Commercial Revalue

2012 Assessment roll

MAJOR RETAIL

AREA 250

King County, Department of Assessments
Seattle, Washington

Lloyd Hara, Assessor

King County
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Accounting Division
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Lloyd Hara
Assessor

Dear Property Owners:

Property assessments for the 2012 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 2012 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,

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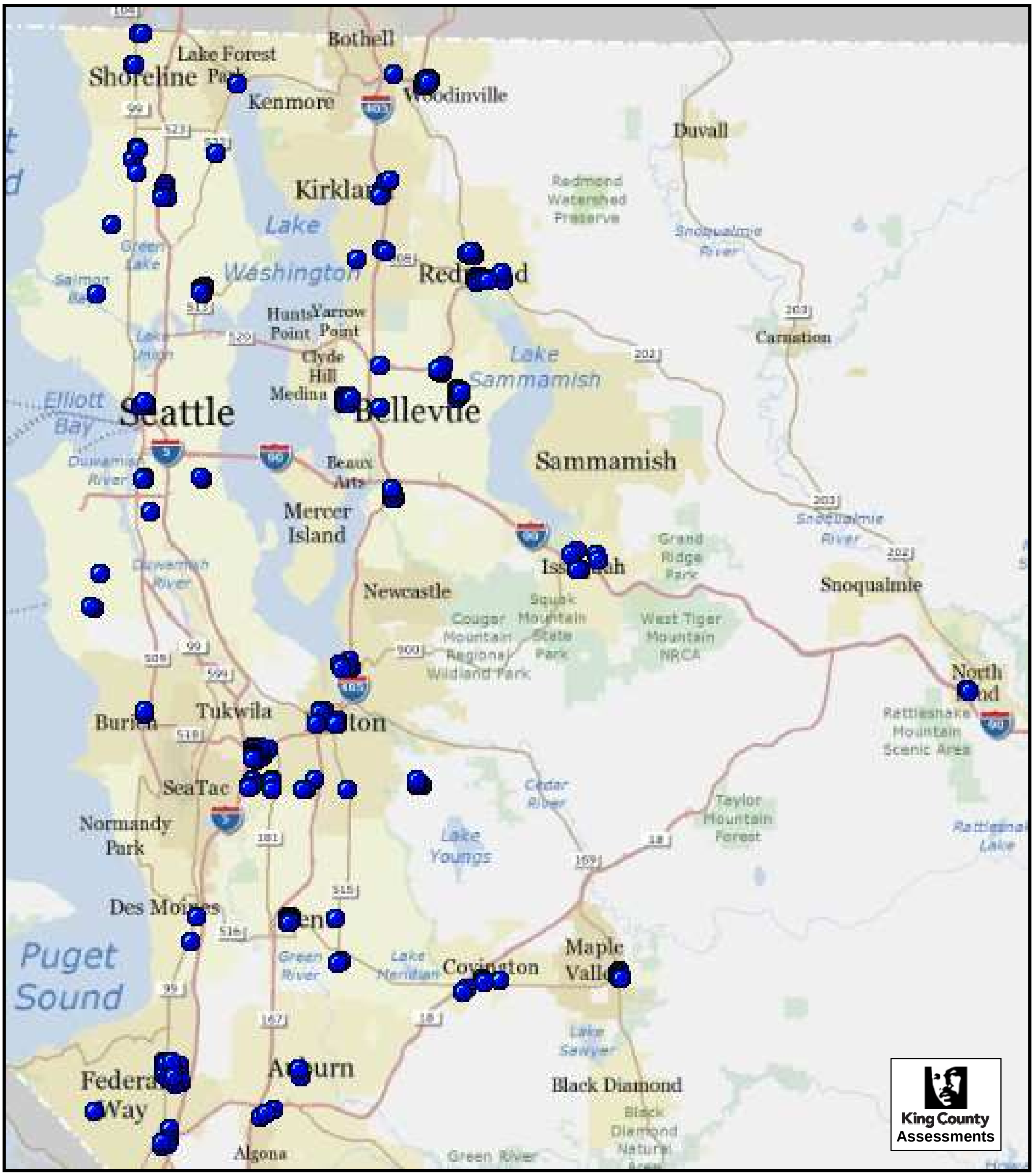
Specialty Area 250 (Major Retail)



Executive Summary Report

Appraisal Date 1/1/12 - 2012 Assessment Roll

Specialty Name: Major Retail, Specialty Area 250

Sales – Improved Analysis Summary

- Number of Sales: 4

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 01/01/2012 as compared to 01/01/2011. Overall industry data for major retail properties was used to make overall upward adjustments of approximately +5.69%.

