



DATE: November 13, 2024
TO: Board of Commissioners
FROM: Shea Flaherty Betin, Interim Executive Director
SUBJECT: Report Number 24-53
Authorizing the Acquisition of Real Property Located at NE 102nd Avenue and Pacific Street in the Gateway Regional Center Tax Increment Finance District

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7586

This action by the Prosper Portland Board of Commissioners (Board) would authorize the Executive Director to approve a Term Sheet that allows for executing a purchase and sale agreement (PSA) with Modomi Gateway LLC (Modomi) and thereafter acquire approximately 5.2 acres of real property located at NE 102nd Avenue and Pacific Street (Property) in the Gateway Regional Center Tax Increment Finance District (see an Aerial Site Map in Attachment A). The Term Sheet includes a purchase price to Prosper Portland of \$10,600,000 as well as an option for Cody Development Corp. (Cody) to buy the Property within five years, subject to predevelopment and development obligations.

The Term Sheet is structured to redevelop a key site within Gateway and to satisfy a \$3,000,000 infrastructure funding commitment to David Douglas School District (DDSD). The action will enable Prosper Portland to better pursue development of the Property, ensure delivery of infrastructure improvements, take action in response to community requests, and satisfy commitments to DDSD. Cody intends to develop approximately 216 units of middle-income housing on the Property.

STRATEGIC ALIGNMENT AND OUTCOMES

This action has primary alignment with Advance Portland Action 3.8: Address Housing Production Across a Continuum of Affordability. Because this proposal is a key piece of various investments and actions in the Gateway TIF District, related development of the site will also align with Advance Portland Actions, 3.7: Neighborhood Connectivity and 4.1: Construction and Workforce Equity.

The related alignment comes from the application of Prosper Portland's Green Building Policy and Construction Business and Workforce Equity Policy for the development of the site; continued implementation of an Intergovernmental Agreement (IGA) with PBOT for the development of NE 100th Avenue as previously approved by the Prosper Portland Board; sidewalk improvements on Pacific Avenue; and privately developed housing helping to deliver on the City of Portland's Housing Production Strategy.

This action also aligns with the Gateway Action Plan, which calls for:

- Activating a Livable Gateway, Action 2.4: Advance at least two larger scale infrastructure connectivity and safety projects.

- Housing Production & Opportunity, Action 3.1: Support delivery of a signature project of 250 units or more.

BACKGROUND AND CONTEXT

In August 2016, the Gateway Action Plan was approved by City Council and identified the Gateway Transit Center area, including the Property, as one of three strategic geographic areas for TIF district investment. In 2016, the previous Property owners and a multiparty partnership that also included Mt Hood Community College, Warner Pacific College, and the YMCA of Columbia-Willamette approached Prosper Portland seeking investment in a development vision for the property that included workforce development, multigenerational housing, and small business development. In 2018, staff undertook a public engagement process to identify community priorities for Prosper Portland investment on the site. When the project as envisioned was deemed infeasible, in 2023, the Property owners sold the site to Modomi for \$11,070,000.

On June 7, 2022, the Prosper Portland Board approved the First Amendment to the Gateway Regional Center Urban Renewal Plan, which allowed the district to reach maximum indebtedness and increased the amount of resources available to Prosper Portland and Portland Housing Bureau to deliver on the commitments made in the TIF Plan and subsequent Action Plans.

In December 2023, Prosper Portland staff crafted a strategy to guide acquisition of property in the Gateway TIF District in support of requests from community partners to make more direct investments to catalyze growth in Gateway. These requests emerged from conversations held while updating the Gateway Action Plan that was later approved by the Prosper Portland Board and City Council.

The acquisition strategy identified persistent redevelopment challenges for Gateway including:

- High land value expectations relative to market conditions;
- Low basis of land and carrying costs for long term property owners;
- Lack of inviting places (e.g., vacant lots near the transit center); and
- Zoning constraints (e.g., higher density expectations than elsewhere in the East Portland market).

On January 24, 2024, the Prosper Portland Board approved Resolution No. 7519, authorizing the terms of a development agreement (DA) for the Property with Modomi, including commitments from Prosper Portland to invest in adjacent street and sidewalk infrastructure. These infrastructure investments would support both the private development and satisfy Prosper Portland's commitment to DDSD to "fund \$3,000,000 tied to land development and infrastructure costs at properties at NE 99th and Pacific or otherwise within the boundaries of the Plan." In a related action, the Prosper Portland Board approved Resolution No. 7520, authorizing execution of an intergovernmental agreement (IGA) with the Portland Bureau of Transportation (PBOT) whereby PBOT would construct NE 100th Avenue using System Development Charges dedicated to Gateway and Prosper Portland would contribute \$2,849,101 to construct adjacent infrastructure along Pacific and Oregon Streets.

In early 2024, Modomi's redevelopment plans for the Property, due to reasons not associated with the Property, were put on hold to allow for a financial restructuring of the venture. Prosper Portland staff continued to work with Modomi to identify potential paths forward to develop a project under a different structure, ultimately landing on an approach for Prosper Portland to purchase the Property, at a discount, for \$10,600,000 and offer an option for Cody to buy the Property within five years. Staff consider the purchase price reasonable, given that it falls within the range of two appraisals and one Broker Opinion of Value for the Property conducted between 2018 and 2024 (see Attachments B, C, and D) and is below the price the Modomi paid.

The Term Sheet seeks to balance the interests of implementing the updated Action Plan, honoring Prosper Portland’s commitments to DDSD and advancing development of a key site in Gateway. Prosper Portland will in its own discretion move forward the infrastructure improvements on Pacific Street just as PBOT, under the terms of the IGA, will continue to move forward with 100th Avenue improvements.

As noted, the Term Sheet establishes an option for Cody to purchase the Property. Cody also commits to predevelopment work to advance a project toward development in three to five years, as a condition of exercising the option. The Term Sheet allows the parties to also negotiate a ground lease to better manage project cash flow and initial costs of development.

EQUITY IMPACT

Prosper Portland’s Construction Business and Workforce Equity Policy and Green Building Policy will apply to any disposition and development agreement and partnership related to the Property. There will also be a Construction Equity Fund Contribution associated with the development. Inclusionary housing requirements could be triggered if the project is redesigned to incorporate buildings of 20 units or more.

COMMUNITY PARTICIPATION AND FEEDBACK

Prosper Portland staff has participated in many conversations with the developer and community partners. Additionally, staff continued to communicate with members of the advisory committee who advised on creation of the updated Gateway Action Plan, which identified this as a potential project. Staff has also stayed connected with adjacent property owners who continue to track the timing of this project as a cue for moving forward their own redevelopment efforts.

BUDGET AND FINANCIAL INFORMATION

There are sufficient resources in the fiscal year (FY) 2024-25 Gateway Regional Center TIF District budget and forecast (see Attachment E) to fund the purchase. Post-acquisition carrying costs are estimated to be \$200,000 in the first year and \$90,000 annually thereafter. Therefore, future Gateway TIF District budgets will include funds for property management expenses.

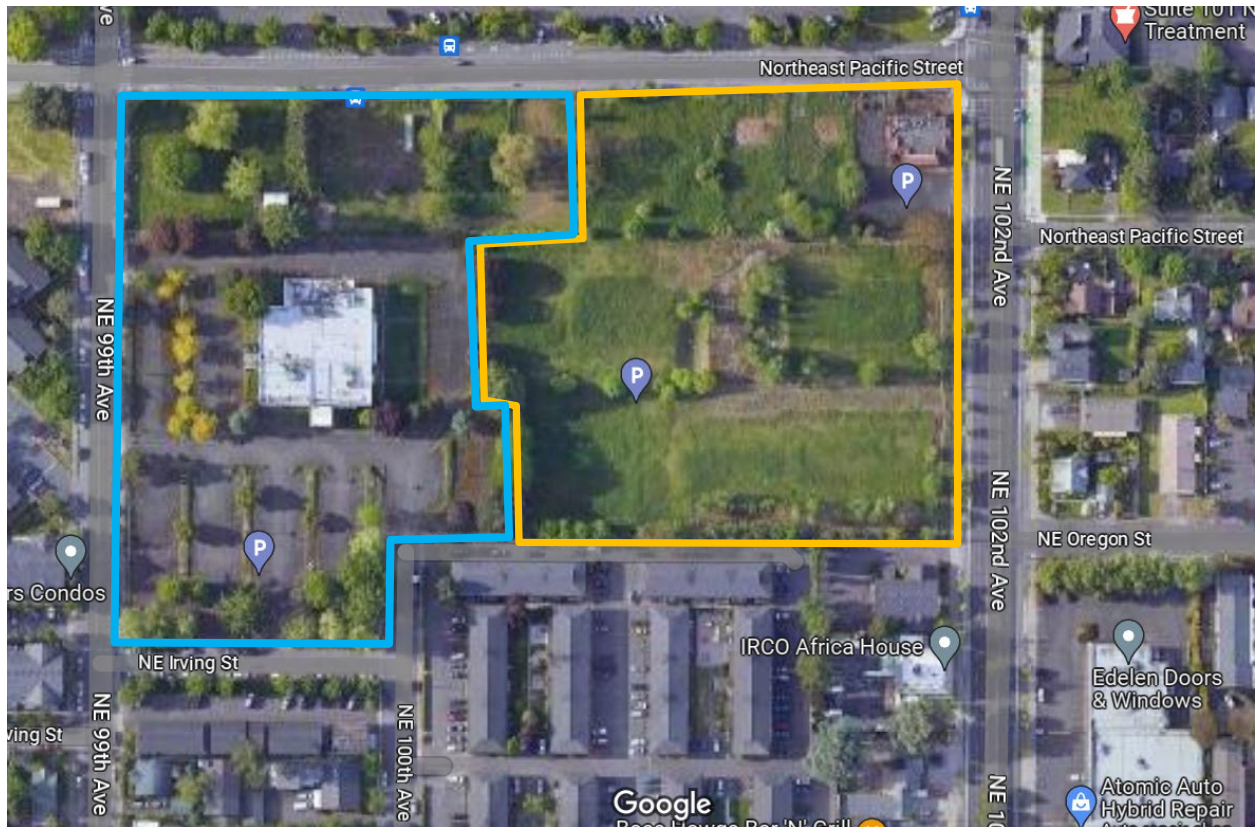
RISK ASSESSMENT

While there is a risk is that development of the Property does not occur within five years, Prosper Portland would continue to own a large site with flexible zoning in a transit-accessible district.

ATTACHMENTS

- A. Aerial Site Map
- B. Property Appraisal (2018)
- C. Property Appraisal (2020)
- D. Property Broker’s Opinion of Value (2024)
- E. Gateway TIF District Budget and Forecast

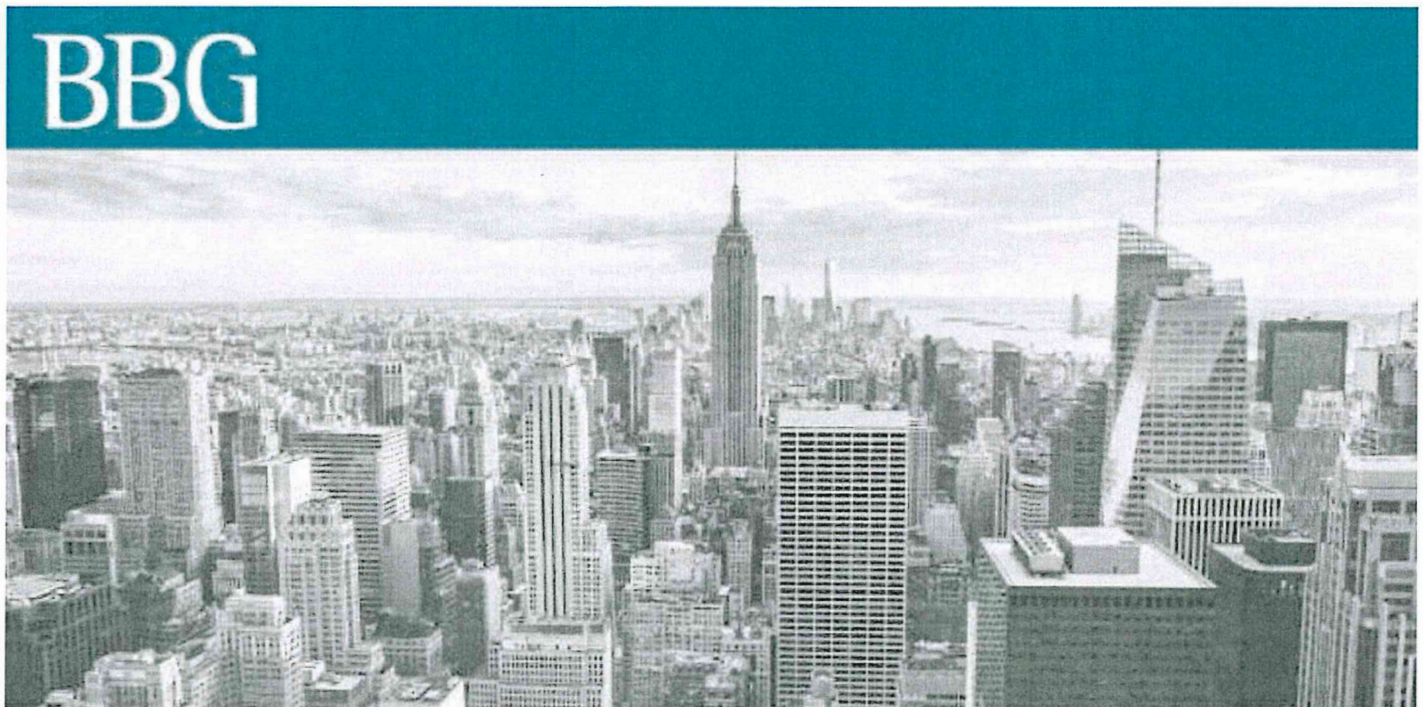
AERIAL SITE MAP



102nd & Pacific



David Douglas School District Site



Gateway Acreage

Vacant land
NE Corner of NE Pacific and NE 102nd
Portland, Oregon 97220
BBG File #0118005609

Prepared For

Mr. Gregory Brown
Riverview Community Bank
900 Washington Street, Suite 900
Vancouver, WA 98660
Riverview Community Bank

Report Date

June 13, 2018

Prepared By

BBG, Inc., Portland Office
1220 SW Morrison St, Suite 800
Portland, OR 97205
Ph: (503) 478-1012
Client Manager: Phillip Hanshew
phanshew@bbgres.com





June 13, 2018

Mr. Gregory Brown
Riverview Community Bank
900 Washington Street, Suite 900
Vancouver, WA 98660

Re: Appraisal of Real Property
Gateway Acreage
NE Corner of NE Pacific and NE 102nd
Portland, Oregon 97220
BBG File #0118005609

Dear Mr. Brown,

In accordance with your authorization (per the engagement letter found in the addenda of this report), we have prepared an Appraisal of the above-referenced property.

The subject properties are multiple parcels of land totaling 7.45 acres. The overall acreage is divided by ownership, of which there are two. The majority of the land, 5.18 acres, is owned by GMB Unlimited. The remaining 2.27 acres is owned by David Douglas, who is selling this portion of land from a larger parcel located immediately to the south. The site is relatively flat and is zoned Central Commercial (CX).

GMB Unlimited has a 50% partner in White, Gabriel, White LLC. The two are under contract for the higher of fair market value or \$1,900,000 plus 5% increases per year. The buyer is in the process of planning the site as a multigenerational, mixed-use project. However, the plans have not yet been finalized.

This appraisal report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), the appraisal guidelines set forth in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the December 2010 Interagency Appraisal and Evaluation Guidelines. This report has been written in accordance with the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute. In addition, this report is intended to be in compliance with additional requirements of Riverview Community Bank (client). Riverview Community Bank It is the understanding of the appraisers that the report will be used by the client for mortgage financing.

Note: Our estimate of market value is subject to the following Extraordinary Assumptions and/or Hypothetical Conditions:

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards Rule 2-2(a)(xi), it is stated here that the use of any extraordinary assumptions might have affected the assignment results.

Extraordinary Assumption(s)	This appraisal employs no extraordinary assumptions.
Hypothetical Condition(s)	This appraisal employs no hypothetical conditions.

Mr. Brown
June 13, 2018
Page 2

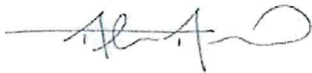
Based on our inspection of the property and the investigation and the analysis undertaken, we have concluded the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is (2.27 AC)	Fee Simple	June 6, 2018	\$3,460,000
As Is (5.18 AC)	Fee Simple	June 6, 2018	\$11,280,000
As Is (Combined)	Fee Simple	June 6, 2018	\$14,600,000

This letter must remain attached to the report, which contains 60 pages plus related exhibits, in order for the value opinion set forth to be considered valid.

Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Sincerely,
BBG, Inc.



Alex Annand
OR Certified General Appraiser
License #: C001259
Ph: 503-478-1009
Email: aannand@bbgres.com



Phillip Hanshew, MAI
OR Certified General Appraiser
License #: C001002
Ph: 503-478-1012
Email: phanshew@bbgres.com

TABLE OF CONTENTS

Subject Property.....	1
Summary of Salient Facts	2
Property History.....	4
Scope of Work.....	5
Regional Analysis	8
Neighborhood Analysis	17
Site Description	22
Improvements Description	30
Property Tax Analysis	33
Market Analysis	35
Highest and Best Use.....	48
Valuation Process.....	51
Land Valuation	52
Reconciliation and Final Value Estimate	60
Certification	61
Standard Assumptions and Limiting Conditions	62
Addenda	65



SUMMARY OF SALIENT FACTS 2

SUMMARY OF SALIENT FACTS

APPRAISAL INFORMATION

Client	Riverview Community Bank 900 Washington Street, Suite 900 Vancouver, WA 98660
Intended User(s)	This appraisal report may only be relied upon by the client and intended user(s) named herein Riverview Community Bank.
Intended Use	This appraisal is to be used for mortgage financing purposes.
Property Rights Appraised	Fee Simple - As Is (2.27 Ac) Market Value - June 6, 2018 As Is (5.18 Ac) Market Value - June 6, 2018 As Is Market Value - June 6, 2018
Premise Summary	As Is (2.27 Ac) Market Value - June 6, 2018 As Is (5.18 Ac) Market Value - June 6, 2018 As Is Market Value - June 6, 2018
Date of Inspection	June 6, 2018
Report Date	June 13, 2018
Marketing Time	3-6 Months
Exposure Time	3-6 Months
Owner of Record	GBM Unlimited LLC/ David Douglas Schools
Most Probable Purchaser	Developer
Highest and Best Use	
If Vacant	Mixed-use, master planned development
As Improved	Mixed-use, master planned development

SUMMARY OF SALIENT FACTS 3

PROPERTY DATA			
Property Name	Gateway Acreage		
Address	NE Corner of NE Pacific and NE 102nd Portland, Oregon 97220		
Location	SWC of NE 102nd Ave and NE Pacific St		
Property Description	Land (Commercial)		
County	Multnomah		
Parcel Number	R319489, R319488, R319487, R319485, R319484, R319513, R319483, R319481, R319514, R319643, R319667, and R319690		
Legal Description	Map #1N2E33AD, Tax Lots 100, 400, 500, 600, 700, 800, 900, 1000, 1100, 1200, 1300 1500, and 1600		
Site Area			
Primary Site	98,881 square feet	(2.27 acres)	
Excess Land	225,640 square feet	(5.18 acres)	
Total	324,521 square feet	(7.45 acres)	
Zoning	CXd; Central Commercial		
Flood Status	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.		

VALUE INDICATIONS			
As Is as of June 6, 2018 (2.27 AC)			
Land Value	\$3,460,000	\$34.99	Per Square Foot of Land
As Is as of June 6, 2018 (5.18 AC)			
Land Value	\$11,280,000	\$49.99	Per Square Foot of Land
As Is as of June 6, 2018 (Combined)			
Land Value	\$14,600,000	\$44.99	Per Square Foot of Land
Exposure Time	3-6 months		
Marketing Time	3-6 months		

PROPERTY HISTORY 4

PROPERTY HISTORY

The buyers and seller of the property currently under contract have been accumulating parcels of land (within the immediate vicinity of the land that is involved in the transaction) since 1999. The transaction prices of each parcel vary greatly depending on the point in the economic cycle when they were purchased. Between the David Douglas School District and GMB Unlimited, the two own over 10 acres of land on this site.

Currently, the majority of the land is vacant and fenced; however, one structure occupies a marginal space within the site. This building is in disrepair and will be torn down upon the redevelopment of these sites.

PROPERTY HISTORY	
Current Contract	
Contract Date	October 30, 2017
Sale Price	Higher value of \$1,900,000 or Valuation provided by an appraisal
per SF NRA	\$19.22 +
Grantor	David Douglas School District No. 40
Grantee	GMB Unlimited/White Gabriel White, LLC
	The David Douglas school district will be selling a 2.27-acre section of the 5.18 acres they currently own. The buyer obtaining this parcel of land is responsible for the costs associated with the partitioning of the parcels. Additionally, the buyer has obtained first rights of refusal of the remainder of the site that the David Douglas School District will maintain ownership of.
Comments	
Recent Transaction	
Sale Date	February 3, 2015
Deed Book/Page	2015011449
Sale Price	\$3,800,000
per SF NRA	\$20.24
Grantor	Benevolent Protective Order
Grantee	David Douglas School District No. 40
	The buyer purchased this property with the intent to utilize the site to construct a new elementary school. Their plans included the demolition of the current improvements. David Douglas does not currently have the financial capabilities to construct any facilities. They plan to put a bond within the coming year in order to raise sufficient finances.
Comments	A 2.27-acre section at the northwest end of this property is the section of the property that is being sold in the land sale discussed above.

As a part of the closing of this deal, the buyer will make a property line adjustment that will combine the parcels they currently own as well as the parcels owned by the seller.

