transaction in 2014; however, given its zoning, size and proximity to the subject is influential. Also, given the lack of recent comparables, we have also included four sales which situated within northern King County. These comparables were acquired for similar mixed-use or multifamily development and are similar in terms of overall utility and zoning.

DISCUSSION/ANALYSIS OF LAND SALES

Land Sale One

This comparable represents the sale of a 0.44-acre (19,020 square foot) site located in Bothell, Washington. It occupied by a 10,620 SF commercial building. It is a sloping, rectangular shaped site with good corner frontage on Main Street and 102nd Avenue NE. It was marketed in August 2014 at a list price of \$2,200,000 and sold in November 2014 for \$2,250,000, or \$118.30 per square foot or \$18,443 per proposed unit. The listing agent reported three offers from potential buyers but the site, while openly marketed, was largely overlooked by the market. It had no entitlements at the time of the sale.

Land Sale Two

This comparable is the sale of four parcels with a total of 43,213 square feet located at 18417 103rd Avenue NE in Bothell, Washington. The site is generally level and located on a half city block on the northeastern fringe of downtown Bothell. The property is zoned DN, Downtown Neighborhood, which allows for commercial, multi-family, and mixed-uses. The property was a direct deal between the buyer and seller, though the seller worked with a listing agent after being approached by the buyer. The broker involved reported that this sale was arm's length and at market. The buyer completed their own entitlement work, which was not included in the sale price. The buyer plans to build a 135-unit multi-family development, scheduled to break ground in January 2017. The property sold in July 2016 for \$4,250,000, or \$31,481 per unit, or \$98.35 per square foot.

Land Sale Three

This is the January 2017 sale of a 3.48-acre site in Woodinville, Washington. The property was improved with an office complex at the time of sale which will generate interim income to offset demolition costs. The property is proposed for a future phase of the Woodin Creek Village development and will have 338 units. The projected completion date of the project is in June 2019. The property sold for \$10,750,000, or \$70.87 per square foot or \$31,805 per unit. The site is generally level with corner frontage, is generally rectangular in shape and had no entitlements in place at the time of sale.

Land Sale Four

This comparable represents two sales of adjacent parcels to the same buyer from the same seller. The combined sites, which were previously improved with a vacant duplex and office building, contain 38,769 sf on the west side of 98th Ave in Bothell, Washington. This is in the southern portion of Bothell in King County, approximately two blocks north of Bothell Way NE (State Route 522). The buyer is a local developer of single-family subdivisions but on this site in this location they are expected to build multifamily product. This site has limited retail/commercial potential as it is two blocks off the main commercial arterial. The site is proposed for a 79-unit, five-story

apartment building. The property sold in April 2017 for \$2,625,000, or \$33,228 per unit, or \$67.71 per square foot.

Land Sale Five

This comparable represents the sale of a 71,981 (1.65-acre) site located at 19022 Aurora Avenue N, Shoreline, WA. The site is currently improved with a retail building occupied by a roller derby and a gym. The site is irregular in shape, has a generally level topography and is a corner site with frontage along Aurora Avenue N and N 192nd Street. The site sold without entitlements and the buyer plans to construct a seven-story mid-rise complex with 241 units, 9,518 square feet of ground floor commercial space and structured parking for 212 vehicles. The site is zoned MB, which allows for a 70-foot height limit. The property sold in March 2018 for \$5,450,000, or \$75.71 per square foot, or \$22,614 per unit. The tenants are expected to vacate in Q4 2018, rental revenues during this time are expected to offset demolition costs.

Land Sale Six

This comparable represents the sale of a 15-lot assemblage located along the south side of NE 147 Street and west side of 1st Avenue NE in Shoreline, Washington. The site is L-shaped and is zoned MUR-45 by the City of Shoreline. The site is to be developed with 81 townhome units with an average unit size of 1,749 square feet. The buyer assembled all of the lots for a total purchase price of \$12,721,200, or \$157,052 per unit, or \$100.01 per square foot. The sales closed in September 2018 with the buyer taking the property through the entitlement process.

Land Sale Seven

This comparable represents the sale of an 88,308 square foot (2.03-acre) site located at 15560 Westminster Way N in Shoreline, WA. At the time of sale, the site consisted of four adjacent parcels, which have since been consolidated into one parcel (182604-9081). The site was vacant at the time of sale. The site is irregular in shape, has a generally level topography and is a corner site with frontage along N 155th Street and Westminster Way N. Although the site does not have direct frontage along Aurora Avenue N, it does maintain approximately 600 feet of excellent visibility from Aurora Avenue N as the only thing between the site and Aurora Avenue N is the Interurban Trail. According to a representative of the buyer the site entered into the contract with partial entitlements which included preliminary architectural drawings, engineering studies and other site costs. The buyer plans to build a six-story mid-rise complex with 330 units and at/below grade parking for 302 vehicles. The site is zoned MB, which allows for a 70-foot height limit. The property sold in December 2018 for \$11,500,000, or \$130.23 per square foot, or \$34,848 per unit.