Total Population - Parcel Summary Data:			
	Land	***Imps***	***Total***
2011 Value	*$2,115,220,300*	*$1,248,670,800*	*$3,363,891,100*
2012 Value	*$2,094,704,700*	*$1,460,570,600*	*$3,555,275,300*
Percent Change	*-0.97%*	*+16.97%*	*+5.69%*

- Number of total parcels in major retail specialty population: **284**
- Number of improved parcels in major retail specialty population: **213**

Conclusion and Recommendation:

Assessed values for the 2012 revalue have increased on average by +5.69%.

The values recommended in this report improve uniformity and equity; therefore, it is recommended they should be posted for the 2012 Assessment Year.

Analysis Process:

Specialty and Responsible Appraiser

- Specialty Area 250- Major Retail

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.

The 2012 revalue adhered to the following Departmental guidelines:

- The Department generally used two years of sales for developing market value. However, major retail used three years.
- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation: Specialty Area 250 - Major Retail

Major retail properties consist of regional malls, single tenant discount retailers and big box retailers. 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. The major retail properties consist of 284 total parcels of which 213 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.

Name or Designation:

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 Supermall of the Great Northwest and the Factory Stores of North Bend. Properties that are more difficult to classify include Westlake and Meridian Centers in downtown Seattle.

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 perimeter of the center, may be surface or structured.

REGIONAL CENTERS	
Concept	General merch.; fashion (mall, typl. 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)**

Regional Center: The regional center is typically enclosed and has a total GLA ranging in size from 400,000 to 800,000 square feet of GLA. 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.

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)**

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 of GLA. 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.

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:

Class:	Inline Retail Sales PSF[1]:
A+	$600 and up
A	$450 to $599
B+	$350 to $499
B	$250 to $349
C	Less than $250

Open-Air Centers:

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)**

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.

[1] PwC Real Estate Investor Survey, 4th Quarter 2011, pg. 89

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)**

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.

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' out stores

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

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.

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)**

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.

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)**

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.

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).

Neighborhood Descriptions: Properties that have similar characteristics including effective age, quality, predominate use and location are grouped into neighborhoods for building economic income models. For purposes of record keeping, all of the malls have individual neighborhood designations. Within the major retail classification, properties vary greatly and generally do not lend themselves to neighborhood designations based on geographical location but rather on the composition of the tenants. Some exceptions include the following properties that utilize very similar models such as, Westlake Center, Pacific Place, and Meridian Center or Seattle Macy's and Nordstrom.

Major Retail Neighborhoods & Names			
Neighborhood	**Property Name**	**Neighborhood**	**Property Name**
10	NORDSTROM DOWNTOWN	38	LAKE FOREST PARK SHOPPING CENTER
11	SOUTHCENTER	50	NW FACTORY OUTLET STORES
12	MACY'S DOWNTOWN	51	PARK PLACE CENTER
13	PACIFIC PLACE	52	KENT STATION
14	THE COMMONS AT FEDERAL WAY	58	FACTIORIA SQUARE
15	MERIDIAN CENTER	60	SUPERMALL OF THE GREAT NORTHWEST
20	WESTLAKE CENTER	61	PAVILIONS CENTRE
21	BELLEVUE SQUARE	63	WESTWOOD VILLAGE SHOPPING CENTER
22	REDMOND TOWN CENTER	64	TOTEM LAKE MALL
23	NORTHGATE MALL	65	THE COMMONS AT ISSAQUAH
25	UNIVERSITY VILLAGE	66	OVERLAKE FASHION PLAZA
***30**	***BIG BOX**	67	BELLA BOTTEGA
32	PARKWAY SUPERCENTER	68	LINCOLN SQUARE
33	CROSSROADS MALL	75	THE LANDING
34	FAIRWOOD CENTER	280	THE BRAVERN
37	DOWNTOWN WOODINVILLE - BSP		
***Neighborhood 30 – Typical "Big Box" User**			
COSTCO	IKEA	K-MART	TARGET
FRED MEYER	K-MART	MCLENDON'S HARDWARE STORE	WAL-MART
FRY'S ELECTRONICS	LAMPHERE SPORTS ARENA	NORTHGATE NORTH	
HOME DEPOT	LOWE'S	SAM'S CLUB	

