

2015 ANNUAL REVALUE REPORT

AREA 250 - MAJOR RETAIL PROPERTIES

KING COUNTY DEPARTMENT OF ASSESSMENTS



Specialty Area 250 (Major Retail)

The map displays the distribution of major retail locations within Specialty Area 250 in King County, Washington. The locations are marked with blue dots, showing a high concentration in the central urban areas, particularly around Seattle and Bellevue. The map includes major roads, water bodies, and parks, providing a comprehensive view of the retail landscape in the region.





King County

Department of Assessments

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Lloyd Hara *Assessor*

As we start preparations for the 2015 property assessments, it is helpful to remember that the mission and work of the Assessor's Office sets the foundation for efficient and effective government and is vital to ensure adequate funding for services in our communities. Maintaining the public's confidence in our property tax system requires that we build on a track record of fairness, equity, and uniformity in property assessments. Though we face ongoing economic challenges, I challenge each of us to seek out strategies for continuous improvement in our business processes.

Please follow these standards as you perform your tasks.

- Use all appropriate mass appraisal techniques as stated in Washington State Laws, Washington State Administrative Codes, Uniform Standards of Professional Appraisal Practice (USPAP), and accepted International Association of Assessing Officers (IAAO) standards and practices.
- Work with your supervisor on the development of the annual valuation plan and develop the scope of work for your portion of appraisal work assigned, including physical inspections and statistical updates of properties;
- Where applicable, validate correctness of physical characteristics and sales of all vacant and improved properties.
- Appraise land as if vacant and available for development to its highest and best use. The improvements are to be valued at their contribution to the total in compliance with applicable laws, codes and DOR guidelines. The Jurisdictional Exception is applied in cases where Federal, State or local laws or regulations preclude compliance with USPAP;
- Develop and validate valuation models as delineated by IAAO standards: Standard on Mass Appraisal of Real Property and Standard on Ratio Studies. Apply models uniformly to sold and unsold properties, so that ratio statistics can be accurately inferred to the entire population.
- Prepare written reports in compliance with USPAP Standard 6 for Mass Appraisals. The intended users of your appraisals and the written reports include the public, Assessor, the Boards of Equalization and Tax Appeals, and potentially other governmental jurisdictions. The intended use of the appraisals and the written reports is the administration of ad valorem property taxation.

Lloyd Hara
King County Assessor



King County

Department of Assessments

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Lloyd Hara
Assessor

Dear Property Owners:

Property assessments for the 2015 assessment year are being completed by my staff throughout the year and change of value notices are being mailed as neighborhoods are completed. We value property at fee simple, reflecting property at its highest and best use and following the requirement of RCW 84.40.030 to appraise property at true and fair value.

We have worked hard to implement your suggestions to place more information in an e-Environment to meet your needs for timely and accurate information. The following report summarizes the results of the 2015 assessment for this area. (See map within report). It is meant to provide you with helpful background information about the process used and basis for property assessments in your area.

Fair and uniform assessments set the foundation for effective government and I am pleased that we are able to make continuous and ongoing improvements to serve you.

Please feel welcome to call my staff if you have questions about the property assessment process and how it relates to your property.

Sincerely,

Lloyd Hara
Assessor

Executive Summary Report

Appraisal Date 1/1/14 - 2014 Assessment Roll

Specialty Name: Major Retail, Specialty Area 250

Sales – Improved Analysis Summary

- Number of Sales: 15
- Range of Sale Dates: 01/01/2012 – 12/31/2014

No ratio studies were included within this report due to the limited number of improved sales within the major retail specialty population.

The Income Approach was used in the final reconciliation of value because it allows greater equalization and uniformity of values for the various stratifications of major retail buildings and because market income data as of the valuation date is available. Current market income parameters, including stable rents, lower vacancy and declining capitalization rates, suggest an overall increase in the major retail market as of 01/01/2015 as compared to 01/01/2014. Overall industry data for major retail properties was used to make overall upward adjustments of approximately +4.44%.

| <i>Total Population - Parcel Summary Data:</i> | | | |
|---|-------------------------------|-------------------------------|-------------------------------|
| | <i>Land</i> | <i>Imps</i> | <i>Total</i> |
| <i>2014 Value</i> | <i>\$3,531,676,500</i> | <i>\$2,771,348,600</i> | <i>\$6,303,025,100</i> |
| <i>2015 Value</i> | <i>\$3,721,274,700</i> | <i>\$2,861,706,000</i> | <i>\$6,582,980,700</i> |
| <i>Percent Change</i> | <i>5.37%</i> | <i>3.26%</i> | <i>4.44%</i> |

- Number of total parcels in major retail specialty population: 663
- Number of improved parcels in major retail specialty population: 509

Conclusion and Recommendation:

Assessed values for the 2015 revalue have increased on average by +4.44%.

Since the values recommended in this report improve uniformity and equity, it is recommended the assessed values should be posted for the 2015 Assessment Year.

Analysis Process:

Effective Date of Appraisal: January 1, 2015

Date of Appraisal Report: July 15, 2015

Specialty

- Specialty Area 250 - Major Retail
- The following appraiser did the valuation for this specialty assessment:

Highest and Best Use Analysis

As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best use of the majority of the appraised parcels as commercial use. Any opinion not consistent with this is specifically noted in the records and considered in the valuation of the specific parcel.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. The current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved.

In those properties where the property is not at its highest and best use, a nominal value of \$1,000 is assigned to the improvements.

Standards and Measurement of Data Accuracy: Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Current data was verified and corrected when necessary by field inspection, review of plans, marketing information, and rent rolls when available.

Special Assumptions and Limiting Conditions

All three approaches to value were considered in this analysis.

- Sales from 01/01/2012 to 12/31/2014 were considered in all analysis.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.
- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends.

Identification of the Area

Name or Designation: Specialty Area 250 - Major Retail

Major retail properties consist of regional malls, single tenant discount retailers, big box stores, large neighborhood/community retail centers, and stand-alone grocery stores. The regional mall properties are defined as those multi-tenanted properties in excess of 200,000 square feet of gross leasable area. The single tenant discount retailers and big box properties are generally in excess of 100,000 square feet, while the neighborhood/community retail centers are defined as those multi-tenanted properties that are either anchored or non-anchored centers. Anchored neighborhood/community retail centers consist of multi-tenanted properties that are of any size, while non-anchored multi-tenanted neighborhood/community retail centers are generally defined as retail developments in excess of 100,000 square feet. The major retail properties consist of 663 total parcels of which 509 are improved.

Boundaries: All areas within the boundaries of King County

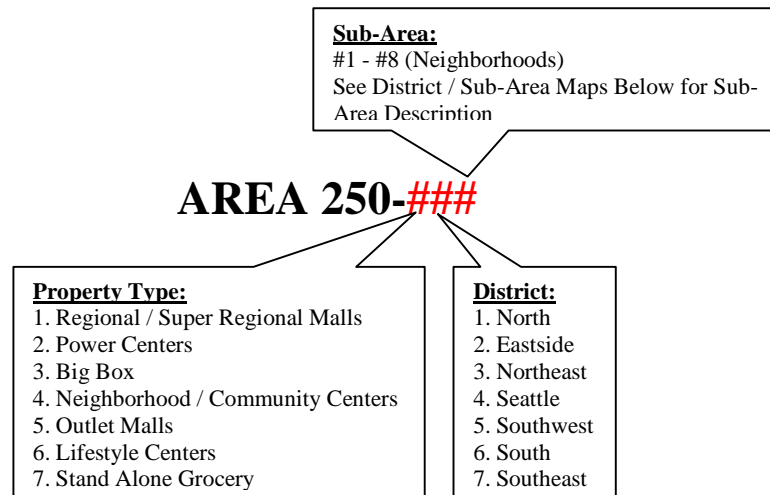
Maps: Detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description: This specialty includes all major retail facilities that meet the major retail classification and are located in King County.

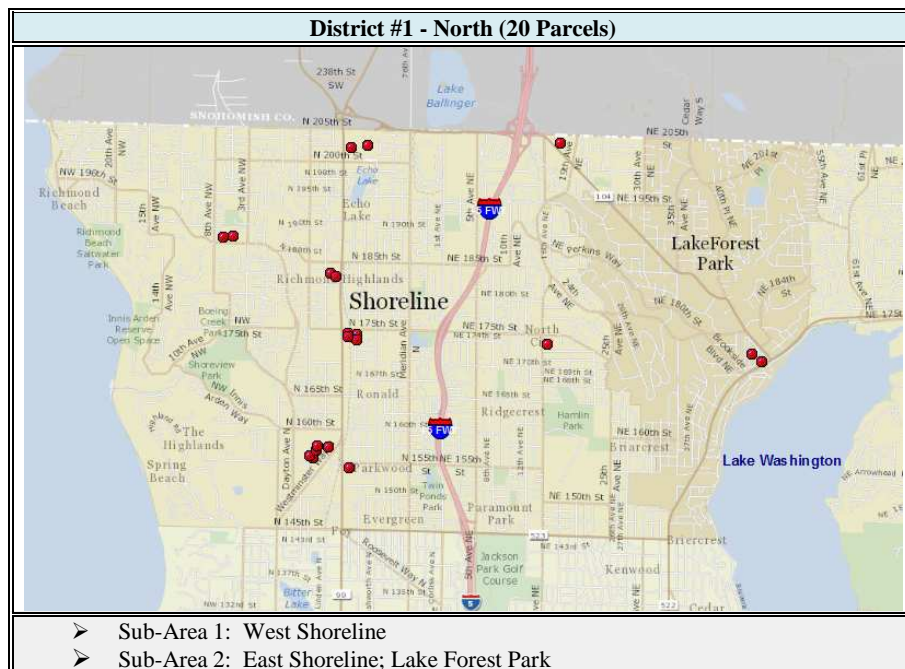
- Neighborhood / District Descriptions: Within Specialty Area 250, there are seven major retail type properties that are located in seven geographic districts. Of the seven geographic districts for major retail properties, each district has various neighborhood sub-areas. For equalization purposes, major retail properties are placed in their assigned district and sub-area to account for neighborhood market conditions when building economic income models (tables) based on characteristics, such as, location, effective age, quality, and predominate use.
- For purposes of record keeping, all of the malls, outlet malls, and lifestyle centers have been assigned their proper geographic neighborhood, but do not typically lend themselves to typical neighborhood designations due to the unique composition of the tenants and the quality of building improvements. In addition, due to the complexity in appraising malls, outlet malls, and lifestyle centers, these properties were not assigned neighborhood income tables and were assessed on an individual basis.

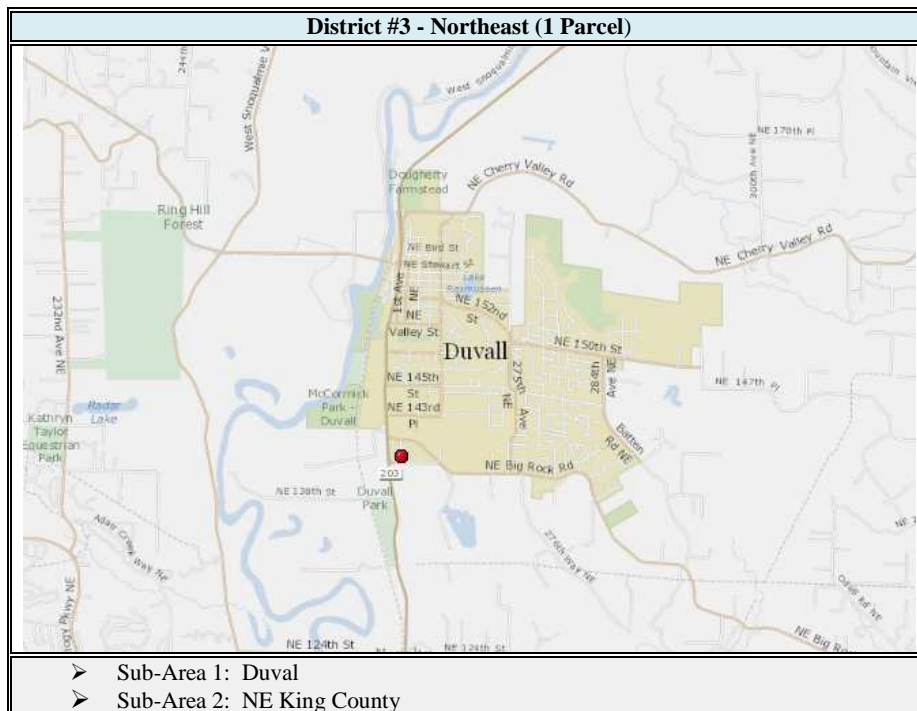
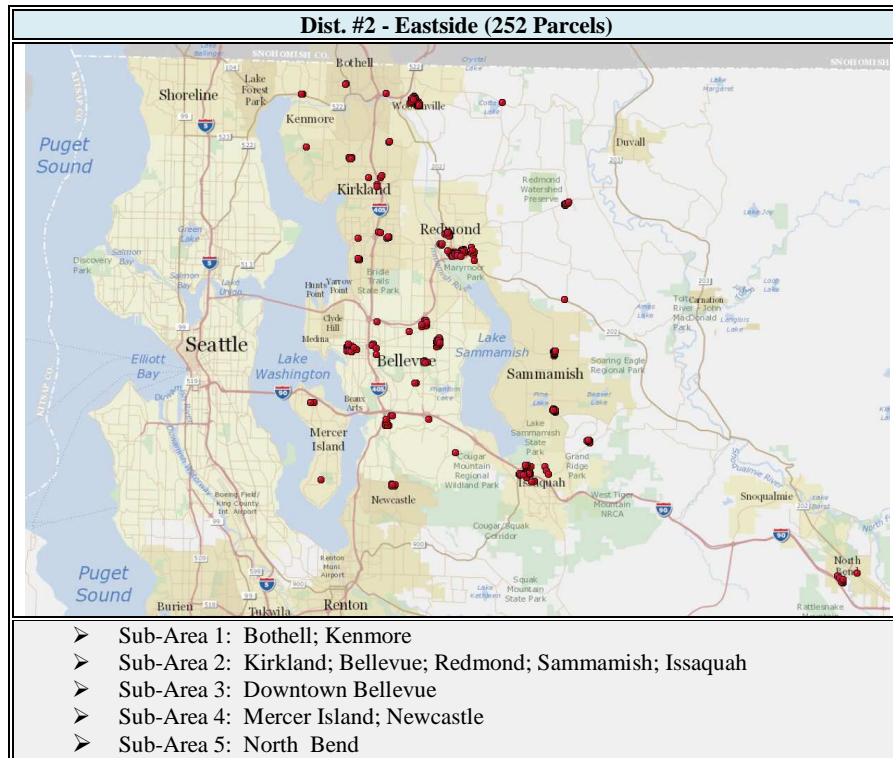
The three-digit neighborhood code within the major retail specialty depicts the subject's property type, district location, and sub-area.

For example, a property located in Specialty Area **250-411**, would be described as a **Neighborhood/Community Center** located within the **North District** and **West Shoreline Sub-Area**.

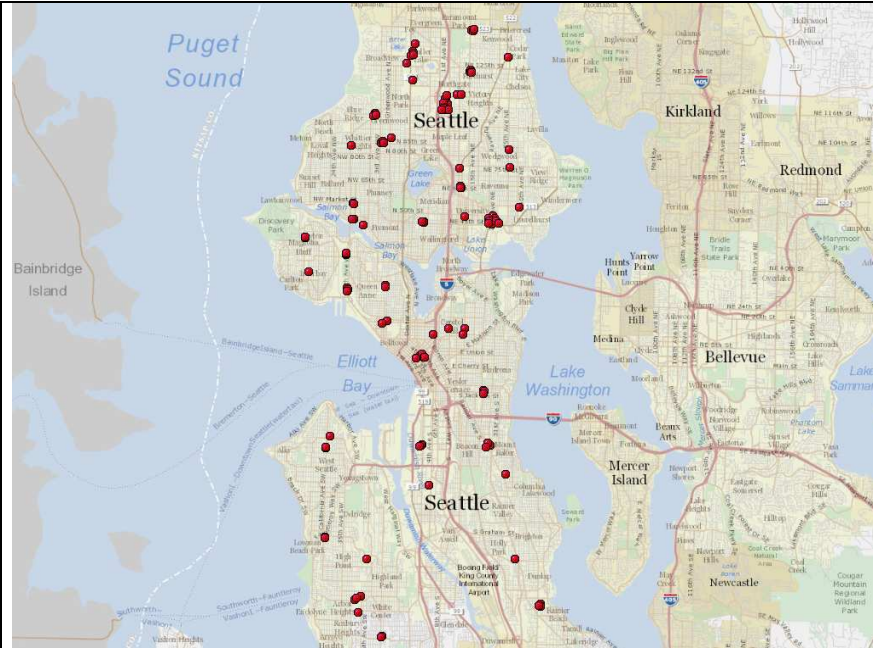


➤ **District / Sub-Area Maps:**



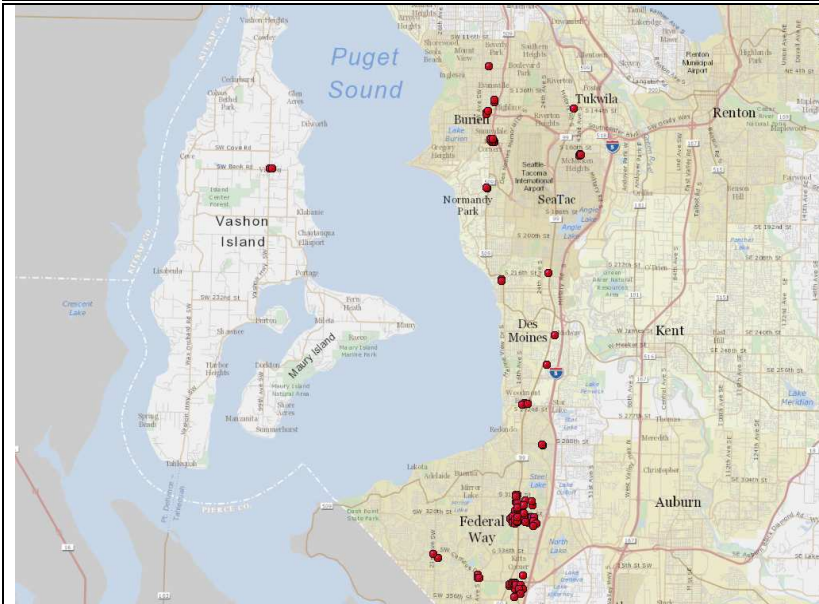


District #4 Seattle - (122 Parcels)

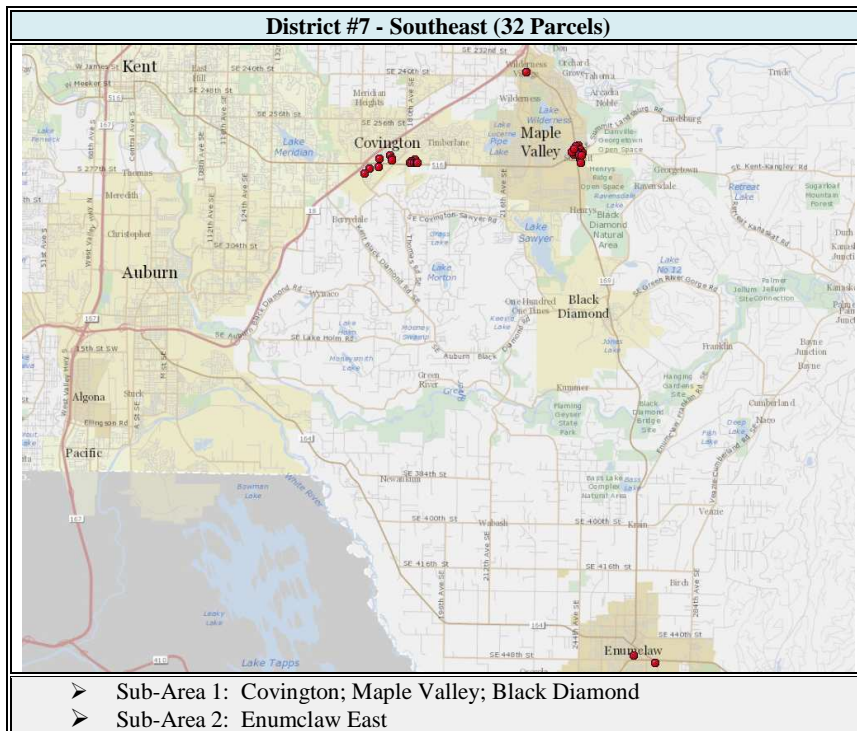
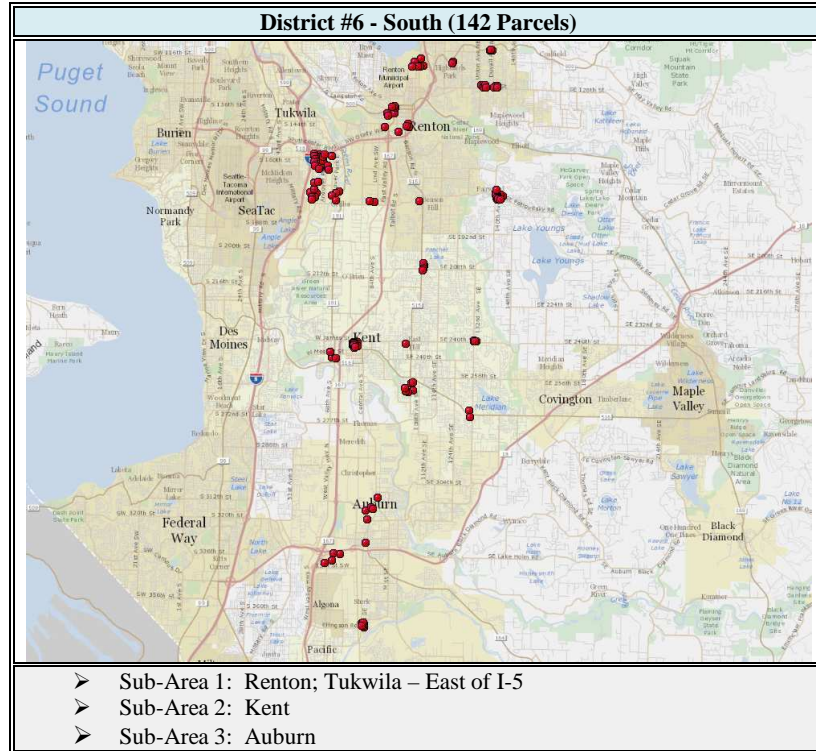