It is also noted that site was listed as the result of a litigation against the property owner (Potala Shoreline LLC) and sold out of receivership. It appears that even though the property was purchased from a receivership there were no distressed conditions associated with the sale and that it was a market-oriented transaction.

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.

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.

The subject site's fee simple interest is appraised, and all sales sold on a fee simple basis, and no adjustments are given.

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.

None of the sales had any special financing terms affecting the sale price, and no adjustments are given.

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 further adjustments are given.

Market Conditions

This adjustment accounts for the change in market conditions as it relates to investor demand, rental rates, and occupancy. As discussed previously, apartment properties are experiencing increased demand as investor activity picks up and capitalization rates continue to compress.

Market conditions have improved over year over year, which is evidenced in the increases in sale prices in the Puget Sound and King County markets. All of the Comparables are adjusted upwards for market conditions at a rate of 3% annually based on long term trends.

Size

Typically, larger sites tend to sell for a lower price per square foot/unit than smaller ones due to the associated economies of scale.

Comparables 1, 2, 4 and 5 are smaller and have been adjusted downwards whereas Comparable 3 is larger and has been adjusted upwards for this factor.

Shape

The shape of a site can impact its utility. Parcels that are very irregular in shape tend to have less overall development potential and would therefore sell for less than a comparable site of regular shape.

All of the comparables have a reasonably similar shape as the subject, and no adjustments are given.

Frontage

Frontage can affect the demand for a property as it directly impacts visibility and configuration. Sites with greater or superior frontage can achieve higher price points.

Comparables 4 and 6 are much inferior as to frontage based on both the traffic patterns as well as discussions with market participants and have been adjusted upwards for this factor.

Topography

Unusual topography can affect the usable area of a site, or result in above-average site preparation costs. Sloping sites typically incur higher site development costs than level sites, which limits the amount an investor can pay for a site when considering total building development costs.

All of the comparables have a reasonably similar topography as the subject, and no adjustments are given.

Location

A site's location takes into account differences in the comparables relative to their surrounding environs. Location factors items such as exposure, view, traffic, access, surrounding land uses, proximity to major transportation routes, distance/time between employment centers and/or residential centers, and economics and demographics in the immediate area.

Comparable 3 is inferior being in Woodinville, whereas Comparable 5 is situated within an inferior location in Shoreline, warranting upward adjustments. Comparables 6 and 7, while also in Shoreline, are situated in superior commercial pockets, with Comparable 7 being situated within walking distance to the anticipated Light Rail Station. Given the offsetting factors, no further adjustments are warranted. All of the remaining comparables are situated in Bothell with no further adjustments being warranted.

Entitlements

The benefit of entitlements can vary depending on use, location/jurisdiction and overall site characteristics. These entitlements can add value ranging from 10% to 30% depending on the extent of work and time invested. Given the amount of entitlements completed on Comparable 7, a minor downward adjustment is made for this factor. All of the remaining sales had no existing entitlements at the time of sale.