SCOPE OF WORK

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Most Probable Purchaser	Developer
Highest and Best Use	
If Vacant	Mixed-use, master planned development
As Improved	Mixed-use, master planned development

SCOPE OF WORK 6

SCOPE OF THE INVESTIGATION															
General and Market Data Analyzed	<ul style="list-style-type: none"> Regional economic data and trends Market analysis data specific to the subject property type Published survey data Neighborhood demographic data Comparable sale data Floodplain status Zoning information Assessor's information Interviewed professionals knowledgeable about the subject's property type and market 														
Inspection Details	An inspection of the entirety of the site was conducted.														
Property Specific Data Requested and Received	<table> <tr> <th colspan="2">PROPERTY DATA RECEIVED</th></tr> <tr> <td colspan="2">Site plan</td></tr> <tr> <td colspan="2">Sale contract</td></tr> <tr> <td colspan="2">Title report</td></tr> </table>	PROPERTY DATA RECEIVED		Site plan		Sale contract		Title report							
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Data Sources	<table> <tr> <th colspan="2">DATA SOURCES</th></tr> <tr> <td>Site Size</td><td>Assessor</td></tr> <tr> <td>Zoning Information</td><td>Planning Dept</td></tr> <tr> <td>Tax Data</td><td>Assessor</td></tr> <tr> <td>Flood Status</td><td>FEMA</td></tr> <tr> <td>Demographics Reports</td><td>Spotlight</td></tr> <tr> <td>Comparable Land Sales</td><td>Verification</td></tr> </table>	DATA SOURCES		Site Size	Assessor	Zoning Information	Planning Dept	Tax Data	Assessor	Flood Status	FEMA	Demographics Reports	Spotlight	Comparable Land Sales	Verification
DATA SOURCES															
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Demographics Reports	Spotlight														
Comparable Land Sales	Verification														

VALUATION METHODOLOGY	
Most Probable Purchaser	<p>To apply the most relevant valuation methods and data, the appraiser must first determine the most probable purchaser of the subject property.</p> <p>The most probable purchaser of the subject property "As Is" is a developer as the site is vacant with the exception of one building that is in poor condition.</p>
Valuation Methods Utilized	<p>This appraisal employs only the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. Since no improvements exist on site, the Cost Approach is not relevant. The property generates no income and is not typically marketed, purchased or sold on the basis of anticipated lease income; thus, the Income Capitalization Approach was precluded.</p>

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)	
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DEFINITIONS

Pertinent definitions, including the definition of market value, are included in the glossary, located in the Addenda to this report. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

Market Value

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. ⁽¹⁾

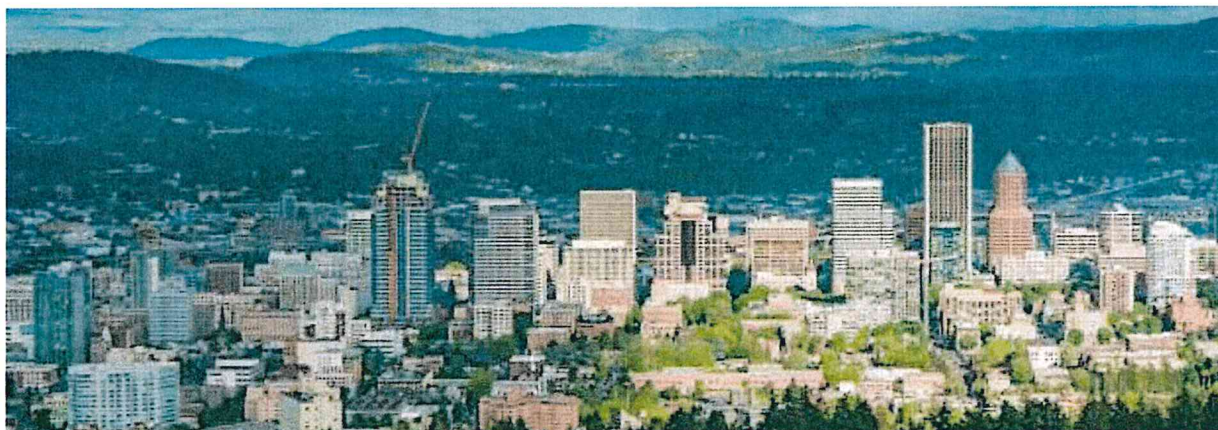
LEVEL OF REPORTING DETAIL

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.

This report is prepared as an **Appraisal Report**. An Appraisal Report must at a minimum summarize the appraiser's analysis and the rationale for the conclusions. This format is considered most similar to what was formerly known as a Self-Contained Appraisal Report in prior versions of USPAP.

⁽¹⁾ (Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

REGIONAL ANALYSIS



PORTLAND MSA

The subject is located in the Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area, hereinafter called the Portland MSA, as defined by the U.S. Office of Management and Budget. The Portland MSA is 6,684 square miles in size and is the 25th most populous metropolitan area in the nation.

Since 2009, Oregon has consistently been among the top ranked “inbound” states in the nation, and the majority of the state’s population growth has gone to the Portland MSA. People are attracted to the lifestyle that Portland offers and the Metro Area’s numerous job opportunities. The Portland MSA was recently ranked the best food city in the America and boasts the most craft breweries in the nation. Though there are many topical attractions in the area, job growth has been Portland’s strongest calling card.

The Metro Area has seen sustained job growth over 3.0% for the last 3 years and was recently ranked the most economically diverse large metro on the West Coast by Moody’s Analytics. Not only are Tech/Creative jobs growing-buoyed by comparatively low rents and employment cost, but in terms of share of total economic output, Portland’s advanced manufacturing is ranked 2nd in the nation. As a result of the diverse level of job creation and population growth, a dramatic amount of demand for office, industrial, and multifamily product has been growing during the upswing in the current real estate cycle.

POPULATION

The Portland MSA has an estimated 2018 population of 2,478,471, which represents an average annual 1.4% increase over the 2010 census of 2,226,009. The Portland MSA added an average of 31,558 residents per year over the 2010-2018 period, and its annual growth rate exceeded the State of Oregon rate of 1.1%.

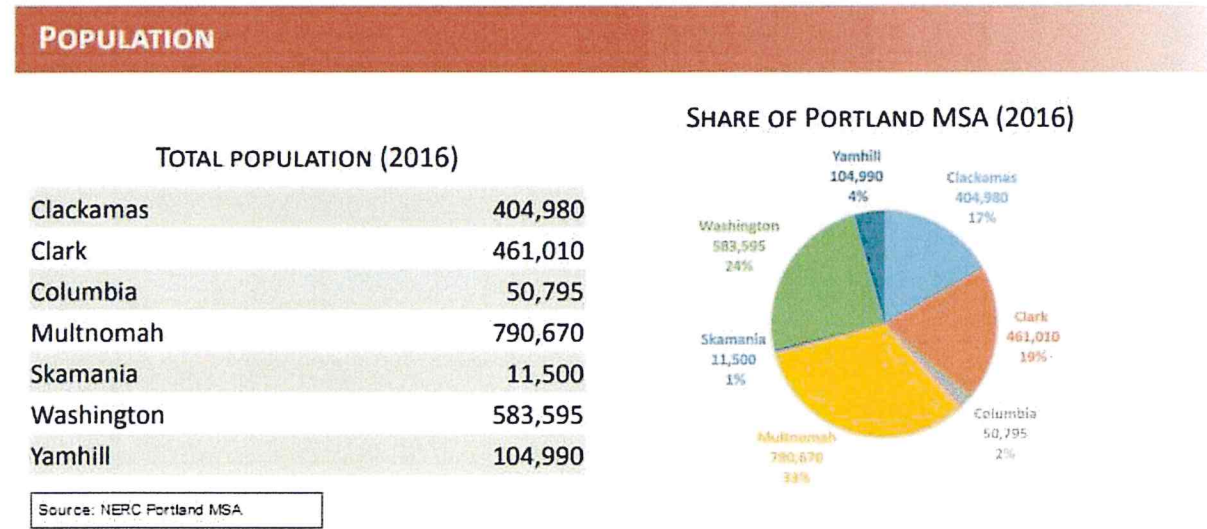
Looking forward, the Portland MSA’s population is projected to increase at a 1.3% annual rate from 2018-2023, equivalent to the addition of an average of 32,660 residents per year. The Portland MSA’s growth rate is expected to exceed that of Oregon, which is projected to be 1.1%.

	Population Trends			Compound Ann. % Chng	
	Population 2010 Census	2018 Estimate	2023 Projection	2010 - 2018	2018 - 2023
Portland MSA	2,226,009	2,478,471	2,641,772	1.4%	1.3%
Oregon	3,831,074	4,174,039	4,417,999	1.1%	1.1%

Source: EnviroNics Analytics

REGIONAL ANALYSIS 9

The following chart displays the total population of each county within the Portland MSA.



Multnomah County, where the City of Portland is situated, remains the largest within the metropolitan area. Washington County has overtaken both Clark and Clackamas County as the second largest in the metro area, due to the significant growth of the City of Hillsboro. Clark County (WA) is where the City of Vancouver is located. There will be significant growth in the coming years as the downtown area is undergoing major changes and increased density.

EMPLOYMENT

Total employment in the Portland MSA is currently estimated at 1,192,400 jobs. Between year-end 2007 and the present, employment rose by 132,200 jobs, equivalent to a 12.5% increase over the entire period. There were gains in employment in eight out of the past ten years despite the national economic downturn and slow recovery. The Portland MSA's rate of employment growth over the last decade surpassed that of Oregon, which experienced an increase in employment of 8.7% or 152,600 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Portland MSA unemployment rate has been consistently lower than that of Oregon, with an average unemployment rate of 6.9% in comparison to a 7.4% rate for Oregon. A lower unemployment rate is a positive indicator.

Recent data shows that the Portland MSA unemployment rate is 4.0% in comparison to a 4.3% rate for Oregon, a positive sign for the Portland MSA.

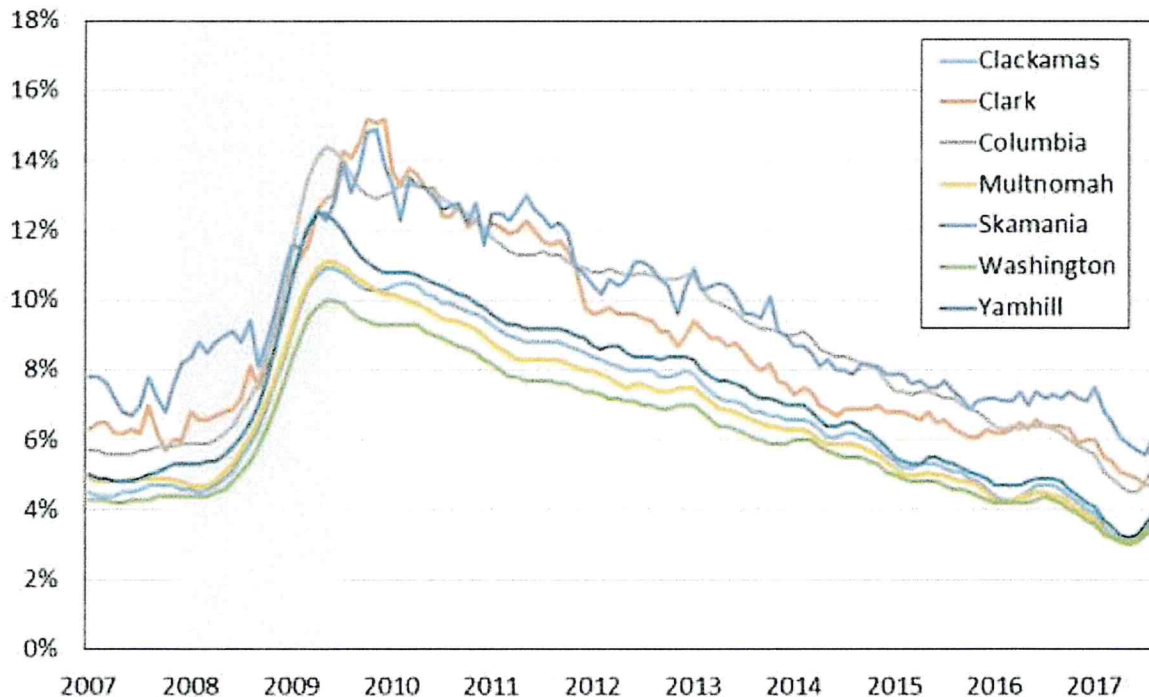
REGIONAL ANALYSIS 10

Employment Trends						
Year	Total Employment (Year End)		Unemployment Rate (Ann. Avg.)		Portland MSA	Oregon
	Portland MSA	% Change	Oregon	% Change		
2007	1,060,200		1,751,400		5.0%	5.2%
2008	1,027,300	-3.1%	1,684,200	-3.8%	6.1%	6.5%
2009	979,400	-4.7%	1,603,500	-4.8%	10.9%	11.3%
2010	997,200	1.8%	1,621,000	1.1%	10.3%	10.7%
2011	1,016,400	1.9%	1,638,900	1.1%	9.0%	9.5%
2012	1,036,200	1.9%	1,661,300	1.4%	8.0%	8.8%
2013	1,067,100	3.0%	1,705,500	2.7%	7.2%	7.9%
2014	1,101,000	3.2%	1,759,200	3.1%	6.2%	6.8%
2015	1,136,900	3.3%	1,817,400	3.3%	5.2%	5.6%
2016	1,162,700	2.3%	1,860,500	2.4%	4.7%	4.8%
2017	1,192,400	2.6%	1,904,000	2.3%	3.8%	4.1%
Overall Change 2007-2017	132,200	12.5%	152,600	8.7%		
Avg Unemp. Rate 2007-2017					6.9%	7.4%
Unemployment Rate - January 2018					4.0%	4.3%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

The following chart displays the unemployment rates within each county in the Portland MSA over the past decade.

Figure 12: Unemployment Rates by County, Portland MSA
Percent, 2007-2017 (WA counties seasonally adjusted manually)



Source: NERC Portland MSA

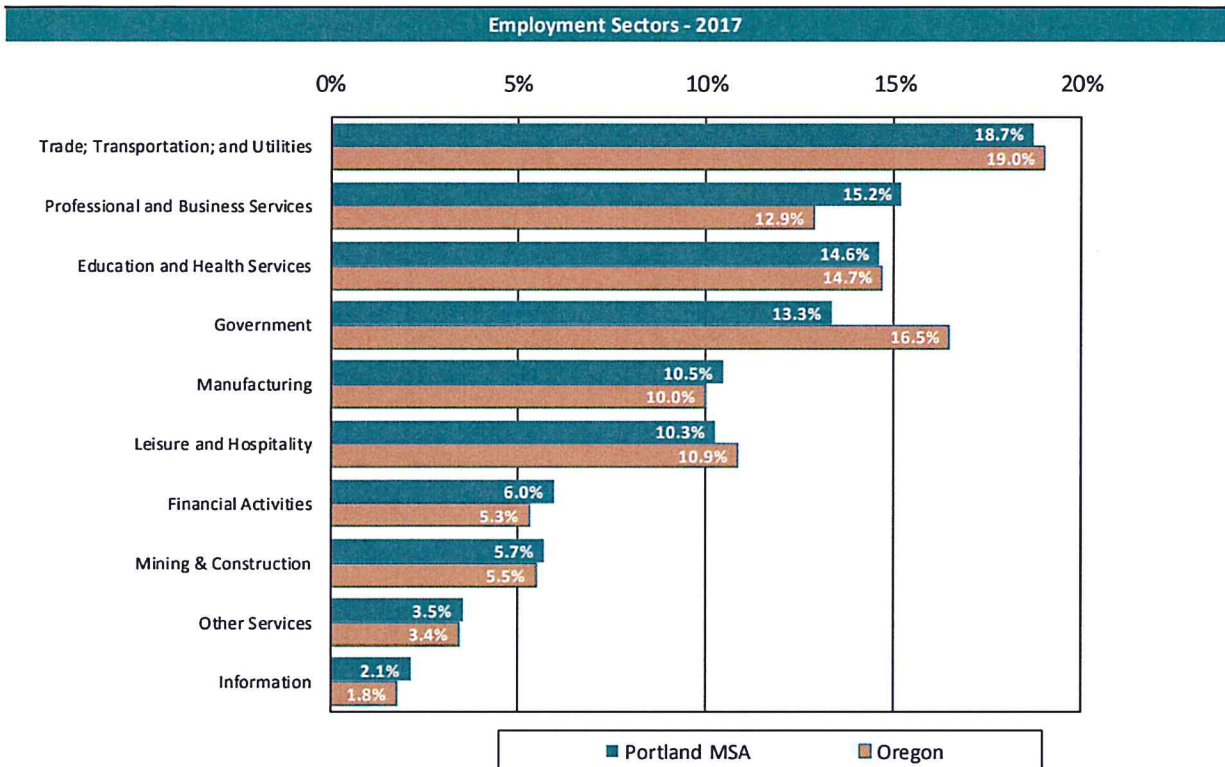
REGIONAL ANALYSIS 11

Clackamas, Multnomah, and Washington counties each currently have unemployment rates at roughly 4.0%. These three counties contain the majority of the population in the metro. The largest gaps are between these city and suburban counties and the more rural counties (Yamhill, Clark, Columbia), all of which have experienced higher unemployment rates over the course of the last decade.

Washington County has had the lowest unemployment rates on average, this is in large part due to Intel and Nike, which are two of the largest employers in the metro area.

EMPLOYMENT SECTORS

The composition of the Portland MSA job market is depicted in the following chart, along with that of Oregon. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Portland MSA jobs in each category.



Source: Bureau of Labor Statistics and Economy.com

The Portland MSA has greater concentrations than Oregon in the following employment sectors:

1. Professional and Business Services, representing 15.2% of Portland MSA payroll employment compared to 12.9% for Oregon as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
2. Manufacturing, representing 10.5% of Portland MSA payroll employment compared to 10.0% for Oregon as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
3. Financial Activities, representing 6.0% of Portland MSA payroll employment compared to 5.3% for Oregon as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

REGIONAL ANALYSIS 12

4. Mining & Construction, representing 5.7% of Portland MSA payroll employment compared to 5.5% for Oregon as a whole. This sector includes construction of buildings, roads, and utility systems, as well as mining, quarrying, and oil and gas extraction.

The Portland MSA is underrepresented in the following sectors:

5. Trade; Transportation; and Utilities, representing 18.7% of Portland MSA payroll employment compared to 19.0% for Oregon as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
6. Government, representing 13.3% of Portland MSA payroll employment compared to 16.5% for Oregon as a whole. This sector includes employment in local, state, and federal government agencies.
7. Leisure and Hospitality, representing 10.3% of Portland MSA payroll employment compared to 10.9% for Oregon as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.

MAJOR EMPLOYERS

Major employers in the Portland MSA are shown in the following table.

Major Employers - Portland MSA		
	Name	Number of Employees
1	Intel	19,300
2	Providence Health & Services	17,543
3	Oregon Health & Science University	16,200
4	Legacy Health System	12,955
5	Nike	12,000
6	Fred Meyer	10,637
7	Kaiser Permanente	10,269
8	City of Portland	7,043
9	Portland Public Schools	6,780
10	Multnomah County	6,266

Source: Portland Business Journal, July 14, 2017

Many of these employers, especially those in the private sector, are expanding their area employment. Intel continues to expand their manufacturing facility in Hillsboro, with an additional 1,500 employees expected over the coming years. Four of the ten largest employers are health care providers (Providence, OHSU, Legacy, and Kaiser), all of which continue to grow both in the number of employees and occupied space. Nike, like Intel, is also in an expansionary phase and has recently announced a \$150 million expansion plan for their Beaverton area campus.

Public employers, on the other hand, have seen their employment volumes decline over the past few years due to budgetary problems. Both state and local government have experienced either layoffs or hours reductions following the recession. Those pressures may be reduced as tax receipts stabilize, but government employment is not as stable as it was once perceived to be.

GROSS DOMESTIC PRODUCT

The Portland MSA is the 20th largest metropolitan area economy in the nation based on Gross Domestic Product (GDP).

Economic growth, as measured by annual changes in GDP, has been similar in the Portland MSA and Oregon overall during the past eight years. The Portland MSA has grown at a 2.1% average annual rate while Oregon has grown at a 2.1% rate. As the national economy improves, the Portland MSA has recently underperformed Oregon. GDP for the Portland MSA rose by 3.0% in 2016 while Oregon's GDP rose by 3.8%.

REGIONAL ANALYSIS 13

The Portland MSA has a per capita GDP of \$62,606, which is 23% greater than Oregon's GDP of \$51,066. This means that Portland MSA industries and employers are adding relatively more value to the economy than their counterparts in Oregon.

Gross Domestic Product				
Year	(\$ Mil) Portland MSA	% Change	(\$ Mil) Oregon	% Change
2009	131,012		181,022	
2010	141,374	7.9%	190,371	5.2%
2011	148,621	5.1%	198,298	4.2%
2012	142,586	-4.1%	192,598	-2.9%
2013	138,916	-2.6%	188,806	-2.0%
2014	141,338	1.7%	192,330	1.9%
2015	147,412	4.3%	201,467	4.8%
2016	151,817	3.0%	209,035	3.8%
Compound % Chg (2009-2016)		2.1%		2.1%
GDP Per Capita 2016	\$62,606		\$51,066	

Source: Bureau of Economic Analysis and Economy.com; data released September 2016. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

HOUSEHOLD INCOME

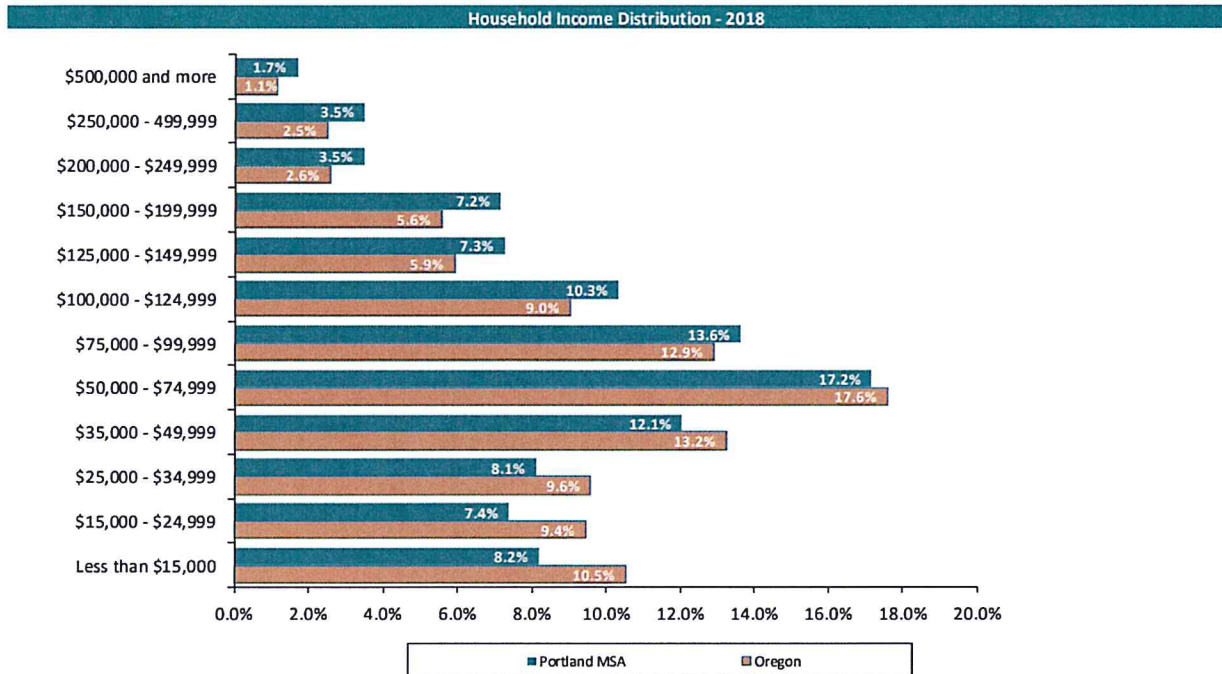
The Portland MSA is more affluent than Oregon. Median household income for the Portland MSA is \$70,339, which is 18.5% greater than the corresponding figure for Oregon.