- Sub-Area 1: NW - Ballard; Fremont; Green Lake; Aurora
- Sub-Area 2: NE - Northgate; Lake City; University
- Sub-Area 3: Queen Anne; Magnolia
- Sub-Area 4: Capitol Hill; Madison Park
- Sub-Area 5: Downtown
- Sub-Area 6: West Seattle
- Sub-Area 7: Rainer Valley & South
- Sub-Area 8: Delridge; White Center

District #5 - Southwest (94 Parcels)



- Sub-Area 1: Vashon Island
- Sub-Area 2: Burien; SeaTac; Des Moines; Tukwila – West of I-5
- Sub-Area 3: Federal Way



Major Retail Type Properties:

- Regional / Super Regional Malls
- Power Centers
- Big Box
- Neighborhood / Community Centers
- Outlet Malls
- Lifestyle Centers
- Outlet Malls

| REGIONAL / SUPER REGIONAL MALLS | | | |
|---------------------------------|---------------------------------|--|--------------|
| Retail Neigh. | Retail Dist./Subarea | Neighborhood Description | Parcel Count |
| 122 | Eastside (Dist. 2, Subarea 2) | Kirkland; Bellevue; Redmond; Sammamish; Issaquah | 16 |
| 123 | Eastside (Dist. 2, Subarea 3) | Downtown Bellevue | 20 |
| 124 | Eastside (Dist. 2, Subarea 4) | Mercer Island; Newcastle | 6 |
| 142 | Seattle NE (Dist. 4, Subarea 2) | Northgate; Lake City; University | 8 |
| 145 | Seattle (Dist. 4, Subarea 5) | Downtown | 3 |
| 153 | SW (Dist. 5, Subarea 3) | Federal Way | 13 |
| 161 | South (Dist. 6, Subarea 1) | Renton; Tukwila East of I-5 | 19 |
| Description: | | | 85 |

| BIG BOX | | | |
|---------------|---------------------------------|---|--------------|
| Retail Neigh. | Retail Dist./Subarea | Neighborhood Description | Parcel Count |
| 311 | North (Distr. 1, Subarea 1) | West Shoreline | 5 |
| 321 | Eastside (Dist. 2, Subarea 1) | Bothell; Kenmore | 1 |
| 322 | Eastside (Dist. 2, Subarea 2) | Kirkland; Bellevue; Redmond; Sammamish; Issaquah | 20 |
| 341 | Seattle NW (Dist. 4, Subarea 1) | Seattle NW - Ballard; Fremont; Green Lake; Aurora | 8 |
| 342 | Seattle NE (Dist. 4, Subarea 2) | Seattle NE - Northgate; Lake City; University | 1 |
| 343 | Seattle (Dist. 4, Subarea 3) | Queen Anne; Magnolia | 1 |
| 345 | Seattle (Dist. 4, Subarea 5) | Downtown | 1 |
| 346 | Seattle (Dist. 4, Subarea 6) | West Seattle | 5 |
| 347 | Seattle (Dist. 4, Subarea 7) | Rainier Valley; South | 2 |
| 348 | Seattle (Dist. 4, Subarea 8) | Delridge; White Center | 2 |
| 352 | SW (Dist. 5, Subarea 2) | Burien; SeaTac; Des Moines; Tukwila - West of I-5 | 4 |
| 353 | SW (Dist. 5, Subarea 3) | Federal Way | 9 |
| 361 | South (Dist. 6, Subarea 1) | Renton; Tukwila - East of I-5 | 22 |
| 362 | South (Dist. 6, Subarea 2) | Kent | 4 |
| 363 | South (Dist. 6, Subarea 3) | Auburn | 4 |
| 371 | SE (Dist. 7, Subarea 1) | Covington; Maple Valley; Black Diamond | 7 |
| Total | | | 96 |

The map displays the Puget Sound region with numerous red dots indicating retail locations. The dots are concentrated in the Seattle area and spread out towards the south and east. Major water bodies like Puget Sound, Lake Washington, and Lake Sammamish are clearly visible. The map also shows major highways and surrounding municipalities.

| NEIGHBORHOOD / COMMUNITY CENTERS | | | |
|----------------------------------|---------------------------------|---|--------------|
| Retail Neigh. | Retail Dist./Subarea | Neighborhood Description | Parcel Count |
| 411 | North (Distr. 1, Subarea 1) | West Shoreline | 6 |
| 412 | North (Distr. 1, Subarea 2) | East Shoreline; Lake Forest Park | 3 |
| 421 | Eastside (Dist. 2, Subarea 1) | Bothell; Kenmore | 2 |
| 422 | Eastside (Dist. 2, Subarea 2) | Kirkland; Bellevue; Redmond; Sammamish; Issaquah | 108 |
| 423 | Eastside (Dist. 2, Subarea 3) | Downtown Bellevue | 1 |
| 424 | Eastside (Dist. 2, Subarea 4) | Mercer Island; Newcastle | 10 |
| 425 | Eastside (Dist. 2, Subarea 5) | North Bend | 5 |
| 441 | Seattle NW (Dist. 4, Subarea 1) | Seattle NW - Ballard; Fremont; Green Lake; Aurora | 4 |
| 442 | Seattle NE (Dist. 4, Subarea 2) | NE - Northgate; Lake City; University | 8 |
| 443 | Seattle (Dist. 4, Subarea 3) | Queen Anne; Magnolia | 13 |
| 444 | Seattle (Dist. 4, Subarea 4) | Capitol Hill; Madison Park | 1 |
| 447 | Seattle (Dist. 4, Subarea 7) | Rainier Valley - South | 4 |
| 451 | SW (Dist. 5, Subarea 1) | Vashon Island | 3 |
| 452 | SW (Dist. 5, Subarea 2) | Burien; SeaTac; Des Moines; Tukwila - West of I-5 | 19 |
| 453 | SW (Dist. 5, Subarea 3) | Federal Way | 10 |
| 461 | South (Dist. 6, Subarea 1) | Renton; Tukwila - East of I-5 | 29 |
| 462 | South (Dist. 6, Subarea 2) | Kent | 15 |
| 463 | South (Dist. 6, Subarea 3) | Auburn | 9 |
| 471 | SE (Dist. 7, Subarea 1) | Covington; Maple Valley; Black Diamond | 22 |
| 472 | SE (Dist. 7, Subarea 2) | Enumclaw East | 1 |
| Total | | | 273 |

| OUTLET MALLS | | | |
|---------------|-------------------------------|--------------------------|--------------|
| Retail Neigh. | Retail Dist./Subarea | Neighborhood Description | Parcel Count |
| 525 | Eastside (Dist. 2, Subarea 5) | North Bend | 2 |
| 563 | South (Dist. 6, Subarea 3) | Auburn | 2 |
| Total | | | 4 |

| LIFESTYLE CENTERS | | | |
|-------------------|---------------------------------|--|--------------|
| Retail Neigh. | Retail Dist./Subarea | Neighborhood Description | Parcel Count |
| 622 | Eastside (Dist. 2, Subarea 2) | Kirkland; Bellevue; Redmond; Sammamish; Issaquah | 14 |
| 623 | Eastside (Dist. 2, Subarea 3) | Downtown Bellevue | 1 |
| 642 | Seattle NE (Dist. 4, Subarea 2) | NE – Northgate; Lake City; University | 12 |
| 661 | South (Dist. 6, Subarea 1) | Renton; Tukwila - East of I-5 | 3 |
| 662 | South (Dist. 6, Subarea 2) | Kent | 22 |
| Total | | | 52 |

The map displays the Puget Sound region, including Seattle, Bellevue, Redmond, Sammamish, Issaquah, Renton, Tukwila, and Kent. Red dots indicate the locations of lifestyle centers. The map shows major highways (I-5, I-90, SR-520, SR-520, SR-167, SR-515, SR-512, SR-511, SR-510, SR-509, SR-508, SR-507, SR-506, SR-505, SR-504, SR-503, SR-502, SR-501, SR-500, SR-499, SR-498, SR-497, SR-496, SR-495, SR-494, SR-493, SR-492, SR-491, SR-490, SR-489, SR-488, SR-487, SR-486, SR-485, SR-484, SR-483, SR-482, SR-481, SR-480, SR-479, SR-478, SR-477, SR-476, SR-475, SR-474, SR-473, SR-472, SR-471, SR-470, SR-469, SR-468, SR-467, SR-466, SR-465, SR-464, SR-463, SR-462, SR-461, SR-460, SR-459, SR-458, SR-457, SR-456, SR-455, SR-454, SR-453, SR-452, SR-451, SR-450, SR-449, SR-448, SR-447, SR-446, SR-445, SR-444, SR-443, SR-442, SR-441, SR-440, SR-439, SR-438, SR-437, SR-436, SR-435, SR-434, SR-433, SR-432, SR-431, SR-430, SR-429, SR-428, SR-427, SR-426, SR-425, SR-424, SR-423, SR-422, SR-421, SR-420, SR-419, SR-418, SR-417, SR-416, SR-415, SR-414, SR-413, SR-412, SR-411, SR-410, SR-409, SR-408, SR-407, SR-406, SR-405, SR-404, SR-403, SR-402, SR-401, SR-400, SR-399, SR-398, SR-397, SR-396, SR-395, SR-394, SR-393, SR-392, SR-391, SR-390, SR-389, SR-388, SR-387, SR-386, SR-385, SR-384, SR-383, SR-382, SR-381, SR-380, SR-379, SR-378, SR-377, SR-376, SR-375, SR-374, SR-373, SR-372, SR-371, SR-370, SR-369, SR-368, SR-367, SR-366, SR-365, SR-364, SR-363, SR-362, SR-361, SR-360, SR-359, SR-358, SR-357, SR-356, SR-355, SR-354, SR-353, SR-352, SR-351, SR-350, SR-349, SR-348, SR-347, SR-346, SR-345, SR-344, SR-343, SR-342, SR-341, SR-340, SR-339, SR-338, SR-337, SR-336, SR-335, SR-334, SR-333, SR-332, SR-331, SR-330, SR-329, SR-328, SR-327, SR-326, SR-325, SR-324, SR-323, SR-322, SR-321, SR-320, SR-319, SR-318, SR-317, SR-316, SR-315, SR-314, SR-313, SR-312, SR-311, SR-310, SR-309, SR-308, SR-307, SR-306, SR-305, SR-304, SR-303, SR-302, SR-301, SR-300, SR-299, SR-298, SR-297, SR-296, SR-295, SR-294, SR-293, SR-292, SR-291, SR-290, SR-289, SR-288, SR-287, SR-286, SR-285, SR-284, SR-283, SR-282, SR-281, SR-280, SR-279, SR-278, SR-277, SR-276, SR-275, SR-274, SR-273, SR-272, SR-271, SR-270, SR-269, SR-268, SR-267, SR-266, SR-265, SR-264, SR-263, SR-262, SR-261, SR-260, SR-259, SR-258, SR-257, SR-256, SR-255, SR-254, SR-253, SR-252, SR-251, SR-250, SR-249, SR-248, SR-247, SR-246, SR-245, SR-244, SR-243, SR-242, SR-241, SR-240, SR-239, SR-238, SR-237, SR-236, SR-235, SR-234, SR-233, SR-232, SR-231, SR-230, SR-229, SR-228, SR-227, SR-226, SR-225, SR-224, SR-223, SR-222, SR-221, SR-220, SR-219, SR-218, SR-217, SR-216, SR-215, SR-214, SR-213, SR-212, SR-211, SR-210, SR-209, SR-208, SR-207, SR-206, SR-205, SR-204, SR-203, SR-202, SR-201, SR-200, SR-199, SR-198, SR-197, SR-196, SR-195, SR-194, SR-193, SR-192, SR-191, SR-190, SR-189, SR-188, SR-187, SR-186, SR-185, SR-184, SR-183, SR-182, SR-181, SR-180, SR-179, SR-178, SR-177, SR-176, SR-175, SR-174, SR-173, SR-172, SR-171, SR-170, SR-169, SR-168, SR-167, SR-166, SR-165, SR-164, SR-163, SR-162, SR-161, SR-160, SR-159, SR-158, SR-157, SR-156, SR-155, SR-154, SR-153, SR-152, SR-151, SR-150, SR-149, SR-148, SR-147, SR-146, SR-145, SR-144, SR-143, SR-142, SR-141, SR-140, SR-139, SR-138, SR-137, SR-136, SR-135, SR-134, SR-133, SR-132, SR-131, SR-130, SR-129, SR-128, SR-127, SR-126, SR-125, SR-124, SR-123, SR-122, SR-121, SR-120, SR-119, SR-118, SR-117, SR-116, SR-115, SR-114, SR-113, SR-112, SR-111, SR-110, SR-109, SR-108, SR-107, SR-106, SR-105, SR-104, SR-103, SR-102, SR-101, SR-100, SR-99, SR-98, SR-97, SR-96, SR-95, SR-94, SR-93, SR-92, SR-91, SR-90, SR-89, SR-88, SR-87, SR-86, SR-85, SR-84, SR-83, SR-82, SR-81, SR-80, SR-79, SR-78, SR-77, SR-76, SR-75, SR-74, SR-73, SR-72, SR-71, SR-70, SR-69, SR-68, SR-67, SR-66, SR-65, SR-64, SR-63, SR-62, SR-61, SR-60, SR-59, SR-58, SR-57, SR-56, SR-55, SR-54, SR-53, SR-52, SR-51, SR-50, SR-49, SR-48, SR-47, SR-46, SR-45, SR-44, SR-43, SR-42, SR-41, SR-40, SR-39, SR-38, SR-37, SR-36, SR-35, SR-34, SR-33, SR-32, SR-31, SR-30, SR-29, SR-28, SR-27, SR-26, SR-25, SR-24, SR-23, SR-22, SR-21, SR-20, SR-19, SR-18, SR-17, SR-16, SR-15, SR-14, SR-13, SR-12, SR-11, SR-10, SR-9, SR-8, SR-7, SR-6, SR-5, SR-4, SR-3, SR-2, SR-1, SR-0.

| STAND ALONE GROCERY STORES | | | |
|----------------------------|---------------------------------|---|--------------|
| Retail Neigh. | Retail Dist./Subarea | Neighborhood Description | Parcel Count |
| 711 | North (Distr. 1, Subarea 1) | West Shoreline | 1 |
| 712 | North (Distr. 1, Subarea 2) | East Shoreline; Lake Forest Park | 5 |
| 721 | Eastside (Dist. 2, Subarea 1) | Bothell; Kenmore | 2 |
| 722 | Eastside (Dist. 2, Subarea 2) | Kirkland; Bellevue; Redmond; Sammamish; Issaquah | 13 |
| 724 | Eastside (Dist. 2, Subarea 4) | Mercer Island; Newcastle | 3 |
| 725 | Eastside (Dist. 2, Subarea 5) | North Bend | 1 |
| 731 | NE Rural (Dist. 3, Subarea 1) | Duvall | 1 |
| 741 | Seattle NW (Dist. 4, Subarea 1) | NW - Ballard; Fremont; Green Lake; Aurora | 9 |
| 742 | Seattle NE (Dist. 4, Subarea 2) | NE - Northgate; Lake City; University | 12 |
| 743 | Seattle (Dist. 4, Subarea 3) | Queen Anne; Magnolia | 8 |
| 744 | Seattle (Dist. 4, Subarea 4) | Capitol Hill; Madison Park | 2 |
| 746 | Seattle (Dist. 4, Subarea 6) | West Seattle | 3 |
| 747 | Seattle (Dist. 4, Subarea 7) | Rainier Valley; South | 5 |
| 748 | Seattle (Dist. 4, Subarea 8) | Delridge; White Center | 5 |
| 752 | SW (Dist. 5, Subarea 2) | Burien; SeaTac; Des Moines; Tukwila - West of I-5 | 6 |
| 753 | SW (Dist. 5, Subarea 3) | Federal Way | 9 |
| 761 | South (Dist. 6, Subarea 1) | Renton; Tukwila - East of I-5 | 2 |
| 762 | South (Dist. 6, Subarea 2) | Kent | 2 |
| 763 | South (Dist. 6, Subarea 3) | Auburn | 2 |
| 771 | SE (Dist. 7, Subarea 1) | Covington; Maple Valley; Black Diamond | 1 |
| 772 | SE (Dist. 7, Subarea 2) | Enumclaw East | 1 |
| Total | | | 93 |

Major Retail Description:

King County's major retail properties fall into a number of categories. The most visible are the regional shopping centers such as Northgate Mall, Bellevue Square and Westfield Southcenter. Throughout King County, there are also a number of single tenant, discount retailers such as Fred Meyer, Target, Wal-Mart and Best Buy in addition to big box retail stores such as Lowe's, Home Depot, Sam's Club and Costco. King County's two outlet malls are the Seattle Outlet Collection in Auburn and the Factory Stores of North Bend. Also included in the major retail properties are anchored neighborhood shopping centers, large line retail centers, and stand-alone grocery stores. Properties that are more difficult to classify include Westlake and Meridian Centers in downtown Seattle.

- Regional / Super Regional Malls
- Power Centers
- Lifestyle Centers
- Outlet Malls
- Neighborhood / Community Centers
- Big Box Retailers
- Stand Alone Grocery

Malls:

The most common design mode for regional and super-regional centers is often referred to as a "shopping mall". The walkway or "mall" is typically enclosed, climate-controlled and lighted, and flanked on one or both sides by storefronts and entrances. Onsite parking, usually provided around the perimeter of the center, may be surface or structured.


Regional Center: The regional center is typically enclosed and has a total GLA ranging in size from 400,000 to 800,000 square feet. These centers are typically anchored by at least two or more full-line department stores with smaller anchor tenants, such as junior department stores, discount department stores, mass merchant stores, and fashion apparel stores. Regional centers typically include many smaller in-line retail stores such as general merchandise stores, gift stores, restaurants, and food courts. The anchor ratio for regional malls typically ranges between 50% and 70% with a primary trade area from 5 to 15 miles.

| REGIONAL CENTERS | |
|------------------------|---|
| Concept | General merch.; fashion (mall, typ. enclosed) |
| Sq.Ft. (Incl. Anchors) | 400k - 800k |
| Acreage | 40-100 |
| Typical Anchor Number | 2 or more |
| Typical Anchor Ratio | 50% - 70% |
| Typical Anchor Type | Full-line department store; Jr. department store; mass merchant; discount department store; fashion apparel |



*Photo: Northgate Mall (Seattle)

Super-regional Center: The super-regional center has many of the same attributes as the regional center but at a larger scale. The super-regional center is typically enclosed and has a total GLA exceeding 800,000 square feet. The super-regional center is anchored by three or more full-line department stores with smaller anchor tenants, such as junior department stores, discount department stores, mass merchant stores, and fashion apparel stores. Super-regional centers typically include many smaller in-line retail stores such as general merchandise stores, gift stores, restaurants, and food courts. The anchor ratio for regional malls typically range between 50% and 70% and has a primary trade area from 5 to 25 miles.

| SUPER-REGIONAL CENTERS | |
|---|---|
|  | |
| Concept | Similar to regional center but has more variety and assortment. |
| Sq.Ft. (Incl. Anchors) | 800k + |
| Acreage | 60-120 |
| Typical Anchor Number | 3 or more |
| Typical Anchor Ratio | 50% - 70% |
| Typical Anchor Type | Full-line department store; Jr. department store; mass merchant; discount department store; fashion apparel |

*Photo: Westfield "South Center Mall" (Tukwila)

Mall Class Types: The *Pricewaterhouse Cooper Real Estate Investor Survey* is a national publication that has a wealth of information. Its Real Estate Investor Survey was formerly known as *Korpacz Real Estate Investor Survey*. The survey represents a cross section of major institutional equity real estate market participants who invest primarily in institutional-grade (investment quality) properties. Rates and other assumptions presented in the survey indicate the participant's expectations from institutional-grade real property investment. Institutional-grade properties are those properties sought out by institutional buyers that have the capacity to meet the prevalent institutional investment criteria, which are referred to in this survey. In the retail market, PwC reports on the National Regional Mall Market, the National Power Center Market, and the National Strip Shopping Center Market.