*Big box retail stores are designated within Neighborhood 30. Above is a list of the typical retail type properties that may be included within in this category

Economic Considerations:

Historic Economic Conditions:

The Seattle region experienced strong employment growth in the mid-2000 as the local economy continued to experience increasing diversification led by the rapidly expanding technology and biotech sectors. This helped spur increases in net migration and a robust real estate market, which experienced rapidly appreciating property values unprecedented in recent memory. This period of strong growth came to a grinding halt as the effects of the national economic crisis began to impact the local economy. The year 2009 marked a clear shift in the local economy as demonstrated by significant regional job losses and plummeting real estate values. The recessionary period that followed was characterized by a tightening of lending practices, further job losses, and declines in all sectors of the real estate market.

National Economy:

The United States economy is finally showing signs that a recovery is currently underway. Although unemployment continues to remains high, 2 million jobs were created in 2011, which was led by business and professional services, healthcare, education, and cyclical rebound in technology and exports. As large multinational companies begin to flourish and expand, many local businesses may continue to struggle because of tight finances, limited credit availability, and a weak housing market. Despite lackluster growth in personal income, consumer sentiment is picking up as well.

Puget Sound Economic Conditions:

The regional economy is beginning to show signs that a recovery is steadily underfoot. In 2011, the Puget Sound economy grew faster than the nation's economy. Employment increased 1.5% over 2010 exceeding the national job growth of 1.0%. This recovery is tied to the region's strengths of aerospace, software development including internet retail and gaming, and global trade. Employment growth has been positive over the past year, although the public sector showed a net decline in employment. Conway & Pedersen's December 2011 Puget Sound Economic Forecaster anticipates employment growth of 1.6% in 2012 in contrast to a 1.2% rate for the nation.[2]

Boeing's employment has rebounded with a huge backlog of airplane orders. In 2011, 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. 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. On a smaller scale, Google and Facebook are increasing their presence in the area in order to take advantage of the large pool of tech employees. In the Seattle area, the above average growth in tech employment has helped fill a glut in vacant office space. Another result of the growth of high paying jobs in the aerospace and software sectors was that Washington State led the nation in personal-income growth in the 3rd quarter of 2011.[3] In

[2] CBRE, Market View Puget Sound office – 4th Qtr. 2011, pg. 2
[3] The Seattle Times, "State led nation in personal-income growth last quarter" 12/19/2011

addition, the export sector has been a positive factor for the regional economy. For the first nine months of 2011, Washington exports were running nearly 24% above the 2010 level with airplanes and agricultural products being the largest export categories. The recent U.S.–South Korean free trade agreement and Russia joining the World Trade Organization in 2012 may strengthen the state export sector.[4]

Fueled by the spike in demand for apartment housing, and the consequential tightening of vacancy rates and upward pressure on rental rates, development of new multi-family apartment projects is occurring in earnest.

Retail Market 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 assets[5].

For year 2011, commercial real estate sales transaction volume is increasing and underlying economic fundamentals are a cause for optimism. Research reports indicate that the regional retail market is thought to have stabilized in 2011, following difficult market conditions from 2008 thru 2010. 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.[6] The demand for well-stabilized retail assets 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.

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 user 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 properties[7].

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[4] The Seattle Times, "Economy shows signs of strength amid the weakness" 12/27/2011
[5] PwC Real Estate Investor Survey, 4th Quarter 2010, pg. 2
[6] Marcus & Millichap, 2012 National Retail Report, pg. 53
[7] PwC Real Estate Investor Survey, 4th Quarter 2010, pg. 8

Marcus & Millichap had ranked Seattle the third best retail market in the country, with San Francisco and San Jose ranked as the No. 1 and 2 markets, respectively. San Diego ranked fourth with Austin finishing fifth. The Marcus & Millichap reports states that for 2012, King County will be the big draw within the greater Puget Sound market area.