Median Household Income - 2018	
	Median
Portland MSA	\$70,339
Oregon	\$59,361
Comparison of Portland MSA to Oregon	+ 18.5%

Source: Environics Analytics

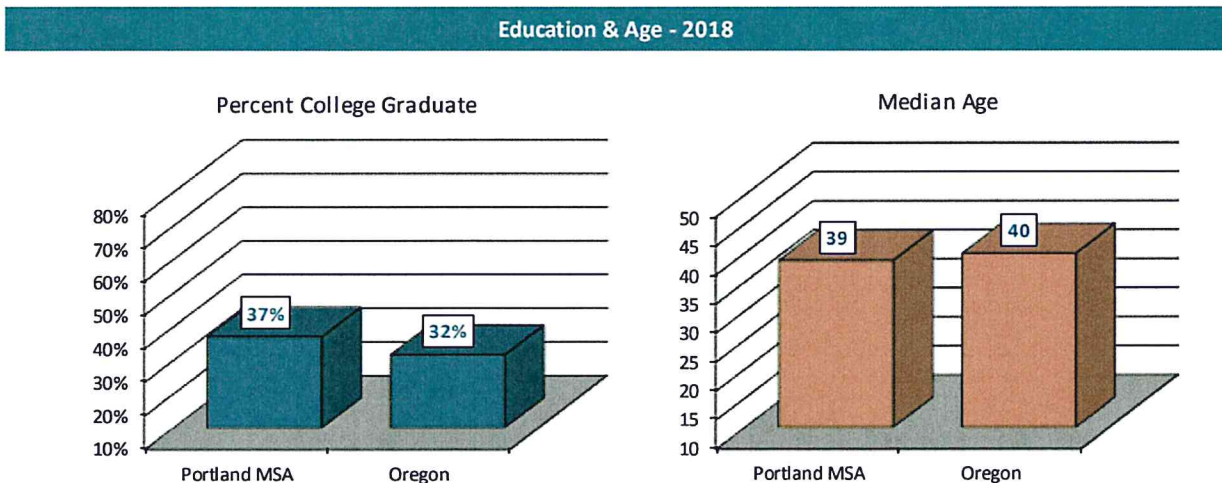
The following chart shows the distribution of households across twelve income levels. The Portland MSA has a greater concentration of households in the higher income levels than Oregon. Specifically, 47% of Portland MSA households are at the \$75,000 or greater levels in household income as compared to 40% of Oregon households. A lesser concentration of households is apparent in the lower income levels, as 24% of Portland MSA households are below the \$35,000 level in household income versus 30% of Oregon households.

REGIONAL ANALYSIS 14



EDUCATION AND AGE

Residents of the Portland MSA have a higher level of educational attainment than those of Oregon. An estimated 37% of Portland MSA residents are college graduates with four-year degrees, versus 32% of Oregon residents. People in the Portland MSA are slightly younger than their Oregon counterparts. The median age for the Portland MSA is 39 years, while the median age for Oregon is 40 years.



Source: Environics Analytics

LAND USE

With the passage of Senate Bill 100 in 1973, the Oregon legislature established the Land Conservation and Development Commission (LCDC) and charged them with establishing a series of goals for state-wide land use. Under Goal 14, Urbanization,

REGIONAL ANALYSIS 15

the LCDC instituted the concept of the Urban Growth Boundary (UGB) for all Oregon cities. The UGB for the Portland region (excluding Clark and Skamania Counties), as set forth by the Metro regional government, was approved by the LCDC in 1980.

The goal of the boundary is to control sprawling development by encouraging efficient use of urban land. The UGB promotes infill development and higher density, while preserving farm and forest lands outside the boundary. Every five years, the Metro government is required to conduct a land supply analysis to determine if there is sufficient inventory within the UGB to represent a 20-year supply for housing and economic development. In 2007, this process was enhanced by the passage of the Senate Bill 1011. The bill allows areas adjacent to the boundary to be designated as urban or rural reserves. Under the new law, urban reserves are first to be brought into the growth boundary, while rural reserves are excluded from urbanization for 40 to 50 years; creating a multi-phased feeder system for adding land to the UGB.

Since 1998 there have been eleven instances of UGB expansion, increasing the metro area by over 19,000 acres. The expansions in total have the potential to host over 25,000 new housing units, but at best, a fifth of that amount has been developed; with much of the development having taken place in the more recent expansion areas. Development within the expansion areas has been stalled by two main factors: the effects of the recent Great Recession and by rejection of annexation by local voters. However, due to changes in the economy and state law, development in expansion areas of the UGB has become significantly easier.

In 2015 the Metro Council decided not to expand the UGB, due to high levels of planning that had already taken place within the metro area. Expansion of the UGB will be revisited in 2018.

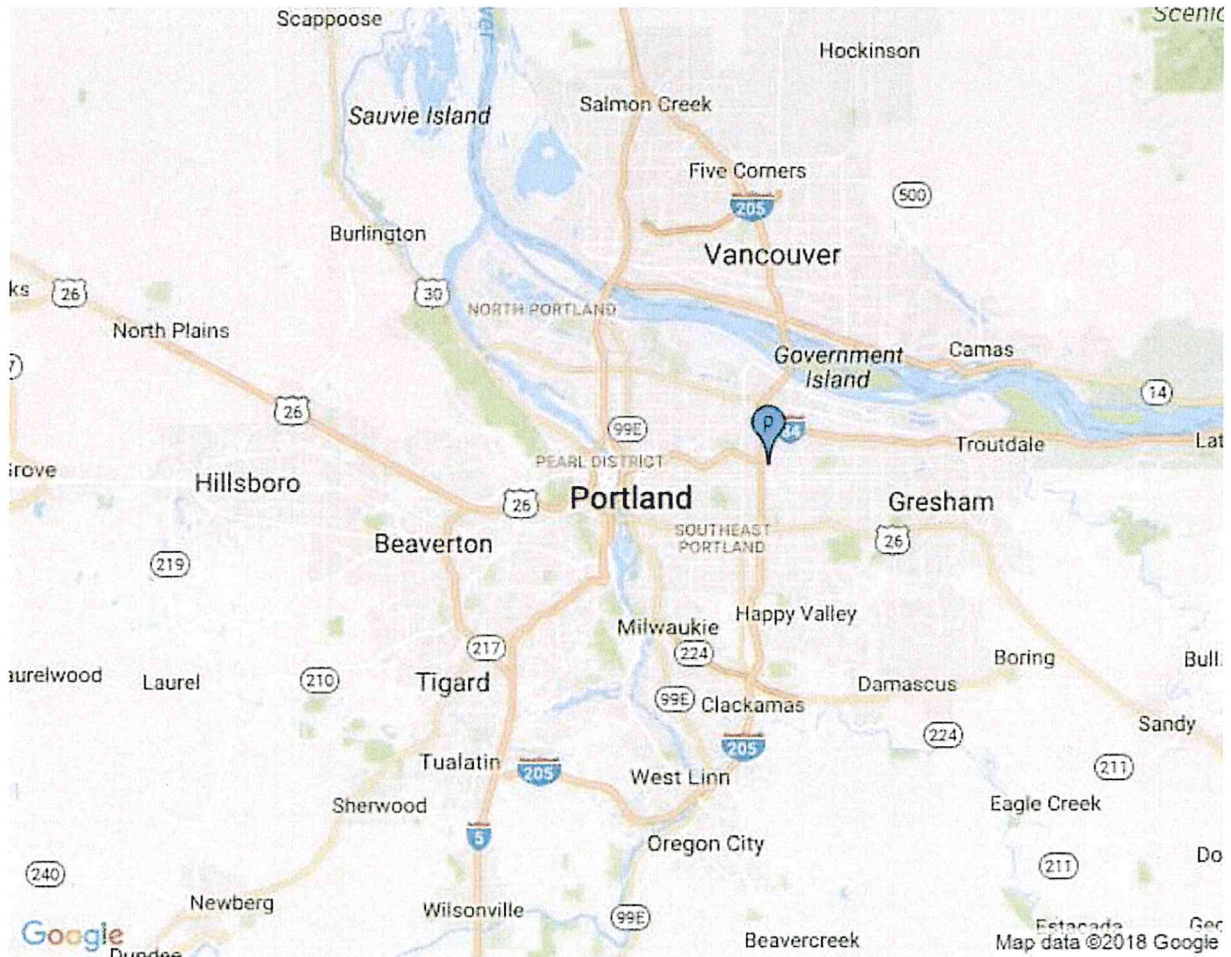
CONCLUSION

Ending in June of 2016, Oregon had gone through a two-year period of nearly 5,000 new jobs added per month. This rate of job growth outpaced the 2,000 jobs per month demanded by population growth. While this unsustainable rate of growth has since decreased to 3,000 per month, the state as a whole maintains a positive foothold on economic development and population growth. As the state approaches full employment, concerns over housing costs and risks coming from European debt, Asian equity bubbles and general unrest in the Mideast are beginning to be raised as a source of a potential cresting economy.

As the economic center of the state, the metropolitan area continues to retain and attract high tech industry, which is a significant component of the regional GDP. Moreover, the Portland MSA exhibits both a higher rate of GDP growth and a higher level of GDP per capita than Oregon overall. Other positive factors include increases in real income and stability brought to the Metro Area by the high level of economic diversity. Based on these factors, we anticipate that the gradual recovery of the Portland MSA economy will continue with more sustained employment growth, strengthening the demand for real estate.

REGIONAL ANALYSIS 16

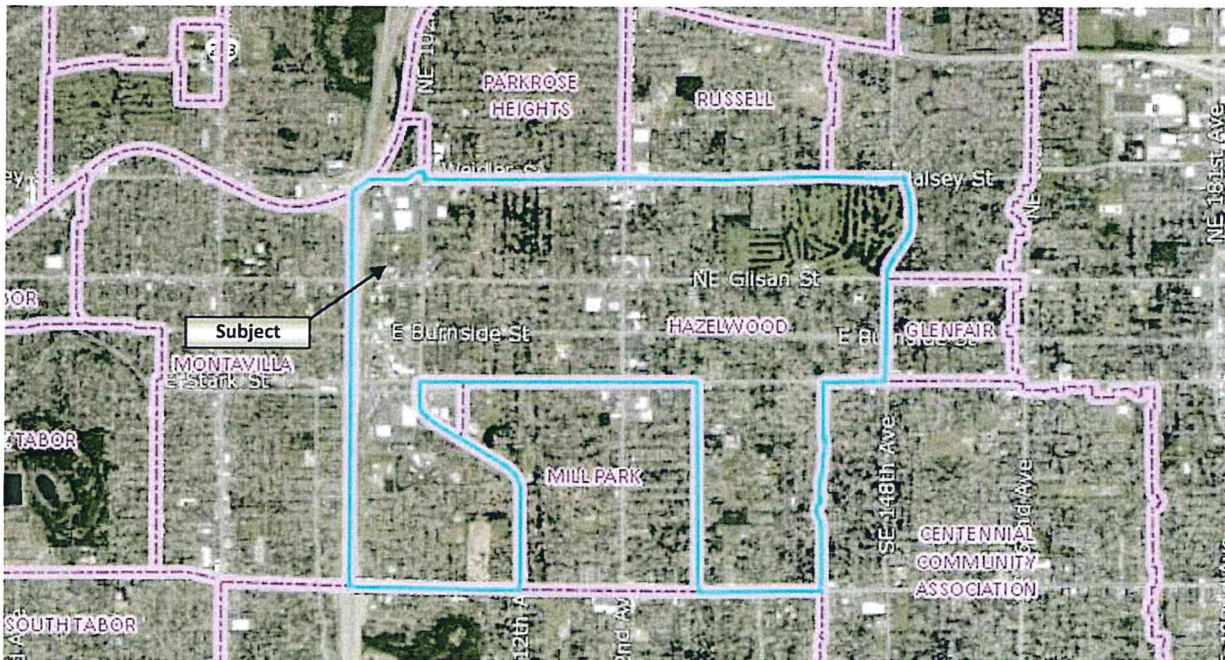
REGIONAL MAP



NEIGHBORHOOD ANALYSIS

NEIGHBORHOOD

The subject on the west side of the Hazelwood neighborhood, in east Portland. The neighborhood is generally bounded by NE Halsey Street on the north side, NE 148th/142nd on the east side, SE Division/SE Stark street on the south side, and Interstate 205 on the west side. The following map displays the subject's location within its respective neighborhood.



ACCESS AND LINKAGE

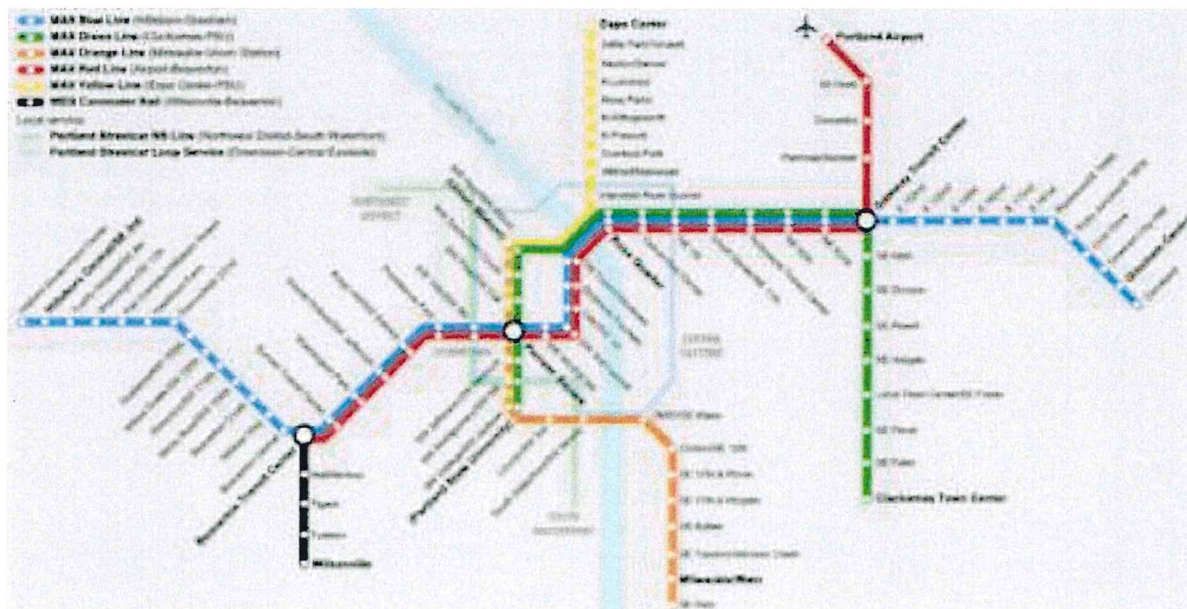
Freeway access is one of Gateway's more desirable aspects. A full-service interchange for the Interstate-84 freeway (east-west) and Interstate-205 freeway (north-south) is located approximately 1.5 miles north of the subject, and interchanges for Interstate-205 are located approximately one mile north west of the subject on Glisan Street, and approximately one half mile north west of the subject on SE Stark/SE Washington. Travel time to downtown Portland and the Interstate-5 freeway system is approximately 15 minutes.

In addition to the east/west access provided by Interstate 84, there are several east/west arterials serving Gateway and east Multnomah County, including NE Halsey, NE Glisan, E Burnside, SE Washington. The major north/south arterials other than I-205 include NE 102nd and NE 122nd Avenues.

Public transportation in the subject area is provided by Tri-Met, which includes the MAX light-rail and various bus routes. Additional access to the regional transportation network is provided by route #15, which connects the subject to the Portland CBD to the west and the Gateway Transit Center to the north.

Tri-Met's MAX light rail system, which now covers 44 miles in the Portland Metro area, extending through downtown Portland to Hillsboro, Gresham, and the Portland Airport, began service to the I-205 corridor, including Lents Town Center and Clackamas Town Center, in late 2009. The subject is located about one half mile east of the SE Main Street station. The section, known as the "Green Line", spans 6.5 miles between the Gateway Transit Center and Clackamas Town Center, as shown below. The local market currently perceives public transportation as average compared to other market areas in the region. The primary mode of transportation in the area is the automobile.

NEIGHBORHOOD ANALYSIS 18

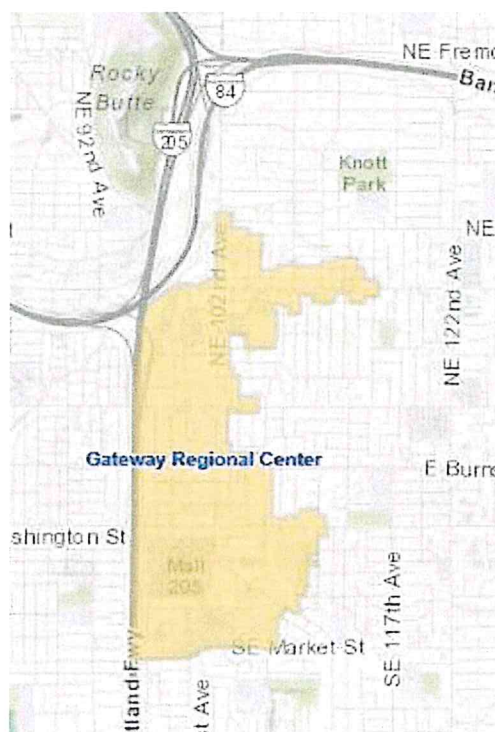


GATEWAY REGIONAL CENTER

The subject is located in the Gateway Regional Center in the City of Portland. Due to its proximity to two interstate freeways, in addition to its confluence of light rail transit lines to downtown, the airport, Beaverton/Hillsboro, the Clackamas Town Center, and Gresham, the area was identified as an urban renewal area in June 2001. There is a total of 658.5 acres within the renewal zone, which encompasses various sections of the Hazelwood, Parkrose Heights, and Mill Park neighborhoods.

The Concept Plan for the renewal strategy for the area was to add open spaces—including urban plazas—to the area, improve pedestrian-oriented infrastructure, and increase density—in respect to commercial and residential uses.

In order to finance a significant amount of the new infrastructure needed to complete various projects within the area, the City Council approved a tax increment district with the capabilities to net approximately \$164million to use toward improvements within the area. This has led to transit development (Red and Green lines), streetscape improvements along major commercial arterials, and pedestrian enhancements. The last date to issue long-term debt for this renewal area is June 2022.



DEMOGRAPHICS

A demographic profile of the surrounding area, including population, households, and income data within the subject's primary trade area (within a 1, 3, and 5 miles radius) is presented in the following table.

NEIGHBORHOOD ANALYSIS 19

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA			
	Gateway Acreage - 1 mi Radius	Gateway Acreage - 3 mi Radius	Gateway Acreage - 5 mi Radius
Description	Totals	Totals	Totals
Population			
2023 Projection	22,671	201,380	463,735
2018 Estimate	21,220	189,551	436,291
2010 Census	19,072	173,084	397,320
2000 Census	18,226	159,363	364,271
2018 Est. Median Age	38.03	38.47	37.78
2018 Est. Average Age	39.49	39.09	38.67
Households			
2023 Projection	9,417	79,531	186,507
2018 Estimate	8,762	74,781	175,224
2010 Census	7,766	68,161	158,999
2000 Census	6,901	62,525	146,566
2018 Est. Average Household Size	2.36	2.48	2.44
2018 Est. Households by Household Income			
Income < \$15,000	11.9	12.4	11.3
Income \$15,000 - \$24,999	11.9	9.3	8.9
Income \$25,000 - \$34,999	11.2	9.5	9.4
Income \$35,000 - \$49,999	12.9	13.0	12.7
Income \$50,000 - \$74,999	21.8	18.4	17.9
Income \$75,000 - \$99,999	12.4	13.1	12.9
Income \$100,000 - \$124,999	8.5	9.1	9.3
Income \$125,000 - \$149,999	4.5	5.9	6.0
Income \$150,000 - \$199,999	2.8	4.7	5.4
Income \$200,000 - \$249,999	1.2	2.0	2.6
Income \$250,000 - \$499,999	0.7	1.9	2.5
Income \$500,000+	0.2	0.6	1.1
2018 Est. Average Household Income	\$63,448	\$75,208	\$81,900
2018 Est. Median Household Income	\$52,345	\$57,140	\$60,052
2018 Est. Tenure of Occupied Housing Units			
Owner Occupied	45.8	55.2	54.1
Renter Occupied	54.2	44.8	45.9
2018 Est. Median All Owner-Occupied Housing Value	\$258,656	\$298,459	\$325,752
Source: 2018 Claritas, Inc.			

LAND USES

Most of the neighborhood was developed between the 1920s and 1950s, and is a mixture of older, single and multifamily residential uses with small scale office (including medical office), retail and commercial service uses located along the main arterials.

The area east of 102nd Avenue is residential, and consists primarily of average quality, 1920s-1940s single family homes. Uses along 102nd Avenue include single and multifamily dwellings and older commercial buildings.

NEIGHBORHOOD ANALYSIS 20

Office uses in the neighborhood consist primarily of smaller, 1-2 level, wood framed office buildings. However, there are a few multi-story office buildings located along busy arterials.

Retail uses in the neighborhood include the 355,000 square foot Gateway Center (two miles north of the subject) anchored by Ross Dress for Less, Kohl's and Office Depot and including pad tenants such as Starbucks, Applebee's, and Carl's Jr. Immediately south of the Gateway Center is a Fred Meyer Superstore, and adjacent to Fred Meyer on the west is the Gateway Transit Center Park and Ride facility and the MAX light rail transit center. A WinCo supermarket is located along the east side of 102nd Avenue and Wasco Street.

Mall 205, a Community Center, is located just north of the subject at SE Washington and immediately east of I-205. Mall 205 is a significant retail driver, with tenants such as Target, Home Depot, 24 Hour Fitness, Dollar Tree, and Big Lots. There are also several restaurant pad buildings with tenants such as Olive Garden, Red Robin, Panda Express, and Old Chicago.