National Regional Mall Market: According to the current PwC survey of participants, regional malls classifications based on in-line store retail sales per square foot are as follows:

| <u>Class:</u> | <u>Inline Retail Sales PSF¹:</u> |
|---------------|---|
| A+ | \$600 and up |
| A | \$450 to \$599 |
| B+ | \$350 to \$499 |
| B | \$250 to \$349 |
| C | Less than \$250 |

¹ PwC Real Estate Investor Survey, 4th Quarter 2014, pg. 103


Open-Air Centers:

Power Centers: The power center is typically dominated by several large anchors, including discount department stores, off-price stores, warehouse clubs, or “category killers,” (i.e., stores that offer a vast selection in related merchandise categories at very competitive retail prices). The center typically consists of several anchors, some of which may be freestanding (unconnected) and only a minimum amount of small specialty tenants.

| POWER CENTERS | |
|---|---|
|  | Concept |
| | Category-dominant anchors; few small tenants |
| | Sq.Ft. (Incl. Anchors) |
| | 250k – 600k |
| | Acreage |
| | 25 - 80 |
| | Typical Anchor Number |
| | 3 or more |
| | Typical Anchor Ratio |
| | 75% - 90% |
| | Typical Anchor Type |
| | Category killer; home Improvement; discount department store; warehouse club; off-price |

*Photo: Northgate North (Seattle)

Lifestyle Centers: Most often located near affluent residential neighborhoods, this center type caters to the retail needs and “lifestyle” pursuits of consumers in its trading area. It has an open-air configuration and typically includes at least 50,000 square feet of retail space occupied by upscale national chain specialty stores. Other elements differentiate the lifestyle center in its role as a multi-purpose leisure-time destination, including restaurants, entertainment, and design ambience and amenities such as fountains and street furniture that are conducive to casual browsing. These centers may be anchored by one or more conventional or fashion specialty department stores.

| LIFESTYLE CENTERS | |
|---|---|
|  | Concept |
| | Upscale national chain specialty stores; dining and entertainment in outdoor setting |
| | Sq.Ft. (Incl. Anchors) |
| | Typically 150k -500k but can be smaller or larger |
| | Acreage |
| | 10 - 40 |
| | Typical Anchor Number |
| | 0-2 |
| | Typical Anchor Ratio |
| | 0% - 50% |
| | Typical Anchor Type |
| | Not usually anchored in the traditional sense but may include book store; other large-format specialty retailers; multi-plex cinema; small department store |

*Photo: University Village (Seattle)

Outlet Malls: This center type consists of manufactures and retailers' outlet stores selling brand-name goods at a discount. These centers are typically not anchored, although certain brand-name stores may serve as "magnet" tenants. The majority of outlet centers are open-air, configured either in a strip or as a village cluster, although some are enclosed.

| OUTLET MALLS | |
|-------------------------------|-----------------------------|
| Concept | Manufactures' outlet stores |
| Sq.Ft. (Incl. Anchors) | 50k – 400k |
| Acreage | 10 – 50 |
| Typical Anchor Number | N/A |
| Typical Anchor Ratio | 40% - 60% |
| Typical Anchor Type | Manufactures' outlet stores |



*Photo: North Bend Premium Outlet Stores (North Bend)

Community Centers: The community center ranges in size from 100,000 to 350,000 square feet of GLA. The community center is typically anchored by a junior department store and one, or a combination of the following: supermarket, drugstore, home improvement center, and variety store. The small shops are typically a combination of convenience and service stores, restaurants, and general merchandise and fashion stores.

| COMMUNITY CENTERS | |
|-------------------------------|---|
| Concept | General merchandise; Convenience |
| Sq.Ft. (Incl. Anchors) | 100k – 350k |
| Acreage | 10 – 40 |
| Typical Anchor Number | 2 or more |
| Typical Anchor Ratio | 40% -60% |
| Typical Anchor Type | Discount department store; supermarket; drug; home improvement; large specialty/discount apparel |



*Photo: Westwood Village (West Seattle)

Neighborhood Centers: The neighborhood center ranges in size from 30,000 to 150,000 square feet of GLA and is usually anchored by a supermarket. Some neighborhood centers may have a drugstore or home improvement store as additional major tenants. The small shops are generally service tenants such as laundromats, cleaners, and food service tenants such as restaurants and specialty food stores.

| NEIGHBORHOOD CENTERS | |
|------------------------|---|
| Concept | Convenience |
| Sq.Ft. (Incl. Anchors) | 30k – 150k |
| Acreage | 3 - 15 |
| Typical Anchor Number | 1 or more |
| Typical Anchor Ratio | 30% - 50% |
| Typical Anchor Type | Discount department store; supermarket; drug; home improvement; large specialty/discount apparel. |

*Photo: Bear Creek Village Shopping Center (Redmond)

Stand-Alone Grocery: The stand-alone grocery store (supermarket) typically ranges in size from 30,000 to 70,000 square feet of GLA. Many of the grocery stores have additional tenants located inside the stores, which may include a pharmacy, a bank, or even an optical service center. Fuel service may also be included as part of the grocery store footprint.

| STAND-ALONE GROCERY (SUPERMARKET) | |
|-----------------------------------|--|
| Concept | Convenience |
| Sq.Ft. (Incl. Anchors) | 30k – 70k |
| Acreage | 2 - 5 |
| Typical Anchor Number | 1 or more |
| Typical Anchor Ratio | 100% |
| Typical Anchor Type | National or regional grocery store, which may include a national or regional supermarket; specialty grocery market; discount grocery store; or grocery store cooperative |

*Photo: West Totem Lake QFC (Kirkland)

Big Box Stores:



The terms "big box", "value retailers", "superstore," and "category killer" are used interchangeably. The retail model depends on high-volume rather than price markups. To do a profitable volume, they must occupy large amounts of space. Typically, they range in size from 90,000 to 200,000 square feet, are located as often as possible near highway interchanges or exits, use the same windowless box store design with several acres of a single-floor layout, and require vast surface parking.

Big box retail stores (generally referred to collectively as "superstores") are generally categorized into three subgroups: discount department stores, category killers, and warehouse clubs.

Discount department stores sell department store merchandise at low prices. Wal-Mart, Kmart, and Target are examples of this type.

Category killers are large specialty (niche) retailers that buy and sell in huge volumes at low prices. Prices are further reduced by eliminating "middleman" charges and dealing directly with product manufacturers. Examples include Toys R Us, Home Depot, and Sports Authority.

Warehouse clubs are membership shopping clubs that offer a variety of goods, often including groceries, electronics, clothing, hardware, and more, at wholesale prices. Unlike discount department stores, which may sell as many as 60,000 distinct items, warehouse clubs limit their range to 3,000 to 5,000 items. Sam's Club, Costco, and Pace dominate this industry. Their stores range in size from 104,000 to 170,000 square feet and serve markets up to 250,000 people.

Conglomerations of superstores in 250,000 to 750,000 square foot centers are called "power centers." IKEA seems to be a mix between a discount department store (household goods) and a category killer (furniture).

GAS STATION DATA



*Photo: Type 1 Fuel Accessories - Safeway Gas (Kenmore)

Many of the community/neighborhood shopping centers, big box retail stores, and stand-alone grocery stores have fuel service facilities that are part of the greater retail center development.

There are basically four types of retail outlets, which sell gasoline:

- Gas only with numerous Multi-Product Dispensers (MPD's) and may include small kiosk. Typically associated with shopping centers, big box retail, and grocery stores.
- Convenience store (C-Store) with gas.
- The co-branded C-Store/Quick Service Restaurant (QSR).
- Old style service station with service bays, air compressor, hoists, etc.

The old style service stations that have not been remodeled with a snack shop or C-Store have the greatest obsolescence and are at the bottom of the market. The very large co-branded C-Stores with gas, numerous dispensers and various other profit centers are at the high end.

Buildings:

The Cost Approach has been utilized to appraise gas stations. The subject parcels in King County have been inspected and stratified according to building quality:

| <i>Gas Station Category</i> | |
|------------------------------------|---|
| <i>Excellent</i> | Best wood, steel, brick or masonry, high volume area, best workmanship with good finish, best materials, HVAC |
| <i>Good</i> | Good wood, steel, brick w/sash and large overhangs, ranch or suburban style, good quality materials. |
| <i>Average</i> | Average painted steel or cement block, small overhangs, small office. Average quality materials throughout. |
| <i>Low Cost</i> | Painted steel or cement block, inexpensive sash, doors and gates, usually older with low cost materials used. |

Accessory Improvements:

The valuation of accessory improvements (AI's) relates to the construction quality of the property as a whole. AI's are stratified according to quantity and quality. For example, an excellent quality building will generally have Type I accessory improvements, a Good quality building will have Type II AI's, an average quality building will have Type III AI's, and a Low cost building will have Type IV AI's. The value of AI's also relates to the number of filling stations and the size of the lot. Marshall Valuation Service indicates that the lives of such improvements are 15 to 25 years however, because of the store's long hours and heavy foot traffic deterioration of the interior can happen at a rapid rate. Excellent level stores will replace worn interior furnishings before wear shows while lesser qualities tend to show more wear and tear. The accessory improvements take the level of replacement/maintenance/repair into consideration when judging the construction quality of the store.

Accessory improvements are labeled as Type I – IV in the accessory improvement section of the King County Real Property database. The value contribution of the accessory package was flat valued according to the indicated value range for the category type and included in the total cost estimate for the service station. These fuel service facilities are treated as accessory improvements (AI's) and are considered an additional add-on value that is placed on the parcel's primary retail improvement.

| Type | Quality | Cost |
|----------|---------------------------------------|-----------------------|
| Type I | Best quality components throughout | \$300,000 - \$500,000 |
| Type II | Good quality components throughout | \$200,000 - \$300,000 |
| Type III | Average quality components throughout | \$100,000 - \$200,000 |
| Type IV | Low cost components throughout | \$10,000 - \$100,000 |

Example:

Service Station Accessory Improvements: Type II Average Quality Cost New

| Description | | Cost |
|------------------------------------|--------------|----------|
| Tanks | 10,000 gal. | \$44,000 |
| | 15,000 gal. | \$54,000 |
| | 20,000 gal. | \$76,000 |
| Islands | | \$20,000 |
| Paving (Including curbs & cutouts) | | \$25,000 |
| Lighting | | \$8,000 |
| Sign Pole | | \$3,000 |
| Canopy | 1,500 Sq.Ft. | \$45,000 |
| | 2,500 Sq.Ft. | \$75,000 |
| Piping & Wiring | | \$40,000 |
| Labor, Site Prep and Soft Cost | | Varies |

Car washes in separate buildings were valued by the Marshall & Swift automated cost modeling system. Generally building quality will be the same as the primary building. All car wash equipment is personal property.

The Personal Property Division also assesses compressors, pumps, dispensers, signage, hoists, tools, furniture and fixtures.

Population:

Puget Sound: As of Year-End 2014, the population in the Central Puget Sound region (King, Kitsap, Pierce, and Snohomish counties) reached 3.84 million. The 2014 population level represents an increase of +3.92% from 2010 and +17.08% from 2000. Since 2000, Snohomish County experienced the greatest population increase of 22.28%, while King County had the largest increase since 2010. As of 2014, King County accounted for 52.6% of the total population within the four county region. Since 2000, King County's population grew by 280,250 or 33.80% (2.26% per year).

| Current Population ² | 2000 | 2010 | 2014 | % Change 2000-2014 | % Change 2010-2014 |
|---------------------------------|------------------|------------------|------------------|--------------------|--------------------|
| King County | 1,737,000 | 1,931,200 | 2,017,250 | 16.13% | 4.46% |
| Kitsap County | 232,000 | 251,100 | 255,900 | 10.30% | 1.91% |
| Pierce County | 700,800 | 795,200 | 821,300 | 17.19% | 3.28% |
| Snohomish County | 606,000 | 713,300 | 741,000 | 22.28% | 3.88% |
| Region Total | 3,275,800 | 3,690,900 | 3,835,450 | 17.08% | 3.92% |

| Population Growth Trends (Location & Demographics) ³ | | | |
|--|---------|-------------|---------------------|
| Year | Seattle | King County | Central Puget Sound |
| 1980 | 494,000 | 1,270,000 | 2,240,000 |
| 1990 | 516,259 | 1,507,305 | 2,748,900 |
| 2000 | 564,092 | 1,737,000 | 3,275,800 |
| 2010 | 608,660 | 1,931,200 | 3,690,900 |
| 2014 | 640,500 | 2,017,250 | 3,835,450 |

Cities & Towns: About 2,709,660 people live within the incorporated area of the Central Puget Sound region. As of 2014, incorporated cities and towns accounted for 70.6% of the total population. The changing shares reflect not only differences in population growth among locations within the region, but also annexations and new incorporations. At the top of the list of cities with the greatest percentage growth was Kirkland, Kent, and Burien, with reported population growths of 70%, 45% and 31%, respectively.

| Top 10 Cities With Greatest Percentage Population Growth (2010 to 2014) ⁴ | | | | | | |
|--|----------------|-------------|-----------------|----------------|--------------------|------------------------------|
| Municipality | County | Census 2010 | Population 2014 | Change 2010-14 | % Change 2010-2014 | Population Annexed 2010-2014 |
| Kirkland | King | 48,787 | 82,590 | 33,803 | 69.3% | 31,816 |
| Burien | King | 33,313 | 48,240 | 14,927 | 44.8% | 14,292 |
| Kent | King | 92,411 | 121,400 | 28,989 | 31.4% | 25,458 |
| Bothell (all) | King/Snohomish | 33,505 | 41,630 | 8,125 | 24.3% | 6,789 |
| Port Orchard | Kitsap | 11,157 | 13,150 | 1,993 | 17.9% | 943 |
| Snoqualmie | King | 10,670 | 12,130 | 1,460 | 13.7% | 0 |
| Gig Harbor | Pierce | 7,126 | 7,985 | 859 | 12.1% | 4 |
| DuPont | Pierce | 8,199 | 9,175 | 976 | 11.9% | 0 |
| Ruston | Pierce | 749 | 830 | 81 | 10.8% | 0 |
| Bellevue | King | 122,363 | 134,400 | 12,037 | 9.8% | 5,630 |

² Puget Sound Regional Council; Puget Sound Trends, January 2015

³ Puget Sound Regional Council; Puget Sound Trends, January 2015; OFM (Seattle)

⁴ Puget Sound Regional Council; Puget Sound Trends, January 2015

The city with the greatest nominal population growth was Kirkland (33,803), followed by Seattle (31,840), Kent (28,989), Burien (14,927), and Bellevue (12,037). Except for Seattle and Auburn, the cities large growth was a result of major annexations. Like Kirkland, Kent and Burien saw extraordinary growth as a result of major annexations that incorporated a sizable population well over 10,000 people each in 2010 and 2011, respectively. Seattle and Auburn's growth was primary due from real population growth.

| Top 10 Cities With Greatest Nominal Population Growth (2010 to 2014) ⁵ | | | | | | |
|---|----------------|-------------|-----------------|------------------------|--------------------|------------------------------|
| Municipality | County | Census 2010 | Population 2014 | Nominal Change 2010-14 | % Change 2010-2014 | Population Annexed 2010-2014 |
| Kirkland | King | 48,787 | 82,590 | 33,803 | 69.3% | 31,816 |
| Seattle | King | 608,660 | 640,500 | 31,840 | 5.2% | 0 |
| Kent | King | 92,411 | 121,400 | 28,989 | 31.4% | 25,458 |
| Burien | King | 33,313 | 48,240 | 14,927 | 44.8% | 14,292 |
| Bellevue | King | 122,363 | 134,400 | 12,037 | 9.8% | 5,630 |
| Bothell (all) | King/Snohomish | 33,505 | 41,630 | 8,125 | 24.3% | 6,789 |
| Renton | King | 90,927 | 97,130 | 6,203 | 6.8% | 757 |
| Auburn (all) | King/Pierce | 70,180 | 74,630 | 4,450 | 6.3% | 0 |
| Redmond | King | 54,144 | 57,700 | 3,556 | 6.6% | 149 |
| Sammamish | King | 45,780 | 49,260 | 3,480 | 7.6% | 906 |

Economic Considerations:

National Economy:

Unemployment: In 2014, with a reported unemployment rate of 5.7%, down from 6.7% in 2013. New jobs continue to be added with a 12-month running average of 267,250.

Stock Market⁶: With the US economy just getting stronger, inflation is staying low, and corporate profits surging, the stock market has rebounded. In 2014, the Dow Jones Industrial Average finishing the year up 7.5%, the S&P rose 11.4%, and the tech-heavy NASDAQ soared 13.4%.

Housing Starts⁷: Overall, the housing market has continued to improve, with the US adding 1.06 million new housing units, which represents 8.8% more than the 924,900 new homes started in 2013.

Consumer Confidence⁸: With unemployment rates hitting pre-recession levels in addition to gas prices dropping to their lowest level in many years, consumer confidence levels have reached notable highs, helping to spur solid end-of-year growth. Midway through the second quarter of 2014, confidence levels hit 83.9% on the Consumer Board Index, the highest since January 2008. Growing steadily throughout the summer and fall, consumer confidence grew to new heights, finishing the year at 92.6%.

⁵ Puget Sound Regional Council; Puget Sound Trends, January 2015

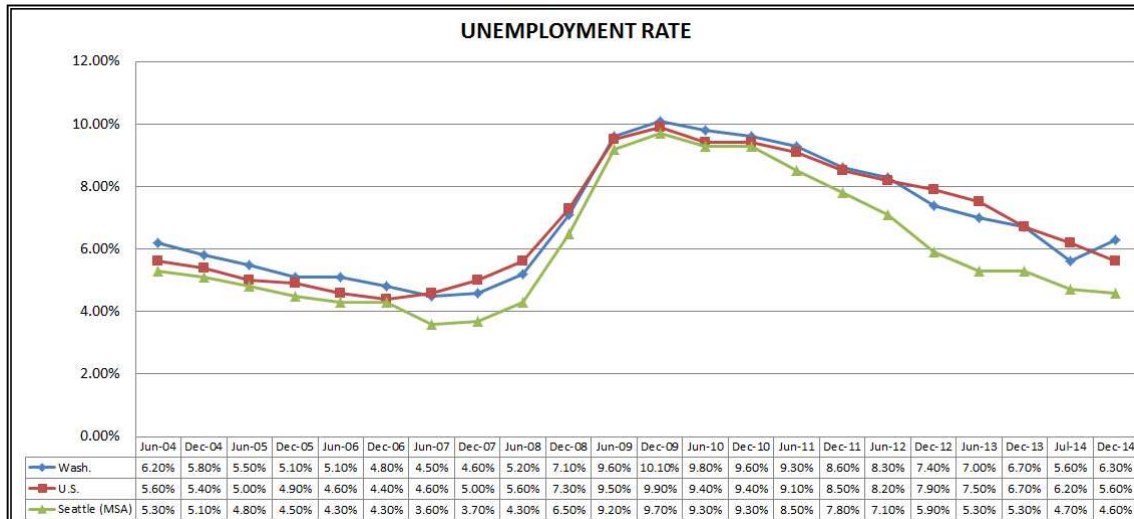
⁶ CNNMoney, December 31, 2014

⁷ Forbes, "Housing Starts Hit Highest Level Since 2007", 1/21/2015

⁸ BDO, Consumer Business Compass, Jan. 16th, 2015

Puget Sound Economy:

Employment: In 2014, Washington State's⁹ year-over-year unemployment rate fell from 6.7% to 6.3%, which is .70% higher than what is reported nationally. For the Seattle MSA (Seattle-Bellevue Everett), Jones Lang LaSalle¹⁰ reported that unemployment decreased to 4.6% in December, marking a 2.9% increase in job growth over the past 12 months. Within King County, the overall year-over-year change in unemployment fell from 4.7% to 4.1%, while the City of Seattle experienced an even lower decline from 4.4% to 3.9%.



The employment recovery is tied to the region's diverse economy. Its strengths include aerospace, software development including internet retail and gaming, and global trade. This level is traditionally considered full employment. With a huge backlog of airplane orders, Boeing's employment remained strong in 2014 following increased hiring in 2011. That same year, the company won the contract for the aerial tankers, reached a labor agreement, and committed to build the next generation of 737 airplanes in Renton.

In addition, a stable information-technology industry once anchored by Microsoft has evolved into one of the largest high-tech clusters in the nation with Amazon.com dramatically increasing its footprint in Seattle. Other major tech-related companies with large real estate footprints in the Seattle area are Nintendo, Expedia Inc. and F5 Networks Inc. Google and Facebook are also increasing their presence significantly in the area in order to take advantage of the large pool of tech employees. The Seattle area was recently ranked fourth for top start-up ecosystems in the world according to report by Startup Genome. The Puget Sound business climate and lifestyle, which attracts a skilled, educated workforce, has encouraged these start-ups.¹¹ In the Seattle, metropolitan area the above average growth in tech employment has helped fill a glut in vacant office space available after the "Great Recession" and has accelerated the recovering of the office market.