According to the Marcus & Millichap report:[8]

- **2012 NRI Rank: 3rd, Up 7 Places.** The Puget Sound gained seven spots in the ranking due to tight conditions and elevated retail sales projections.
- **Vacancy Forecast:** Vacancy in the local retail sector will fall 70 basis points in 2012 to 5.8 percent, after retreating 40 basis points in 2011.
- **Rent Forecast:** Asking rents will tick up 1.0 percent in 2012 to $21.54 per square foot as effective rents rise 1.6 percent to $18.93 per square foot.
- **Investment Forecast:** King County's Class A grocery-anchored centers are likely to trade at cap rates in the low-6-percent range. Similar anchored properties in secondary locations, meanwhile, will sell with first-year returns around 8 percent.
- **Employment Forecast:** Puget Sound payrolls will rise 3.1 percent in 2012, or by 52,000 workers, besting the addition of 44,000 workers in 2011.
- **Construction Forecast:** Builders will bring 360,000 square feet of space online this year, up from 347,000 square feet last year.

Major Retail - 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. Many building permits, which had been previously on hold due to the negative economy, have been reissued for current and future development.

Major 2011/2012 Construction Activity	
Maple Value Town Square	Maple Valley Town Square is a 240,000/SF Fred Meyer anchored development now currently under construction.
Downtown Target	Target is opening a new 103,000/SF retail space across three levels, which includes underground parking. The Target store is at the base of the 24-story Newmark Residential Tower. Project to be completed in July of 2012.
Bellevue Wal-Mart	Conversion of former K-Mart Department store into new Wal-Mart. Project completed in July of 2012
Factoria Mall Wal-Mart	Conversion of former Mervin's Department store into new Wal-Mart. Project currently under construction to be completed in late summer or early fall of 2012.
Westlake Mall	New 42,500/SF Nordstrom Rack. Project completed in early spring of 2012.
University Village	Conversion of former Barnes & Noble Book Store into new furniture store + construction of new 1st level retail bldg. with parking garage over retail. Project to be completed in late 2012, early 2013.
Greenwood Fred Meyers	Major renovation, which includes a 55,000/SF expansion. Adjacent grocery store demolished and to be built within existing Fred Meyer store.
Crossroads	Conversion of former Circuit City retail building in to Climbing Wall & Fitness Center. Project completed in spring of 2012.
Former Auburn Wal-Mart	Conversion of former Wal-Mart in to Coastal Farms and Ranch. Project was completed in early spring of 2012.
Fairview Center	New 45,000/SF LA Fitness center + line retail expansion. Project completed early 2012.