RECENT CONSTRUCTION

The neighborhood is nearly 100% built up. Little new development took place in Gateway from the mid-1960s through 1990, and the area fell into economic stagnation. In 2001, Gateway was earmarked as a future regional center due to its excellent linkages and approved as an urban renewal area in order to encourage new development.

There have been a number of new developments in the immediate neighborhood over the past several years including:

- A number of smaller scale (4 to 6-unit) residential structures
- The Gateway Towers Condominiums (built in 2006) located on NE 100th Avenue one block south of Glisan
- The Gateway Plaza Apartments (51 units built in 2004 on 102nd Avenue)
- The 60,000-square foot Portland Clinic adjacent to the Gateway Transit Center (a Class A medical office building completed in 2006)
- The renovation and expansion of Mall 205, a community shopping center located just north of the subject, now containing approximately 400,000 square feet and anchors such as Target, Home Depot, 24 Hour Fitness, Dollar Tree, and Big Lots.
- An \$11-million aquatic center a few blocks east of Mall 205 (completed 2008)
- Construction on NE 102nd & Burnside of a 280-room senior living facility with an adjacent Class A medical office building (complete 2009)

CONCLUSION

The Gateway Regional Center's continued growth and prosperity is highly dependent on new job creation. Decreasing supply of developable land within the urban renewal area will force development to suburban areas by default, or spur redevelopment of underutilized properties within the renewal area. However, the area is in an early stage of revitalization. The City of Portland is actively working to transform the area into a regional center with enhanced housing, employment, recreational and cultural opportunities. The area, located near the interchange of I-84 and I-205 and served by three routes of the MAX light rail system, has good linkages to other parts of the metropolitan area, and is gaining in popularity.

Recent development in the Gateway Regional Center, such as the opening of the MAX Green Line in 2009, is also generating new employment opportunities for area residents, thus making living in Gateway more convenient for its residents. The area's relatively low housing prices will also continue to attract new residents. In summary, the outlook for the Gateway Regional Center is that of continuing growth and revitalization, resulting in long-term stability.

NEIGHBORHOOD ANALYSIS 21

NEIGHBORHOOD MAP



SITE DESCRIPTION

INTRODUCTION

The description of the site is based upon our physical inspection of the property, information available from the client, and public sources. See the *Data Sources Used Within This Appraisal* table in the Scope of Work section for more detail.

GENERAL DESCRIPTION OVERVIEW		
Location	SWC of NE 102nd Ave and NE Pacific St	
Parcel Number	R319489, R319488, R319487, R319485, R319484, R319513, R319483, R319481, R319514, R319643, R319667, and R319690	
Legal Description	Map #1N2E33AD, Tax Lots 100, 400, 500, 600, 700, 800, 900, 1000, 1100, 1200, 1300 1500, and 1600	
Site Area		
Primary Site	98,881 square feet	(2.27 acres)
Secondary Site	225,640 square feet	(5.18 acres)
Total	324,521 square feet	(7.45 acres)
Configuration	L-Shaped	
Topography	Generally Level	
Drainage	Appears adequate	
Utilities/Municipal Services	Typical utilities and municipal services available to site.	
Floodplain:	<u>Zone:</u>	<u>Map:</u> <u>Date:</u>
	Zone X (Unshaded)	4101830120F November 26, 2010
	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.	
Soil/Subsoil Conditions	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.	
Environmental Concerns	No unusual conditions observed. No studies provided. Site is assumed to be free of any environmental concerns.	
Land Use Restrictions	None outside of typical utility and access easements. Sale may include easements for	
Hazards Nuisances	None	
Frontage	490' NE 102nd; 938' NE Pacific St	
Access	Multiple curb cuts along NE 102nd, NE Pacific, and NE 100th	
Visibility	Good	
Surrounding Land Uses	Residential, retail, office	
Traffic Counts	19160	

SITES BEING VALUED

There were three sites analyzed and valued within this analysis. The following aerial map displays the two sites separately as well as the combination of the two properties.



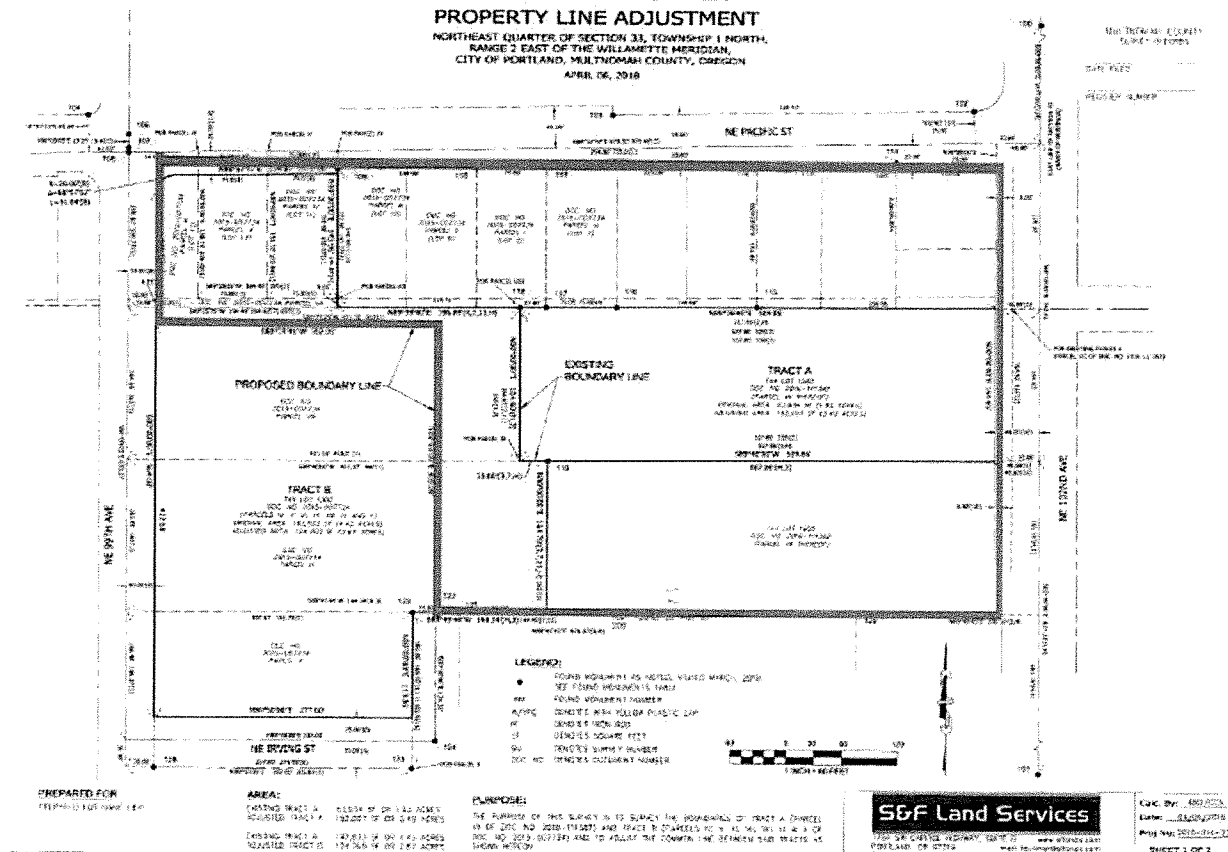
As the aerial indicates, the larger, eastern site contains the most valuable frontage along NE 102nd, which is a strong commercial arterial. Further, its shape and size and considerable superior to the western section of land.

While the western parcel's northernmost is located at the corner of NE Pacific and NE 99th Avenue, this does not have the same type of appeal to developer's as-is. Due to the inferior characteristics, such as exposure and shape, we consider the eastern lot to be superior to the western lot.

PROPERTY LINE ADJUSTMENT

As previously discussed, the buyer will make a property line adjustment that will combine the parcels they currently own as well as the parcels owned by the seller

RECORD OF SURVEY
PROPERTY LINE ADJUSTMENT
NORTHEAST QUARTER OF SECTION 33, TOWNSHIP 1 NORTH,
RANGE 2 EAST OF THE WILLAMETTE MERIDIAN,
CITY OF PORTLAND, MULTNOMAH COUNTY, OREGON
APRIL 06, 2018



SITE DESCRIPTION 25

ZONING

Designation	CXd
Description	Central Commercial w/ a Design Overlay
Zoning Intent	This zone is intended to promote high density development within Portland's most urban and dense areas. It allows for a variety of uses with high building coverage ratios and building heights. There is an emphasis on pedestrian safety and attractive streetscapes.
Compliance	The subject is a legal conforming use in this district.

ZONING REQUIREMENTS

Permitted Uses	Retail, office, multifamily, civic
Maximum Lot Size	None
Minimum Lot Width	None
Maximum Coverage Ratio	100%
Setbacks	0'-10' - depending on adjacent use
Maximum Density	n/a
Maximum Height	75' - which is 6-7 stories
Max Floor Area Ratio	4:1 - 15:1 - depending on location
FAR Bonus	6 to 1 with 85' - Max 2 to 1 with 10' - Inclusionary Zoning 1 to 1 with 10' - Affordable Commercial 2 to 1 with 45' - Planned Development
Required No. Parking Spaces	0 per unit for 30 units 0.33 per unit for 51+ units spaces per 1,000 SF

The subject site is also subject to the Enhanced Pedestrian Streets regulations and standards within the Gateway Plan District. The standards help maintain an urban character by reinforcing the continuity of pedestrian-oriented, active ground-level uses and strengthening the relationship between those uses and the pedestrian environment. Active uses include, but are not limited to, lobbies, retail, residential, commercial, and office. Together with the ground floor window, entrance, and pedestrian standards, the Enhanced Pedestrian Street standards foster an efficient, safe, and interesting route for pedestrians to move through the Gateway Plan District.

GATEWAY PLAN DISTRICT

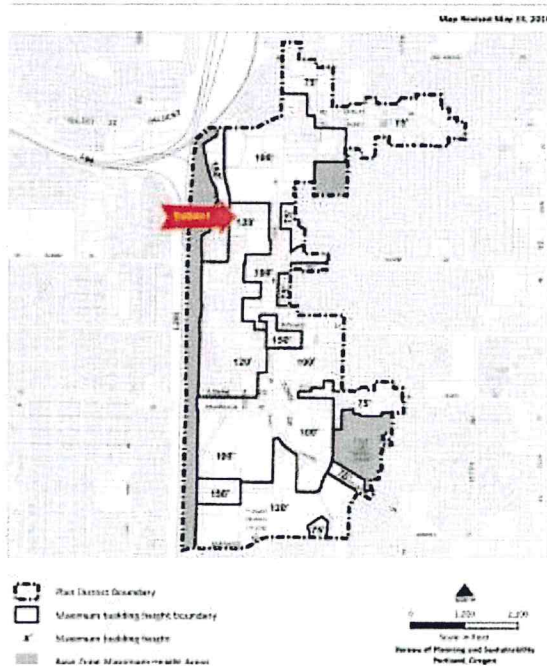
The subject is also located within the Gateway Plan District, which seeks to transform the Gateway area from a suburban low density area to a dense, mixed-use regional center that maximizes the public's significant investment in the transportation infrastructure.

The base zoning for the subject is reflected above. However, due to the subject's location within the Gateway Plan District, there are added bonuses for FAR and height. The two maps indicate the subject has a FAR of 6 to 1 and the maximum height allowed is 120 feet. The following maps illustrate these bonuses.

SITE DESCRIPTION 26

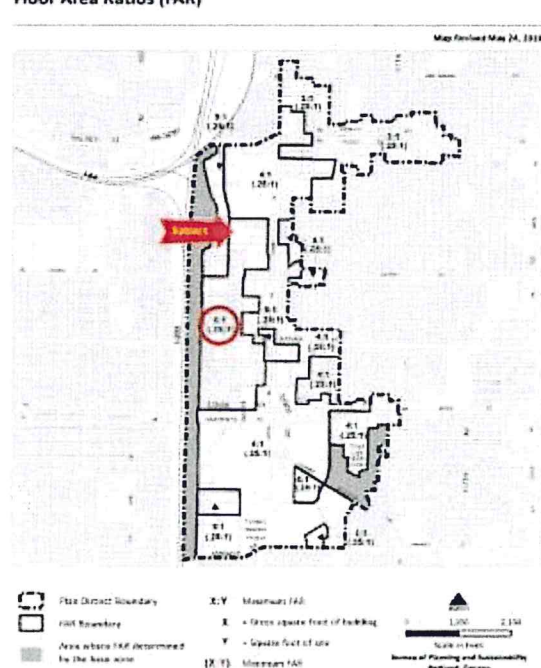
Gateway Plan District
Maximum Heights

Map 526-2



Gateway Plan District
Floor Area Ratios (FAR)

Map 526-3



POTENTIAL DEVELOPMENT DENSITY

Based upon the subject's various site sizes and a maximum FAR of 6:1, the following table illustrates the maximum square foot available for each of the site.

Potential Development		
Site	Size (SF)	FAR - 6:1
Purchase	98,881	593,286
Owned	225,640	1,353,840
Total Site	324,521	1,947,126

However, developers typically are not building to the maximum FAR. This is due to a number of factors, including physical site and neighboring development characteristics. Additionally, taller buildings are typically more expensive to build, especially if built with a steel-frame instead of a wood-frame. Lastly, while parking is not a requirement, apartment buildings are being constructed with surface parking lots, especially since underground parking adds to the construction costs. This is illustrated by the fact that the subject plans to develop nearly 700,000 square feet, far short of the maximum allowed.

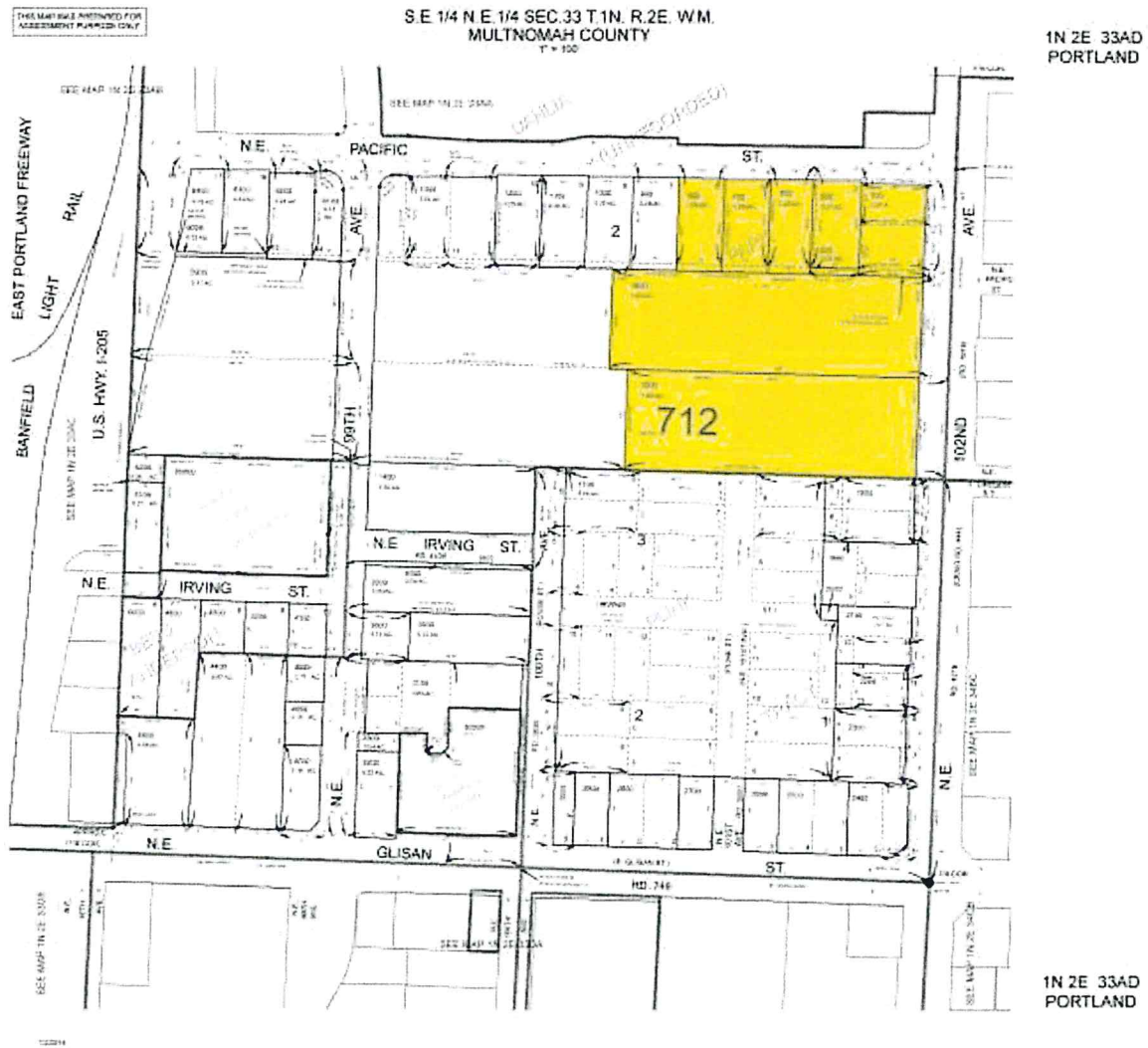
Based upon discussions with brokers and developers interviewed during the sale confirmation process, approximately 70% to 80% of the total building area is attributed to the residential units, with the remainder attributable to common areas, such as hallways. Also, the ground floor of any development would need to conform to the Enhanced Pedestrian Street regulations discussed above.

CONCLUSION

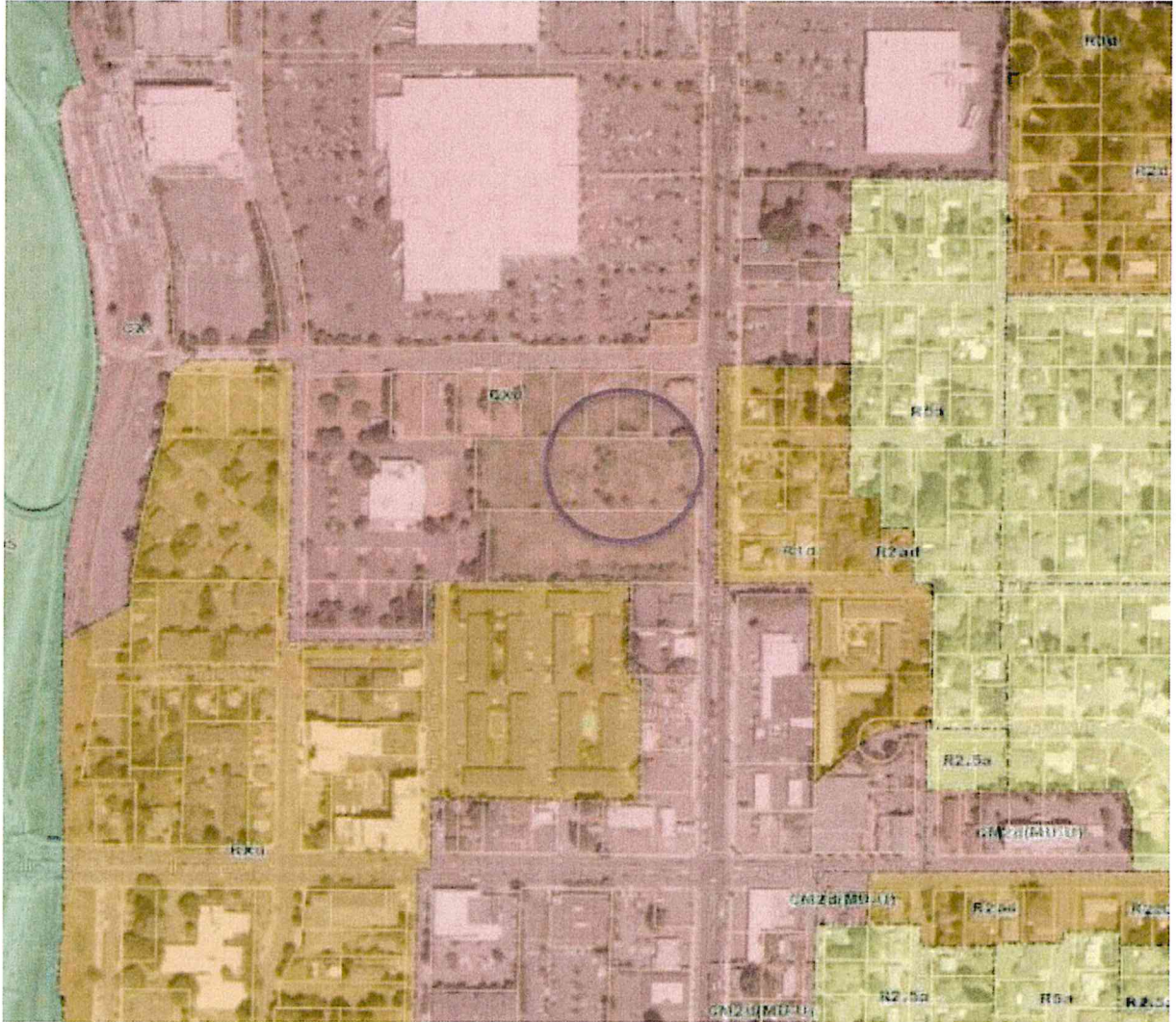
The subject will combine a 2.27-acre parcel with a 5.18-acre parcel, totaling 7.45 acres or 324,521 square feet. The new site will provide major frontage along NE Pacific, NE 99th, and most importantly NE 102nd, which is a major commercial thoroughfare. The total number of parcel that will be adjusted is 13. The site is zoned CX, which encourages high density by allowing for multiple uses and height limits amongst the tallest outside of downtown Portland. With the subject's proximity to major transit areas, strong traffic counts, and open zoning, it is a strong site for a wide variety of developments.

SITE DESCRIPTION 27

SITE SURVEY



ZONING MAP



IMPROVEMENTS DESCRIPTION

There is currently one building located on the site. It is on the corner of NE Pacific Street and NE 102nd Avenue. It is in poor condition and will be demolished at the point when any development begins on the subject site.

GENERAL DESCRIPTION OVERVIEW	
Address	NE Corner of NE Pacific and NE 102nd Portland, Oregon 97220
Property Description	Commercial
Number of Buildings	1
Number of Stories	1
Gross Building Area	N/A
ADA Compliance	The property was constructed prior to implementation of Federal ADA regulations; we assume the property is not fully ADA compliant.

SITE IMPROVEMENTS	
Landscaping	A variety of trees, shrubbery and grass
Fencing	The entirety of the property is currently fenced.