⁹ Employee Security Dept. - Monthly Report

¹⁰ Jones Lang LaSalle, Employment Update, December 2014

¹¹ CBRE Q4 2012 Puget Sound Area Office Market view

International trade continues to have a strong impact on the regional economy. While foreign exports were the first sector of the economy to recover, it has now slowed due to the sluggish world economy. Boeing with 75% of its airplanes going overseas is the region's top foreign exporter. Besides Boeing, there are a wide list of regional businesses that provide products and services for foreign markets. These include Microsoft, Weyerhaeuser, Paccar, Russell Investments, Costco, Starbucks, Expeditors International, Perkins Coie, NBBJ, Alaska Airlines, Port of Seattle, and the University of Washington.

Regional Summary:

The Puget Sound Region has retained a comparatively strong economy, and remains a hotbed for start-up businesses with a highly educated workforce. The region has generally experienced expanding employment and increasing income levels which has materialized in escalating property values in recent years. Within the Puget Sound region, market conditions are favorable to the extent that substantial historic and current ongoing residential and commercial development has resulted. Regional demographic trends favor increasing population growth and in-migration reflect historic/continuing demand for commercial and residential real estate in the area.

Retail Market History and Current Economic Conditions:

Heading into 2010, most investors were looking to purchase assets described as either "treasures"- high-quality, well-located properties with strong occupancies and stable rent rolls – or "traumas" – assets in need of repair, tenants, capital or any combination of the three, which could be acquired well below replacement cost. "There was fierce competition at both ends of the quality spectrum, but no takers for the middle assets," states an investor. By midyear 2010, the anticipated number of "trauma" assets fell short, leaving cash-laden investors targeting the same few top-notch offerings and prime markets. A flight to quality scenario had clearly emerged. At the same time, lending markets came back to life for quality deals, helping to further fuel investment demand for trophy assets¹².

Research reports indicate that the regional retail market continued to improve in 2014. The regional vacancy rate remained stable to modest growth in rental rates. Overall, rents remained mostly stable or grew slightly over the year while the overall vacancy rate generally improved. With rising rents and decreasing vacancy rates, owners in the Northgate/Central and Eastside/Bellevue submarkets will reduce concessions first as national chains expand into heavily trafficked areas, pushing shopping center vacancy to low levels shortly after the recession, which enabled owners to negotiate rent renewal increases in 2011.¹³ For year 2014, commercial real estate sales transaction volume is increasing and underlying economic fundamentals are a cause for optimism.

Overall, retail development activity has remained low as the market continues to slowly reabsorb existing vacant space. With the limited retail construction, combined with increasing demand for space, properties will support rising occupancy in core and suburban shopping centers. Most new retail space on the market has come in the form of retail space within mixed-use multi-family developments, particularly around South Lake Union.

¹² PwC Real Estate Investor Survey, 4th Quarter 2010, pg. 2

¹³ Marcus & Millichap, 2013 National Retail Report, pg. 53

The demand for well-stabilized retail assets along with strong NOI returns have investors competing for properties. Investor interest has been focused on food and drug store anchored neighborhood centers, and single tenants net lease properties. In addition, with improving retail operations throughout Puget Sound, investors will seek those retail developments with strong locational influences, and as a result, those retail assets on prime corners, heavily traveled corridors, or near primary employment centers will receive multiple bids from local, national, and international investors. Those multi-tenant buyers targeting strip centers will set re-tenanting as a primary motivator.

For Year-End 2014, the year-over-year average quoted asking rental rate in the Seattle/Puget Sound retail market has remained stable. Per CoStar Property¹⁴, overall end of year asking rent rates (Leasing Class¹⁵ + Building Type¹⁶ Properties) was reported at \$17.53 per square foot per year, which is slightly higher than the \$17.36/SF quoted for Year-End 2013. The overall vacancy rate in the fourth quarter of 2014 had decreased to 4.9%, which is (-.60) basis points lower than the 5.5% vacancy rate reported for Year-End 2013.

Total Retail Market Statistics

Year-End 2014

| Market | Existing Inventory | | Vacancy | | | YTD Net Absorption | YTD Deliveries | Under Const SF | Quoted Rates |
|------------------|--------------------|--------------------|------------------|------------------|-------------|--------------------|----------------|----------------|----------------|
| | # Blds | Total GLA | Direct SF | Total SF | Vac % | | | | |
| Downtown Seattle | 3,133 | 26,602,913 | 689,450 | 730,260 | 2.7% | 89,875 | 108,173 | 12,974 | \$23.86 |
| Eastside | 1,656 | 27,512,181 | 1,069,984 | 1,070,582 | 3.9% | 239,160 | 14,820 | 34,341 | \$23.06 |
| Northend | 3,609 | 45,581,016 | 2,130,832 | 2,192,169 | 4.8% | 511,709 | 123,525 | 366,750 | \$16.83 |
| Southend | 2,219 | 31,448,856 | 1,656,689 | 1,723,725 | 5.5% | 520,995 | 69,376 | 22,768 | \$16.11 |
| Tacoma | 4,066 | 40,865,073 | 2,732,159 | 2,782,023 | 6.8% | 523,602 | 36,639 | 16,599 | \$15.02 |
| Totals | 14,683 | 172,010,039 | 8,279,114 | 8,498,759 | 4.9% | 1,885,341 | 352,533 | 453,432 | \$17.53 |

Source: CoStar Property®

Many retail establishments are currently trying to determine the impact of social networking on their organizations by measuring the potential benefits against the perceived risks. Social networking is generally understood to mean the use of online services or websites to allow users to interact and share information with typical examples including Facebook, LinkedIn, MySpace, and Twitter. This communication evolution has forced companies to investigate ways to market products and influence brand recognition with this powerful consumer group. Some of the ways a company can capitalize on the benefit of social networking are obvious, such as increasing sales efforts through Twitter, creating community discussion groups on MySpace, driving brand recognition through company sites on Facebook, and even posting product videos to YouTube. Retail owners use these channels to market properties and promote events aimed at increasing consumer traffic and revenue at their properties¹⁷.

¹⁴ CoStar, Seattle/Puget Sound – “Year-End 2014 Retail Report”

¹⁵ Leasing Class = A, B, & C

¹⁶ CoStar, Seattle/Puget Sound – “Year-End 2014 Retail Report”

¹⁷ PwC Real Estate Investor Survey, 4th Quarter 2010, pg. 8

Notable Construction and Redevelopment Activity:

Within the last year, the number of new construction projects has increased with new ventures being renovated space and build-to-suit buildings.

Big Box Re-Tenenting:

During the last couple of years, there have been a number of mid/big box stores that have gone dark (vacant) due to either location underperformance or through corporate restructuring, possibly making the large vacant retail space physically obsolete and difficult to re-tenant or re-sale.

Most notably, K-Mart, Top Foods/Haggens, and Albertsons had closed many of their stores throughout King County and as a result, had marketed the vacant space to be either demised (split) to smaller space, or marketed for another type of use. For example, in North King County, the former/vacant 114,000/SF K-Mart located in North Seattle has recently been demised into two +/-57,000/SF mid-box retail stores to accommodate a Hobby Lobby and the Asian Food Center, while the former 52,662/SF Haggens Grocery Store in Shoreline is currently being configured to house both a Trader Joes and unnamed retailer. In Southwest King County, West Campus Square Shopping Center in Federal Way had re-tenanted the former 37,180/SF Circuit City space to a new Children's Hospital South Sound Clinic.

Also in the works in Federal Way is the conversion of the former 62,818/SF Top Foods Grocery Store into a multi-tenant mixed-use retail development which will house a home furnishing store as the primary anchor tenant and will also include line retail, offices, two restaurants and a bank.

| Reconfigured Big Box Space | | | |
|------------------------------------|---------|-------------|---|
| Name | Area | Location | Project |
| Aurora Shopping Center | 250-341 | Seattle | Major remodel of former K-Mart. Existing +/-114,000/SF space split into two +/- 57,000/SF retail spaces. Tenants are Hobby Lobby and Asian Food Centers. Project finished and completed early 2015. |
| Former Haggens Grocery Store | 250-712 | Shoreline | Major remodel of former Top Foods Grocery Store. Existing +/-52,662/SF space demised into two retail spaces to house a Trader Joes and unnamed retailer. Also, current permit in place to add 4,212/SF to existing building. Remodel is currently ongoing and project to be complete in fall of 2015. |
| West Campus Square Shopping Center | 250-253 | Federal Way | Conversion of former 37,180/SF Circuit City to Children's Hospital South Sound Clinic. Project finished spring of 2015. |
| Former Top Foods | 250-353 | Federal Way | Conversion of the former 62,818/SF Top Foods Grocery Store into a multi-tenant mixed-use retail development which will have a home furnishing store as the primary anchor tenant with line retail, offices, two restaurants and a bank. Currently, permit is ready to be issued, but waiting on owner to pay permit fees. |

The Bellevue Collection Redevelopment (Area 250-123):



Downtown Bellevue has seen a tremendous amount of redevelopment recently as witnessed by the expansion to Bellevue's CBD jewel mixed-use development known as "The Bellevue Collection", which consists of three major mixed-use real estate project's known as Bellevue Square, Lincoln Square, and Bellevue Place. Within the Bellevue Collection, Lincoln Square

is currently adding approximately 1.5 million square feet to the existing Lincoln Square development, while Bellevue Square is currently remodeling the recently vacated 190,000/SF space that was previously occupied by JC Penny's. The former JC Penny's will include a specialty grocery store on the 1st level with multiple specialty retail shops on levels 2 and 3. Once Lincoln Square and the renovation to the vacated JC Penny's space is complete, Bellevue Square will then expand along the southeast corner connecting Lincoln Square and Bellevue Square via a sky bridge. The SE Corner expansion will include approximately 220,000/SF of retail, in addition to a 204-room hotel, and 239 residential units.



Lincoln Square: Currently under construction, the Lincoln Square expansion will add approximately 545,000/SF of Office Space, 392,000/SF of Retail Space, a 120-room hotel, and 200 condos.



Bellevue Square:

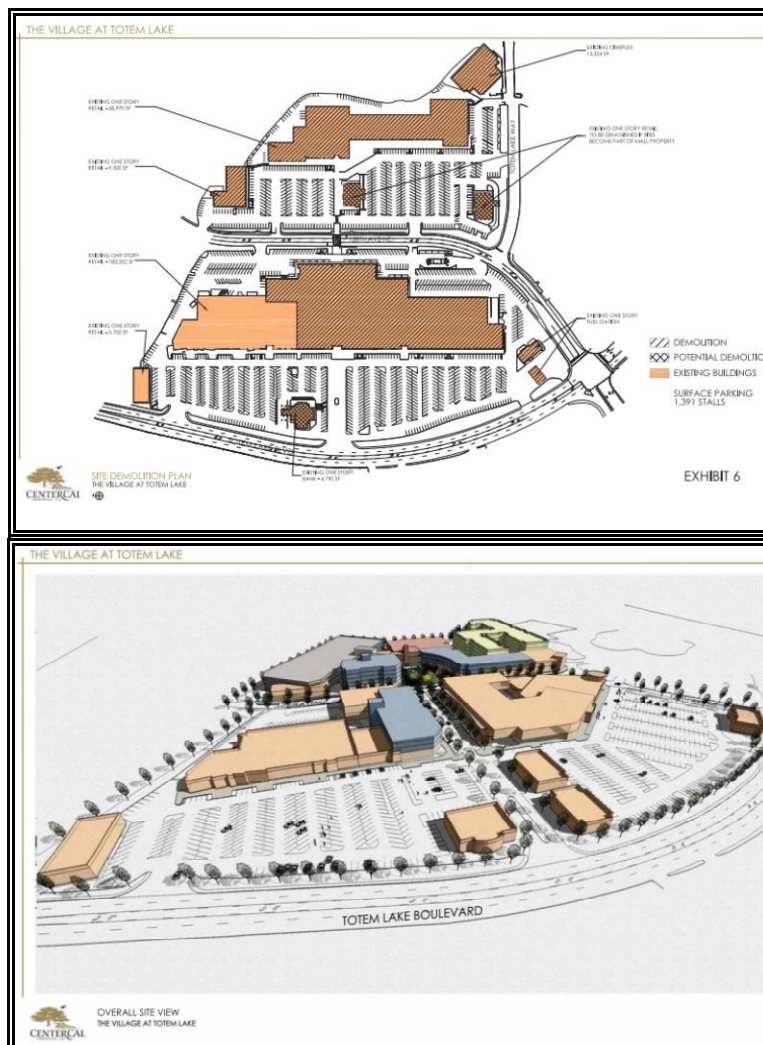
SE Corner Expansion (Land Use Approval): The Bellevue Square expansion will add approximately 220,000/SF of Retail/Commercial Space, in addition to a 204-room hotel, and 239 residential units.

Former JC Penny's Remodel: The former JC Penny's will include a specialty grocery store on 1st level with multiple specialty retail shops on levels 2 & 3.

Totem Lake Mall Redevelopment (Kirkland - Area 250-122):

Despite its ideal location adjacent to Interstate 405 with Kirkland's favorable demographics, Totem Lake Mall has aged badly and as a result, experienced a steady decline in quality, performance and desirability. After many of years of being regarded as one of the most underdeveloped large commercial properties in all of King, Snohomish, and Pierce Counties, Totem Lake Mall located in Kirkland has a new lease on life.

The 26-acre property was recently purchased by a California firm for \$35.5 million dollars, and the new owners plan on a complete redevelopment. For about 10 years, redevelopment plans for the property have been in the works. Still in the conceptual state, the new owners envision a grocery and theater-anchored center with retail, restaurants, hundreds of apartments and a park. Office space is also possible. According to a recent article in the Puget Sound Business Journal¹⁸, redevelopment costs could easily exceed \$200 million dollars. Redevelopment of Totem Lake Mall is projected to start in the spring of 2016.



¹⁸ Puget Sound Business Journal; 4/29/2015

Parkplace Mixed-Use Redevelopment (Kirkland – Area 250-422):



with views to Lake Washington and a wide variety of shopping, dining, entertainment and recreation options. The new master plan for Kirkland's Parkplace includes approximately 225,000/SF of retail/entertainment space, 300,000/SF of apartment homes, and 650,000/SF of Class A office space. The existing 83,455/SF "Class A" office building with attached movie theater will remain, while the existing 155,000/SF of mixed-use retail and offices will be demolished. Construction will start in the Spring of 2016.

After many years of planning, redesign, and approved zoning changes, the redevelopment of Kirkland's Parkplace Center will finally take place. According to the property owner/developer, The Talon Group, the vision for Kirkland's Parkplace is to create a new destination for residents and visitors that will include tree-lined streets, landscaped open plazas

IKEA Redevelopment (Renton - Area 250-361):



IKEA's new store will be built in the current parking area, with the older store ultimately being demolished to allow for more parking. The proposed 398,000/SF new Renton store would consist of two levels, provide nearly 1,700 convenient parking spaces, offer a more current layout and reflect the same unique architectural design for which IKEA stores are known worldwide. Until the new, updated store opens as early as fall 2016, customers can continue to shop at the existing Renton store.



The 398,000/SF current Seattle-area IKEA store is located on 29 acres in Renton, near State Highway 167, approximately 11 miles southeast of downtown Seattle. Built in 1979, the original, single-level structure previously had been utilized as a warehouse for aerospace electronics until IKEA converted it into a retail store in October 1994.

| Other Notable Construction Activity | |
|---|---|
|  | <u>The Commons @ Federal Way (Area 250-153):</u> New 45,000/SF Dick's Sporting Goods store was completed in late 2014, early 2015. Prior to the Dick's Sporting Goods completion, a new +/-59,742/SF Kohl's Department Store was completed in late 2013. |
|  | <u>Lake Meridian Market Place (Area 250-462):</u> Complete renovation of an 163,032/SF community retail center, with Trader Joes, Sports Authority, 24 Hour Fitness, and Bartell Drugs being the primary anchor tenants. Trader Joes and Sports Authority are the newest anchor tenants to the center, while multiple new line retail tenants have also joined the center. |

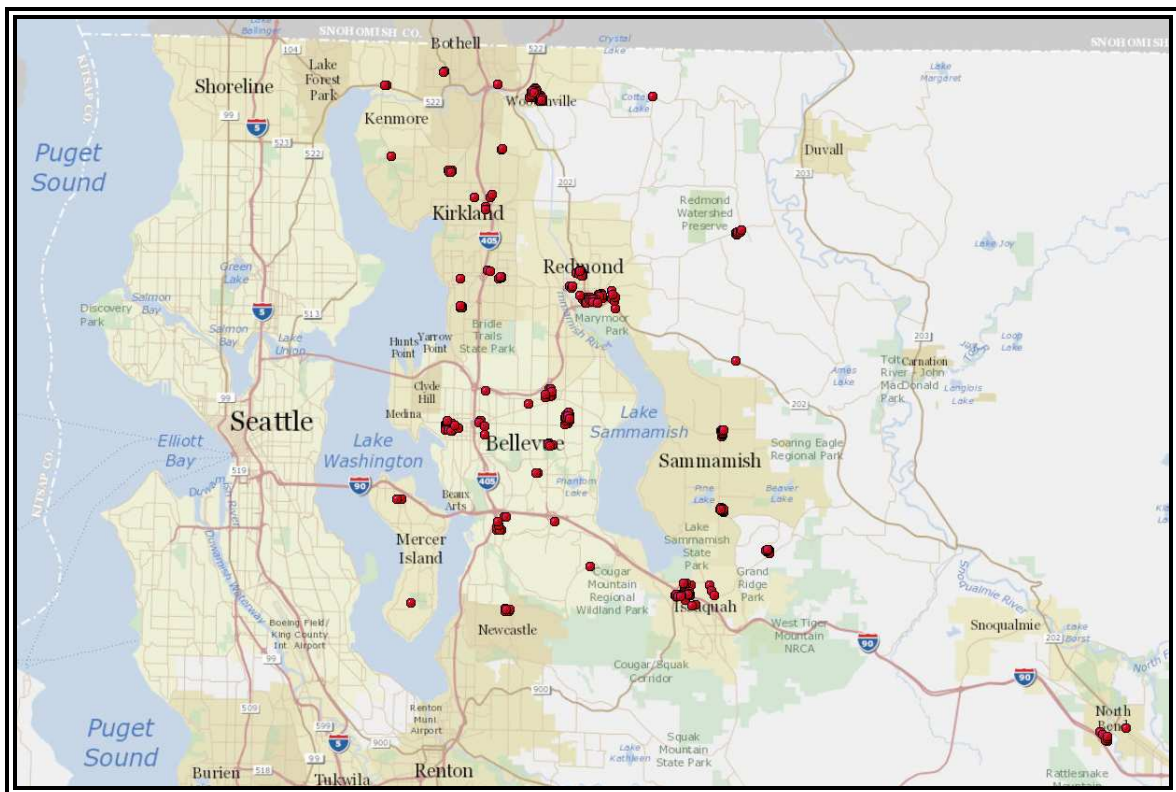
Major Retail Summary: For 2015, rents are expected to rise as the economic recovery continues. With respect to the greater major retail market, 2014 experienced steady to increasing property values generally due to stable to increasing lease rates, stable to decreasing vacancy rates, and decreasing cap rates. The demand for stabilized well-positioned investment properties with strong NOI's has increased.

| 2014 YEAR END | | | | |
|---------------|-------------------------------|-------------------------------|------------------------|--------------------------|
| CATEGORY | LEASE RATES | VACANCY RATES | CAPITALIZATION RATES | IMPROVED PROPERTY VALUES |
| MAJOR RETAIL | ↔/↗ (STABLE TO INCREASING) | ↔/↘ (STABLE TO DECREASING) | ↘ (SLIGHT DECREASE) | ↗ INCREASE |

Physical Inspection Identification:

The physical inspection area for the 2015 revalue included those major retail properties located within King County's eastside market area which are those community/neighborhoods generally proximate to Interstate 90, east of Lake Washington, and south of the King/Snohomish County line, as required by WAC 458-07-015 4 (a). Within the eastside market area, the incorporated cities with major retail development include Bothell, Bellevue, Kenmore, Kirkland, Issaquah, Mercer Island, Newcastle, North Bend, Redmond, Sammamish, and Woodinville.

Within the 2015 physical inspection area, there were 252 parcels in all, which represents approximately 38% of the total major retail population. Of the 252 total parcels that were physically inspected, 194 parcels were improved with the remainder being vacant associated parcels.



Preliminary Ratio Analysis

No ratio studies were included within this report due to the small number of sales relative to the size and complexity of the major retail population. The Parcel Summary Data does not reflect any statistical measure associated with IAAO standards.¹⁹

¹⁹ Mass Appraisal of Real Property, IAAO, 1999, p. 271-274

Scope of Data

Land Value Data:

The geographic appraiser in the area in which the major retail property is located is responsible for the land value used by the specialty appraiser. For this revalue, land values typically were not changed from the previous year. See appropriate area reports for land valuation discussion.

Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales are verified, if possible, by contacting either the purchaser or seller, or contacting the real estate broker, and reviewing sale transaction data from online subscription sources. Characteristic data is verified for all sales, if possible. If necessary, a site inspection is made. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. There were 15 improved sales that were verified as "Sales Used". The following page lists a brief description of each improved sale.

Improved Parcel Total Values:

Sales Comparison Approach Model Description

Sales of improved parcels for Area 250 were verified and entered into the Frozen Sales File. The sales used date range from 01/01/2012 and 12/31/2014. Verification of the sales data consisted of contact with the buyer, seller or broker, if possible, or information gathered from the CoStar Real Estate Sales Verification Service. At the time of sale, information on vacancy and market absorption rates, capitalization rates, current and anticipated rents, and the competitive position of the properties were also gathered. Sales were then compared to similar properties within the area for valuation.