LAND SALES ADJUSTMENT GRID								Subject
Comparable Number	1	2	3	4	5	6	7	
Transaction Type	Sale	Sale	Sale	Sale	Sale	Sale	Sale	---
Transaction Date	Nov-14	Jul-16	Jan-17	Apr-17	Mar-18	Sep-18	Dec-18	---
Proposed Use	122-unit apartments	135-unit multi-family	338-unit Apartment	79-unit multi-family	Mixed-use apartments	Townhome development	330-unit multifamily	---
Actual Sale Price	\$2,250,000	\$4,250,000	\$10,750,000	\$2,625,000	\$5,450,000	\$12,721,200	\$11,500,000	---
Adjusted Sale Price ¹	\$2,250,000	\$4,250,000	\$10,750,000	\$2,625,000	\$5,450,000	\$12,721,200	\$11,500,000	---
Size (Acres)	0.44	0.99	3.48	0.89	1.65	2.92	2.03	2.62
Size (SF)	19,020	43,213	151,694	38,769	71,981	127,200	88,308	114,062
Density (UPA)	279.43	136.09	97.06	88.76	145.84	27.74	162.78	---
Indicated FAR	6.00	5.00	4.00	5.00	7.00	4.00	4.69	5.60
Price Per Acre	\$5,153,459	\$4,284,274	\$3,086,952	\$2,949,438	\$3,298,033	\$4,356,426	\$5,672,569	---
Price Per SF	\$118.30	\$98.35	\$70.87	\$67.71	\$75.71	\$100.01	\$130.23	---
Price Per Bldg. Area	\$19.72	\$19.67	\$17.72	\$13.54	\$10.82	\$25.00	\$27.77	---
Price Per Unit	\$18,443	\$31,481	\$31,805	\$33,228	\$22,614	\$157,052	\$34,848	---
Price (\$ PSF)	\$118.30	\$98.35	\$70.87	\$67.71	\$75.71	\$100.01	\$130.23	---
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	0%	---
Financing Terms ¹	0%	0%	0%	0%	0%	0%	0%	---
Conditions of Sale	0%	0%	0%	0%	0%	0%	0%	---
Market Conditions (Time)	13%	8%	7%	6%	3%	2%	1%	---
Subtotal	\$133.68	\$106.22	\$75.83	\$71.77	\$77.98	\$102.01	\$131.53	---
Size	-15%	-10%	5%	-10%	-5%	0%	0%	---
Shape	0%	0%	0%	0%	0%	0%	0%	---
Corner/Access	0%	0%	0%	0%	0%	0%	0%	---
Frontage	0%	0%	0%	30%	0%	15%	0%	---
Topography	0%	0%	0%	0%	0%	0%	0%	---
Location	0%	0%	20%	0%	30%	0%	0%	---
Entitlements	0%	0%	0%	0%	0%	0%	-10%	---
Total Other Adjustments	-15%	-10%	25%	20%	25%	15%	-10%	---
Value Indication for Subject	\$113.63	\$95.60	\$94.79	\$86.13	\$97.48	\$117.31	\$118.38	---
Absolute Adjustment	28%	18%	32%	46%	38%	17%	17%	---

¹ Adjusted sale price for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

Prior to adjustments, the comparables presented a range of \$67.71 to \$130.23 per square foot. Following adjustments, the comparables presented a narrower range of \$86.13 to \$118.38 per square foot. Discussions with several market participants supported a value of \$100 to \$115 per square foot of land area. One market participant indicated that many developers are in a holding pattern and are waiting for the next development cycle with land prices being slightly lower or at the peak of the market.

CONCLUSION

Based on the preceding analysis, Comparables 6 and 7 were the most representative of the subject site, and warranted greatest consideration as they required the fewest absolute (gross) adjustments. Comparable 1 is influential in that it is within close proximity of the subject along Main Street in Bothell, with similar zoning and is similar as to shape as well as corner siting and frontage. In conclusion, a price per square foot indication towards the midpoint of the range was most appropriate for the subject due to the subject's size, shape, frontage and location. The following table presents the valuation conclusion:

CONCLUDED LAND VALUE				
\$ PSF		Subject SF		Total
\$113.00	x	114,062	=	\$12,889,006
\$118.00	x	114,062	=	\$13,459,316
Indicated Value:				\$13,200,000
		(Rounded \$ PSF)		\$115.73
Compiled by CBRE				

The concluded value at \$13,200,000 is equivalent to \$20.66 per square foot of FAR, which falls within the unadjusted range of the comparables. As a test of reasonableness, we also looked at the potential yield of a mixed-use development at which based upon a FAR of 5.60 would be equivalent to an allowable building area of 638,747 square feet. The average unit size of the comparables is 1,700 square feet (rounded) per unit, which includes common areas. If the average unit size of 1,700 square feet including common area is applied to the subject, a total of 376 units could be realized (638,747/1,700). Based on a concluded value of \$13,200,000 and a yield of 376 units, a price per implied unit is \$35,131 per unit, which also falls within the top end range of the comparables and lends support to our value conclusion.

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

LAND SALE DATA SHEETS

Sale

Land - Mixed-Use

No. 1

Property Name Downtown Bothell Site
 Address 10201-10221 Main Street
 Bothell, WA 98011
 United States

Government Tax Agency King
 Govt./Tax ID 0967000070, -0085

Site/Government Regulations

	Acres	Square feet
Land Area Net	0.437	19,020
Land Area Gross	0.437	19,020

Site Development Status N/A

Shape Rectangular

Topography Moderate Slope

Utilities N/A

Maximum FAR N/A

Min Land to Bldg Ratio N/A

Maximum Density 279.43 per ac

Frontage Distance/Street N/A Main Street

Frontage Distance/Street N/A 102nd Ave NE

General Plan N/A

Specific Plan N/A

Zoning DC, Downtown Core

Entitlement Status N/A



Sale Summary

Recorded Buyer	GRE Bothell LLC	Marketing Time	2 Month(s)
True Buyer	Goodman Real Estate	Buyer Type	N/A
Recorded Seller	Mercantile Building LLC	Seller Type	N/A
True Seller	N/A	Primary Verification	Listing Agent