SUMMARY	
Building Condition	Poor We did not inspect the roof of the building(s) nor make a detailed inspection of the mechanical systems. We are not qualified to render an opinion as to the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical systems.
Building Quality	Poor
Expected Economic Life	45 years
Effective Age	45 years
Remaining Economic Life	0 years
Comments	The building has been abandoned and will be torn down upon commencement of new development

IMPROVEMENTS DESCRIPTION 31

DEVELOPMENT PLAN

Upon the closing of the current sale, which was discussed above, the subject will contain 7.45 acres of undeveloped land in an urban renewal area within the City of Portland. The map to the right displays the subject's site within the context of the Gateway Regional Center.

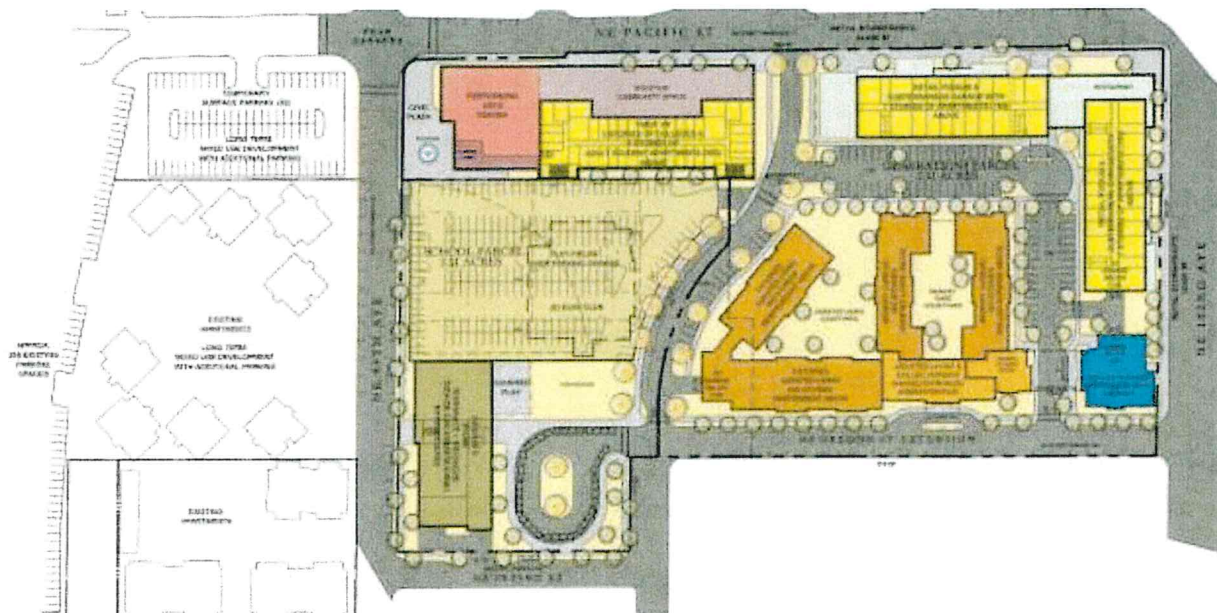
This site will be located within immediate proximity to the Gateway transit center as well as the "Four Corners" at the intersection of NE 99th Avenue and NE Pacific Street. This intersection has been envisioned as the epicenter of the Gateway Regional district.

The subject's location has generated significant interest from various parties, including Generations, who is a 50% owner of the site. Generations is a developer/owner/operator of Senior Housing and Assisted Living Communities. They bought into the site within the past two years and plan to develop over 160,000 square feet of facilities at the east end of the property.

Beyond the senior facilities, there are a number of educational providers, retailers, and a gym facility that have preleased space within the development. Overall, the preliminary proposal will total nearly 700,000 square feet, significantly lower than what the densities allow.

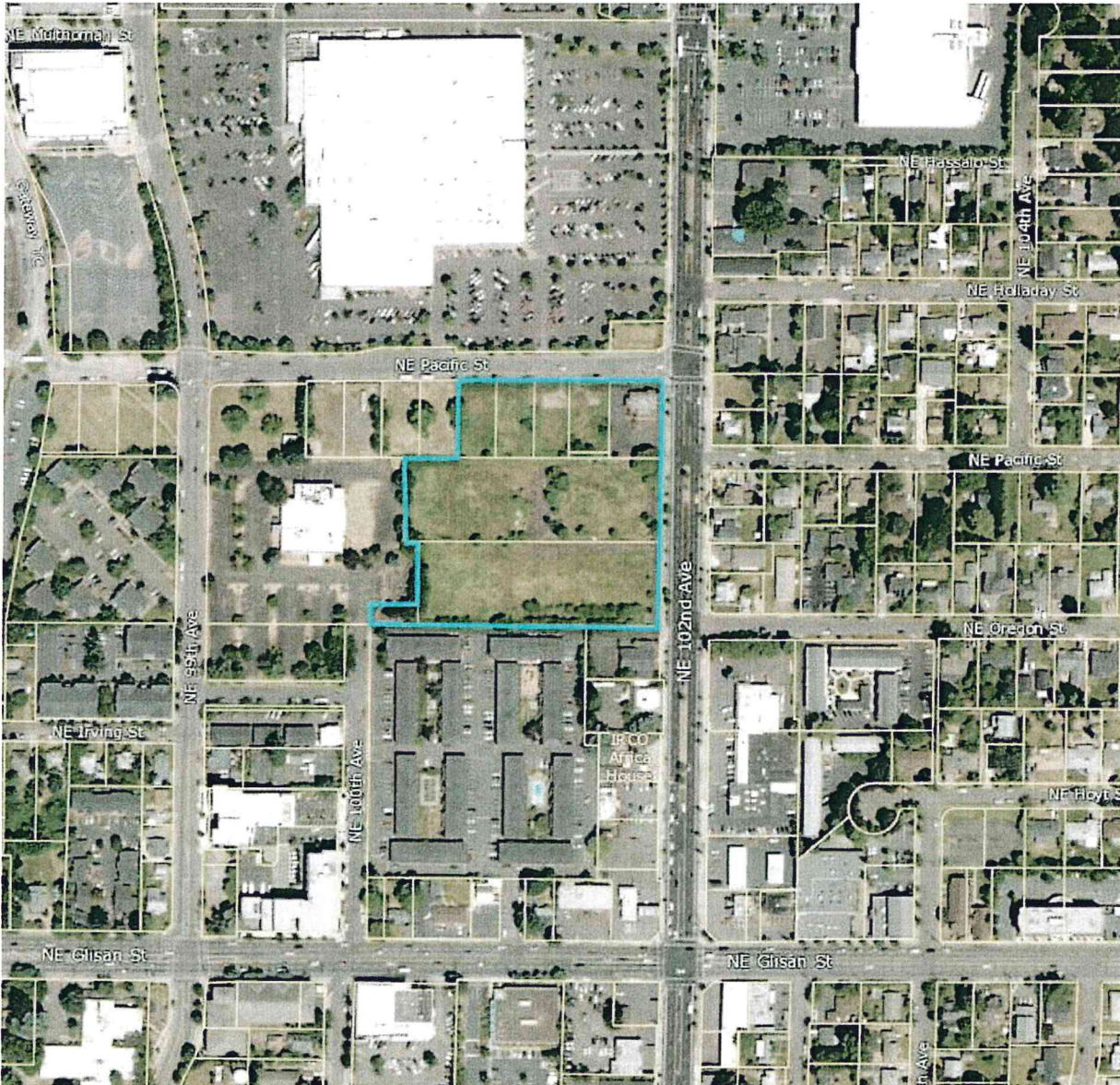
Additionally, David Douglas plans to construct a 6-story elementary school on the site, utilizing bond money from an upcoming measure. The culmination of the users on the site will create a mixed-use, multigenerational environment that will be active nearly 18 hours of every day.

The following map displays the preliminary plans for the subject site as well as David Douglas' site (at the southwest end of the map).



These plans are currently in the development stage and do not reflect a finalized development concept.

SITE PLAN



PROPERTY TAX ANALYSIS

PROPERTY TAXES AND ASSESSMENT DATA

The following table summarizes the subject's real property taxation and our projection of real property taxes:

REAL ESTATE ASSESSMENT AND TAXES - 2017-2018					
Tax ID No.	Land	Improvements	Total	Assessed	Property Taxes
R319643	\$1,583,920	\$0	\$1,583,920	\$897,790	\$19,230.78
R319514	\$1,683,060	\$0	\$1,683,060	\$860,150	\$18,424.50
R319481	\$482,170	\$70,400	\$552,570	\$390,500	\$8,129.48
R319483	\$245,500	\$183,270	\$428,770	\$157,510	\$3,373.86
R319690	\$870	\$0	\$870	\$870	\$14.50
R319513	\$245,500	\$135,350	\$380,850	\$178,780	\$3,829.51
R319484	\$233,000	\$0	\$233,000	\$74,380	\$1,593.21
R319485	\$245,500	\$0	\$245,500	\$85,850	\$1,838.93
R319486	\$109,860	\$0	\$109,860	\$0	\$0.00
R319487	\$243,000	\$0	\$243,000	\$0	\$0.00
R319488	\$102,750	\$0	\$102,750	\$0	\$0.00
R319489	\$105,870	\$0	\$105,870	\$0	\$0.00
R319667	\$1,715,290	\$2,078,730	\$3,794,020	\$0	\$0.00
Total	\$6,996,290	\$2,467,750	\$9,464,040	\$2,645,830	\$56,434.77

EXEMPTIONS

Five of the lots that are analyzed within this valuation are owned by the David Douglas Scholl District No. 40. Thus, the lots are exempt from paying property taxes.

STATE OF OREGON

State and local taxation in Oregon relies on income taxation at the state level and property taxes at the local level. The following is a summary of the Oregon property tax system.

- Real estate taxes in the state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to assessed value.
- Property taxes are collected locally to fund schools and governments in the area. The State does not receive any property tax revenue.
- Property taxes are divided into school taxes and non-school taxes; non-school taxes raise revenue for City and County Governments, and educational service districts (community colleges, etc.).
- In 1998, assessed value was rolled back to the 1996 real market value less 10%, and growth in assessed value was limited to 3% per year. Thus, property taxes are no longer directly tied in with real market value. There are some exceptions with respect to the 3% growth limit, such as new construction.
- Property taxes may not exceed a limit of \$5.00 per \$1,000 of real market value for schools and \$10.00 per \$1,000 for non-schools
- The limitation does apply to exempt bond levies that are approved by general election with at least half of the registered voters eligible to vote.

PROPERTY TAX ANALYSIS 34

•The tax year runs from July 1 through June 30, and the County Assessor's Office estimates value as of January 1 of each year. Property taxes are due and payable on November 15. A 3% discount is available if paid in full by November 15. Any balance owed begins to accrue interest after May 15, and counties initiate foreclosure if three years of taxes become delinquent.

DELINQUENCY

There are no delinquent real property taxes. Real property taxes for the 2017-2018 tax year are payable and due in December 2018.

CONCLUSION

The subject's current tax value appears low. However, this is due to the exemptions of the David Douglas School District owned lots. The total property taxes significantly increase upon transfer, of those specific lots, to a private party. Though, the total assessed value remains low compared to the market value of the property.

MARKET ANALYSIS

The subject property is located within a zoning designation that allows for a wide variety of uses. Further, the surrounding area’s is occupied by uses ranging from retail, office, and multifamily. Both of these factors suggest there are plenty of potential uses that would be physically possible, legally permissible, and financially feasible.

In the following discussion we will paint the market with a broad brush and analyze several potential use types as well as a number of specific uses within each asset type. Our analysis will utilize a wide variety of resources, with a significant amount of data contributed by CoStar.

RETAIL SUBMARKET

The subject is located within the Gateway market area, according to CoStar Properties. A map indicating the subject’s market area and location of office properties from CoStar Properties is below.



Key supply and demand indicators for all classes of office space in the Gateway submarket are displayed below. It is noted that these figures include all classes of office buildings.

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
NNN Rent Per SF	\$19.31	\$15.02	Existing Buildings	771	772
Vacancy Rate	1.9%	3.6%	Existing SF	4,757,761	4,824,099
Vacant SF	91,493	171,235	12 Mo. Const. Starts	0	4,080
Availability Rate	2.2%	4.3%	Under Construction	0	3,071
Available SF	106,541	207,744	12 Mo. Deliveries	0	4,590
Sublet SF	0	5,023			
Months on Market	6.8	14.0	Sales	Past Year	5-Year Avg
			Sale Price Per SF	\$225	\$194
Demand	Survey	5-Year Avg	Asking Price Per SF	\$328	\$204
12 Mo. Absorption SF	-5,605	-13,763	Sales Volume (Mil.)	\$22	\$35
12 Mo. Leasing SF	77,102	61,006	Cap Rate	5.6%	6.4%

MARKET ANALYSIS 36

As indicated on the above chart, there are 771 retail buildings in the Gateway market area, totaling approximately 4.75 million square feet. Current vacancy is indicated to be 2.2%, which is significantly lower than the 5-year indicated average vacancy of 4.3%. Current asking rental rates are \$19.31 per square foot on a triple net basis, which is higher than the 5-year average of \$15.02 per square foot.

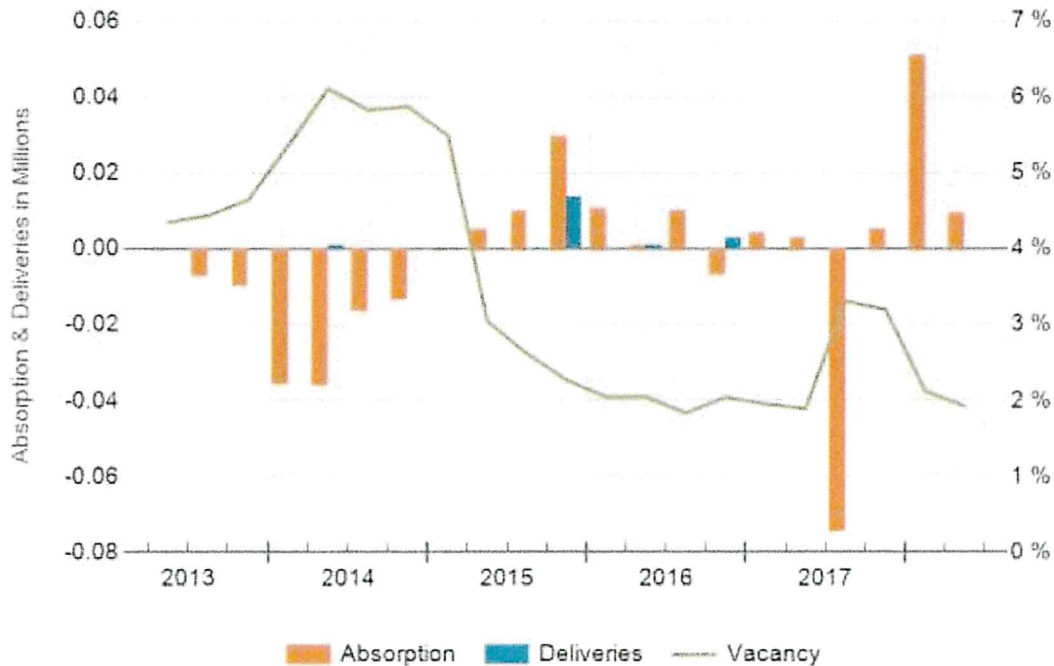
The following chart summarizes the vacancy rate and asking rental rate for Gateway retail buildings over the past five years.



As indicated above, the vacancy rate decreased significantly during 2013 through 2016, and has remained relatively similar as of the current quarter. The asking rental rate has steadily increased from \$16 per square foot in Q2 2016 to over \$19.00 per square foot in Q2 2018, representing significant growth and demand for retail space within this submarket.

The following chart summarizes the absorption and construction deliveries for retail buildings in the Gateway market area over the past five years.

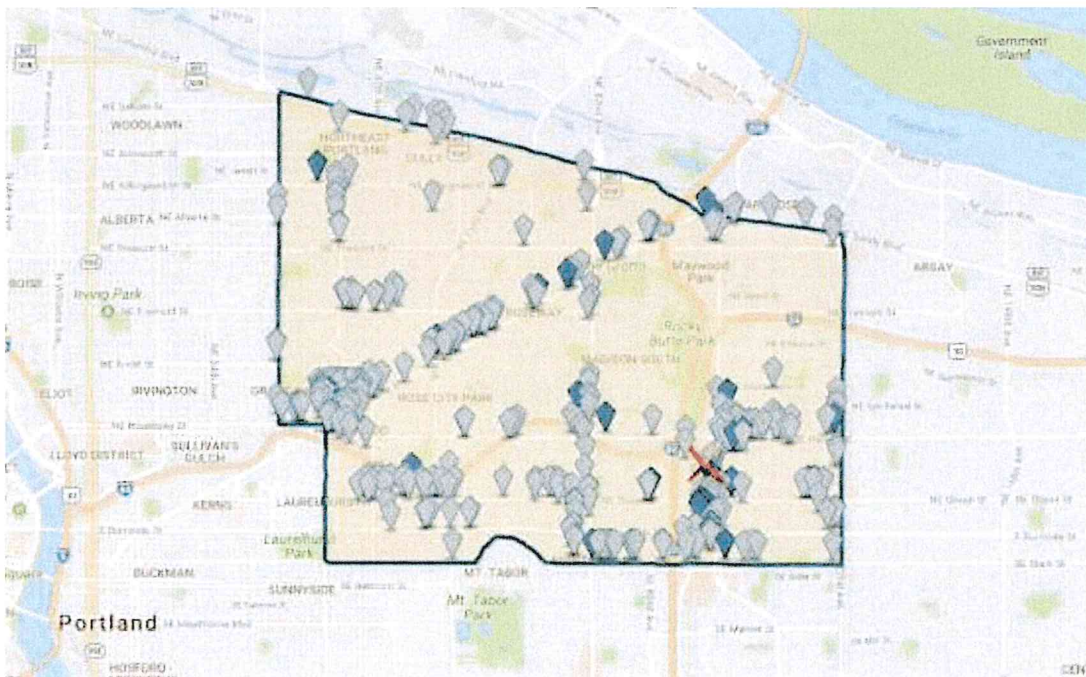
MARKET ANALYSIS 37



Absorption and construction have generally followed the same pattern over the last five years, with absorption being slightly more significant. Both have trended upward since 2013, peaked during 2016, and have since decreased up until the current quarter. It is notable that vacancy has continued to decrease during that same time, representing a strong market for office buildings in the Gateway market area.

OFFICE SUBMARKET

The subject is located within the Gateway market area, according to CoStar Properties. A map indicating the subject's market area and location of office properties from CoStar Properties is below.



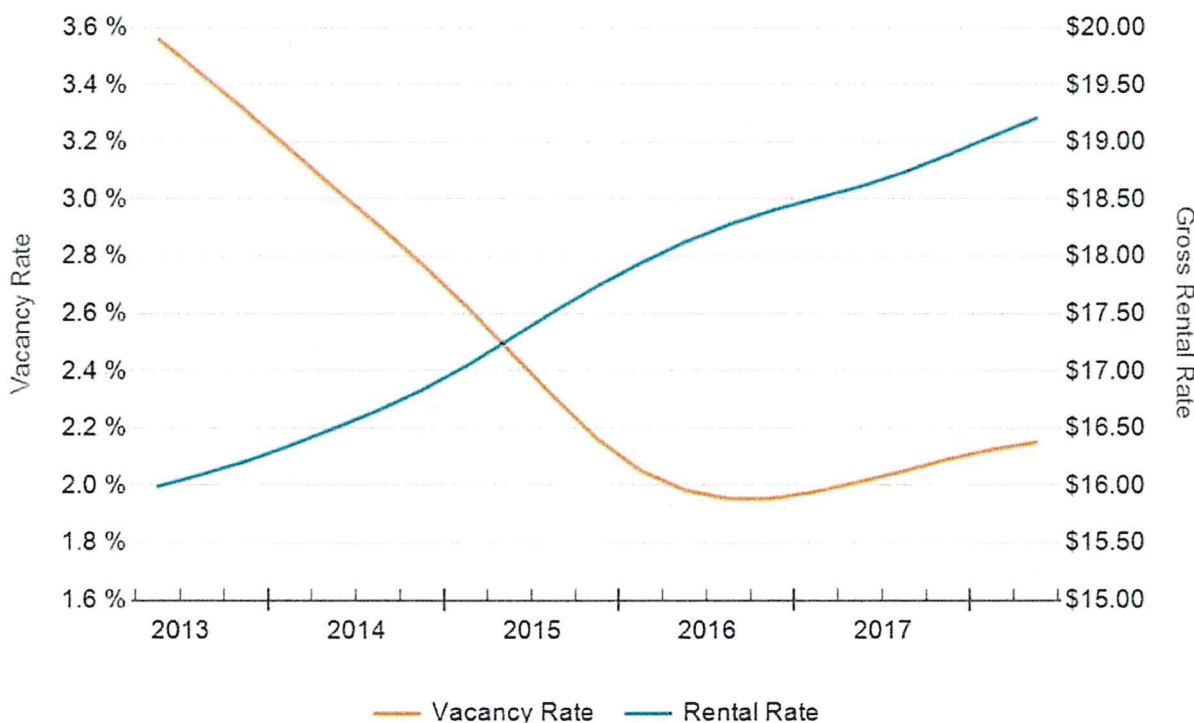
MARKET ANALYSIS 38

Key supply and demand indicators for all classes of office space in the Gateway submarket are displayed below. It is noted that these figures include all classes of office buildings.

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Gross Rent Per SF	\$19.08	\$17.55	Existing Buildings	340	339
Vacancy Rate	2.0%	2.5%	Existing SF	2,904,759	2,834,079
Vacant SF	57,418	71,223	12 Mo. Const. Starts	0	40,133
Availability Rate	8.2%	6.8%	Under Construction	0	48,176
Available SF	238,211	195,286	12 Mo. Deliveries	0	52,172
Sublet SF	0	1,352			
Months on Market	7.5	10.4			
Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	2,458	28,464	Sale Price Per SF	\$350	\$234
12 Mo. Leasing SF	106,883	85,278	Asking Price Per SF	\$246	\$242
			Sales Volume (Mil.)	\$61	\$18
			Cap Rate	5.8%	7.2%

As indicated on the above chart, there are 340 office buildings in the Gateway market area, totaling approximately 2.9 million square feet, which indicates an average building size of approximately 8,500 square feet. Current vacancy is indicated to be 2%, which is generally similar to the 5-year indicated average vacancy of 2.5%. Current asking rental rates are \$19.08 per square foot on a full-service basis, which is higher than the 5-year average of \$17.55 per square foot.