Sales Comparison Calibration

Calibration of the coefficients utilized in the models applied via the Sales Comparison Approach was established by an analysis of sales within each neighborhood. Individual values were applied based on various characteristics deemed appropriate by each market. These sales statistics also helped form the Income Approach model by setting parameters for the income rent rates, vacancies, expenses, and capitalization rates. Sales of improved properties in adjacent neighborhoods were also considered.

| Excise No. | Area | Name | Sales Price | Sales Date | Sales \$/SF | Comments: |
|------------|---------|----------------------------------|---------------|------------|-------------|---|
| 2708076 | 250-444 | Broadway Market | \$43,000,000 | 12/30/14 | \$310.97 | Neighborhood / Comm. Center + Apts.: Sale included 108,405/SF mixed-use neighborhood shopping center, in addition to a 30-unit apartment complex. Primary anchor retail tenants include QFC, Golds Gym, Urban Outfitters, plus multiple line retailers. Apartment complex included 4 studio apts., 16 1bd./1ba., and 10 2bd./2ba. Property was 100% leased ATOS. |
| 2708393 | 250-222 | Pickering Place | \$2,037,500 | 12/29/14 | \$221.27 | Power Center: Single parcel sale located within a multi-tenant, multi-parcel power center. 100% vacant ATOS |
| 2695420 | 250-412 | Lake Forest Park Town Center | \$37,000,000 | 10/15/14 | \$154.65 | Neighborhood/Community Center: Multi-tenant shopping center anchored by Haggen Foods, Ross, Ace Hardware, Planet Fitness, and 3rd Place Books. Occupancy ATOS was 95%. |
| 2692295 | 250-222 | Pickering Place | \$2,100,000 | 09/22/14 | \$312.45 | Power Center: Single parcel sale located within a multi-tenant, multi-parcel power center. Occupancy ATOS was 100%. |
| 2678884 | 250-145 | Pacific Place | \$271,000,000 | 07/14/14 | \$797.57 | Downtown Urban Mall: Downtown luxury regional mall. Reported vacancy ATOS was 90% with estimated cap. rate of 4.5% and anchored by Barnes & Noble and AMC Theatres. Its tenants include upscale retailers like Barneys New York, Kate Spade, Tiffany & Co. and Michael Kors. |
| 2667931 | 250-452 | Redondo Square Shopping Center | \$24,900,000 | 05/15/14 | \$196.83 | Neighborhood/Community Center: Multi-tenant shopping center anchored by Safeway Bartell Drugs, & Ace Hardware. Also included in sale were two banks, two fast food restaurants, line retail, and a gas station., Reported vacancy ATOS was 94%. |
| 2651717 | 250-245 | Meridian Center (East/West) | \$113,150,000 | 01/29/14 | \$272.53 | Urban Lifestyle Center: Two parcel urban lifestyle center, which includes Nike Town, Game works, Regal Cinemas, and Tap Sports House as primary tenants. Also included in sale price was 703-stall paid parking garage. Occupancy ATOS was reported at 92%. Sales Price includes parking garage value. |
| 2647381 | 250-661 | The Landing | \$165,400,000 | 12/23/13 | \$339.77 | Lifestyle Center: Four parcel, 16 building lifestyle center, which includes line retail, restaurants, movie theater, & big box retail. Reported Cap Rate ATOS was 6.10%. |
| 2646690 | 250-353 | Top foods (Former) | \$6,500,000 | 12/20/13 | \$98.91 | Vacant Big Box Retail: Purchase of former (Vacant) Top Foods Supermarket for possible redevelopment. |
| 2646271 | 250-443 | Marketplace @ Queen Anne (Condo) | \$9,500,000 | 12/17/13 | \$631.90 | Drug Store (Condo): Urban Core Retail Condo which is part of larger development (Marketplace @ Queen Anne), but own separately. |
| 2634150 | 250-623 | Bellevue Galleria | \$87,600,000 | 10/04/13 | \$429.61 | Mixed Use Retail/Office Development: Downtown Bellevue retail/office complex. Reported cap rate ATOS 6.92%. |
| 2606440 | 250-443 | Marketplace @ Queen Anne (Condo) | \$31,700,000 | 05/21/13 | \$478.12 | Neighborhood/Community Center: Anchored tenant (Metropolitan Market); arm's length mkt. transaction. |
| 2567171 | 250-422 | Overlake Village Shopping Center | \$18,200,000 | 09/27/12 | \$161.52 | Neighborhood/Community Center: Anchored tenant (Safeway); arm's length mkt. transaction. |
| 2538998 | 250-322 | Fred Meyers (Kirkland) | \$18,500,000 | 04/08/12 | \$119.35 | Big Box: Purchased by tenant prior to major renovation. |
| 2534923 | 250-623 | The Bravern | \$79,000,000 | 03/22/12 | \$254.91 | Lifestyle Center: Luxury Retail Condo with multiple bids. Reported 85% Occupancy ATOS. |

Cost Approach Model Description

Cost estimates are automatically calculated and calibrated using the Marshall and Swift cost valuation service model in the computerized “Real Property” program for all improved parcels. Depreciation is based on studies done by Marshall & Swift Valuation Service. The cost was also adjusted to the western region and the Seattle market area. The dynamics of the retail market as well as the fact that income is the primary characteristic, around which investment analysis revolves, make it difficult to utilize the cost approach in valuing most major retail properties. Accordingly, the cost approach is usually limited to valuing new construction and/or remodeling in the major retail properties.

Cost Calibration

The Marshall & Swift cost-modeling system built into the Real Property Application is calibrated to this region and the Seattle area.

Income Capitalization Approach model description

The Income Approach was considered a reliable approach to valuation throughout Area 250 for improved property types where income and expense data is available to ascertain market rates. Income parameters were derived from the market place through market rental surveys, sales, and available real estate’s publications and websites.

Income: Income parameters were derived from the market place through listed fair market sales as well as through published sources (i.e. Office Space Dot.Com, Commercial Brokers Association, Costar, and multiple corporate real estate websites such as CBRE, Colliers, GVA Kidder Mathews, Grubb & Ellis, etc.), and opinions expressed by real estate professionals active in the market.

Vacancy: Vacancy rates used were derived mainly from published sources tempered by personal observation.

Expenses: Expense ratios were estimated based on industry standards, published sources, and personal knowledge of the area’s rental practices. Within the income valuation models for Area 250, the assessor used triple net expense rates as the basis for calculating overall expenses.

Capitalization Rates: Capitalization rates were determined by local published market surveys, such as CoStar, Real Capital Analytics, The American Council of Insurance Adjustors, Integra Realty Resources, Korpaz, etc. For model calibration, the effective year built and condition of each building determined the capitalization rate used by the appraiser. For example, a building with an older effective year built of lesser condition will typically warrant a higher capitalization rate and a building in better condition with a newer effective year built will warrant a lower capitalization rate.

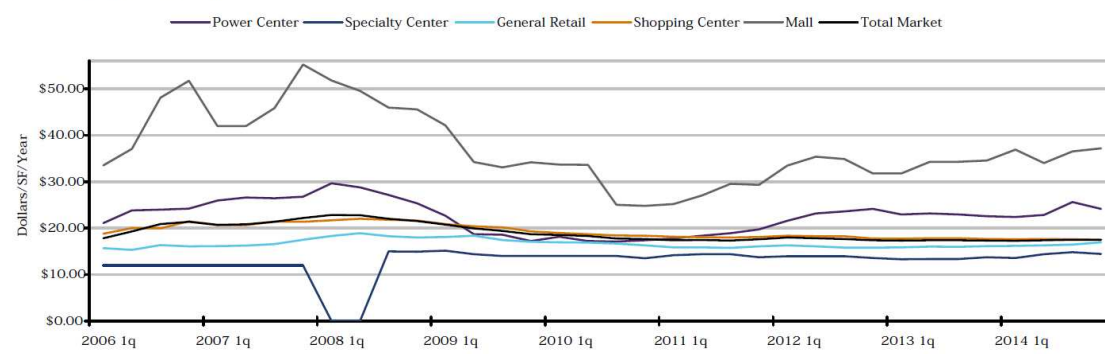
Lease & Vacancy Rates:

The below tables summarize surveyed area market reports for asking rents and vacancy rates for different major retail property types within the King County market area.

| Puget Sound Retail Market Statistics | | | | | | |
|---|------------------|------------|--------------|----------------|--------------|-----------------------|
| CoStar Retail Market Statistics (Seattle Mkt. Area - Year End 2014) | | | | | | |
| Property Type | Market | # of Bldgs | Total Sq.Ft. | Direct Vacancy | Vacancy Rate | Quoted Avg. NNN Rents |
| Total Retail | Downtown Seattle | 3,133 | 26,602,913 | 689,450 | 2.7% | \$23.86/SF |
| | Eastside | 1,656 | 27,512,181 | 1,069,984 | 3.9% | \$23.06/SF |
| | Northend | 3,609 | 45,581,016 | 2,192,169 | 4.8% | \$16.83/SF |
| | Southend | 2,219 | 31,448,856 | 1,656,689 | 5.5% | \$16.11/SF |
| Malls | Downtown Seattle | 2 | 596,321 | 0 | 0.0% | \$55.00/SF |
| | Eastside | 5 | 3,566,705 | 121,142 | 3.4% | \$30.00/SF |
| | Northend | 4 | 3,754,529 | 48,003 | 1.3% | \$30.63/SF |
| | Southend | 4 | 4,418,576 | 68,194 | 1.5% | \$28.00/SF |
| Power Centers | Downtown Seattle | 1 | 405,016 | 10,911 | 2.7% | \$29.20/SF |
| | Eastside | 4 | 1,546,246 | 10,635 | 0.7% | \$22.88/SF |
| | Northend | 8 | 3,091,376 | 51,295 | 1.7% | \$23.48/SF |
| | Southend | 4 | 1,917,350 | 90,340 | 4.7% | \$28.04/SF |
| Shopping Centers | Downtown Seattle | 118 | 3,150,433 | 132,959 | 4.2% | \$22.89/SF |
| | Eastside | 222 | 11,382,482 | 621,701 | 5.5% | \$24.10/SF |
| | Northend | 367 | 16,151,903 | 1,203,252 | 7.8% | \$17.52/SF |
| | Southend | 267 | 11,398,475 | 998,909 | 8.8% | \$16.44/SF |

Historical Rental Rates

Based on NNN Rental Rates



| OfficeSpace.Com Retail Market Statistics (King County Mkt. Area - 4 th Qtr. 2014) | | | | | | |
|--|--------------------|------------|--------------|----------------|--------------|-----------------------|
| Property Type | Market | # of Bldgs | Total Sq.Ft. | Direct Vacancy | Vacancy Rate | Quoted Avg. NNN Rents |
| Total Retail | Downtown Seattle | 233 | 8,020,964 | 605,867 | 7.55% | \$31.23/SF |
| | Eastside | 652 | 15,694,605 | 1,007,900 | 6.42% | \$37.13/SF |
| | Northend (King.Co) | 201 | 4,803,472 | 430,442 | 9.0% | \$25.98/SF |
| | Southend | 658 | 18,520,441 | 1,457,837 | 7.87% | \$24.57/SF |

| CBRE Retail Market Statistics (King County Mkt. Area - 4 th Qtr. 2014) | | | | |
|---|--------------|----------------|--------------|-----------------------|
| Property Type | Total Sq.Ft. | Direct Vacancy | Vacancy Rate | Quoted Avg. NNN Rents |
| Downtown Seattle | 1,483,544 | 114,203 | 7.7% | \$34.58/SF |
| Eastside | 12,646,144 | 519,866 | 4.1% | \$25.50/SF |
| Northend (King.Co) | 4,878,550 | 186,838 | 3.8% | \$26.32/SF |
| Southend | 14,494,085 | 945,388 | 6.5% | \$19.21/SF |

Capitalization Rates: The following tables demonstrate ranges of capitalization rates and trends that are compiled with information that is collected on a national or broad regional scale. This information is reconciled with data specific to the real estate market in area 250 to develop the income model. The range of capitalization rates in the income model for area 250 reflects the variety of properties in this area.

The capitalization rates presented in the following tables aggregate (consolidate) many variables such as quality, condition, location, and leasing class, while the range of capitalization rates typically reflect the building age, quality and competitiveness within a given market. With reported capitalization ranges, lower rates are typically those buildings having superior quality, condition, and leasing class with the higher cap rates typically being those buildings with inferior quality, condition, and leasing class. Higher cap rates might also be applied to the lesser quality retail buildings or to properties that have higher than the normal sub-market vacancy, substantial sub-lease vacancy, or physical issues that require additional capital investment.

| SEATTLE / REGIONAL CAP RATES | | | | |
|--|-----------------------------|----------------------------|---|---|
| Source | Date | Location | Retail | Remarks |
| CBRE: Capital Markets Cap. Rate survey. | 2 nd Half (2014) | | | CBRE professional's opinion of where cap rates are likely to trend in the 2 nd ½ of 2014 based on recent trades as well as interactions with investors. Value Added represents an underperforming property that has an occupancy level below the local average under typical market conditions. |
| | | Seattle | 4.50% - 5.00% 5.00% - 5.75% 6.50% - 6.75% 6.25% - 7.25% 7.00% - 8.00% 7.50% - 9.00% 8.50% - 9.00% 6.00% - 6.50% 7.00% - 8.00% 7.00% - 7.25% 8.00% - 9.00% 7.75% - 9.50% 9.00% - 10.0% | High Street Retail (Urban Core) Class A (Neigh./Comm. w/Grocery) Class A (Neigh./Comm.) – Value Added Class B (Neigh./Comm. w/Grocery) Class B (Neigh./Comm.) – Value Added Class C (Neigh./Comm. w/Grocery) Class C (Neigh./Comm.) – Value Added Class A (Power Centers) Class A (Power Centers) – Value Added Class B (Power Centers) Class B (Power Centers) – Value Added Class C (Power Centers) Class C (Power Centers) – Value Added |
| IRR: Viewpoint for 2015 | Yr. End 2014 | Seattle West Region | 5.00% 6.00% 6.25% 6.22% 6.52% 6.67% | <u>Institutional Grade Properties</u> Reg. Mall – Class A Community Retail – Class A Neighborhood Retail – Class A Reg. Mall – Class A Community Retail – Class A Neighborhood Retail – Class A |
| CoStar | Yr. End 2014 | King Co. | 5.58% 5.18% | Sales Price Under \$5 Million Sales Price Over \$5 Million |
| RERC: Real Estate Report Valuation Rates & Metrics | 4Q 2014 | | | 1 st Tier properties are defined as new or newer quality const. in prime to good location; 2 nd Tier properties are defined as aging, former 1 st tier in good to average locations; 3 rd Tier are defined as older properties w/ functional inadequacies and/or marginal locations. |
| | | West Region | 6.40% 7.10% 7.80% 6.60% 7.20% 8.00% 6.70% | Regional Mall – 1 st Tier Properties Regional Mall – 2 nd Tier Properties Regional Mall – 3 rd Tier Properties Power Center – 1 st Tier Properties Power Center – 2 nd Tier Properties Power Center – 3 rd Tier Properties Neigh/Comm. Ctr. – 1 st Tier Properties |

| SEATTLE / REGIONAL CAP RATES | | | | |
|------------------------------|--------------|----------------|--------|--|
| Source | Date | Location | Retail | Remarks |
| | | | 7.20% | Neigh/Comm. Ctr. – 2 nd Tier Properties |
| | | | 8.00% | Neigh/Comm. Ctr. – 3 rd Tier Properties |
| ACLI | Yr. End 2014 | Seattle MSA | 5.52% | |
| | | Pacific Region | 6.57% | |

| NATIONAL CAP RATES | | | | |
|--|--------------|-------------|---------------|--|
| Source | Date | Location | Retail | Remarks |
| RERC: Real Estate Report Valuation Rates & Metrics | 4Q 2014 | | | 1 st Tier properties are defined as new or newer quality const. in prime to good location |
| | | National | 6.90% | Regional Mall – 1 st Tier Properties |
| | | | 7.20% | Power Center – 1 st Tier Properties |
| | | | 7.20% | Neigh/Comm. Ctrs. – 1 st Tier Properties |
| IRR: Viewpoint for 2015 | Yr. End 2014 | National | 6.83% | <u>Institutional Grade Properties</u> Reg. Mall – Class A |
| | | | 7.17% | Community Retail – Class A |
| | | | 7.33% | Neighborhood Retail – Class A |
| ACLI | Yr. End 2014 | National | 6.46% | Overall |
| | | | 7.17% | Sq.Ft. - <50k |
| | | | 6.11% - 6.44% | Sq.Ft. - 50k-200k |
| | | | 6.20% | Sq.Ft. - 200K+ |
| PWC / Korpaz | 4Q 2014 | National | 6.21% | Mall- A+ = .488%; A = 5.47%; B+ = 6.67% |
| | | | 6.60% | Power Center - (5.50% - 8.00%) |
| | | | 7.05% | Neigh. Strip Ctrs. - (5.00% - 10.00%) |
| The Boulder Group: Net Lease Market Report | 4Q 2014 | National | 6.50% | Overall (Average) |
| | | | 6.71% | Big Box “Overall” |
| | | | 6.00% | Big Box “Investment Grade” |
| | | | 7.00% | Big Box “Non-Investment Grade” |
| | | | 6.78% | Jr. Big Box - (20,000/SF – 39,999/SF) |
| | | | 6.72% | Mid. Big Box - (40,000/SF – 79,999/SF) |
| | | | 6.48% | Mega Big Box - (80,000/SF +) |
| | | West Region | 5.75% | Overall (Average) |

Income Approach Calibration

Properties were valued based on an income model using economic rents, typical vacancy and credit loss, expenses, and capitalization rates. The income model was calibrated and adjustments were based on effective age and quality of construction. Fifteen tables were created to value the less complex mall properties and downtown Seattle department stores.

Income Model Conclusions:

Rental rates, vacancy levels and operating expenses are derived by reconciling all of the information collected through the sales verification process, completed surveys, interviews with tenants, owners, and brokers and the appraiser's independent market research. Quality, effective year, condition, and location are variables considered in the application of the income model to the parcels in the population best suited to be valued via the income approach. Property types in Specialty Area 250 that are valued by the income approach include, but are not limited to power centers, big box retail, neighborhood/community centers, and free standing grocery stores.

Typical income model parameters for the various markets that make up Specialty Area 250 are summarized in the following table. It should be noted that due to the nature of commercial real estate, not all properties fall within the "typical" parameters listed below for their respective property use type. For purposes of record keeping, all of the malls, outlet malls, and lifestyle centers have been assigned their proper geographic neighborhood and do not typically lend themselves to neighborhood designations due to the unique composition of the tenants and the overall quality of building improvements. In addition, due to the complexity in appraising malls, outlet malls, and lifestyle centers, these properties were not assigned neighborhood income tables and were assessed on an individual basis.

| Typical Lease Rates For Common Major Retail Type Properties | | | | | | | | |
|---|-------|---------------|----------------------|-------------------------|----------------------------|---------------------------|-------------------|------------------------------|
| Type | Dist. | Vac. % | Line Retail \$/SF | Retail \$/SF <10K SF | Retail \$/SF 10K-25K SF | Retail \$/SF > 25K SF> | Supermarket | Discount / Whse. Discount |
| Power Centers | 2 | 5% - 6% | \$21.00 - \$30.00 | \$17.00 - \$21.00 | \$15.00 - \$19.00 | \$11.00 - \$17.00 | \$13.00 - \$17.00 | \$8.00 - \$18.00 |
| | 4 | 7% | \$21.00 - \$30.00 | \$15.00 - \$20.00 | \$13.00 - \$21.00 | \$10.00 - \$19.00 | \$13.50 - \$17.50 | \$10.00 - \$16.00 |
| | 5 | 5 - 11% | \$20.00 - \$28.00 | \$14.50 - \$18.50 | \$12.50 - \$16.50 | \$10.50 - \$15.50 | \$10.50 - \$14.50 | \$9.00 - \$14.50 |
| | 6 | 5% | \$22.00 - \$28.00 | \$18.00 - \$23.00 | \$15.00 - \$21.00 | \$12.00 - \$20.00 | --- | --- |
| Big Box | 1 | 5% | \$21.00 - \$25.00 | --- | --- | --- | --- | \$9.00 - \$14.00 |
| | 2 | 5% | --- | --- | --- | --- | --- | \$10.00 - \$14.00 |
| | 4 | 5% | \$21.00 - \$25.00 | --- | --- | --- | --- | \$9.00 - \$14.00 |
| | 5 | 5% | \$16.00 - \$24.00 | --- | --- | \$19.00 - \$23.00 | --- | \$10.00 - \$14.00 |
| | 6 | 5% | \$16.00 - \$24.00 | --- | --- | --- | --- | \$9.00 - \$13.00 |
| | 7 | 5% | \$21.00 - \$25.00 | --- | --- | --- | --- | \$9.00 - \$13.00 |
| Neigh. / Retail Centers | 1 | 5% - 9% | \$17.00 - \$25.00 | \$16.00 - \$20.00 | \$15.00 - \$19.00 | \$13.00 - \$18.00 | \$13.00 - \$17.00 | \$9.00 - \$14.00 |
| | 2 | 5% - 9% | \$21.00 - \$30.00 | \$18.50 - \$25.50 | \$14.50 - \$21.50 | \$12.50 - \$20.50 | \$13.00 - \$17.00 | --- |
| | 4 | 5% - 9% | \$20.00 - \$32.00 | \$17.00 - \$25.00 | \$16.00 - \$24.00 | \$14.00 - \$24.00 | \$13.50 - \$22.00 | \$17.00 - \$21.00 |
| | 5 | 5% - 12% | \$16.00 - \$25.00 | \$14.00 - \$21.00 | \$13.00 - \$18.00 | \$11.00 - \$17.00 | \$10.50 - \$14.50 | \$9.00 - \$15.00 |
| | 6 | 5% - 11% | \$17.00 - \$26.00 | \$15.00 - \$21.00 | \$13.00 - \$19.00 | \$11.00 - \$17.00 | \$10.50 - \$15.50 | \$9.00 - \$15.00 |
| | 7 | 5% - 11% | \$13.00 - \$26.00 | \$14.00 - \$18.00 | \$13.00 - \$17.00 | \$11.00 - \$16.00 | \$9.00 - \$15.50 | \$8.00 - \$15.00 |
| Grocery | 1 | 5% | --- | --- | --- | --- | \$13.00 - \$17.00 | --- |
| | 2 | 5% | --- | --- | --- | --- | \$12.50 - \$17.00 | --- |
| | 3 | 5% | --- | --- | --- | --- | \$12.50 - \$16.50 | --- |
| | 4 | 5% | --- | --- | --- | --- | \$13.50 - \$22.00 | --- |
| | 5 | 5% | --- | --- | --- | --- | \$10.50 - \$14.50 | --- |
| | 6 | 5% | --- | --- | --- | --- | \$10.50 - \$15.50 | --- |
| Typical Expenses Rates NNN) | | 7.50% | | | | | | |
| Typical Cap. Rates | | 6.00% - 8.00% | | | | | | |

*Lease Rate Ranges encompass all sub-areas within each district

Properties with a history of extremely high vacancy or other negative factors were given higher vacancy and capitalization rates to reflect the higher risk associated with those properties.