Interest Transferred	Leased Fee	Type	Sale
Current Use	10,620 SF commercial bldg & surface Parking	Date	11/21/2014
Proposed Use	122-unit apartments	Sale Price	\$2,250,000
Listing Broker	Kidder Mathews, Philip Assouad	Financing	Not Available
Selling Broker	Kidder Mathews, Philip Assouad	Cash Equivalent	\$2,250,000
Doc #	20141125001052	Capital Adjustment	\$0
		Adjusted Price	\$2,250,000

Transaction Summary plus Five-Year CBRE View History


Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
11/2014	Sale	GRE Bothell LLC	Mercantile Building LLC	\$2,250,000	\$5,153,459 / \$118.30

Sale	Land - Mixed-Use	No. 1
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Units of Comparison		
	\$118.30 / sf	N/A / Unit
	\$5,153,458.54 / ac	\$18,443 / Allowable Bldg. Units
		N/A / Building Area
Financial		

No information recorded

Map & Comments



This comparable represents the sale of a 0.44 acre (19,020 square foot) site located in Bothell, Washington. It occupied by a 10,620 SF commercial building,. It is a sloping, rectangular shaped site with good corner frontage on Main Street and 102nd Avenue NE. It was marketed in August 2014 at a list price of \$2,200,000 and sold in November 2014 for \$2,250,000 or \$18,443 per proposed unit. The listing agent reported three offers from potential buyers but the site, while openly marketed, was largely overlooked by the market. It had no entitlements at the time of the sale.

Property Name Bothell Multi-Family Development Site
Address 18417 103rd Avenue NE
 Bothell, WA 98011
 United States
Government Tax Agency King
Govt./Tax ID 096700-0370, 096700-0385, 096700-0390, 096700-0395

Site/Government Regulations

	Acres	Square feet
Land Area Net	0.992	43,213
Land Area Gross	0.992	43,213

Site Development Status Semi-Finished
Shape Rectangular
Topography Generally Level
Utilities All to site

Maximum FAR N/A
Min Land to Bldg Ratio N/A
Maximum Density 136.09 per ac
Frontage Distance/Street 350 ft NE 185th St
Frontage Distance/Street 120 ft 102nd Avenue NE
Frontage Distance/Street 120 ft 103rd Avenue NE

General Plan N/A
Specific Plan N/A
Zoning DN, Downtown Neighborhood
Entitlement Status N/A

**Sale Summary**

Recorded Buyer	Bothell 185 LLC	Marketing Time	0 Month(s)
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Golden Echelon Investment LLC	Seller Type	N/A
True Seller	N/A	Primary Verification	Dick Paylor (425) 586-5624
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	7/15/2016
Proposed Use	135-unit multi-family development	Sale Price	\$4,250,000
Listing Broker	Dick Paylor, NAI Puget Sound	Financing	N/A
Selling Broker	N/A	Cash Equivalent	\$4,250,000
Doc #	N/A	Capital Adjustment	\$0
		Adjusted Price	\$4,250,000

Transaction Summary plus Five-Year CBRE View History

<u>Transaction Date</u>	<u>Transaction Type</u>	<u>Buyer</u>	<u>Seller</u>	<u>Price</u>	<u>Price/ac and /sf</u>
07/2016	Sale	Bothell 185 LLC	Golden Echelon Investment LLC	\$4,250,000	\$4,284,274 / \$98.35

Sale	Land - Multi Unit Residential	No. 2
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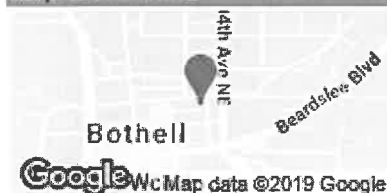
Units of Comparison

\$98.35 / sf	\$31,481 / Unit
\$4,284,274.19 / ac	\$31,481 / Allowable Bldg. Units
	N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable is the sale of four parcels with a total of 43,213 square feet located at 18417 103rd Avenue NE in Bothell, Washington. The site is generally level and located on a half city block on the northeastern fringe of downtown Bothell. The property is zoned DN, Downtown Neighborhood, which allows for commercial, multi-family, and mixed-uses. The property was a direct deal between the buyer and seller, though the seller worked with a listing agent after being approached by the buyer. The broker involved reported that this sale was arm's length and at market. The buyer completed their own entitlement work, which was not included in the sale price. The buyer plans to build a 135-unit multi-family development, scheduled to break ground in January 2017. The property sold in July 2016 for \$4,250,000, or \$31,481 per unit, or \$98.35 per square foot.