[8] Marcus & Millichap, 2012 National Retail Report, pg. 53

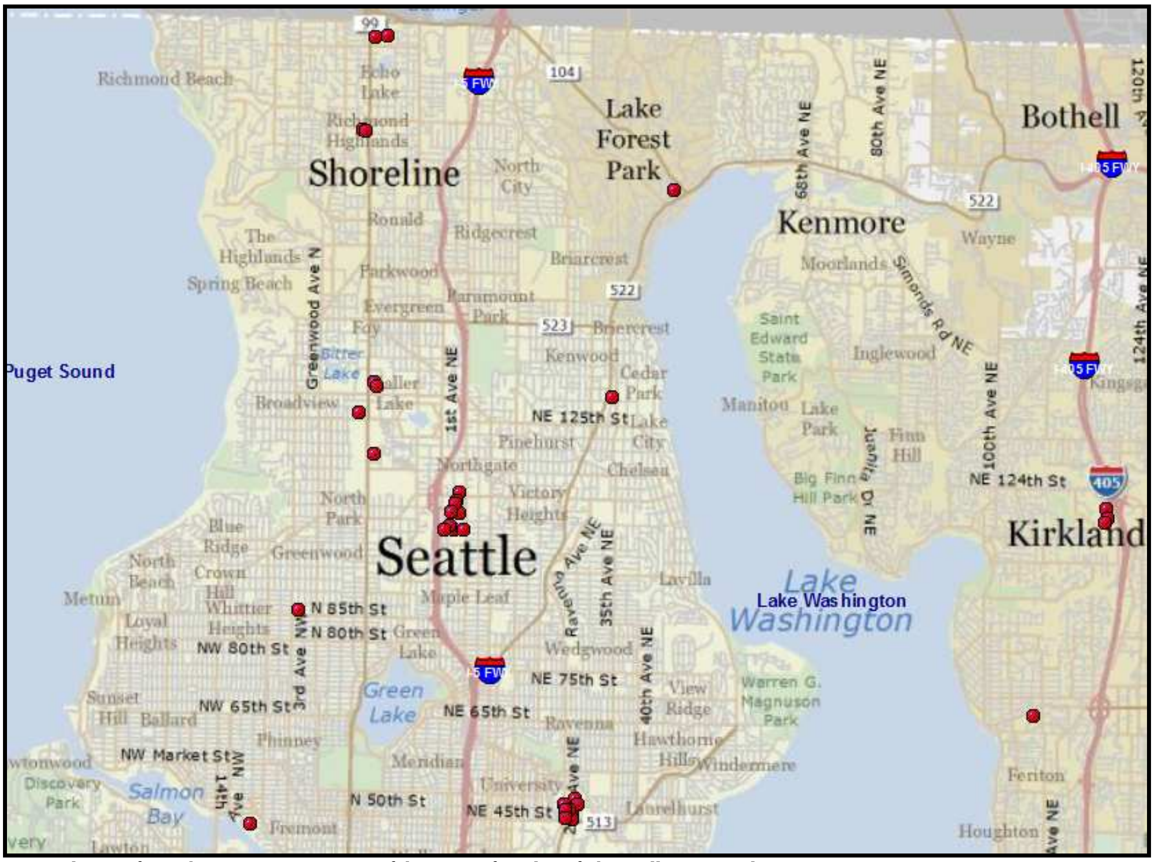
Major Retail Summary: For 2012, rents are expected to rise as the economic recovery continues. With respect to the greater major retail market, 2011 experienced stable to slightly increasing property values generally due to stable to slightly increasing lease rates, stable to decreasing vacancy rates, and decreasing cap rates, resulting in increasing property values. The demand for stabilized well-positioned investment properties with strong NOI's have increased.

2011 YEAR END				
CATEGORY	***LEASE RATES***	***VACANCY***	***CAPITALIZATION RATE***	***IMPROVED PROPERTY VALUES***
MAJOR RETAIL	↔/↗ (STABLE TO SLIGHT INCREASE)	↔/↘ (STABLE TO SLIGHT DECREASE)	↘ (SLIGHT DECREASE)	↗ INCREASE

Physical Inspection Identification:

- The physical inspection for the 2012 revalue included those major retail properties located north of Downtown Seattle & West of Interstate 405 as required by WAC 458-07-015 4 (a). An exterior observation of the properties was made to verify the accuracy and completeness of property characteristic data that affect value.

- Within the 2012 physical inspection area, there were 33 parcels in all, which represents approximately 11.62% of the total major retail population. Of the 33 parcels that were physically inspected, 26 parcels were improved with the remainder being vacant associated parcels.



*Please refer to the appropriate section of this report for a list of physically inspected properties.

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.[9] Of the four valid improved sales from 01/01/2009 to 01/13/2012, only two sales occurred after the previous assessment date of 1/1/2011.

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[9] 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 Values:

Sales Comparison Approach Model Description

The Sales Comparison Approach was not used due to small number of sales relative to the size and complexity of the area's major retail population.

Generally, the market approach is utilized when an adequate sales market exists. Standards are set by the International Association of Assessment Officers. When improved sales are available, 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. Between 01/01/2009 and 01/13/2012, four improved sales were verified as "Sales Used". Below is a brief description of each improved sale.