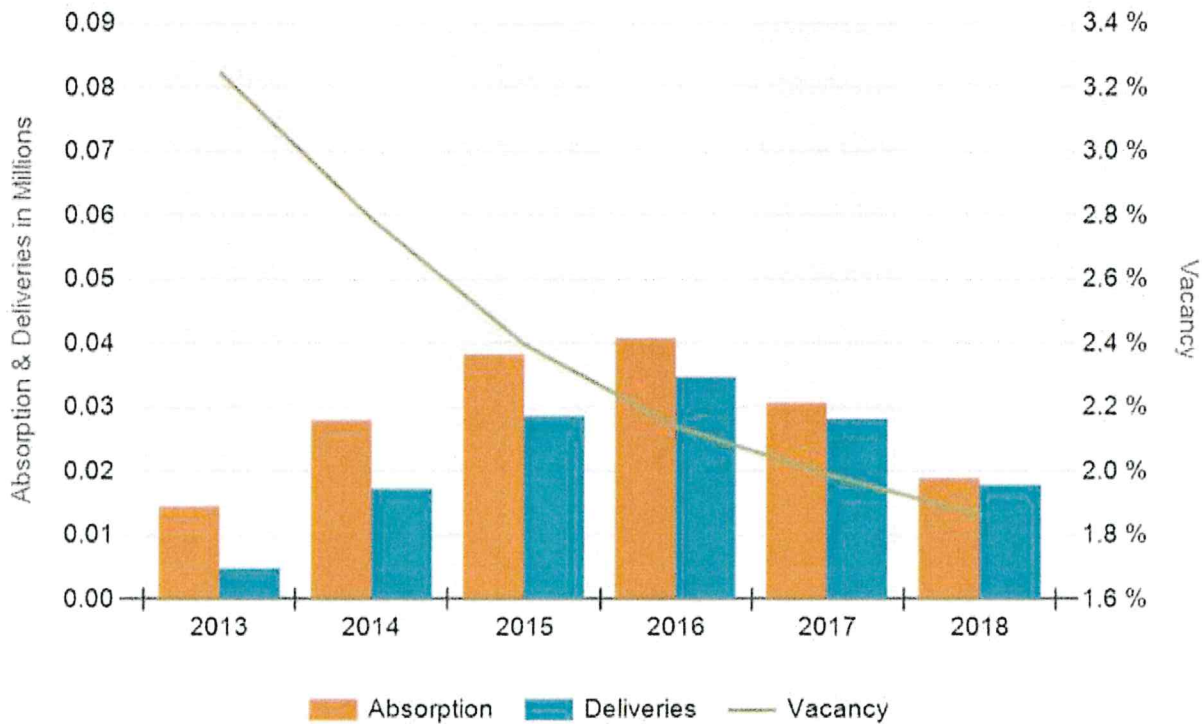
The following chart summarizes the vacancy rate and asking rental rate for Gateway office buildings over the past five years.



As indicated above, the vacancy rate decreased significantly during 2013 through 2016, and then began to slowly increase as new supply was delivered. That upward trend has continued into the current quarter. The asking rental rate has steadily increased from \$16 per square foot in Q2 2013 to \$19.21 per square foot in Q2 2018, representing an average annual growth of 3.7%.

MARKET ANALYSIS 39

The following chart summarizes the absorption and construction deliveries for office buildings in the Gateway market area over the past five years.



Absorption and construction have generally followed the same pattern over the last five years, with absorption being slightly more significant. Both have trended upward since 2013, peaked during 2016, and have since decreased up until the current quarter. It is notable that vacancy has continued to decrease during that same time, representing a strong market for office buildings in the Gateway market area.

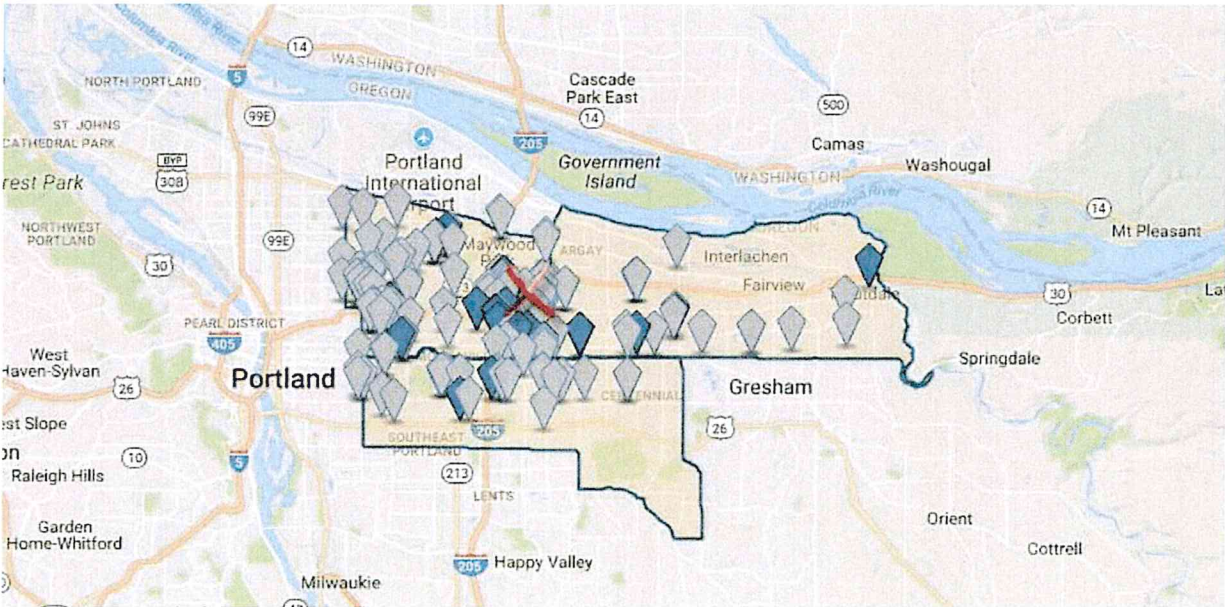
MEDICAL OFFICE SUBMARKET

The area surrounding Interstate 205 contains an agglomeration of medical users. This is particularly true within the subject's immediate vicinity, where Providence Medical Group, Kaiser Permanente, and Gateway Medical Center are each within a quarter mile radius of the subject.

While the subject is located in the Gateway submarket, the medical office market provides too small of a sample size. Thus, we will combine the Mal 205, Gateway, and East Columbia Corridor submarkets, as delineated by CoStar Properties.

This area is depicted in the image below, with the location of the subject indicated by the red X.

MARKET ANALYSIS 40



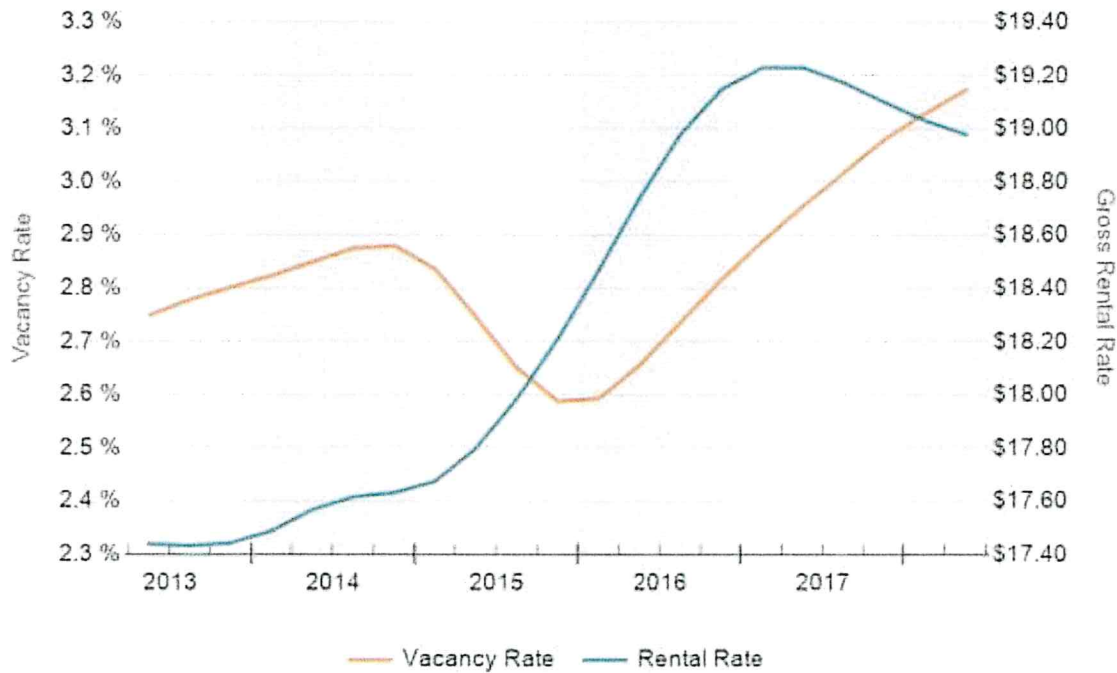
The following market indicators summarize this submarket.

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Gross Rent Per SF	\$19.32	\$18.35	Existing Buildings	147	147
Vacancy Rate	3.1%	2.8%	Existing SF	1,811,318	1,806,816
Vacant SF	55,970	51,078	12 Mo. Const. Starts	0	6,800
Availability Rate	4.2%	3.3%	Under Construction	0	5,100
Available SF	76,429	60,341	12 Mo. Deliveries	0	8,000
Sublet SF	0	0			
Months on Market	4.3	18.4			
			Sales	Past Year	5-Year Avg
Demand	Survey	5-Year Avg	Sale Price Per SF	\$449	\$331
12 Mo. Absorption SF	-1,088	5,660	Asking Price Per SF	\$235	\$235
12 Mo. Leasing SF	58,078	24,070	Sales Volume (Mil.)	\$59	\$16
			Cap Rate	5.8%	6.9%

There are 147 medical office facilities within the three submarkets shown above. There is a total of over 1.8 million square feet of this space. One interesting indicator to note is the increase in demand, which can be seen in the drastic reduction of months on market from 18.4 (5-year average) to 4.3 (current quarter).

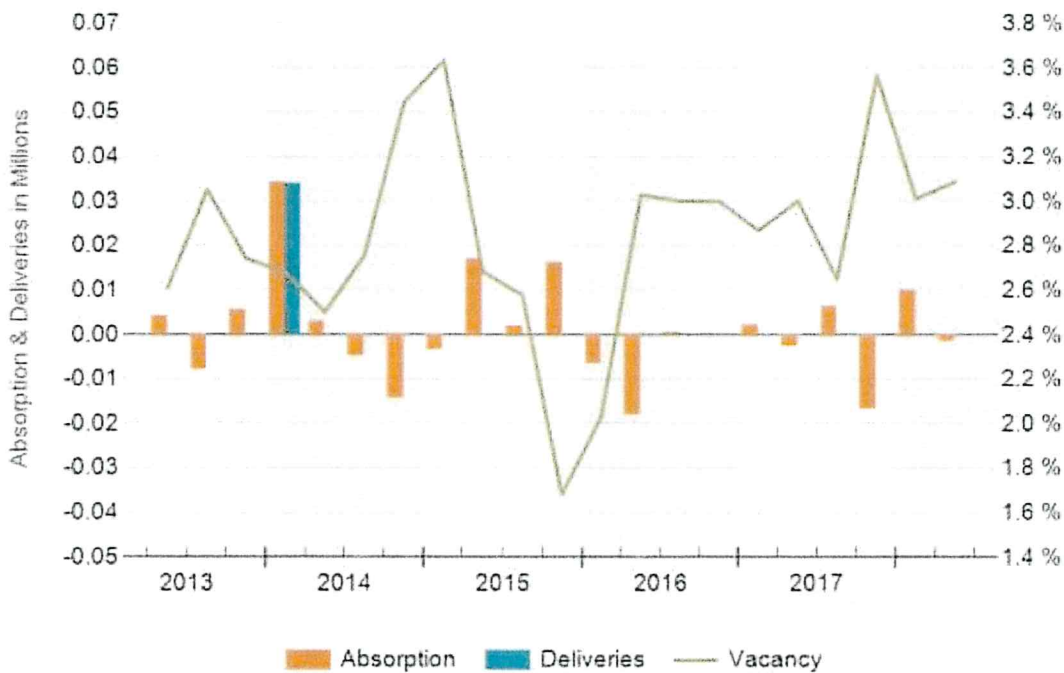
The following chart summarizes the vacancy rate and asking rental rate for Gateway medical office buildings over the past five years.

MARKET ANALYSIS 41



Over the last five years, vacancy has remained under 4.0% for medical offices. However, as rental rates have continued to increase, so to have the vacancy rates.

The following chart summarizes the absorption and construction deliveries for medical office buildings in the Gateway market area over the past five years.



There have been minimal deliveries for medical office space over the last five years. Vacancy remained low and absorption has been roughly even.

MULTIFAMILY SUBMARKET

SUBMARKET ANALYSIS – OUTER NORTHEAST AND OUTER SOUTHEAST

The subject is located in the Outer Northeast submarket as delineated by Multifamily Northwest (MFNW, fka Metro Multifamily Housing Association). The property also competes to some degree with the Outer Southeast submarket. Therefore, both submarkets will be analyzed.

Age of Existing Improvements

The age of apartments in the Outer Northeast and Outer Southeast submarkets generally ranges from 1940 to new.

Occupancy and Rental Rates

Longitudinal surveys of multi-family vacancies are conducted by several commercial brokerage firms (Norris, Beggs & Simpson, and Norris & Stevens), as well as the Multifamily Northwest (MFNW). The surveys by the commercial brokerage firms are quarterly while the MFNW's are semi-annual. Each has its own geographic, vintage, and unit size tracking criteria. For this appraisal of the subject we have selected the MFNW semi-annual surveys.

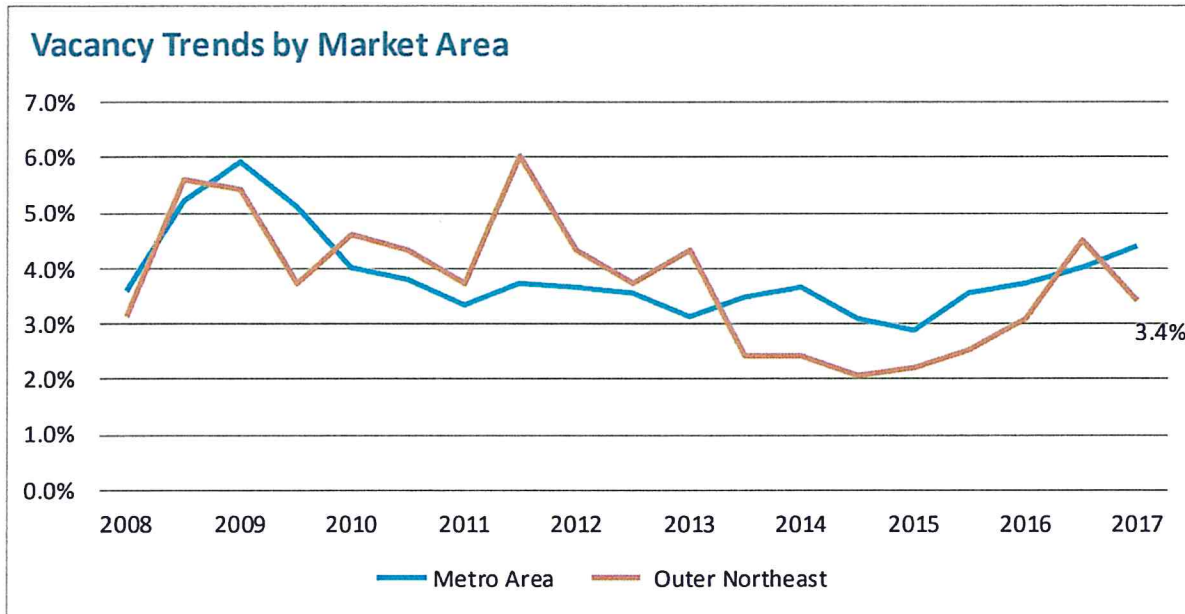
The next two tables and charts show the semi-annual trends in vacancy rates and per square foot rental rates in the Portland metro area overall, and in the Outer Northeast submarket and the Outer Southeast submarket from the spring 2008 survey through the fall 2017 survey.

Metro Area Apartment Statistics by Market Area						
Survey	Metro Area		Outer Northeast		Outer Southeast	
	Vacancy %	Rent/SF	Vacancy %	Rent/SF	Vacancy %	Rent/SF
Spring 2008	3.3%	\$0.87	3.2%	\$0.76	4.1%	\$0.79
Fall 2008	3.6%	\$0.86	3.1%	\$0.77	4.0%	\$0.79
Spring 2009	5.2%	\$0.91	5.6%	\$0.81	5.3%	\$0.83
Fall 2009	5.9%	\$0.91	5.4%	\$0.78	6.1%	\$0.83
Spring 2010	5.1%	\$0.90	3.7%	\$0.81	5.2%	\$0.83
Fall 2010	4.0%	\$0.90	4.6%	\$0.82	2.8%	\$0.83
Spring 2011	3.8%	\$0.94	4.3%	\$0.83	4.1%	\$0.87
Fall 2011	3.3%	\$0.97	3.7%	\$0.84	3.9%	\$0.85
Spring 2012	3.7%	\$1.00	6.0%	\$1.02	3.5%	\$0.88
Fall 2012	3.6%	\$1.03	4.3%	\$0.85	5.2%	\$0.89
Spring 2013	3.6%	\$1.04	3.7%	\$0.85	3.2%	\$0.91
Fall 2013	3.1%	\$1.10	4.3%	\$0.86	3.6%	\$0.98
Spring 2014	3.5%	\$1.16	2.4%	\$0.87	3.7%	\$0.98
Fall 2014	3.7%	\$1.22	2.4%	\$0.93	4.0%	\$1.06
Spring 2015	3.1%	\$1.24	2.1%	\$0.93	3.2%	\$1.09
Fall 2015	2.9%	\$1.33	2.2%	\$0.98	3.1%	\$1.10
Spring 2016	3.5%	\$1.40	2.5%	\$1.02	4.2%	\$1.18
Fall 2016	3.7%	\$1.47	3.1%	\$1.14	3.8%	\$1.24
Spring 2017	4.0%	\$1.50	4.5%	\$1.14	3.6%	\$1.28
Fall 2017	4.4%	\$1.57	3.4%	\$1.21	4.5%	\$1.34

Source: Multifamily NW

Vacancy

The chart below shows the patterns of vacancy rates in the metro area overall and in the Outer Northeast submarket and the Outer Southeast submarket.



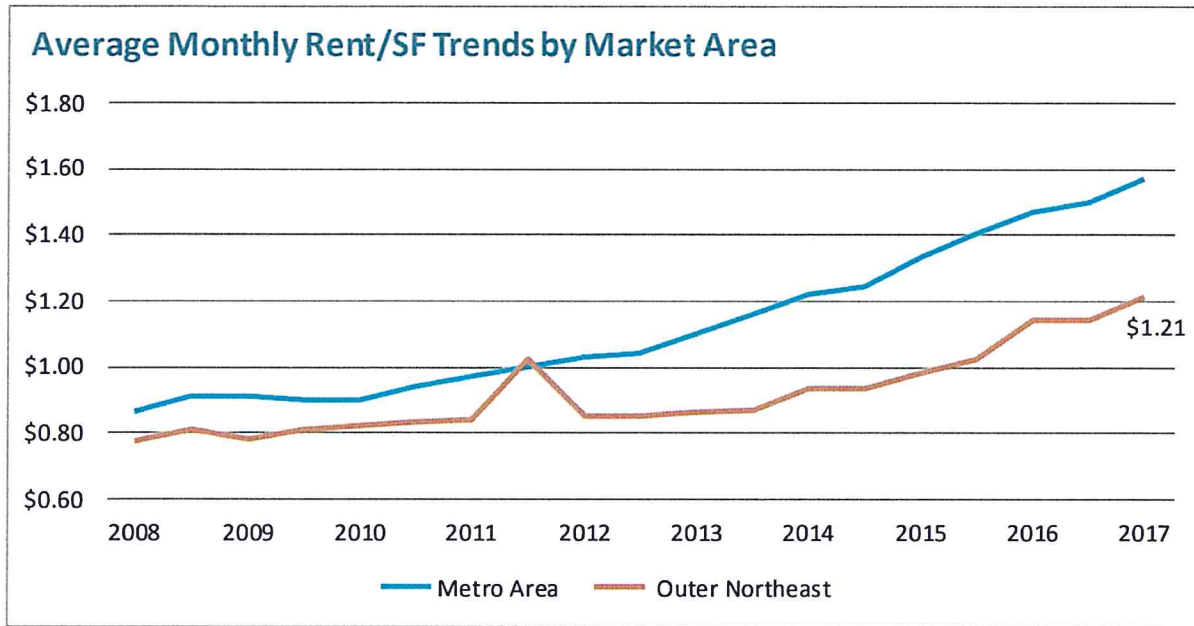
Source: Multifamily NW, compiled by BBG, Inc.

Metro-wide apartment vacancy rates declined from 7.7% in the fall 2004 survey to 2.9% in the fall 2007 survey, before stepping up to 5.9% in the fall 2009 survey. After that, the metropolitan vacancy rate has declined and has ranged between 2.9% to 4.4% since the fall 2010 survey. We note the spring 2018 metro vacancy of 4.9% is the highest reported vacancy since spring 2010.

The vacancy rates in the Outer Northeast submarket and the Outer Southeast submarket have generally followed the metro-wide pattern in vacancy. As of the fall 2017 survey, vacancy in the Outer Northeast and Outer Southeast submarkets are 3.4% and 4.5%, respectively, which are close to the metropolitan average of 4.4%.

Rental Rates

The semi-annual Multifamily Northwest (MFNW) market survey does not distinguish between new construction and seasoned units. As a result, its absolute numbers are not strong indicators of rental rates for either new or vintage construction. The chart below shows trends in average per square foot rental rates over the same time period in the metro area overall and in Outer Northeast and the Outer Southeast submarkets.



Source: Multifamily NW, compiled by BBG, Inc.

After a period of declining per square foot rental rates during the 2001 recession, overall metro area multi-family rental rates began a pattern of steady, gradual increases with the exception of a slight dip in the fall 2008 survey. Temporary “dips” in rental rates may be caused by several factors, but are most likely the result of inconsistency in the pool of properties participating in the survey (as not all properties participate every time).

The average per square foot rental rates in the Outer Northeast and Outer Southeast submarkets have tracked consistently below the average per square foot rental rates for the metro area overall. The spreads between the two averages have ranged from \$0.05 per square foot to \$0.20 per square foot. For the fall 2017 survey, the average rent per square foot for the Outer Northeast submarket was \$1.21, while the average rent for the Outer Southeast submarket was \$1.34 per square foot. These average rental rates are significantly less than the overall metropolitan average of \$1.57 per square foot.