Sale**Land - Multi Unit Residential****No. 3**

Property Name Woodin Creek Village II Land
 Address 17311 135th Ave NE
 Woodinville, WA 98072
 United States

Government Tax Agency King
 Govt./Tax ID 102605-9056

Site/Government Regulations

	Acres	Square feet
Land Area Net	3.482	151,694
Land Area Gross	3.482	151,694

Site Development Status N/A
 Shape N/A
 Topography Generally Level
 Utilities All to site

Maximum FAR N/A
 Min Land to Bldg Ratio N/A
 Maximum Density 97.06 per ac

General Plan N/A
 Specific Plan N/A
 Zoning CBD
 Entitlement Status None

**Sale Summary**

Recorded Buyer	Woodinville City Center LLC	Marketing Time	N/A
True Buyer	Weidner	Buyer Type	N/A
Recorded Seller	The Fowler Partnership	Seller Type	N/A
True Seller	N/A	Primary Verification	Confidential Source, CoStar, Public Records
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Office complex	Date	1/20/2017
Proposed Use	338-unit Apartment Complex	Sale Price	\$10,750,000
Listing Broker	N/A	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	\$10,750,000
Doc #	201701201293	Capital Adjustment	\$0
		Adjusted Price	\$10,750,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
01/2017	Sale	Woodinville City Center LLC	The Fowler Partnership	\$10,750,000	\$3,086,952 / \$70.87

Sale**Land - Multi Unit Residential****No. 3****Units of Comparison**

\$70.87 / sf
\$3,086,951.53 / ac

\$31,805 / Unit
\$31,805 / Allowable Bldg. Units
N/A / Building Area

Financial**No information recorded****Map & Comments**

This is the January 2017 sale of a 3.48-acre site in Woodinville, Washington. The property was improved with an office complex at the time of sale which will generate interim income to offset demolition costs. The property is proposed for a future phase of the Woodin Creek Village development and will have 338 units. The projected completion date of the project is in June 2019. The property sold for \$10,750,000, or \$31,805 per unit. The site is generally level with corner frontage, is generally rectangular in shape and had no entitlements in place at the time of sale.

Property Name Downtown Bothell Development Site
 Address 18315 98th Ave NE
 Bothell, WA 98011
 United States

Government Tax Agency King
 Govt./Tax ID multiple

Site/Government Regulations

	Acres	Square feet
Land Area Net	0.890	38,769
Land Area Gross	0.890	38,769

Site Development Status Raw
 Shape Rectangular
 Topography Generally Level
 Utilities Available

Maximum FAR N/A
 Min Land to Bldg Ratio N/A
 Maximum Density 88.76 per ac

Frontage Distance/Street 185 ft 98th Avenue

General Plan N/A
 Specific Plan N/A
 Zoning DN Downtown
 Entitlement Status None

**Sale Summary**

Recorded Buyer	Geirge Neffler III LP	Marketing Time	N/A
True Buyer	Harbour Homes	Buyer Type	Developer
Recorded Seller	Marcury Holdings LLC	Seller Type	Private Investor
True Seller	Steven J Hummel	Primary Verification	Broker, Costar
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Duplex and office building	Date	4/7/2017
Proposed Use	Multifamily	Sale Price	\$2,625,000
Listing Broker	Richard paylor, NAI Properties 425-586-5624	Financing	Not Available
Selling Broker	None	Cash Equivalent	\$2,625,000
Doc #	201704070843	Capital Adjustment	\$0
		Adjusted Price	\$2,625,000

Transaction Summary plus Five-Year CBRE View History


Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
04/2017	Sale	Geirge Neffler III LP	Marcury Holdings LLC	\$2,625,000	\$2,949,438 / \$67.71

Sale	Land - Mixed-Use	No. 4
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Units of Comparison		
\$67.71 / sf	\$33,228 / Unit	
\$2,949,438.20 / ac	\$33,228 / Allowable Bldg. Units	
	N/A / Building Area	

Financial		
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No information recorded

Map & Comments	
	<p>This comparable represents two sales of adjacent parcels to the same buyer from the same seller. The combined sites, which were previously improved with a vacant duplex and office building, contain 38,769 sf on the west side of 98th Ave in Bothell, Washington. This is in the southern portion of Bothell in King County, approximately two blocks north of Bothell Way NE (State Route 522). The buyer is a local developer of single-family subdivisions but on this site in this location they are expected to build multifamily product. This site has limited retail/commercial potential as it is two blocks off the main commercial arterial. The site is proposed for a 79-unit, five-story apartment building. The property sold in April 2017 for \$2,625,000, or \$33,228 per unit, or \$67.71 per square foot.</p>

Sale

Land - Multi Unit Residential

No. 5

Property Name Shoreline Proposed Mixed-Use
 Address 19022 Aurora Avenue N
 Shoreline, WA 98133
 United States