Excise No.	Area	Name	Sales Price	Sales Date	Sales $/SF	Comments:
2387489	250-30	IKEA	$32,800,000	4/21/2009	$42.78	Property listed for sale on open market. Sellers had similar offers and chose to sell to current tenant, IKEA. IKEA had recently signed a 10 yr. lease at $3.57/SF NNN per GLA. The sellers considered all buildings (retail and parking) to be equivalent to warehouse space.
2456809	250-30	Former Costco Furniture Warehouse	$10,500,000	9/01/2010	$102.26	Property was marketed for sale for approximately 4 months before the City of Kirkland purchased it. The building will be converted for use by the city courts and police department.
2484658	250-63	Westwood Village	$78,100,000	3/28/2011	$257.76	Community Center- At time of sale, occupancy was 97% with a reported cap rate of 6.75%.
2526907	250-30	Covington Esplanade	$31,275,000	1/13/2012	$188.15	Multiple line retail buildings anchored by Home Depot. Home Depot and Red Robin were on ground leases.

Cost approach

Cost estimates are calculated 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 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.

<u>Income:</u> 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.

<u>Vacancy:</u> Vacancy rates used were derived mainly from published sources tempered by personal observation.

<u>Expenses:</u> 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 expenses for typical retail/mixed-use & industrial type uses. For typical office/medical buildings, the assessor used full service expenses within the valuation models.

<u>Capitalization Rates:</u> 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 2011)						
Property Type	**Market**	**# of Bldgs**	**Total Sq.Ft.**	**Direct Vacancy**	**Vacancy Rate**	**Quoted Avg. NNN Rents**
Total Retail	Downtown Seattle	3,095	31,476,472	921,670	3.0%	$21.06/SF
	Eastside	1,520	27,528,496	1,509,274	5.6%	$22.37/SF
	North end	3,417	45,058,009	2,730,635	6.1%	$17.14/SF
	South end	1,890	30,416,654	2,380,552	8.1%	$15.71/SF
Malls	Downtown Seattle	2	864,491	0	0.5%	$0.00/SF
	Eastside	5	3,749,868	241,676	6.4%	$35.80/SF
	North end	5	4,390,552	172,326	3.9%	$22.36/SF
	South end	5	4,944,470	128,574	2.7%	$27.89/SF
Power Centers	Downtown Seattle	1	405,016	11,985	3.0%	$32.89/SF
	Eastside	3	1,039,232	1,681	0.2%	$27.06/SF
	North end	7	2,630,597	88,652	3.4%	$23.49/SF
	South end	3	1,219,445	119,244	9.8%	$16.53/SF
Shopping Centers	Downtown Seattle	116	2,960,015	152,202	5.9%	$27.59/SF
	Eastside	226	11,244,033	970,276	9.0%	$22.05/SF
	North end	364	16,031,512	1,514,351	9.5%	$18.22/SF
	South end	243	10,948,816	1,344,821	12.7%	$16.25/SF

OfficeSpace.Com Retail Market Statistics (Seattle Mkt. Area - 4th Qtr. 2011)						
Property Type	**Market**	**# of Bldgs**	**Total Sq.Ft.**	**Direct Vacancy**	**Vacancy Rate**	**Quoted Avg. NNN Rents**
Total Retail	Downtown Seattle	178	5,183,507	385,935	7.45%	$31.19/SF
	Eastside	568	12,473,810	954,469	7.65%	$27.96/SF
	North end	596	16,362,006	1,510,460	9.23%	$21.51/SF
	South end	558	11,615,158	1,700,992	14.64%	$21.05/SF

Chainlinks Retail Advisors Retail Market Statistics (Seattle 3rd Qtr. 2011)						
Property Type	**Market**	**# of Bldgs**	**Total Sq.Ft.**	**Direct Vacancy**	**Vacancy Rate**	**Quoted Avg. NNN Rents**
	Malls	22	17,538,648	744,572	4.24%	$26.35/SF
	Power Centers	15	5,695,126	250,092	7.65%	$18.52/SF
	Shopping Centers	1,339	56,871,165	5,601,471	9.85%	$17.98/SF
	All Non-Freestanding	1,381	81,271,669	6,635204	8.16%	$21.05/SF

NAI Global Market Statistics (3rd Qtr. 2011)						
Property Type	**Market**	**# of Bldgs**	**Total Sq.Ft.**	**Direct Vacancy**	**Vacancy Rate**	**Quoted Avg. NNN Rents**
	Downtown	-	-	-	5.5%	$28/SF - $75/SF $45/SF
	Power Centers	-	-	-	4.4%	$19/SF - $32/SF $28/SF
	Shopping Centers	-	-	-	8.3%	$14/SF - $36/SF $24/SF
	Regional Malls	-	-	-	5.8%	$30/SF - $75/SF $42/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.