The following income parameters were considered on most major retail properties:

Power Centers: For Power Centers, line retail rent rates typically range from \$21.00/SF to \$30.00/SF, while lease rates for general retail space typically range from \$14.50/SF to \$23.00/SF (< 10K/SF); \$12.50/SF to \$21.00/SF (10K – 25K SF); and \$10.50/SF to \$20.00/SF (>25K SF), respectively. Supermarket lease rates range between \$10.50/SF to \$17.50/SF, while discount / warehouse discount stores have rent rates ranging from \$8.00/SF to \$18.00/SF. Deductions for vacancy and collection loss were estimated between 5.00% and 11.00% of Potential Gross Income. Typical expense rates for properties of this type were estimated at 7.50%. Capitalization Rates applicable to this property type typically range from 6.00% to 8.00% depending on factors such as effective age and quality/condition.

Big Box Retail: For Big Box retail stores, line retail rent rates typically range from \$16.00/SF to \$25.00/SF, while lease rates for discount / warehouse discount stores have rent rates ranging from \$9.00/SF to \$14.00/SF. Deductions for vacancy and collection loss were estimated 5.00% of Potential Gross Income. Typical expense rates for properties of this type were estimated at 7.50%. Capitalization Rates applicable to this property type typically range from 6.00% to 8.00% depending on factors such as effective age and quality/condition.

Neighborhood / Community Centers: For Neighborhood / Community Centers, line retail rent rates typically range from \$13.00/SF to \$32.00/SF, while lease rates for general retail space typically range from \$14.00/SF to \$25.50/SF (< 10K/SF); \$13.00/SF to \$24.00/SF (10K – 25K SF); and \$11.00/SF to \$24.00/SF (>25K SF), respectively. Supermarket lease rates range between \$9.00/SF to \$22.00/SF, while discount / warehouse discount stores have rent rates ranging from \$8.00/SF to \$21.00/SF. Deductions for vacancy and collection loss were estimated between 5.00% and 12.00% of Potential Gross Income. Typical expense rates for properties of this type were estimated at 7.50%. Capitalization Rates applicable to this property type typically range from 6.00% to 8.00% depending on factors such as effective age and quality/condition.

Supermarket / Grocery: For Supermarket / Grocery stores, retail rent rates typically range from \$9.00/SF to \$22.00/SF. Deductions for vacancy and collection loss were estimated 5.00% of Potential Gross Income, while typical expense rates for properties of this type were estimated at 7.50%. Capitalization Rates applicable to this property type typically range from 6.00% to 8.00% depending on factors such as effective age and quality/condition.

Regional Malls / Lifestyle Centers: For regional mall and lifestyle centers, typical rents ranged from \$15.00 to \$40.00 per square foot of rentable area with capitalization rates ranging from 5.50% to 8.00%. Allowances for vacancy and collection loss were typically stabilized between 5% or 10% with expenses ranging between 7.50% to 25.00%. Anchor stores have relatively low rents, less than \$9.00 per square foot per year, while smaller retail stores in premium locations may lease for as much as \$75 per square foot per year. The investment quality of the property determined the capitalization rate. Location, condition, age, and tenancy were considered in the valuation of the regional malls. Generally, the institutional grade properties were analyzed using higher average rents and lower capitalization rates than non-institutional grade properties.

Reconciliation:

All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment. The market sales approach is considered the most reliable indicator of value when comparable sales were available, however the income approach was applied to most parcels in order to better equalize comparable properties. Whenever possible, market rents, expenses, and cap rates were ascertained from sales, and along with data from surveys and publications, these parameters were applied to the income model. The income approach to value was considered a reliable indicator of value in most instances. The market rental rate applied to a few properties varied from the model but fell within an acceptable range of variation from the established guideline. All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust particular characteristics and conditions as they occur in the valuation area.

The Specialty Appraiser recommends application of the Appraiser selected values, as indicated by the appropriate model or method.

With respect to the greater major retail market, the 2014 assessment year experienced stable to slightly increasing property values generally due to stable to modest increasing lease rates, lower vacancy rates & lower capitalization rates. As mentioned earlier in this report, there were only 15 sales of major retail properties. Because of the lack of market sales, the appraiser relied primarily on the economic income approach.

Application of these recommended values for the 2015 assessment year results in a total change from the 2014 assessments of +4.44%. The total assessed value for the 2014 assessment year was \$6,303,025,100, and the total recommended assessed value for the 2015 assessment year is \$6,582,980,700.

| <i>Total Population - Parcel Summary Data:</i> | | | |
|---|-------------------------------|-------------------------------|-------------------------------|
| | <i>Land</i> | <i>Imps</i> | <i>Total</i> |
| <i>2014 Value</i> | <i>\$3,531,676,500</i> | <i>\$2,771,348,600</i> | <i>\$6,303,025,100</i> |
| <i>2015 Value</i> | <i>\$3,721,274,700</i> | <i>\$2,861,706,000</i> | <i>\$6,582,980,700</i> |
| <i>Percent Change</i> | <i>5.37%</i> | <i>3.26%</i> | <i>4.44%</i> |

USPAP Compliance

Client and Intended Use of the Appraisal:

This mass appraisal report is intended for use by the public, King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others for other purposes is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such, it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a mass appraisal report as stated in USPAP SR 6-8. To understand fully this report, the reader may need to refer to the Assessor's Property Record Files, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.

The purpose of this report is to explain and document the methods, data and analysis used in the revaluation of King County. King County is on a six-year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The Revaluation Plan is subject to their periodic review.

Definition and date of value estimate:

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65).

The true and fair value of a property in money for property tax valuation purposes is its "market value" or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors, which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

Retrospective market values are reported herein because the date of the report is subsequent to the effective date of valuation. The analysis reflects market conditions that existed on the effective date of appraisal.

Highest and Best Use

RCW 84.40.030

All property shall be valued at one hundred percent of its true and fair value in money and assessed on the same basis unless specifically provided otherwise by law.

An assessment may not be determined by a method that assumes a land usage or highest and best use not permitted, for that property being appraised, under existing zoning or land use planning ordinances or statutes or other government restrictions.

WAC 458-07-030 (3) True and fair value -- Highest and best use.

Unless specifically provided otherwise by statute, all property shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use, which will yield the highest return on the owner's investment. Any reasonable use to which the property may be put may be taken into consideration and if it is peculiarly adapted to some particular use, that fact may be taken into consideration. Uses that are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in valuing property at its highest and best use.

If a property is particularly adapted to some particular use, this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922))

The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)

Date of Value Estimate

RCW 84.36.005

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law.

RCW 36.21.080

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year.

Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date of valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.

Property Rights Appraised: Fee Simple

Wash Constitution Article 7 § 1 Taxation:

All taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax and shall be levied and collected for public purposes only. The word "property" as used herein shall mean and include everything, whether tangible or intangible, subject to ownership. All real estate shall constitute one class.

Trimble v. Seattle, 231 U.S. 683, 689, 58 L. Ed. 435, 34 S. Ct. 218 (1914)

...the entire [fee] estate is to be assessed and taxed as a unit...

Folsom v. Spokane County, 111 Wn. 2d 256 (1988)

...the ultimate appraisal should endeavor to arrive at the fair market value of the property as if it were an unencumbered fee...

The Dictionary of Real Estate Appraisal, 3rd Addition, Appraisal Institute.

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.

Assumptions and Limiting Conditions:

1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
2. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
3. No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.
4. Rental areas herein discussed have been calculated in accord with generally accepted industry standards.
5. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short-term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.
6. The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.
7. The appraiser is not qualified to detect the existence of potentially hazardous material, which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.

8. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
9. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
10. The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.
11. An attempt to segregate personal property from the real estate in this appraisal has been made.
12. Items, which are considered to be "typical finish" and generally included in a real property transfer, but are legally, considered leasehold improvements are included in the valuation unless otherwise noted.
13. The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.
14. I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.
15. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time, few received interior inspections.

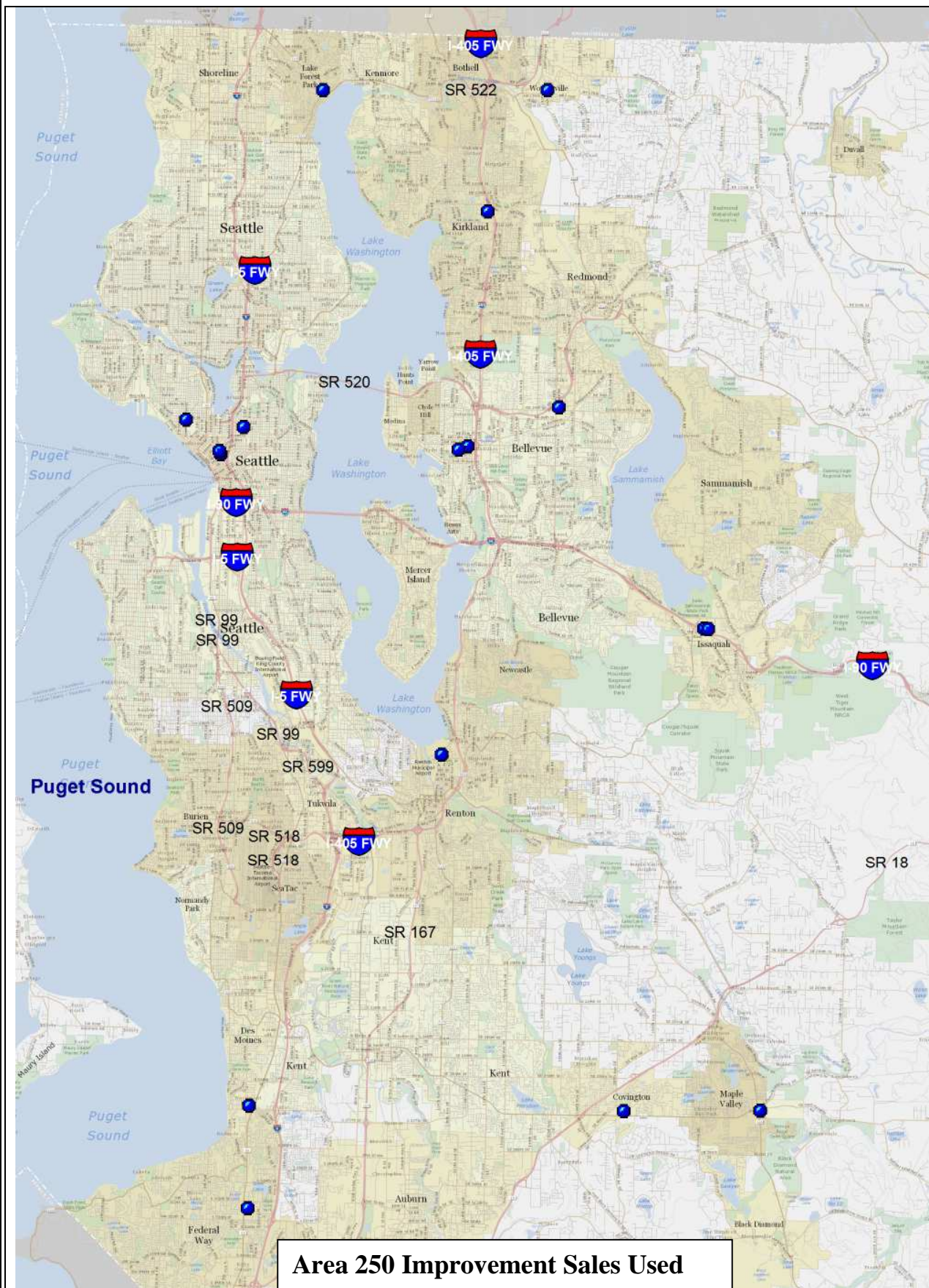
Scope of Work Performed:

Research and analyses performed are identified in the body of the revaluation report. The assessor has no access to title reports and other documents. Because of legal limitations, we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. Disclosure of interior home features and, actual income and expenses by property owners is not a requirement by law therefore attempts to obtain and analyze this information are not always successful. The mass appraisal performed must be completed in the time limits indicated in the Revaluation Plan and as budgeted. The scope of work performed and disclosure of research and analyses not performed are identified throughout the body of the report.

CERTIFICATION:

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

- *The statements of fact contained in this report are true and correct*
 - *The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
 - *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*
 - *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
 - *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
 - *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
 - *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
 - *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
 - *The individuals listed below were part of the “appraisal team” and provided significant real property appraisal assistance to the person signing this certification.*
-



The information included on this map has been compiled by King County staff from a variety of sources and is subject to change without notice. King County makes no representation or warranties, express or implied, as to the accuracy, completeness, timeliness, or rights to the use of such information. King County shall not be liable for any general, special, indirect, incidental, or consequential damages including, but not limited to, lost revenues or lost profits resulting from the use or misuse of the information contained on this map. Any sale of this map or information on this map is prohibited except by written permission of King County.

Improvement Sales for Area 250 with Sales Used

| Area | Nbhd | Major | Minor | Total NRA | E # | Sale Price | Sale Date | SP / NRA | Property Name | Zone | Par. Ct. | Ver. Code | Remarks |
|------|------|--------|-------|-----------|---------|---------------|-----------|----------|--------------------------------|----------|----------|-----------|--|
| 250 | 444 | 685070 | 0315 | 138,279 | 2708076 | \$43,000,000 | 12/30/14 | \$310.97 | BROADWAY MARKET | NC3-40 | 2 | Y | Neighborhood / Community Center + Apts.: Sale included 108,405/SF mixed-use neighborhood shopping center, in addition to a 30 unit apartment complex. Primary anchor retail tenants include QFC, Golds Gym, Urban Outfitters, plus multiple line retailers. Apartment complex included 4 studio apts., 16 1bd./1ba., and 10 2bd./2ba. Property was 100% leased ATOS with buyer paying all cash. |
| 250 | 222 | 355750 | 0185 | 9,208 | 2708393 | \$2,037,500 | 12/29/14 | \$221.27 | PICKERING PLACE | UC | 1 | Y | Power Center: Single parcel sale located within a multi-tenant, multi-parcel power center. 100% vacant ATOS |
| 250 | 412 | 401930 | 1655 | 239,245 | 2695420 | \$37,000,000 | 10/15/14 | \$154.65 | LAKE FOREST PARK TOWN CENTER | TC | 1 | Y | Neighborhood/Community Center: Multi-tenant shopping center anchored by Haggen Foods, Ross, Ace Hardware, Planet Fitness, and 3rd Place Books. Reported vacancy ATOS was 95%. |
| 250 | 222 | 355750 | 0234 | 6,721 | 2692295 | \$2,100,000 | 09/22/14 | \$312.45 | PICKERING PLACE | UC | 1 | Y | Power Center: Single parcel sale located within a multi-tenant, multi-parcel power center. 100% vacant ATOS |
| 250 | 145 | 660047 | 0010 | 339,784 | 2678884 | \$271,000,000 | 07/14/14 | \$797.57 | PACIFIC PLACE | DOC2-500 | 1 | Y | Downtown Urban Mall: Downtown luxury regional mall. Reported vacancy ATOS was 90% with estimated cap. rate of 4.5% and anchored by Barnes & Noble and AMC Theatres. Its tenants include upscale retailers like Barneys New York, Kate Spade, Tiffany & Co. and Michael Kors. |
| 250 | 452 | 282204 | 9014 | 126,504 | 2667931 | \$24,900,000 | 05/15/14 | \$196.83 | REDONDO SQUARE SHOPPING CENTER | CC | 6 | Y | Neighborhood/Community Center: Multi-tenant shopping center anchored by Safeway Bartell Drugs, & Ace Hardware. Also included in sale was two banks, two fast food restaurants, line retail, and a gas station., Reported vacancy ATOS was 94%. |
| 250 | 245 | 197670 | 0045 | 161,798 | 2651717 | \$113,150,000 | 01/29/14 | \$272.53 | MERIDIAN CENTER EAST & WEST | DOC2-500 | 2 | Y | Urban Lifestyle Center: Two parce urban lifestyle center, which includes Nike Town, Gameworks, Regal Cinemas, and Tap Sports House as primary tenants. Also included in sale price was 703-stall paid parking garage. Occupancy ATOS was reported at 92%. Sales Price includes parking garage value. |