Government Tax Agency King
 Govt./Tax ID 164350-0190

Site/Government Regulations

	Acres	Square feet
Land Area Net	1.653	71,981
Land Area Gross	N/A	N/A

Site Development Status N/A
 Shape N/A
 Topography Generally Level
 Utilities N/A

Maximum FAR N/A
 Min Land to Bldg Ratio N/A
 Maximum Density 145.84 per ac

Frontage Distance/Street N/A Aurora Avenue N
 Frontage Distance/Street N/A N 192nd Street

General Plan N/A
 Specific Plan N/A
 Zoning MB
 Entitlement Status None



Sale Summary

Recorded Buyer	Shoreline Development Partners LLC & High Risk Investments LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	N/A
Recorded Seller	Pearson Family Investments, LLC	Seller Type	N/A
True Seller	N/A	Primary Verification	CoStar and Public Record. Calls to listing broker were not returned
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Roller Rink / Gym	Date	3/23/2018
Proposed Use	Mixed-use apartments	Sale Price	\$5,450,000
Listing Broker	Eric Bissell - Kidder Mathews (425) 450-1121	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	\$5,450,000
Doc #	20180326001533	Capital Adjustment	\$0
		Adjusted Price	\$5,450,000


Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
03/2018	Sale	Shoreline Development Partners LLC & High Risk Investments LLC	Pearson Family Investments, LLC	\$5,450,000	\$3,298,033 / \$75.71

Sale	Land - Multi Unit Residential	No. 5
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Units of Comparison		
	\$75.71 / sf	\$22,614 / Unit
	\$3,298,033.28 / ac	\$22,614 / Allowable Bldg. Units
		N/A / Building Area
Financial		

No information recorded

Map & Comments	
	<p>This comparable represents the sale of a 71,981 (1.65-acre) site located at 19022 Aurora Avenue N, Shoreline, WA. The site is currently improved with a retail building occupied by a roller derby and a gym. The site is irregular in shape, has a generally level topography and is a corner site with frontage along Aurora Avenue N and N 192nd Street. The site sold without entitlements and the buyer plans to construct a seven-story mid-rise complex with 241 units, 9,518 square feet of ground floor commercial space and structured parking for 212 vehicles. The site is zoned MB, which allows for a 70-foot height limit. The property sold in March 2018 for \$5,450,000, or \$75.71 per square foot, or \$22,614 per unit. The tenants are expected to vacate in Q4 2018, rental revenues during this time are expected to offset demolition costs.</p>

Property Name Shoreline 145th Townhomes
 Address 2303 N 147th Street
 et al
 Shoreline, WA 98133
 United States
 Government Tax Agency King
 Govt./Tax ID 4292300005, et al

**Site/Government Regulations**

	Acres	Square feet
Land Area Net	2.920	127,200
Land Area Gross	N/A	N/A

Site Development Status	Other(See Comments)
Shape	L Shaped
Topography	Generally Level
Utilities	All available

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

General Plan	N/A
Specific Plan	N/A
Zoning	MUR-45
Entitlement Status	None

Sale Summary

Recorded Buyer	Intracorp et al	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Various (15 tax lots)	Seller Type	End User
True Seller	N/A	Primary Verification	Buyer
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	9/24/2018
Proposed Use	N/A	Sale Price	\$12,721,200
Listing Broker	None	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	\$12,721,200
Doc #	N/A	Capital Adjustment	\$0
		Adjusted Price	\$12,721,200

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
09/2018	Sale	Intracorp et al	Various (15 tax lots)	\$12,721,200	\$4,356,426 / \$100.01

Sale	Land - Residential Subdivision	No. 6
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Units of Comparison

\$100.01 / sf	\$157,052 / Unit
\$4,356,426.15 / ac	N/A / Allowable Bldg. Units
	N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of a 15-lot assemblage located along the south side of NE 147 Street and west side of 1st Avenue NE in Shoreline, Washington. The site is L-shaped and is zoned MUR-45 by the City of Shoreline. The site is to be developed with 81 townhome units with an average unit size of 1,749 square feet. The buyer assembled all of the lots for a total purchase price of \$12,781,200, or \$157,052 per unit, or \$100.01 per square foot. The sales closed in September 2018 with the buyer taking the property through the entitlement process.