The average annual rent appreciation in the metropolitan area rose by 6.37% in the last year with an annual average change of 8.80% in the past five years. In this same time periods, the subject’s Outer Northeast submarket and the adjacent Outer Southeast submarkets recorded the annual rate of rent appreciation 6.14% and 8.06%, respectively over the past year, with annual average changes of 7.32% and 8.53% over the past five.

New and Proposed Construction in Subject Area

For new and proposed construction near the subject, we rely on information compiled from *CoStar Properties*. The data includes properties classified as multifamily within a 3-mile radius of the subject/the subject’s market area.

MARKET ANALYSIS 45

Multifamily Projects - Outer Northeast and Outer Southeast				
Project Name	Location	Units	Complete	Status
18 NE 151st Apartments	18 NE 151st Ave (Glenfair MF)	6	2015	Stabilized
9700 NE Everett Apartments	9700 NE Everett Ct (Gateway MF)	90	2015	Stabilized
8307-8311 SE Brooklyn Apartments	8307-8311 SE Brooklyn St (Powellhurst-Gilbert MI)	19	2015	Stabilized
333 NE 146th Apartments	333 NE 146th Ave (Gateway MF)	112	2016	Stabilized
177 NE 147th Apartments	177 NE 147th Ave (Gateway MF)	38	2016	Stabilized
9101 SE Foster Apartments	9101 SE Foster Rd (Lents MF)	54	2018	Stabilized
19025 SE Yamhill Apartments	19025 SE Yamhill St (Rockwood MF)	38	2018	Lease-up
15075 SE Stark Apartments	15075 SE Stark St (Glenfair MF)	40	2018	Lease-up
Source: CoStar, Inc.: compiled by BBG, Inc. - Jun-18				

Since 2008, *CoStar Properties* indicates a total of 960 new units in the subject's area. The following tables show the currently under construction and proposed apartments in the subject's immediate market area:

Under Construction Multifamily Projects - Outer Northeast and Outer Southeast				
Project Name	Location	Units	Est. Completion	Status
3001 NE 148th Apartments	3001 NE 148th Ave (Argay MF)	56	2018	Under Const.
407 SE 172nd Apartments	407 SE 172nd Ave (Rockwood MF)	8	2018	Under Const.
10506 E Burnside Apartments	10506 E Burnside St (Gateway MF)	52	2018	Under Const.
8852 SE Ellis Apartments	8852 SE Ellis St (Lents MF)	10	2018	Under Const.
9202 SE Foster Apartments	9202 SE Foster Rd (Lents MF)	76	2018	Under Const.
Total		202	# of Projects:	5
Source: CoStar, Inc.; compiled by BBG, Inc.				

Proposed Multifamily Projects - Outer Northeast and Outer Southeast				
Project Name	Location	Units	Est. Completion	Status
5728 SE 91st Apartments	5728 SE 91st Ave (Lents MF)	64	2019	Proposed
304 NE 99th Apartments	304 NE 99th Ave (Gateway MF)	58	2019	Proposed
222 NE 102nd Apartments	222 NE 102nd Ave (Gateway MF)	61	2019	Proposed
222 SE 143rd Apartments	222 SE 143rd Ave (Gateway MF)	56	2019	Proposed
3340 SE 144 Apartments	3340 SE 144 Ave (Centennial MF)	30	2019	Proposed
255 SE 146th Apartments	255 SE 146th Ave (Gateway MF)	18	2019	Proposed
2242 SE 158th Apartments	2242 SE 158th Ave (Centennial MF)	36	2019	Proposed
9648 NE Couch Apartments	9648 NE Couch St (Gateway MF)	54	2019	Proposed
8248 SE Flavel Apartments	8248 SE Flavel St (Lents MF)	6	2019	Proposed
9809 SE Holgate Apartments	9809 SE Holgate Blvd (Lents MF)	6	2019	Proposed
8928 SE Woodstock Apartments	8928 SE Woodstock Blvd (Lents MF)	12	2019	Proposed
10734 NE Wygant Apartments	10734 NE Wygant St (Parkrose MF)	5	2019	Proposed
9747 NE Glisan Apartments	9747 NE Glisan St (Gateway MF)	116	2020	Proposed
14708 NE Glisan Apartments	14708 NE Glisan St (Gateway MF)	46	2020	Proposed
12036 SE Pine Apartments	12036 SE Pine St (Gateway MF)	15	2020	Proposed
23 NE 151st Apartments	23 NE 151st Ave (Glenfair MF)	50	2021	Proposed
Total		633	# of Projects:	16
Source: CoStar, Inc.; compiled by BBG, Inc.				

Currently, there are 202 units under construction in 5 projects and 633 proposed units in 16 projects in the market area.

Inclusionary Zoning

In the city of Portland, developers raced projects into permitting in an effort to avoid inclusionary zoning (IZ) requirements. Between December 1, 2016 and February 1, 2017, developers submitted applications for 66 projects with more than 7,000

MARKET ANALYSIS 46

units. Most market participants feel that IZ requirements will slow the rate of new multifamily construction as many smaller in-fill and mid-rise projects become unfeasible. For projects on larger sites with high FAR allowances, however, the effects of IZ are less pronounced.

A recent report issued by the City of Portland shows that permitting activity since the passage of the IZ requirements has dropped substantially. In the last 12-months, developers have only submitted permits for 17 projects with a total of 1,007 units. However, five of these projects are 100% affordable housing projects. For the remaining 12 market rate projects that only have a small portion of units designated as affordable pursuant to IZ, there are only 654 total units. Thus, the city's efforts to legislate more affordable housing have resulted in only 89 additional affordable units in the last year.

Also, the new zoning that went into effect on May 24, 2015 now requires multifamily density to be subject to the maximum FAR allowance. Under the old zoning, multifamily density for most commercial zones was only subject to maximum site coverage, height and setback requirements. In many cases, a four-story multifamily development with 100% site coverage could be built on a small 10,000 square foot site for a 4:1 FAR. Thus, in addition to the IZ requirements, the new zoning for an exclusive market rate multifamily development is only allowed a maximum FAR of 2:5:1.

In the current market, there are several new apartment buildings that are in lease-up. Absorption rates for these buildings have slowed to 3 to 18 units per month, which is considerably slower than the 12-25 unit per month absorption seen between 2011 and 2015. With greater competition for new tenants, most new buildings are offering generous concessions that include a month of free rent. For the larger market area, the vacancy rate is increasing, although it is still below 4.5% for many submarkets in the metropolitan area.

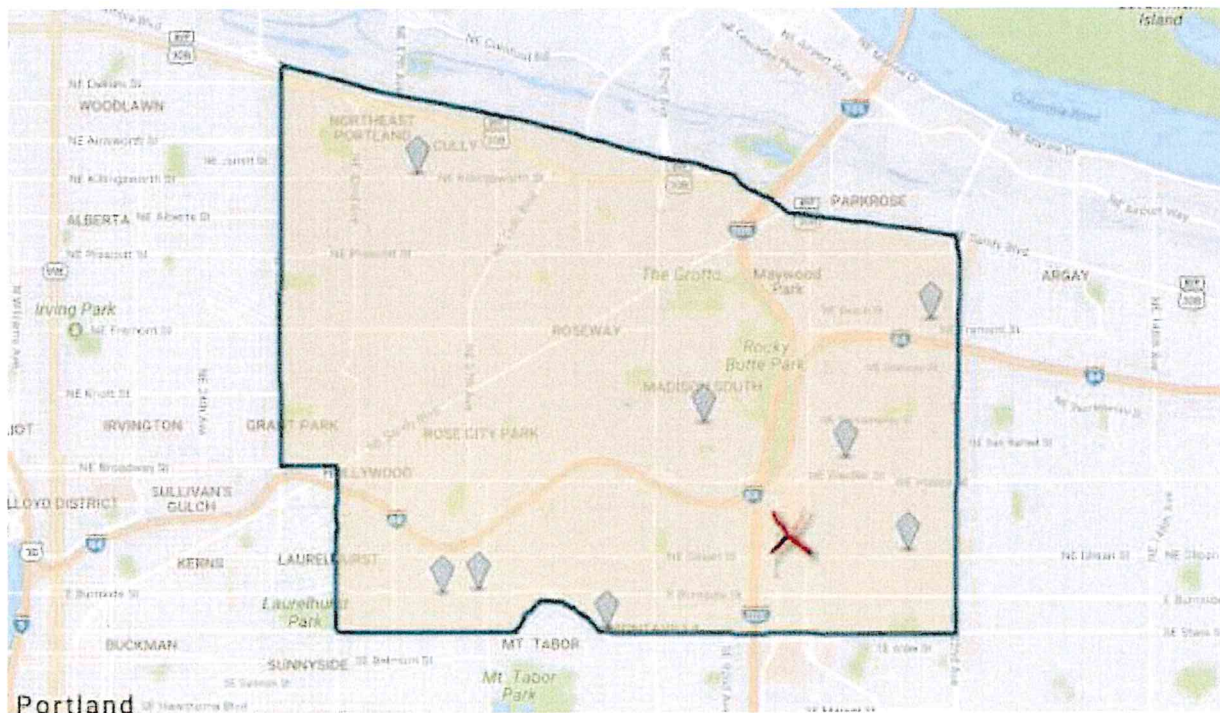
With the combined impact of the IZ requirements and the new zoning, the site could be developed with a 19-unit market rate development, or a larger development with a portion of the apartments designated as affordable. The site measuring nearly 7.5 acres would allow for construction of a significant amount of units; however, it is unknown if the site could be feasibly developed with apartments because of the negative financial impact of IZ.

SENIOR HOUSING SUBMARKET

The typical resident of all senior healthcare housing (independent living, assisted living, memory care, and continuum of care facilities) is between the age of 70 and 90. According to the 2009 Overview of Assisted Living, the average age at move-in to an assisted living facility is 84.6 years of age. However, the median age within from 1 to 5 miles of the subject property is nearly the overall Portland MSA average of 39 years.

According to CoStar, there are eight senior living facilities within the subject's submarket. The following map shows the subject's location in relation to each of the facilities.

MARKET ANALYSIS 47



Each of these facilities is currently fully leased. The properties range from 2,235 to 160,272 square feet. The majority of these facilities are low-density, one to three-story facilities constructed in the 1970s. They do not offer strong amenities and many are located out of reach from major public transportation stops.

There are currently two senior housing facilities being proposed and one set to deliver within the Portland MSA. The project that is set to deliver is a three-story development located in Beaverton. It will contain 200,000 square feet and is located within close proximity to Barrows Park and the Progress Ridge Town Square. This newly constructed facility lacks similar amenities to what the subject site might be able to provide.

The subject's area does provide significant public transportation options needed for senior residents to remain mobile. Its immediate proximity to the Gateway Transit Center would allow for residents to access areas across the Portland MSA that might typically be unavailable. Further, the proximity to several medical care providers would allow for the potential of mutually beneficial relationships for the residents and businesses.

Lastly, a location within this neighborhood, would provide a cheaper alternative to the alternative urban facilities within the Portland MSA. Private studios in inferior areas rent from \$2,950 per unit per month. Each unit is approximately 350 square feet, indicating a monthly per square foot rate of \$8.43, which includes services, utilities, and dining options. While the rental rate is significantly higher than that of the multifamily rate, on a per square foot per month basis, the expenses and management costs are prohibitive to an operator unfamiliar with the daily costs of running the business.

CONCLUSION

The subject property's location and zoning lend itself to a wide variety of uses that would be financially feasible and have the capabilities for success. The office and retail markets show strong demand, as both have vacancy rates below 5.0%, despite increases in rental rates over the past 5-years. While the multifamily market for existing projects remains strong, this asset has the greatest risks of producing a financially feasible project due to the new Inclusionary Zoning Ordinance. The Gateway submarket continues to grow at a stable pace and we expect each of the afore-analyzed asset types to continue to see increased rental rates as more deliveries increase density and provide vitality to an up and coming district.

HIGHEST AND BEST USE

INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, is it appropriate to proceed with the analysis with such an assumption.

HIGHEST AND BEST USE CRITERIA

The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

HIGHEST AND BEST USE AS VACANT

LEGALLY PERMISSIBLE

The subject site is zoned CXd, central commercial, which allows for a wide variety of uses, including: retail, office, residential, and civic uses. This zone is intended to promote high density development and allows for building heights amongst the highest in Portland, beside the city's CBD. As a condition of the new inclusionary zoning ordinance, any development above 20 units must supply either 20% of units at 80% MFI or 10% of units at 60% MFI.

The subject is specifically located within the Gateway Plan district. According to the maps, the subject's FAR is 8 to 1 with a height allowance of 120 feet, which is above the CX base zoning.

The prevailing land use surrounding the subject varies greatly. There are multifamily projects, neighborhood shopping centers, small office and retail buildings, and medical office users within the immediate area.

Legal restrictions include deed restrictions, CC&R's, lease encumbrances, zoning requirements, building codes, historic district controls and environmental regulations, and were previously analyzed to determine legally permitted uses. No other legal restrictions have been identified that would limit development of the property beyond the development standards stipulated by municipal code.

PHYSICALLY POSSIBLE

A 2.27-acre portion of the subject property is in the process of being purchased by the owner of multiple parcels containing 5.18 acres, located immediately adjacent to the east. Upon the closing of this sale the buyer will contain approximately 7.45 acres. The lot lines are in the process of being adjusted to account for the new addition. The site will have frontage along NE Pacific, NE 99th, and NE 102nd, which is a major commercial arterial.

Size, shape, topography, soil condition, availability of utilities, transportation access, surrounding uses, and locational characteristics were previously analyzed to determine which legal land uses are physically possible and which are best to conform to the physical and locational aspects of the site and its setting with respect to the neighborhood and community. Overall, the physical site attributes result in adequate utility, and the property could be developed with a variety of legally-conforming uses. Given the surrounding uses and location, the site is suited for a wide variety of uses.

FINANCIALLY FEASIBLE

Financial feasibility is determined by the relationship of supply and demand for the legally probable land uses versus the cost to create them. The market analysis section reveals that there are a number of uses in the subject's market are generally

stabilized. Recent and planned developments of multifamily, medical office, retail, and senior living facility uses in the market area serve as direct evidence that development of various types is financially feasible.

In our market analysis, we have discussed a wide variety of uses that have low vacancy rates and rising rental rates. Currently, both retail and office users have vacancy rates below 5.0%, indicating high demand or an undersupplied submarket. In conjunction with the increasing rental rate trend, both uses are considered to be strong and likely to be financially feasible.

While a multifamily development would be financially feasible at market rental rates, there is a significant amount of uncertainty in the financial feasibility with the necessary affordable rate units to conform with inclusionary zoning standards. Thus, it is our conclusion that without doing a more detailed financial analysis with specific strategies in mind to account for the affordable housing requirement, this asset is the least likely to be financially feasible.

MAXIMALLY PRODUCTIVE

The final test of highest and best use of the site as vacant is that the use be maximally productive, yielding the highest return to the land. In order to determine the maximally productive use, a comparison of rental rates, occupancy, operating expenses, and rates of return for the financially feasible would be needed. However, because of the size and zoning and endless possibility of use mixes that are possible, a detailed analysis on the maximally productive use of this site is outside of the scope of our assignment.

PLANNED DEVELOPMENT

Upon the closing of the current sale, which was discussed above, the subject will contain 7.45 acres of undeveloped land in an urban renewal area within the City of Portland. This site will be located within immediate proximity to the Gateway transit center as well as the “Four Corners” at the intersection of NE 99th Avenue and NE Pacific Street. This intersection has been envisioned as the epicenter of the Gateway Regional district. Activation of this corner is a priority of the city as well as the buyer of the property.

The subject’s location has generated significant interest from various parties, including: Generations, who is a 50% owner of the site. Generations is a developer/owner/operator of Senior Housing and Assisted Living Communities. They bought into the site and with the help of the original owner, Ted Gilbert, have developed a preliminary master plan of the site. This plan will create a mixed-use multigeneration community.

David Douglas, the seller of the 2.27-acre site, plans to construct a 6-story elementary school on the remaining area of the site in the southeast corner of the block. They will be building the school utilizing bond money from an upcoming measure. The buyer has developed a partnership with the school district to provide space for the 2+2+2 program. This program is a part of a partnership the school district has with Mt. Hood Community College and Warner Pacific University, both of whom have preleased space within the development.

Preliminary plans center around Generations’ contribution to the development. They plan to construct over 160,000 square feet of facilities at the east end of the property. This will include 202 units of senior living, with a portion dedicated to memory care and assisted living. The remainder of the plan will mix a number of retail, office, multifamily, and civic uses. Overall, the development will total nearly 700,000 square feet, significantly less than what the FAR increases would allow.

The developers have preleasing agreements with a number of educational users that will occupy mixed-use buildings with ground floor retail space and upper floor classrooms and office space. Beyond the senior facilities, there are a number of educational providers, retailers, and a gym facility that have preleased space within the development.

While these are only preliminary plans, there has been significant investment of time, equity, and buy-in from major actors involved in the development. Bearing in mind we have not seen any financials that support the use mixes within this proposed development, we conclude this preliminary plan to be in line with the subject’s ideal improvements as it meets or exceeds each of the four criteria in determining the highest and best use.

CONCLUSION – AS VACANT

The ideal improvement is open to a number of potential development plans. The preliminary plans do not necessarily maximize the potential FAR that the zoning allows. Whether the market would bare a greater size is unknown. The subject's current

HIGHEST AND BEST USE 50

development plans are financially feasible, conform to zoning standards, and create a community that might be the catalyst for a growing area in Gateway. Thus, they are considered to be the highest and best use, as vacant.

As seen by the current transaction, the most likely buyer of the site as vacant is a speculative investor or developer.

HIGHEST AND BEST USE As Improved

CONCLUSION - AS IMPROVED

The subject is currently multiple parcels of vacant land and one building in poor condition. The highest and best use as improved is the demolition of the one building and the development of the ideal, as discussed above.

VALUATION PROCESS

Valuation in the appraisal process generally involves three techniques, including the Cost Approach, Sales Comparison Approach and the Income Approach.

These three valuation methods are defined in the following table:

VALUATION METHODS	DEFINITION
Cost Approach	In this approach, value is based on adding the contributing value of any improvements (after deductions for accrued depreciation) to the value of the land as if it were vacant based on its highest and best use. If the interest appraised is other than fee simple, additional adjustments may be necessary for non-realty interest and/or the impact of existing leases or contracts. ¹
Sales Comparison Approach	In this approach, recent sales of similar properties in the marketplace are compared directly to the subject property. This comparison is typically accomplished by extracting “units of comparison”, for example, price per square foot, and then analyzing these units of comparison for differences between each comparable and the subject. The reliability of an indication found by this method depends on the quality of the comparable data found in the marketplace.
Income Approach	In this approach, a property is viewed through the eyes of a typical investor, whose primary objective is to earn a profit on the investment principally through the receipt of expected income generated from operations and the ultimate resale of the property at the end of a holding period.

VALUATION METHODS UTILIZED

Summary:

This appraisal employs only the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. Since no improvements exist on site, the Cost Approach is not relevant. The property generates no income and is not typically marketed, purchased or sold on the basis of anticipated lease income; thus, the Income Capitalization Approach was precluded.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

As previously discussed, the primary legal consideration affecting the subject site is the zoning allowing a FAR of 6:1. This higher density zoning is more common in close-in areas of Portland and areas along primary arterials east of I-205 within the Gateway and East Corridor Plan Districts. However, even within the Gateway and East Corridor Plan Districts, a FAR of 3:1 or 4:1 is most common, with some pockets of sites zoned 8:1 FAR. Additionally, a majority of the residential areas both east and west of I-205 that have higher density zoning (i.e. R1, R2, and R3) do not base density on a FAR but rather a number of units per square foot. Therefore, some commercially zoned sites that allow residential uses and base density on FAR were researched and included.

LAND VALUATION

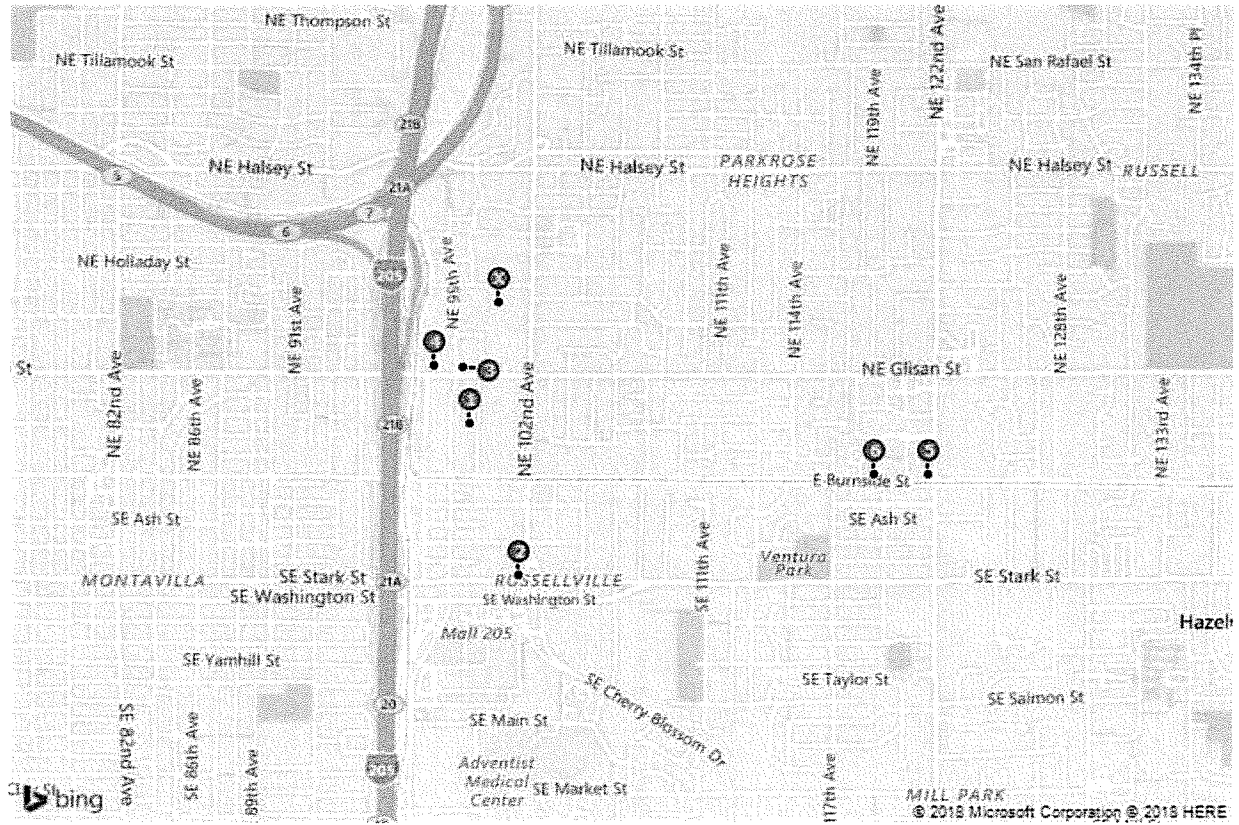
METHODOLOGY

The Sales Comparison Approach is employed to develop an opinion of land value. In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold sites in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

Unit of Comparison	The most widely used and market-oriented unit of comparison for properties with characteristics similar to those of the subject is sale price per square foot.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of sites that are similar to the subject. Similarities may include size, utility, zoning, physical characteristics, location and the date of the sale. <i>Though the subject property is of considerable size, no transaction with acreages of this magnitude have sold beyond a part of the site that is currently under contract.</i>
Confirmation	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
Comparison	Each of the sales that are chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
Reconciliation	Once all of the comparables have been adjusted, a single-value must be concluded based on the indications produced from the analysis of the comparables.