Improvement Sales for Area 250 with Sales Used

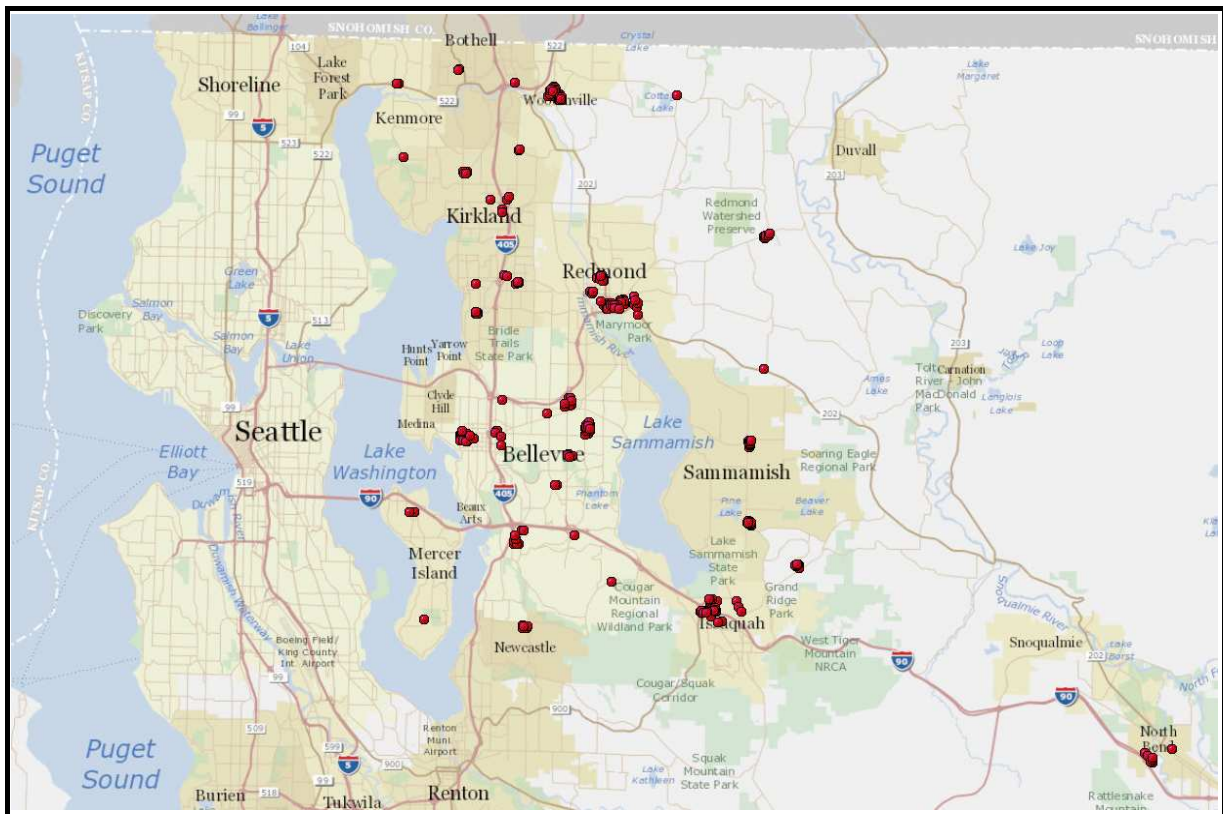
| Area | Nbhd | Major | Minor | Total NRA | E # | Sale Price | Sale Date | SP / NRA | Property Name | Zone | Par. Ct. | Ver. Code | Remarks |
|------|------|--------|-------|-----------|---------|---------------|-----------|----------|--|---------|----------|-----------|---|
| 250 | 661 | 088660 | 0040 | 486,796 | 2647381 | \$165,400,000 | 12/23/13 | \$339.77 | THE LANDING | UC-N1 | 4 | Y | Lifestyle Center: Four parcel, 16 building lifestyle center, which includes line retail, restaurants, movie theater, & big box retail. Reported Cap Rate ATOS was 6.10%. |
| 250 | 353 | 092104 | 9302 | 65,714 | 2646690 | \$6,500,000 | 12/20/13 | \$98.91 | TOP FOODS GROCERY | CF | 1 | Y | Vacant Big Box Retail: Purchase of former Top Foods Supermarket for possible redevelopment. |
| 250 | 422 | 102605 | 9083 | 119,818 | 2646114 | \$19,600,000 | 12/18/13 | \$163.58 | WOODINVILLE TOWNE CENTER - (BLDGS. A,B, & C) | CBD | 3 | Y | Neighborhood / Community Center: Not Considered for Ratio review. Sale is at Mkt. and considered arm's length but somewhat convoluted with \$/SF being understated due to buyer paying ground lease on parcel it does not own. |
| 250 | 443 | 516100 | 0020 | 15,034 | 2646271 | \$9,500,000 | 12/17/13 | \$631.90 | MARKETPLACE AT QUEEN ANNE CONDOMINIUM | NC3P-40 | 1 | Y | Drug Store (Condo): Urban Core Retail Condo which is part of larger development (Marketplace @ Queen Anne), but own sepparately. |
| 250 | 623 | 154410 | 0256 | 203,907 | 2634150 | \$87,600,000 | 10/04/13 | \$429.61 | BELLEVUE GALLERIA | DNTNO-1 | 1 | Y | Mixed Use Retail/Office Development: Downtown Bellevue retail/office complex. Reported cap rate ATOS 6.92%. |
| 250 | 443 | 516100 | 0010 | 66,302 | 2606440 | \$31,700,000 | 05/21/13 | \$478.12 | MARKETPLACE AT QUEEN ANNE CONDOMINIUM | NC3P-40 | 5 | Y | Neighborhood/Community Center: Anchored tenant (Metropolitan Market); arm's length mkt. transaction. |
| 250 | 422 | 206350 | 0040 | 112,680 | 2567171 | \$18,200,000 | 09/27/12 | \$161.52 | OVERLAKE VILLAGE SHOPPING CENTER | OV2 | 2 | Y | Neighborhood/Community Center: Anchored tenant (Safeway); arm's length mkt. transaction. |
| 250 | 471 | 272206 | 9046 | 118,374 | 2543557 | \$41,000,000 | 05/15/12 | \$346.36 | FOUR CORNERS SHOPPING CENTER | CB | 4 | Y | Neighborhood / Community Center: Not Considered for Ratio review. Sale is at Mkt. and considered arm's length but somewhat convoluted with \$/SF being understated due to multiple-ground leases included in sale. |
| 250 | 322 | 282605 | 9122 | 155,000 | 2538998 | \$18,500,000 | 04/18/12 | \$119.35 | FRED MEYER - KIRKLAND (ECON. UNIT #9194) | TL 4B | 2 | Y | Retail Big Box: Purchased by tenant prior to major renovation. |
| 250 | 000 | 104360 | 0050 | 309,914 | 2534923 | \$79,000,000 | 03/22/12 | \$254.91 | BRAVERN, THE | DNTNO-2 | 1 | Y | Lifestyle Center: Luxury downtown Bellevue retail condo with multiple bids. Reported 85% Occupancy ATOS. |
| 250 | 030 | 179631 | 0010 | 166,220 | 2526907 | \$31,275,000 | 01/13/12 | \$188.15 | HOME DEPOT - COVINGTON | MC | 7 | Y | Neighborhood Center w/ Big Box: Not Considered for Ratio review. Sale is at Mkt. and considered arm's length but somewhat convoluted with \$/SF being understated due to multiple-ground leases included in sale. Home Depot and Red Robin are on ground leases. |

Improvement Sales for Area 250 with Sales not Used

07/14/2015

| Area | Nbhd | Major | Minor | Total NRA | E # | Sale Price | Sale Date | SP / NRA | Property Name | Zone | Par. Ct. | Ver. Code | Remarks |
|------|------|--------|-------|-----------|---------|--------------|-----------|----------|--|--------|----------|-----------|------------------------------|
| 250 | 030 | 719893 | 0020 | 115,782 | 2527622 | \$50 | 01/03/12 | \$0.00 | HOME DEPOT | GDD(2) | 1 | 16 | Gov't to gov't |
| 250 | 030 | 719893 | 0020 | 115,782 | 2527627 | \$50 | 01/03/12 | \$0.00 | HOME DEPOT | GDD(2) | 1 | 16 | Gov't to gov't |
| 250 | 030 | 292104 | 9096 | 117,433 | 2527853 | \$5,000,000 | 01/27/12 | \$42.58 | building vacant, former Lowes | CE | 1 | N | |
| 250 | 030 | 232104 | 9031 | 124,349 | 2528543 | \$2,800,000 | 01/30/12 | \$22.52 | former WALMART | C3 | 1 | N | |
| 250 | 000 | 230155 | 0010 | 76,138 | 2555501 | \$30,710,000 | 07/24/12 | \$403.35 | ELEMENT 42 | NC2-40 | 3 | 64 | Sales/leaseback |
| 250 | 362 | 292205 | 9310 | 67,240 | 2571130 | \$7,613,619 | 10/24/12 | \$113.23 | TOP FOODS | CC | 1 | 59 | Bulk portfolio sale |
| 250 | 722 | 262505 | 9212 | 70,575 | 2571132 | \$16,077,311 | 10/24/12 | \$227.80 | HAGGENS GROCERY STORE | CB | 3 | 59 | Bulk portfolio sale |
| 250 | 742 | 072604 | 9041 | 56,035 | 2571129 | \$16,532,873 | 10/24/12 | \$295.05 | HAGGEN GROCERY (Econ. Unit 031810-0005) | TC-2 | 4 | 59 | Bulk portfolio sale |
| 250 | 753 | 092104 | 9302 | 65,714 | 2571131 | \$5,092,447 | 10/24/12 | \$77.49 | TOP FOODS GROCERY | CC-F | 1 | 59 | Bulk portfolio sale |
| 250 | 742 | 243720 | 0030 | 31,927 | 2581412 | \$390,000 | 12/20/12 | \$12.22 | SAFEWAY (Store#488) | C2-65 | 1 | 33 | Lease or lease-hold |
| 250 | 253 | 219260 | 0570 | 149,820 | 2582528 | \$12,500,000 | 12/28/12 | \$83.43 | CAMPUS SQUARE SHOPPING CENTER | CE | 2 | 61 | Financial institution resale |
| 250 | 362 | 783080 | 0006 | 166,593 | 2614591 | \$13,380,000 | 06/12/13 | \$80.32 | FRED MEYER - KENT | CC | 1 | 44 | Tenant |
| 250 | 422 | 951760 | 0010 | 39,973 | 2621255 | \$1,354,267 | 06/21/13 | \$33.88 | WOODINVILLE PLAZA - ALBERTSONS | CBD | 1 | 59 | Bulk portfolio sale |
| 250 | 742 | 243720 | 0030 | 31,927 | 2621363 | \$1,000,000 | 07/31/13 | \$31.32 | SAFEWAY (Store#488) | C2-65 | 2 | 15 | No market exposure |
| 250 | 622 | 720241 | 0161 | 153,674 | 2622146 | \$22,900,000 | 08/01/13 | \$149.02 | REDMOND TOWN CENTER - RED ROBIN | TWNC | 6 | 33 | Lease or lease-hold |
| 250 | 461 | 149450 | 0010 | 93,571 | 2637379 | \$8,950,000 | 10/17/13 | \$95.65 | CENTRAL HIGHLANDS PLAZA - RENTON (ACE HARDWARE - BIG LOTS) | CA | 4 | 33 | Lease or lease-hold |
| 250 | 342 | 145360 | 1660 | 118,095 | 2640335 | \$10,687,470 | 11/05/13 | \$90.50 | FRED MEYER - LAKE CITY | C1-40 | 1 | 59 | Bulk portfolio sale |
| 250 | 353 | 930100 | 0010 | 195,246 | 2640391 | \$16,746,413 | 11/05/13 | \$85.77 | FRED MEYER - FEDERAL WAY | BN | 1 | 59 | Bulk portfolio sale |
| 250 | 753 | 873217 | 0020 | 36,744 | 2651453 | \$1,040,000 | 12/31/13 | \$28.30 | SAFEWAY - TWIN LAKES | BN | 1 | 11 | Corporate affiliates |
| 250 | 222 | 262505 | 9196 | 307,204 | 2693875 | \$137,500 | 09/23/14 | \$0.45 | SEARS- OVERLAKE FASHION PLAZA | OV3 | 1 | 18 | Quit claim deed |
| 250 | 353 | 092104 | 9017 | 101,909 | 2701560 | \$8,200,000 | 11/13/14 | \$80.46 | TARGET STORE (FORMER / VACANT) - FEDERAL WAY | CC-F | 1 | 68 | Non-gov't to gov't |

2015 Physical Inspection
Specialty Area 250



| Area | Neighborhood | Major | Minor | PropName | TaxPayerAddress |
|------|--------------|--------|-------|--|----------------------------|
| 250 | 122 | 262505 | 9033 | CROSSROADS MALL | 10500 NE 8TH ST #850 |
| 250 | 122 | 262505 | 9087 | CROSSROADS MALL | 10500 NE 8TH ST #850 |
| 250 | 122 | 262505 | 9123 | CROSSROADS MALL | 10500 NE 8TH ST #850 |
| 250 | 122 | 262505 | 9135 | CROSSROADS MALL | 10500 NE 8TH ST #850 |
| 250 | 122 | 262505 | 9137 | CROSSROADS MALL | 10500 NE 8TH ST #850 |
| 250 | 122 | 262505 | 9144 | CROSSROADS MALL - CINEMA | 10500 NE 8TH ST #850 |
| 250 | 122 | 262505 | 9150 | CROSSROADS MALL | 10500 NE 8TH ST #850 |
| 250 | 122 | 262505 | 9159 | CROSSROADS MALL | 10500 NE 8TH ST #850 |
| 250 | 122 | 262505 | 9205 | CROSSROADS MALL | 10500 NE 8TH ST #850 |
| 250 | 122 | 262505 | 9206 | CROSSROADS MALL | 10500 NE 8TH ST #850 |
| 250 | 122 | 262505 | 9214 | CROSSROADS MALL | 10500 NE 8TH ST #850 |
| 250 | 122 | 262505 | 9234 | CROSSROADS MALL - U.S. BANK | 10500 NE 8TH ST #850 |
| 250 | 122 | 262505 | 9236 | CROSSROADS MALL | 10500 NE 8TH ST #850 |
| 250 | 122 | 262505 | 9243 | CROSSROADS MALL | 10500 NE 8TH ST #850 |
| 250 | 122 | 692840 | 0020 | TOTEM LAKE SHOPPING CTR-LOWER | 1600 E FRANKLIN AVE |
| 250 | 122 | 692840 | 0030 | TOTEM LAKE MALL - UPPER | 1600 E FRANKLIN AVE |
| 250 | 123 | 154410 | 0011 | PARKING- BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0020 | NE CORNER OFFICE & RETAIL | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0040 | BELLEVUE SQUARE ANCHOR STORES | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0081 | PARKING- BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0082 | PARKING- BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0090 | PARKING- BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0101 | PARKING- BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0112 | BELLEVUE SQUARE RETAIL STORES | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0120 | PARKING- BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0121 | PARKING- BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0122 | PARKING- BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0123 | PARKING- BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0130 | PARKING RAMP - BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0131 | PARKING- BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0150 | PARKING RAMP - BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0190 | PARKING- BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0191 | SIGN SHOP | 575 BELLEVUE SQUARE |
| 250 | 123 | 154410 | 0194 | PARKING- BELLEVUE SQUARE | 575 BELLEVUE SQUARE |
| 250 | 123 | 432343 | 0010 | LINCOLN SQUARE RETAIL | 575 BELLEVUE SQUARE |
| 250 | 123 | 432343 | 0020 | LINCOLN SQUARE RETAIL | 575 BELLEVUE SQUARE |
| 250 | 124 | 162405 | 9002 | FACTORIA SQUARE | 3333 NEW HYDE PARK RD #100 |
| 250 | 124 | 162405 | 9003 | TARGET - FACTORIA SQUARE | 3333 NEW HYDE PARK RD #100 |
| 250 | 124 | 162405 | 9309 | FACTORIA SQUARE - RICARDO'S RESTAURANT | 3333 NEW HYDE PARK RD #100 |

2015 Physical Inspection
Specialty Area 250

| Area | Neighborhood | Major | Minor | PropName | TaxPayerAddress |
|------|--------------|--------|-------|---|-----------------------------|
| 250 | 124 | 162405 | 9310 | WALMART - FACTORIA SQUARE | 3333 NEW HYDE PARK RD #100 |
| 250 | 124 | 244270 | 0060 | FACTORIA SQUARE - MAIN MALL | 3333 NEW HYDE PARK RD #100 |
| 250 | 124 | 244270 | 0100 | Restaurant & Dental Office | 3333 NEW HYDE PARK RD #100 |
| 250 | 222 | 210600 | 0020 | WOODINVILLE - BSP | 2608 2ND AVE #100 |
| 250 | 222 | 210600 | 0030 | WOODINVILLE - BSP | 2608 2ND AVE #100 |
| 250 | 222 | 210600 | 0040 | WOODINVILLE - BSP (Econ. Unit for imps. | 2608 2ND AVE #100 |
| 250 | 222 | 210600 | 0050 | WOODINVILLE - BSP (Econ. unit located in | 2608 2ND AVE #100 |
| 250 | 222 | 210600 | 0060 | WOODINVILLE - BSP - CINEPLEX ODEON | 11500 ASH ST |
| 250 | 222 | 210600 | 0070 | WOODINVILLE - BSP | 2608 2ND AVE #100 |
| 250 | 222 | 210600 | 0080 | WOODINVILLE - BSP | 2608 2ND AVE #100 |
| 250 | 222 | 210600 | 0090 | WOODINVILLE - BSP | 2608 2ND AVE #100 |
| 250 | 222 | 210600 | 0100 | WOODINVILLE - BSP - HAGGEN'S MARKET FRES | 2608 2ND AVE #100 |
| 250 | 222 | 210600 | 0110 | WOODINVILLE - BSP | 2608 2ND AVE #100 |
| 250 | 222 | 210600 | 0120 | WOODINVILLE - BSP | 2608 2ND AVE #100 |
| 250 | 222 | 210600 | 0130 | WOODINVILLE - BSP | 2608 2ND AVE #100 |
| 250 | 222 | 210600 | 0140 | WOODINVILLE - BSP | 2608 2ND AVE #100 |
| 250 | 222 | 262505 | 9196 | SEARS- OVERLAKE FASHION PLAZA | 3333 BEVERLY RD #BC 155 A |
| 250 | 222 | 262505 | 9274 | OVERLAKE FASHION PLAZA | PO BOX 790830 |
| 250 | 222 | 262505 | 9276 | OVERLAKE FASHION PLAZA | PO BOX 790830 |
| 250 | 222 | 282406 | 9310 | THE COMMONS AT ISSAQUAH - w/SAFEWAY | 401 BROADWAY E STE 223 |
| 250 | 222 | 355750 | 0180 | Issaquah Power Center - Petsmart/Vet. Ho | 19601 N 27TH AVE |
| 250 | 222 | 355750 | 0185 | Issaquah Power Center - General Retail | 2006 NE 33RD PL |
| 250 | 222 | 355750 | 0190 | Issaquah Power Center - Harborstone Cred | PO BOX 4207 |
| 250 | 222 | 355750 | 0200 | Issaquah Power Center - Big Lots | 300 PHILLPI RD |
| 250 | 222 | 355750 | 0210 | Issaquah Power Center - Pier One Imports | PO BOX 260888 |
| 250 | 222 | 355750 | 0220 | Issaquah Power Center - Regal Cinemas | 7132 REGAL LN |
| 250 | 222 | 355750 | 0230 | Issaquah Power Center - Barnes & Noble | PO BOX 1677 |
| 250 | 222 | 355750 | 0232 | Issaquah Power Center - Leathers Home Fu | 10603 NE 193RD |
| 250 | 222 | 355750 | 0234 | Issaquah Power Center - Restaurant | 1510 11TH AVE NW |
| 250 | 222 | 355750 | 0236 | Issaquah Power Center - UW Physicians Bu | 76 S WASHINGTON ST |
| 250 | 321 | 092605 | 9139 | HOME DEPOT- Bothell | PO BOX 105842 |
| 250 | 322 | 123850 | 0035 | COSTCO - KIRKLAND (ECON. UNIT #0105 & #0 | 999 LAKE DR |
| 250 | 322 | 123850 | 0105 | COSTCO - KIRKLAND (PKNG. FOR COSTCO ON # | 999 LAKE DR |
| 250 | 322 | 123850 | 0110 | COSTCO - KIRKLAND (PKNG. FOR COSTCO ON # | PO BOX 2308 |
| 250 | 322 | 210600 | 0010 | TARGET - DOWNTOWN WOODINVILLE - BSP | PO BOX 9456 |
| 250 | 322 | 216163 | 0080 | FRED MEYER - ISSAQUAH (IMPS CARRIED AS P | 600 108TH AVE NE #530 |
| 250 | 322 | 216163 | 0110 | HOME DEPOT - ISSAQUAH | 600 108TH AVE NE #530 |
| 250 | 322 | 272505 | 9201 | FRED MEYER - BELLEVUE (ECON. UNIT ON #92 | 1014 VINE ST #7TH FLOOR |
| 250 | 322 | 272505 | 9214 | FRED MEYER - BELLEVUE (ECON. UNIT FOR IM | 1014 VINE ST #7TH FLOOR |
| 250 | 322 | 282406 | 9364 | TARGET - ISSAQUAH | PO BOX 9456 |
| 250 | 322 | 282505 | 9047 | LOWE'S - BELLEVUE | 1000 LOWES BLVD #NBTA |
| 250 | 322 | 282605 | 9122 | FRED MEYER - KIRKLAND (ECON. UNIT #9194) | 1014 VINE ST #7TH FLOOR |
| 250 | 322 | 282605 | 9194 | FRED MEYER - KIRKLAND (ECON. UNIT FOR IM | 1014 VINE ST #7TH FLOOR |
| 250 | 322 | 332505 | 9007 | HOME DEPOT - BELLEVUE | PO BOX 105842 |
| 250 | 322 | 355750 | 0130 | COSTCO - ISSAQUAH | 999 LAKE DR |
| 250 | 322 | 355750 | 0170 | LOWE'S - ISSAQUAH | 1000 LOWES BLVD #NBTA |
| 250 | 322 | 719893 | 0010 | FRED MEYER - REDMOND | 1014 VINE ST #7TH FLOOR |
| 250 | 322 | 719893 | 0020 | HOME DEPOT - REDMOND | PO BOX 105842 |
| 250 | 322 | 719893 | 0030 | FRED MEYER - VACANT LOT (No Econ. unit | 3800 SE 22ND AVE |
| 250 | 322 | 720240 | 0030 | KOHL'S - REDMOND | PO BOX 2148 |
| 250 | 322 | 720240 | 0060 | TARGET - REDMOND | PO BOX 9456 |
| 250 | 421 | 062605 | 9043 | BOTHELL SHOPPING CENTER | 18827 BOTHELL WAY NE #110 |
| 250 | 421 | 062605 | 9123 | BOTHELL SHOPPING CENTER (ECON. UNIT FOR | 18827 BOTHELL WAY NE #110 |
| 250 | 422 | 022505 | 9245 | BELLA BOTTEGA - QFC AND LINE RETAIL | %9125 10TH AVE S |
| 250 | 422 | 032405 | 9064 | BEL-EAST SHOPPING CTR - QFC | 8620 ROOSEVELT WAY NE STE A |
| 250 | 422 | 032405 | 9162 | BEL-EAST SHOPPING CTR - LINE RETAIL | 8620 ROOSEVELT WAY NE #A |
| 250 | 422 | 066100 | 0010 | BELLA BOTTEGA - JACK-IN-THE-BOX | 9125 10TH AVE S |
| 250 | 422 | 066100 | 0020 | BELLA BOTTEGA - CINEMA | 9125 10TH AVE S |
| 250 | 422 | 066100 | 0030 | BELLA BOTTEGA - LINE RETAIL | 9125 10TH AVE S |
| 250 | 422 | 066100 | 0040 | BELLA BOTTEGA - EVERGREEN MEDICAL CENTER | 9125 10TH AVE S |
| 250 | 422 | 066100 | 0050 | BELLA BOTTEGA - ASSOCIATED PARKING | 9125 10TH AVE S |
| 250 | 422 | 066100 | 0060 | BELLA BOTTEGA - COHO RESTAURANT | 9125 10TH AVE S |
| 250 | 422 | 066100 | 0070 | BELLA BOTTEGA - BARTELL DRUGS/LINE RETAI | 9125 10TH AVE S |
| 250 | 422 | 066100 | 0080 | BELLA BOTTEGA - LAND | 9125 10TH AVE S |
| 250 | 422 | 066100 | 0090 | BELLA BOTTEGA - Parking Lot | 9125 10TH AVE S |
| 250 | 422 | 067000 | 0010 | KELSEY CREEK - PARKING LOT (ECON. UNIT/A | 15015 MAIN ST #203 |
| 250 | 422 | 067000 | 0020 | KELSEY CREEK - LINE RETAIL | 15015 MAIN ST #203 |
| 250 | 422 | 067000 | 0030 | KELSEY CREEK - STARBUCKS | PO BOX 34067 MS RE3 |
| 250 | 422 | 067000 | 0040 | KELSEY CREEK - WALMART / LA FITNESS | 15015 MAIN ST #203 |
| 250 | 422 | 067000 | 0050 | KESLEY CREEK - LINE RETAIL & OFFICE | 15015 MAIN ST #203 |
| 250 | 422 | 072606 | 9051 | CASSETTA LAGO CENTER - Safeway/Line Retai | 9125 10TH AVE S |
| 250 | 422 | 082505 | 9021 | HOUGHTON SHOPPING CENTER (ASSOC. LOT W/ | 12220 113TH AVE NE STE 200 |
| 250 | 422 | 082505 | 9054 | HOUGHTON SHOPPING CENTER (ASSOC. LOT W/ | 12220 113TH AVE NE STE 200 |