Sale

Land - Multi Unit Residential

No. 7

Property Name Alexan Shoreline Development Site
Address 15560 Westminster Way N
Shoreline, WA 98133
United States

Government Tax Agency King
Govt./Tax ID 182604-9081

Site/Government Regulations

	Acres	Square feet
Land Area Net	2.027	88,308
Land Area Gross	2.027	88,308

Site Development Status N/A
Shape Irregular
Topography Generally Level
Utilities N/A

Maximum FAR N/A
Min Land to Bldg Ratio N/A
Maximum Density 162.78 per ac

Frontage Distance/Street 325 ft N 155th Street
Frontage Distance/Street 615 ft Westminster Way N

General Plan N/A
Specific Plan N/A
Zoning MB - Mixed Business
Entitlement Status Other (See Comments)



Sale Summary

Recorded Buyer	Shoreline Apartments Owner LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Michael Grassmueck, court appointed receiver for Potlatch Shoreline LLC	Seller Type	Other
True Seller	N/A	Primary Verification	Representative of buyer
Interest Transferred	N/A	Type	Sale
Current Use	N/A	Date	12/21/2018
Proposed Use	330-unit multifamily development	Sale Price	\$11,500,000
Listing Broker	N/A	Financing	N/A
Selling Broker	N/A	Cash Equivalent	\$11,500,000
Doc #	20181221001229	Capital Adjustment	\$0
		Adjusted Price	\$11,500,000

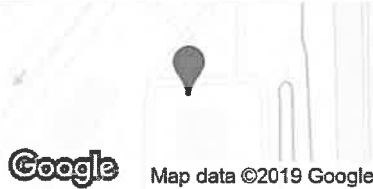
Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
12/2018	Sale	Shoreline Apartments Owner LLC	Michael Grassmueck, court appointed receiver for Potlatch Shoreline LLC	\$11,500,000	\$5,672,569 / \$130.23

Sale**Land - Multi Unit Residential****No. 7****Units of Comparison**

\$130.23 / sf
\$5,672,569.43 / ac

\$34,848 / Unit
\$34,848 / Allowable Bldg. Units
N/A / Building Area

Financial**No information recorded****Map & Comments**

This comparable represents the sale of a 88,308 square foot (2.03-acre) site located at 15560 Westminister Way N in Shoreline, WA. At the time of sale the site consisted of four adjacent parcels, which have since been consolidated into one parcel (182604-9081).

The site was vacant at the time of sale. The site is irregular in shape, has a generally level topography and is a corner site with frontage along N 155th Street and Westminister Way N. Although the site does not have direct frontage along Aurora Avenue N, it does maintain approximately 600 feet of excellent visibility from Aurora Avenue N as the only thing between the site and Aurora Avenue N is the Interurban Trail. According to a representative of the buyer the site entered into the contract with partial entitlements which included preliminary architectural drawings, engineering studies and other site costs. The buyer plans to build a six-story mid-rise complex with 330 units and at/below grade parking for 302 vehicles. The site is zoned MB, which allows for a 70-foot height limit. The property sold in December 2018 for \$11,500,000, or \$130.23 per square foot, or \$34,848 per unit.

It is also noted that site was listed as the result of a ligation against the property owner (Potala Shoreline LLC) and sold out of receivership. It appears that even though the property was purchased from a receivership there were no distressed conditions associated with the sale and that it was a market oriented transaction.

Addendum B

QUALIFICATIONS

Colene Holzhauer

Senior Appraiser, Seattle, WA

CBRE



T + 1-206-292-6169
M + 1-412-439-0554
Colene.holzhauer@cbre.com

1420 5th Avenue, Suite 1700
Seattle, WA 98101

Clients Represented

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

Experience

Colene joined CBRE in 2015 as an appraiser in the Pacific Northwest Region. Prior to joining the Valuation and Advisory Services group, Colene worked as an appraiser at Kidder Mathews in Seattle and RP Herman & Associates in Portland, Oregon.

Colene has experience in appraising retail, office, land, industrial, multi-family residential, mixed use and affordable housing properties. In addition, Colene has extensive experience in valuing both existing and proposed self-storage facilities, institutional and educational properties, religious facilities as well as residential subdivisions and fueling stations.

Professional Affiliations / Accreditations

- Certified General Real Estate Appraiser, Washington State #1102417
- Candidate for Designation, Appraisal Institute #566253

Education

- University of California Santa Cruz – Bachelor of Arts in Politics
- Southeastern Paralegal Institute – Paralegal Certificate
- Completed coursework includes:
 - Basic Appraisal Procedures, AI 2012
 - Basic Appraisal Principals, AI 2012
 - Uniform Standards of Professional Appraisal Practice (USPAP), AI 2012
 - Business Practices and Ethics, AI 2013
 - Sales Comparison Approach, AI 2014
 - Income Approach I, AI 2014
 - Site Valuation & Cost Approach, AI 2014
 - Highest & Best Use and Market Analysis, AI 2015
 - General Appraiser Report Writing and Case Studies, AI 2015
 - Real Estate Finance Statistics and Valuation Modeling, AI 2015
 - Commercial Appraisal Review, McKissock 2016
 - Expert Witness for Commercial Appraisers, McKissock 2016
 - Income Approach II, AI 2016
 - Advanced Income Capitalization, AI 2018
 - Quantitative Analysis, AI 2019