NATIONAL / PACIFIC NW CAP RATES					
Source	***Date***	***Location***	***Retail Type***	***Cap Rates***	***Remarks***
ACLI	*Yr. End 2011*	*National*	*Retail*	*8.25% 7.72% 7.59% 6.30%*	*Loan Size = $2mil. - $4.99mil. Loan Size = $5mil. - $14.99mil. Loan Size = $15mil. - $24.99mil. Loan Size = $25mil +*
Korpaz (PWC)	*4Q 2011*	*National*	*Strip Shopping Centers Power Centers Regional Malls*	*Avg. = 7.16% Avg. = 7.35% Avg. = 7.23% Avg. = 6.45% Avg. = 7.23%*	*Range = 5.00% - 6.25% Range = 9.00% - 9.50% Overall Range = 4.75% - 10.50% Class A/A+ Rnge. = 4.75% - 8.50% Class B/B+ Rnge. = 6.00% - 10.50%*
PWC Emerging Trends in Real Estate 2012	*Oct. 2011*	*National*	*Neighborhood/Community Shopping Centers Power Center Regional Malls*	*- 7.12% 7.43% 6.60%*	*(Aug. 2011)*
CBRE – Capital Markets Cap. Rate survey.	*Aug.-11*	*Seattle*	*Neighborhood/Comm. Centers (Grocery Anchored)*	*5.75% - 6.50% 7.00% - 7.50% 8.00% - 9.50%*	*Class A - Down from 2nd ½ 2010 Class B - Down from 2nd ½ 2010 Class C - Down from 2nd ½ 2010*
			Power Centers	*6.25% - 7.00% 7.25% - 8.50% 9.50% - 10.50%*	*Class A - Down from 2nd ½ 2010 Class B - Down from 2nd ½ 2010 Class C - Down from 2nd ½ 2010*
	Mar.-12	*Seattle*	*Neighborhood/Comm. Centers (Grocery Anchored)*	*5.50% - 6.25% 6.25% - 7.25% 8.00% - 11.00%*	*Class A - Down from 1st ½ 2011 Class B - Down from 1st ½ 2011 Class C - Down from 1st ½ 2011*
			Power Centers	*5.50% - 6.50% 5.50% - 6.50% 9.00% - 11.00%*	*Class A - Down from 1st ½ 2011 Class B - Down from 1st ½ 2011 Class C - Down from 1st ½ 2011*
Terranomics Chainlinks Retail Advisors	*Fall 2011*	*Pacific Region*	*Shopping Centers (All Types)*	*7.00%*	
			Neighborhood/Community Shopping Centers Strip Centers Jr. Box (Sq.Ft. = 20k-40k) Mid Box (Sq.Ft. = 40k-80k) Mega Box (Sq.Ft. = 80k+)	*- 7.00% 7.50% 6.80% 7.40% 7.50%*	
IRR Viewpoint for 2012	*Yr. End 2011*	*Seattle*	*Regional Mall Community Mall Neighborhood Strip Center*	*6.50% 7.50% 7.50%*	
Calkain Research (Net Lease Single-Tenant Cap Rate Report)	*Yr. End 2011*	*National*	*Big Box*	*7.90%*	
The Boulder Group Big Box Report	*Nov. 2011*	*National*	*Big Box - Invest. Grade Big Box - Non-Invest. Grade Jr. Box (Sq.Ft. = 20k-40k)*	*7.50% 8.50% 8.22%*	