2015 Physical Inspection
Specialty Area 250

| Area | Neighborhood | Major | Minor | PropName | TaxPayerAddress |
|------|--------------|--------|-------|---|-------------------------------|
| 250 | 422 | 102605 | 9083 | WOODINVILLE TOWNE CENTER - (BLDGS. A,B, | 2445 5TH AVE #210 |
| 250 | 422 | 102605 | 9102 | WOODINVILLE TOWNE CENTER - (BLDG. P1) | 1002 15TH ST SW #205 |
| 250 | 422 | 102605 | 9121 | WOODINVILLE TOWNE CENTER - (BLDGS. E,F,G | 1002 15TH ST SW #205 |
| 250 | 422 | 122505 | 9017 | BEAR CREEK VILLAGE - LINE RETAIL | 6625 S 190TH ST #B-105 |
| 250 | 422 | 122505 | 9041 | WHOLE FOODS + RETAIL STORES | 2608 2ND AVE #100 |
| 250 | 422 | 122505 | 9063 | BEAR CREEK VILLAGE - LINE RETAIL | 6625 S 190TH ST #B-105 |
| 250 | 422 | 122505 | 9147 | BEAR CREEK VILLAGE - JIFFY LUBE | 6625 S 190TH ST #B-105 |
| 250 | 422 | 122505 | 9153 | BEAR CREEK VILLAGE - O'REILLY AUTO PARTS | 6625 S 190TH ST #B-105 |
| 250 | 422 | 122505 | 9204 | BEAR CREEK VILLAGE - RETAIL (ROSS) | 6625 S 190TH ST #B-105 |
| 250 | 422 | 122505 | 9211 | BEAR CREEK VILLAGE - SAFEWAY | 6625 S 190TH ST #B-105 |
| 250 | 422 | 122505 | 9215 | BEAR CREEK VILLAGE - RETAIL (DSW) | 6625 S 190TH ST #B-105 |
| 250 | 422 | 122505 | 9217 | BEAR CREEK VILLAGE - RESTURANT/ RETAIL | 6625 S 190TH ST#B-105 |
| 250 | 422 | 124230 | 0005 | JUANITA FIRS CTR (Assoc. Pkng. for Safew | 1924 1ST AVE STE 300 |
| 250 | 422 | 124230 | 0011 | JUANITA FIRS CTR (Assoc. Pkng. for Safew | 1924 1ST AVE STE 300 |
| 250 | 422 | 124870 | 0051 | PARK PLACE CENTER | 2025 1ST AVE #1212 |
| 250 | 422 | 202605 | 9038 | JUANITA FIRS CTR - SAFEWAY/RETAIL/REST. | 1924 1ST AVE #300 |
| 250 | 422 | 202605 | 9138 | JUANITA FIRS CTR - LINE RETAIL | 1924 1ST AVE STE 300 |
| 250 | 422 | 202605 | 9146 | JUANITA FIRS CTR (Assoc. Pkng. for Safew | 1924 1ST AVE STE 300 |
| 250 | 422 | 202605 | 9183 | JUANITA FIRS CTR - (PARTIES FOR LESS + S | 1924 1ST AVE STE 300 |
| 250 | 422 | 206350 | 0015 | OVERLAKE VILLAGE SHOPPING CENTER | 6850 E GREEN LAKE WAY N #201 |
| 250 | 422 | 206350 | 0040 | OVERLAKE VILLAGE SHOPPING CENTER | 6850 E GREEN LAKE WAY N #201 |
| 250 | 422 | 212406 | 9090 | Overlake Center (Retail buildings A to G | PO BOX 726 |
| 250 | 422 | 262505 | 9212 | DISCOUNT STORE - FORMER HAGGENS | 425 CALIFORNIA ST #11 FLR |
| 250 | 422 | 272505 | 9010 | EVERGREEN VILLAGE (+Gas) | PO BOX 4900 |
| 250 | 422 | 282406 | 9311 | Town & Country Square | 11225 SE 6TH ST #220 |
| 250 | 422 | 332505 | 9120 | UWAJIMAYA MARKET & TOTAL WINE | 2620 2ND AVE |
| 250 | 422 | 342506 | 9085 | Sammanish Highlands Safeway (Safeway) | 1371 OAKLAND BLVD STE 200 |
| 250 | 422 | 355750 | 0140 | Pickering Square Bldg #1 | 9725 SE 36TH ST STE 115 |
| 250 | 422 | 355750 | 0150 | Pickering Square - Bldg #2 | 9725 SE 36TH ST STE 115 |
| 250 | 422 | 355750 | 0310 | Pickering Square | 9725 SE 36TH ST STE 115 |
| 250 | 422 | 357980 | 0553 | INGLEWOOD VILLAGE SHOPPING CENTER | PO BOX 997 |
| 250 | 422 | 390530 | 0010 | Klahanie Community Center, QFC | 1014 VINE ST #7TH FLOOR |
| 250 | 422 | 390530 | 0020 | Klahanie Community Center | 977 LOMAS SANTA FE DR |
| 250 | 422 | 390530 | 0040 | Klahanie Community Center | 977 LOMAS SANTA FE DR |
| 250 | 422 | 390530 | 0050 | Klahanie Community Center | 977 LOMAS SANTA FE DR |
| 250 | 422 | 390530 | 0060 | Klahanie Community Center | 977 LOMAS SANTA FE DR |
| 250 | 422 | 390530 | 0070 | Klahanie Community Center | 977 LOMAS SANTA FE DR |
| 250 | 422 | 542320 | 0010 | Meadows Shopping Center - Bldgs A - B - | 10655 NE 4TH ST #901 |
| 250 | 422 | 542320 | 0020 | Meadows Shopping Center - Bldg E | 10655 NE 4TH ST #901 |
| 250 | 422 | 542320 | 0030 | Meadows Shopping Center - (QFC) Bldg G | 10655 NE 4TH ST #901 |
| 250 | 422 | 542320 | 0040 | Meadows Shopping Center - Bldg "J" | 10655 NE 4TH ST #901 |
| 250 | 422 | 542320 | 0050 | Meadows Shopping Center - Bldg K | 10655 NE 4TH ST #901 |
| 250 | 422 | 542320 | 0060 | Meadows Shopping Center - Bldg M | 10655 NE 4TH ST #901 |
| 250 | 422 | 542320 | 0070 | Meadows Shopping Center - Bldg L | 10655 NE 4TH ST #901 |
| 250 | 422 | 542320 | 0080 | Meadows Shopping Center - Bldg N | 10655 NE 4TH ST #901 |
| 250 | 422 | 542320 | 0100 | Meadows Shopping Center - Bldg O | 2623 NE UNIV VILLAGE ST #7 |
| 250 | 422 | 542320 | 0130 | Meadows Shopping Center - Econ. Unit to | 10655 NE 4TH ST #901 |
| 250 | 422 | 542320 | 0140 | Meadows Shopping Center - Parking | 10655 NE 4TH ST #901 |
| 250 | 422 | 542320 | 0150 | Meadows Shopping Center - Parking | 10655 NE 4TH ST #901 |
| 250 | 422 | 679160 | 0010 | Pine Lake Village (Bank of America) | 101 N TRYON ST #NC1-001-03-81 |
| 250 | 422 | 679160 | 0020 | Pine Lake Village | PO BOX 790830 |
| 250 | 422 | 679160 | 0030 | Pine Lake Village | PO BOX 790830 |
| 250 | 422 | 679160 | 0040 | Pine Lake Village (Chase Bank) | PO BOX 790830 |
| 250 | 422 | 679160 | 0050 | Pine Lake Village (Wells Fargo Bank) | PO BOX 2609 |
| 250 | 422 | 679160 | 0060 | Pine Lake Village | PO BOX 790830 |
| 250 | 422 | 679160 | 0140 | Pine Lake Village (QFC) | PO BOX 790830 |
| 250 | 422 | 679160 | 0150 | Pine Lake Village | PO BOX 790830 |
| 250 | 422 | 679160 | 0160 | Pine Lake Village | PO BOX 790830 |
| 250 | 422 | 719890 | 0063 | REDMOND CENTER - BEN FRANKLIN ETC | 12220 113TH AVE NE #200 |
| 250 | 422 | 719890 | 0070 | REDMOND CENTER - CANYONS | 12220 113TH AVE NE STE 200 |
| 250 | 422 | 719890 | 0080 | REDMOND CENTER QFC | 12220 113TH AVE NE STE 200 |
| 250 | 422 | 720223 | 0010 | Village at Redmond Ridge | 614 1ST AVE STE 200 |
| 250 | 422 | 720223 | 0020 | Village at Redmond Ridge | 614 1ST AVE STE 200 |
| 250 | 422 | 752546 | 0010 | Sammanish Highlands Center | PO BOX 790830 |
| 250 | 422 | 752546 | 0030 | Sammanish Highlands Center | PO BOX 790830 |
| 250 | 422 | 752546 | 0040 | Sammanish Highlands Center | PO BOX 790830 |
| 250 | 422 | 752546 | 0050 | Sammanish Highlands Center | PO BOX 790830 |
| 250 | 422 | 752546 | 0060 | Sammanish Highlands Center | PO BOX 790830 |
| 250 | 422 | 752546 | 0090 | Sammanish Highlands Center | PO BOX 790830 |
| 250 | 422 | 752546 | 0110 | Sammanish Highlands Center (Chase Bank) | PO BOX 790830 |
| 250 | 422 | 752546 | 0120 | Sammanish Highlands Center | PO BOX 790830 |
| 250 | 422 | 752546 | 0130 | Sammanish Highlands Center | PO BOX 790830 |
| 250 | 422 | 788260 | 0270 | HOUGHTON SHOPPING CENTER- (Met. Mkt., Bar | 12220 113TH AVE NE STE 200 |

2015 Physical Inspection
Specialty Area 250

| Area | Neighborhood | Major | Minor | PropName | TaxPayerAddress |
|------|--------------|--------|-------|--|-------------------------------------|
| 250 | 422 | 788260 | 0272 | HOUGHTON SHOPPING CENTER (ASSOC. LOT W/ | 12220 113TH AVE NE STE 200 |
| 250 | 422 | 788260 | 0273 | HOUGHTON SHOPPING CENTER (ASSOC. LOT W/ | 12220 113TH AVE NE STE 200 |
| 250 | 422 | 788260 | 0274 | HOUGHTON SHOPPING CENTER - BANK OF AMERI | 12220 113TH AVE NE STE 200 |
| 250 | 422 | 868224 | 0020 | Village at Redmond Ridge - Bank | 2733 E PARLEYS WAY STE 300 |
| 250 | 422 | 868224 | 0030 | Village at Redmond Ridge - QFC | 1014 VINE ST #7TH FLOOR |
| 250 | 422 | 868224 | 0040 | Village at Redmond Ridge | 1014 VINE ST #7TH FLOOR |
| 250 | 422 | 868224 | 0060 | Village at Redmond Ridge | 2733 E PARLEYS WAY STE 300 |
| 250 | 422 | 868224 | 0070 | Village at Redmond Ridge | 2733 E PARLEYS WAY STE 300 |
| 250 | 422 | 868224 | 0130 | Village at Redmond Ridge | 2733 E PARLEYS WAY STE 300 |
| 250 | 422 | 951760 | 0010 | WOODINVILLE PLAZA - ALBERTSONS | PO BOX 990 |
| 250 | 422 | 951760 | 0020 | WOODINVILLE PLAZA - RITE AID | PO BOX 3165 |
| 250 | 422 | 951760 | 0030 | WOODINVILLE PLAZA - TJ MAX/ OFFICE MAX | 1 E PRATT ST #5TH FLR E C3-C411-05C |
| 250 | 422 | 951760 | 0040 | WOODINVILLE PLAZA - BALANCE YOGA STUDIO | 1 E PRATT ST #5TH FLR E C3-C411-05C |
| 250 | 422 | 951760 | 0050 | WOODINVILLE PLAZA - RETAIL | 1 E PRATT ST #5TH FLR E C3-C411-05C |
| 250 | 422 | 951760 | 0060 | WOODINVILLE PLAZA - LINE RETAIL | 1 E PRATT ST #5TH FLR E C3-C411-05C |
| 250 | 423 | 570900 | 0240 | VILLAGE SHOPPING CENTER | PO BOX 1863 |
| 250 | 424 | 092405 | 9015 | FACTORIA VILLAGE SHOPPING CENTER - VACAN | 6850 GREEN LAKE WAY N STE 201 |
| 250 | 424 | 092405 | 9100 | FACTORIA VILLAGE SHOPPING CENTER | 6850 GREEN LAKE WAY N STE 201 |
| 250 | 424 | 220150 | 1405 | EASTGATE PLAZA (+ Gas) | PO BOX 790830 |
| 250 | 424 | 282405 | 9038 | COAL CREEK VILLAGE SHOP CNTR | 1371 OAKLAND BLVD STE 200 |
| 250 | 424 | 282405 | 9078 | COAL CREEK VILLAGE - RETAIL/LINE RETAIL | 10655 NE 4TH ST #901 |
| 250 | 424 | 282405 | 9125 | COAL CREEK MARKETPLACE - BANK OF AMERICA | 1425 4TH AVE #500 |
| 250 | 424 | 282405 | 9139 | VAC LAND | 1425 4TH AVE #500 |
| 250 | 424 | 282405 | 9140 | COAL CREEK MARKETPLACE | 1425 4TH AVE #500 |
| 250 | 424 | 282405 | 9145 | COAL CREEK VILLAGE - KEY BANK | 10655 NE 4TH ST #901 |
| 250 | 424 | 413942 | 0760 | LAKEMONT VILLAGE | 950 N 72ND SUITE 100 |
| 250 | 425 | 092308 | 9083 | Mt Valley Center - Bldgs B & C | 14012 13TH AVE SW |
| 250 | 425 | 092308 | 9084 | Mt Valley Center - Bldg A (Safeway) | 1371 OAKLAND BLVD STE 200 |
| 250 | 425 | 092308 | 9085 | CHASE BANK | 14012 13TH AVE SW |
| 250 | 425 | 092308 | 9090 | Mt Valley Center - Bldg D | 14012 13TH AVE SW |
| 250 | 425 | 092308 | 9092 | Mt Valley Center - Line Retail | 600 UNIVERSITY ST #1850 |
| 250 | 525 | 092308 | 9005 | FACTORY STORES @ NORTH BEND | PO BOX 6120 |
| 250 | 525 | 092308 | 9010 | FACTORY STORES @ NORTH BEND | PO BOX 6120 |
| 250 | 622 | 720241 | 0010 | REDMOND TOWN CENTER | 7525 166TH AVE NE STE D210 |
| 250 | 622 | 720241 | 0020 | REDMOND TOWN CENTER | 7525 166TH AVE NE STE D210 |
| 250 | 622 | 720241 | 0030 | REDMOND TOWN CENTER | 7525 166TH AVE NE STE D210 |
| 250 | 622 | 720241 | 0040 | REDMOND TOWN CENTER - CLAIM JUMPER RESTA | 7525 166TH AVE NE STE D210 |
| 250 | 622 | 720241 | 0050 | REDMOND TOWN CENTER - BJ'S RESTAURANT & | 7525 166TH AVE NE STE D210 |
| 250 | 622 | 720241 | 0110 | REDMOND TOWN CENTER - REI | PO BOX 1938 |
| 250 | 622 | 720241 | 0130 | REDMOND TOWN CENTER | 7525 166TH AVE NE STE D210 |
| 250 | 622 | 720241 | 0132 | REDMOND TOWN CENTER - VACANT | 7525 166TH AVE NE #D220 |
| 250 | 622 | 720241 | 0160 | REDMOND TOWN CENTER - PARKING | 7525 166TH AVE NE #D210 |
| 250 | 622 | 720241 | 0161 | REDMOND TOWN CENTER - RED ROBIN | 7525 166TH AVE NE #D210 |
| 250 | 622 | 720241 | 0163 | REDMOND TOWN CENTER | 7525 166TH AVE NE #D210 |
| 250 | 622 | 720241 | 0165 | REDMOND TOWN CENTER | 7525 166TH AVE NE #D210 |
| 250 | 622 | 720241 | 0170 | REDMOND TOWN CENTER - 24HR FITNESS / WOR | 7525 166TH AVE NE #D210 |
| 250 | 622 | 720241 | 0200 | SATURDAY MARKET @ REDMOND TOWN CENTER | 7525 166TH AVE NE #D220 |
| 250 | 623 | 154410 | 0256 | BELLEVUE GALLERIA | 2001 PENNSYLVANIA AVE NW #10TH FLR |
| 250 | 721 | 011410 | 0620 | SAFEWAY - KENMORE (Minus Econ Unit #0685 | 1371 OAKLAND BLVD STE 200 |
| 250 | 721 | 011410 | 0685 | SAFEWAY - KENMORE (ECON. UNIT TO #0620) | 1371 OAKLAND BLVD STE 200 |
| 250 | 722 | 123310 | 0405 | KIRKLAND SAFEWAY (ECON. UNIT PARKING - 0 | 1371 OAKLAND BLVD STE 200 |
| 250 | 722 | 123310 | 0530 | KIRKLAND SAFEWAY (ECON. UNIT PARKING - 0 | 1371 OAKLAND BLVD STE 200 |
| 250 | 722 | 123310 | 0535 | KIRKLAND SAFEWAY (ECON. UNIT PARKING - 0 | 1371 OAKLAND BLVD STE 200 |
| 250 | 722 | 123310 | 0540 | KIRKLAND SAFEWAY (STORE 1142) - (MINUS E | 1371 OAKLAND BLVD STE 200 |
| 250 | 722 | 123310 | 0545 | KIRKLAND SAFEWAY (ECON. UNIT PARKING - 0 | 1371 OAKLAND BLVD STE 200 |
| 250 | 722 | 212605 | 9198 | KINGSGATE SAFEWAY (ECON. UNIT #9249) | 1371 OAKLAND BLVD STE 200 |
| 250 | 722 | 212605 | 9249 | KINGSGATE SAFEWAY - (ECON. UNIT FOR IMPS | 1371 OAKLAND BLVD STE 200 |
| 250 | 722 | 222506 | 9026 | HAGGENS NW FRESH | 1290 AVE OF THE AMERICAS |
| 250 | 722 | 282505 | 9022 | WHOLE FOODS (INCLUDES MINOR #9080, #9083 | 15 LAKE BELLEVUE DR #100 |
| 250 | 722 | 282505 | 9080 | WHOLE FOODS (INCLUDES MINOR #9080, #9083 | 15 LAKE BELLEVUE DR #100 |
| 250 | 722 | 282505 | 9083 | WHOLE FOODS (INCLUDES MINOR #9080, #9083 | 600 108TH AVE NE #530 |
| 250 | 722 | 282505 | 9162 | WHOLE FOODS (INCLUDES MINOR #9080, #9083 | 15 LAKE BELLEVUE DR #100 |
| 250 | 722 | 292605 | 9054 | WEST TOTEM LAKE QFC | 1014 VINE ST #7TH FLOOR |
| 250 | 724 | 302405 | 9117 | GREENWOOD VILLAGE QFC STORE | 1014 VINE ST #7TH FLOOR |
| 250 | 724 | 531510 | 1185 | QFC - MERCER ISLAND | 1014 VINE ST #7TH FLOOR |
| 250 | 724 | 531510 | 1395 | ALBERTSONS - MERCER ISLAND | PO BOX 990 |
| 250 | 725 | 857090 | 0255 | North Bend QFC | 1014 VINE ST #7TH FLOOR |