Todd Henderson, MAI, AI-GRS

Director, Pacific Northwest

CBRE



T + 206.292.6189
todd.henderson@cbre.com

1420 Fifth Avenue, Suite 1700
Seattle, WA 98101

Clients Represented

- Umpqua Bank
- Northmarq Capital
- Columbia Bank
- CBRE Capital Markets
- Peoples Bank
- HFF
- JLL Multifamily LLC
- Walker & Dunlop
- PNC
- Hunt Mortgage Group
- Berkadia
- Kitsap Bank
- Grandbridge Real Estate Capital
- M&T Realty Capital
- New York Life
- Met Life
- Capitol One
- Key Bank
- AEGON USA
- Heritage Bank
- Boeing Employees Credit Union

Experience

Todd Henderson is a Director of Valuation & Advisory Services within the Pacific Northwest Region and is located in Seattle, Washington. Located in the CBRE Seattle office since 2005, Mr. Henderson has been involved in real estate appraisal and consulting over the past twelve years throughout the State of Washington and Oregon, with 25 years of varied commercial real estate experience in the Pacific Northwest. Mr. Henderson is a designated member of the Appraisal Institute (MAI), a General Review Specialist (AI-GRS) and a member of the Royal Institution of Chartered Surveyors (MRICS). He is licensed as a Certified General Real Estate Appraiser in the State of Washington, Oregon and Idaho. Mr. Henderson also has additional specialized experience relating to supply and demand analysis as well as the valuation of Low-Income Housing Tax Credit (LIHTC) properties, and is part of the National Multi-Housing Valuation Group with CBRE.

As Director, Mr. Henderson leads a valuation and advisory staff specializing in multifamily valuations and consulting assignments covering Washington, Oregon and Idaho in primary, secondary and tertiary markets. Valuation assignments include institutional and private capital investment properties, and include market rate and affordable/low income developments. Mr. Henderson also coordinates bidding activities for appraisal assignments and is involved in new business development, client relations and appraisal quality control production.

Professional Affiliations / Accreditations

- Appraisal Institute – Designated Member (MAI), Certificate No. 478984
- Appraisal Institute – General Review Specialist (AI-GRS), Certificate No. 478984
- Royal Institution of Chartered Surveyors – Member (MRICS), Certificate No. 6689122
- Certified General Real Estate Appraiser, State of Washington, #1101931
- Certified General Real Estate Appraiser, State of Oregon, #C000954
- Certified General Real Estate Appraiser, State of Idaho, #CGA-4213
- Appraisal Institute Leadership, Development & Advisory Council (LDAC) 2012 to 2014
- Appraisal Qualifications Board (AQB) – Subject Matter Expert (SME), 2014 to current
- 2015 President's Award, Seattle Chapter of the Appraisal Institute
- Fall Conference Chair – 2015, 2016, 2017
- Appraisal Institute Volunteer of Distinction – June 2017
- Board of Directors, Seattle Chapter of the Appraisal Institute, 2017 to present
- Former and current board member for various local non-profit groups

Education

- California State University Fresno, Fresno CA
Bachelor of Arts (History) -1993, Magna Cum Laude
- Fannie Mae, Washington DC
Property Risk Management Training



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

ADDRESS SERVICE REQUESTED

REAA 1266

COLENE NICOLE HOLZHAUER
7912 227TH AVE CT E
BUCKLEY WA 98321


STATE OF WASHINGTON
CERTIFIED GENERAL REAL ESTATE APPRAISER

COLENE NICOLE HOLZHAUER
7912 227TH AVE CT E
BUCKLEY WA 98321

1102417
License Number

09/26/2020
Expiration Date

Teresa Berntsen
Teresa Berntsen, 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			
COLENE NICOLE HOLZHAUER 7912 227TH AVE CT E BUCKLEY WA 98321			
1102417 License Number	12/22/2016 Issued Date	09/26/2020 Expiration Date	<i>Teresa Berntsen</i> Teresa Berntsen, 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

TODD ROBERT HENDERSON
1420 FIFTH AVENUE, SUITE 1700
SEATTLE WA 98101



1101931

License Number

04/05/2008

Issued Date

04/05/2020

Expiration Date

Pat Kohler
Pat Kohler, Director

CBRE VALUATION & ADVISORY SERVICES

COLENE HOLZHAUER

Valuation & Advisory Services
+1 206 2926169
Colene.Holzhauser@cbre.com

TODD HENDERSON, MAI, AI-GRS, MRICS

Valuation & Advisory Services
+1 206 2926189
Todd.Henderson@cbre.com

www.cbre.com

CBRE