NATIONAL / PACIFIC NW CAP RATES					
Source	**Date**	**Location**	**Retail Type**	**Cap Rates**	**Remarks**
			Mid Box (Sq.Ft. = 40k-80k) *Mega Box (Sq.Ft. = 80k+)*	*8.50%* *8.37%*	
		West Coast		*7.75%*	
Real Capital Analytics	*4th Qtr. 2011* *Yr. End 2011*	*National*		*7.50%* *7.50%*	
	4th Qtr. 2011 *Yr. End 2011*	*Seattle*		*7.20%* *7.40%*	
CoStar Group	*Oct. 10 to Sept. 11*	*Seattle / Puget Sound*	*< 25K SF* *100K SF – 249K SF* *>250K SF*	*7.80%* *7.35%* *6.75%*	*Based on 161 Sales* *Based on 5 Sales* *Based on 2 Sales*
PERC-CCIM Invest. Trends Quarterly	*Yr. End 2011*	*National*	*Retail*	*7.70%* *7.90%*	*(Wtd. Avg.) 12 Mth. Trailing Avg.* *(Median) 12 Mth. Trailing Avg.*
		West Region		*7.10%* *7.30%*	*(Wtd. Avg.) 12 Mth. Trailing Avg.* *(Median) 12 Mth. Trailing Avg.*

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 year built and quality of construction. Fifteen tables were created to value the less complex mall properties and downtown Seattle department stores.

Income Model Conclusions:

The following parameters were used to value major retail properties: typical rents for retail ranged from $15.00 to $35.00 per square foot of rentable area and capitalization rates were 7.0% to 8.25%. Allowances for vacancy and collection loss were typically stabilized at 8% or 10% and expenses at 10% to 25%. Properties with a history of extremely high vacancy or other negative factors were given higher vacancy and capitalization rates. Anchor stores have relatively low rents; less than $9.00 per square foot per year. Smaller retail stores in premium locations may lease for as much as $75 per square foot per year. The Assessor used average leasing rates for in-line retail stores from $20.00 to $45.00 per square foot. Capitalization rates of 6.75% to 8.0% were used in the analysis of the regional malls. 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 2012 assessment year experienced stable to slightly increasing property values generally due to stable to slightly increasing lease rates, lower vacancy rates & lower capitalization rates. As mentioned earlier in this report, there were only four sales of major retail properties. Because of the lack of market sales, the appraiser relied heavily on the economic income approach.

Application of these recommended values for the 2012 assessment year results in a total change from the 2011 assessments of +5.69%. The total assessed value for the 2011 assessment year was $3,363,891,100, and the total recommended assessed value for the 2012 assessment year is $3,555,275,300.

Total Population - Parcel Summary Data:			
	Land	***Imps***	***Total***
2011 Value	*$2,115,220,300*	*$1,248,670,800*	*$3,363,891,100*
2012 Value	*$2,094,704,700*	*$1,460,570,600*	*$3,555,275,300*
Percent Change	***-0.97%***	***+16.97%***	***+5.69%***

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 fully understand 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.*

07/02/2012

Commercial Appraiser II
King County Department Of Assessments

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
250	030	179631	0010	166,220	2526907	$31,275,000	01/13/12	$188.15	HOME DEPOT - COVINGTON	MC	7	Y	
250	030	362304	9113	766,735	2387489	$32,800,000	04/21/09	$42.78	IKEA Warehouse	IM	2	Y	
250	030	620930	0010	102,682	2456809	$10,500,000	09/01/10	$102.26	Costco Furniture Warehouse	TL 4B	1	Y	
250	063	362403	9009	302,999	2484658	$78,100,000	03/28/11	$257.76	WESTWOOD VILLAGE SHOPPING CENTER	C1-40	2	Y	

Improvement Sales for Area 250 with Sales not Used

07/03/2012

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
250	030	232104	9031	124,349	2446888	$9,500,000	06/17/10	$76.40	WAL MART	C3	1	11	Corporate affiliates
250	030	252304	9063	222,968	2486412	$19,042,103	04/08/11	$85.40	COSTCO	TUC	2	44	Tenant
250	030	292104	9096	117,433	2527853	$5,000,000	01/27/12	$42.58	building vacant, former Lowes	CE	1	34	Change of Use - Deed Restrictions
250	030	232104	9031	124,349	2528543	$2,800,000	01/30/12	$22.52	former WALMART	C3	1	34	Change of Use - Deed Restrictions