COMPARABLE LAND SALES MAP AND SALES SUMMARY



LAND VALUATION 54

The following is a summary of the comparable sales.

Summary of Comparable Land Sales							
No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Zoning	\$/SF Land	\$/Acre
1	Gateway SFR Assemblage 241-315 NE. 100th Portland	Jun-18 In-Contract	\$864,000	27,007 0.62	RX	\$31.99	\$1,393,548
	<i>Comments: Buyer plans to hold the SFRs as they currently produce income. From a long-term perspective, they plan to eventually building a multifamily development.</i>						
2	SE Stark CX Land 10175 SE. Stark St. Portland	Jun-17 Closed	\$650,000	12,000 0.28	CX	\$54.17	\$2,359,347
	<i>Comments: Site is currently improved as a food cart pod. Broker did not have any income information available but stated that the use did not affect the sale price. The buyer will hold the site for development.</i>						
3	Glisan Street High Density Land 9919 NE. Glisan St. Portland	May-17 Closed	\$415,000	11,326 0.26	RX	\$36.64	\$1,596,154
	<i>Comments: The broker indicated that he received three offers, two at full price, but each potential buyer backed out of the deal during the due diligence process prior to the sale of the subject.</i>						
4	9745 NE Glisan / 9738 NE Irving (RX) 9738-9802 NE. Irving St. / 9745-9747 Portland	Dec-16 Closed	\$2,234,500	44,690 1.03	RX	\$50.00	\$2,178,088
	<i>Comments: Property was not marketed for sale. The owners wanted to sell and their broker also knew the buyer and then subsequently negotiated the purchase and sale agreement. Both the buyer and broker felt the pending sale price was generally reflective of market. The zoning allows for 8:1 FAR but the buyer indicated that a much smaller scale development is proposed for the site.</i>						
5	NE 122nd & Burnside CXd Site 25 NE. 122nd Ave. Portland	Jun-16 Closed	\$940,000	30,805 0.71	CX	\$30.51	\$1,329,186
	<i>Comments: The listing flyer indicated there may be a possible financing opportunity with the Portland Housing Bureau to build affordable housing and possible grants available with Metro. The broker confirmed that the buyer intends to develop the site with a multi-family use.</i>						
6	Outer Burnside Assemblage 11833-11911 E. Burnside/Couch St. Portland	Jun-18 Listing	\$5,461,900	131,987 3.03	RH	\$41.38	\$1,802,607
	<i>Comments: The total 3.03 acres is not connected. According to the broker, they have received offers on the entirety of the property as well as specific portions of the site. However, the owner prefers to sale the whole property. Yet, offers on the entirety of the property have not been near the listed price as interested parties are severely discounting the price of the rear lots that are unconnected, despite being willing to pay full price for the connected parcels.</i>						



Sale 1
Gateway SFR Assemblage



Sale 2
SE Stark CX Land



Sale 3
Glisan Street High Density Land



Sale 4
9745 NE Glisan / 9738 NE Irving (RX)



Sale 5
NE 122nd & Burnside CXd Site



Sale 6
Outer Burnside Assemblage

COMPARABLE LAND SALES ADJUSTMENT GRID

LAND SALES ADJUSTMENT GRID							
	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Sale Date	-	Jun-18	Jul-17	May-17	Dec-16	Jun-16	Jun-18
Site Size (SF)	98,881 to 324,521	27,007	12,000	11,326	44,690	30,805	131,987
FAR	6 to 1	6 to 1	4 to 1	6 to 1	8 to 1	4 to 1	4 to 1
Per Square Foot	-	\$31.99	\$54.17	\$36.64	\$50.00	\$30.51	\$41.38
Rights Conveyed		0%	0%	0%	0%	0%	0%
Financing Terms		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	-5%
Expenditures Immed After Sale		0%	0%	0%	0%	0%	0%
Market Conditions		0%	3%	3%	5%	6%	0%
Adjusted Price per SF		\$31.99	\$55.80	\$37.74	\$52.50	\$32.34	\$39.31
Location		0%	0%	0%	0%	5%	5%
Access/Exposure		10%	-5%	5%	5%	0%	0%
Size		-5%	-10%	-10%	-5%	-5%	-5%
Zoning		0%	0%	0%	0%	0%	5%
FAR		0%	10%	0%	-10%	-10%	10%
Shape & Topography		0%	0%	0%	0%	0%	5%
Subtotal Net Adjustments		5%	-5%	-5%	-10%	-10%	20%
Adjusted Price per SF		\$33.59	\$53.01	\$35.85	\$47.25	\$29.11	\$47.17

DISCUSSION OF ADJUSTMENTS

In our adjustments we have adjusted the comparable sales to the combination of the two parcels, which we consider to be the average. Further discussion will expand on our conclusion that the subject's eastern lot is considered to be superior to the western parcel.

PROPERTY RIGHTS CONVEYED

All of the sales utilized in this analysis involved the transfer of the fee simple interest. Therefore, no adjustments were required.

FINANCIAL TERMS

To the best of our knowledge, all of the sales utilized in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

CONDITIONS OF SALE

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. In many situations, the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

Sale No. 6 is a listing. According to the broker, no offers or interested parties have offered the full listing price for the accumulation of land thus far.

EXPENDITURES IMMEDIATELY AFTER SALE

No capital costs were expended subsequent to the sale of any of the comparable sales. Therefore, no adjustments were required.

MARKET CONDITIONS

The sales included in this analysis transacted between June 2016 and June 2018 and reflect current market conditions. While there were previously significant appreciation, since the inclusionary zoning ordinance has been enacted, there has been a significant decrease in investment and interest from the private sector in the Gateway area specifically. Thus, we apply a minimal annual adjustment of 3.0%.

LOCATION

The best locations for retail properties are those that have ease of accessibility for employees, appealing and compatible surroundings, and nearby amenities and support services. Visibility from major thoroughfares provides a form of advertising, increasing the appeal of the property to a broader range of potential users. Market conditions of the immediate vicinity are also important to consider.

The subject is located along NE Corner of NE Pacific and NE 102nd, providing good visibility and access. The subject is located in an area of strong demand for commercial and residential space because of its close proximity to major transportation corridors. Surrounding uses are primarily retail, office and residential uses in average to good condition. The subject's location offers good connectivity to major transportation linkages. Overall the subject's location is considered average for retail use. The sales have similar surrounding commercial and residential development, with similar visibility, and no adjustments were required.

Sale No. 5 and Sale No. 6 are located further east compared to the subject, which is inferior. Thus, each of these sales was given a negative adjustment.

ACCESS/EXPOSURE

The subject has strong exposure, particularly the eastern parcel, which is located at the corner of a commercial arterial. However, throughout our adjustment analysis, we have compared the sales to the average of the site.

Sale No. 2 has superior access/exposure and was adjusted negatively.

Sale No. 4, Sale No. 3 and Sale No. 1 (to the greatest extent) have inferior access/exposure and were each given an upward adjustment.

SITE SIZE

In this valuation, size adjustment generally reflects the inverse relationship between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Hence, upward adjustments were made to larger land parcels, and downward adjustments were made to smaller land parcels.

We have considered placing a premium on the site as accumulation of this amount of property within urban areas allows for larger-scale developers to shape an area, smaller properties are incapable of providing. Therefore, we conducted several interviews from market participants from the area as well as developers that are capable of planning and constructing a project of this size.

Market Participants Survey

Kali Bader, Vice President of Rembold Properties stated "I wouldn't assign a premium to a larger site because typically we can't get much more out of it, other than possibly flat parking. In that case, it is less expensive to build the parking, but if in a design overlay, we can't have surface parking.

We also typically top out at about 3-4 acres for our multi-family or senior project in terms of needed land, anything else either makes the project too big or causes us to buy more land than needed. Just my two cents."

Michael Shall, a broker with Marcus and Millichap with a large parcel for sale in the area indicated "with inclusionary zoning, there has been a steep drop off for development in the area. Particularly from the private sector. There is no premium for large sites out there (Gateway area), with the exception of low income housing developers."

Based upon this evidence, we give no premium for the size of the land. Thus, the relationship, for size, remains inverse within this area. Each of the sales received a negative adjustment

ZONING

The subject is zoned Central Commercial (CX), which allows for a wide variety of retail, office, and residential uses. Several of the comparable sales are zoned Central Residential (CX), which within in the CBD of Portland would certainly require an adjustment. However, the market in the Gateway submarket does not recognize the difference.

Thus, only Sale No. 6, which is zoned for High Density Residential and does not include retail space received an upward adjustment to account for its inferior zoning.

FAR

We will make an adjustment based on FAR, as the comparables potential development vary because what is allowed. The subject has a maximum FAR of 6:1. In order to account for the difference in potential developable square footage, generally we would negatively adjust the sales based on the difference in FARs (example 6:1 equates offers 50% greater 4:1).

However, developers typically are not building to the maximum FAR. This is illustrated by the fact that the subject plans to develop nearly 700,000 square feet, far short of the maximum of nearly 2,000,000 square feet allowed. This is due to a number of factors, including physical site and neighboring development characteristics. Additionally, taller buildings are typically more expensive to build, especially if built with a steel-frame instead of a wood-frame. Lastly, while parking is not a requirement, apartment buildings are being constructed with surface parking lots, especially since underground parking adds to the construction costs.

Considering these factors, we conclude the market to only value the FAR at a 25% rate. Thus, the adjustments equate to 50% multiplied by 25%, indicating a 10% adjustment is required. The sales whose zoning allows for a different FAR, are 4:1 and 8:1. The difference is the same, thus our calculations reflect the same adjustment, the 4:1 being upward because of its inferiority and the 8:1 being negative because of its superior.

SHAPE AND TOPOGRAPHY

Only Sale No. 6 is considered to have an inferior shape to the subject as a number of the lots included within the listing are not connected to the nucleus. This is concluded to be inferior, warranting an upward adjustment.

CONCLUSION OF LAND VALUE

The following table illustrates the adjusted and unadjusted minimum, maximum, and average price per square foot for the comparable sales.

SALES SUMMARY	Unadjusted	Adjusted
Minimum	\$30.51	\$29.11
Maximum	\$54.17	\$53.01
Average	\$40.78	\$41.00

As Is as of June 6, 2018 (2.27 AC)

Within this analysis, we are valuing several parcels of land in three ways. The first parcel of land that will be valued is the 2.27-acre property currently being sold by the David Douglas Scholl District to GMB Unlimited and White Gabriel White. Subsequently, we will value the 5.18 acres that GMB Unlimited and White Gabriel White have accumulated over the past 20 years. Finally, we value the two previously discussed acreages together.

The larger, eastern site contains the most valuable frontage along NE 102nd, which is a strong commercial arterial. Further, its shape and size and considerable superior to the western section of land.

While the western parcel's northernmost is located at the corner of NE Pacific and NE 99th Avenue, this does not have the same type of appeal to developer's as-is. Due to the inferior characteristics, such as exposure and shape, we consider the eastern lot to be superior to the western lot.

While the Comparables that have been utilized may be the same, the valuations are significantly different, depending on which section of the land or how large the particular parcel of land is.

As Is (2.27 AC)

The following table displays the indicated value for the subject property's 2.27 acres that are currently in the process of selling. It is our conclusion that this section of land is at the lower end of the range because of its lack of exposure and inferior, less efficient shape, indicating the following value:

As Is as of June 6, 2018 (2.27 AC)	
Indicated Value Price per SF	\$35.00
SF	x 98,881
Indicated Value Price	\$3,460,835
Rounded to nearest \$10,000	\$3,460,000
Indicated Value Price per SF	\$34.99

As Is (5.18 AC)

The following table displays the indicated value for the subject property's 5.18 acres that are owned outright by the buyer of the adjacent property. It is our conclusion that this section of land is at the upper end of the range because of its strong exposure, indicating the following value:

As Is as of June 6, 2018 (5.18 AC)	
Indicated Value Price per SF	\$50.00
SF	x 225,640
Indicated Value Price	\$11,282,000
Rounded to nearest \$10,000	\$11,280,000
Indicated Value Price per SF	\$49.99

As Is (Combined)

The following table displays the indicated value for the subject property's total combined acreage (the two properties that are valued above).

As Is as of June 6, 2018 (Combined)	
Indicated Value Price per SF	\$45.00
SF	x 324,521
Indicated Value Price	\$14,603,445
Rounded to nearest \$10,000	\$14,600,000
Indicated Value Price per SF	\$44.99

RECONCILIATION AND FINAL VALUE ESTIMATE

SUMMARY OF VALUE INDICATIONS

VALUE INDICATIONS			
As Is as of June 6, 2018 (2.27 AC)			
Land Value	\$3,460,000	\$34.99	Per Square Foot of Land
As Is as of June 6, 2018 (5.18 AC)			
Land Value	\$11,280,000	\$49.99	Per Square Foot of Land
As Is as of June 6, 2018 (Combined)			
Land Value	\$14,600,000	\$44.99	Per Square Foot of Land
Exposure Time	3-6 months		
Marketing Time	3-6 months		

MARKET VALUE - VALUATION RELIANCE

The Sales Comparison Approach is primarily used by owner-users in making purchase decisions. The Income Approach was not utilized as the site does not currently generate any income. Lastly, the Cost Approach was not utilized as there are currently no improvements on the site. For these reasons, the Sales Comparison Approach was developed primarily as support for the Income Approach.

FINAL OPINION(S) OF VALUE

Based on the inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is (2.27 AC)	Fee Simple	June 6, 2018	\$3,460,000
As Is (5.18 AC)	Fee Simple	June 6, 2018	\$11,280,000
As Is (Combined)	Fee Simple	June 6, 2018	\$14,600,000

MARKETING TIME AND EXPOSURE TIME

The sales used in the Sales Comparison Approach were formally marketed and purchased after being exposed to the market in a range from two months to multiple years.

Financing for retail properties purchased for investment purposes is limited, which has reduced the pool of potential buyers for this property type. However, the subject has significant appeal to an institutional grade investor given its size and location. Therefore, we do not believe the limited availability of financing has any negative impact on the marketability of the subject, and we believe it would sell within 6 months at the appraised market value.

The exposure time is also estimated at less than 6 months; however, it could be slightly longer than the marketing time depending on any improvement in the market.

CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of Oregon.
9. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics, the Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Phillip Hanshew, MAI has not completed the continuing education program for Designated Members of the Appraisal Institute.
12. As of the date of this report, AI Candidate Alex Annand has not completed the Standards and Ethics Education Requirements/education program for Practicing Affiliates of the Appraisal Institute.
13. Alex Annand has and Phillip Hanshew, MAI has not made a personal inspection of the property that is the subject of this report.
14. No one provided significant real property appraisal assistance to the person signing this certification.
15. Alex Annand has not and Phillip Hanshew, MAI has not provided services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Alex Annand
OR Certified General Appraiser
License #: C001259
Ph: 503-478-1009
Email: aannand@bbgres.com



Phillip Hanshew, MAI
OR Certified General Appraiser
License #: C001002
Ph: 503-478-1012
Email: phanshew@bbgres.com

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in leased fee unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.
4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no trespasses or encroachments.
5. BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.
7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.
9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.
10. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
11. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
12. Responsible ownership and competent property management are assumed.
13. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
14. The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report.
15. Any division of the land and improvement values opined herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
16. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.
17. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimates of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS 63

envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

19. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
20. BBG, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.
21. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.
22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.
23. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion.
24. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.
25. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
26. If this report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
27. The American Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
28. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.
29. The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
30. The right is reserved by the appraiser to make adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional or more reliable data that may become available. No change of this report

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS 64

shall be made by anyone other than the appraiser or appraisers. The appraiser(s) shall have no responsibility for any unauthorized change(s) to the report.

31. If the client instructions to the appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
32. The submission of this report constitutes completion of the services authorized. It is submitted on the condition the client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, and judicial or administrative proceedings. In the event the appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the client immediately. The client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.
33. Use of this appraisal report constitutes acknowledgement and acceptance of the general assumptions and limiting conditions, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this opinion of market value is based.
34. If provided, the opinion of insurable value is included at the request of the client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The appraisers are not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The appraisers are not cost experts in cost estimating for insurance purposes.

ADDENDA

Letter of Engagement A

Qualifications B

LETTER OF ENGAGEMENT

Riverview
COMMUNITY BANK

APPRAISAL ORDER

Date: May 24, 2018

To: Phillip Hanshew
Integra Realty Resources
1220 SW Morrison St., #800
Portland OR 97205
Phone: (503) 478-1012 Fax: -

Property Location Address:
SW Corner of NE 102nd Ave & Pacific St
Portland, OR

Property Description:
Bare land: 5.18-acres owned by borrower
2.27-acres to be purchased
from David Douglas School
Some buildings to be removed

Appraisal Type: Standard Report
Approaches: Sales Comparison
Income Approach

Appraisal Values: As Is Leased Fee Market Value
"As-Is" Fee Simple market value of 5.18 acres
"As-Is" Fee Simple market value of 2.27 acres
"As-Is" Fee Simple market value combined

Borrower: Gilbert/Gabriel (LLC to be determined)
Owner: GBM Unlimited LLC / David Douglas Schools

Comments:

Please add Lori Jackson to the distribution when emailing this information. Email address:
lorijackson@riverviewbank.com

PLEASE PROVIDE A PDF COPY THE APPRAISAL AND THE INVOICE TO THE ADDRESSES BELOW

Dear: Phil

Riverview Community Bank is requesting an appraisal on the above property location.


You may contact Ted Gilbert (503) 221-9424
Jim Harty, Loan Officer at phone number (503) 262-6313

The Appraisal fee is \$ 3,300.00

Requested Completion Date 6/13/2018

The appraisal must be prepared in accordance with the standards and reporting requirements of this Bank and the Federal Home Loan Bank Board (12 CFR parts 563 and 571). A copy of the appraisal will be given to the customer of Riverview Community Bank upon request. When necessary or appropriate for Bank business purposes, the Bank is allowed to disclose the Appraisal Report to a person or organization officially connected with the Bank as Officer, Director, Employee, Attorney, Auditor, or Independent Auditor.

Sincerely,


Gregory Brown
Vice President
Riverview Community Bank
Credit Administration
900 Washington St. Suite 900
Vancouver, WA 98660
Phone: (360) 759-2403 Fax: (360) 693-6275
GregoryBrown@riverviewbank.com

Attached Enclosures:

- ☒ Prelim for borrower owned lots
- ☒ Record of Survey-property line adjustment
- ☒ Map
- ☒ Other: Development plan, PSA

I HAVE RECEIVED THE ORIGINAL OF THIS LETTER AND AGREE TO PERFORM THE APPRAISAL IN ACCORDANCE WITH THE STIPULATIONS MENTIONED ABOVE AND CONSENT TO THE RELEASE OF THE APPRAISAL TO RIVERVIEW'S CUSTOMER UPON THEIR REQUEST.

SIGNATURE: Phillip Hanshew

Name / Title: Phillip Hanshew, MAI, Managing Director

Date: 5/29/2018

Expected Date of Appraisal Completion: 6/13/2018

Please Fax/E-mail confirmation of this Appraisal Order

APPRAISER QUALIFICATIONS AND LICENSES



Phillip D. Hanshew, MAI
Managing Director
Work: 503.478.1012
phanshew@bbgres.com

PROFILE

Phillip Hanshew is a Managing Director with BBG, and supervises the day-to-day operations of the Portland, Oregon office. He is responsible for all aspects of marketing and bids, production and review, and training and recruitment.

Phillip has appraised a wide variety of properties throughout the Pacific Northwest over the course of his career. His personal practice emphasizes industrial property and legal support, where he has aided in the successful settlement of several property tax appeal cases.

Phillip is currently pursuing coursework for the Appraisal Institute's Professional Development Program in Litigation and the General Review Specialist (AI-GRS) designation.

PROFESSIONAL AFFILIATIONS

Appraisal Institute, Member (MAI)

Greater Oregon Chapter: 2018 Treasurer

Urban Land Institute, Associate Member

Central Eastside Industrial Council, Associate Member

LICENCES

Oregon, Certified General, C001002, Expires June 2019

Washington, Certified General, 1102191, Expires June 2018

EDUCATION

Portland State University: Graduate Certificate, Real Estate Development

Portland State University: Bachelor of Arts, History

Appraisal Institute:

The Appraiser as an Expert Witness

Solving Land Valuation Puzzles

Review Theory – General

Business and Equipment Values in Real Estate

Appraisal Benchmarking Building Performance

Supervisory Appraiser Course

Condemnation Appraising: Principles & Applications

Analyzing Distressed Real Estate

Analyzing Operating Expenses

All other coursework for licensure and designation



Appraiser Certification and Licensure Board Supervising Appraiser

Issue Date: June 11, 2015

Phillip D Hanshew
Integra Realty Resources
1220 SW Morrison ST STE 800
Portland, OR 97205

A handwritten signature in black ink, reading "Gae Lynne Cooper".

Gae Lynne Cooper, Administrator



Appraiser Certification and Licensure Board State Certified General Appraiser *28 hours of continuing education required for renewal*

License No.: C001002

Issue Date: July 1, 2017

Expiration Date: June 30, 2019

Phillip D Hanshew
Integra Realty Resources
1220 SW Morrison ST STE 800
Portland, OR 97205

A handwritten signature in blue ink, reading "Gae Lynne Cooper".

Gae Lynne Cooper, Administrator



Alex Annand
Senior Appraiser
Work: 503.478.1000
aannand@bbgres.com

PROFILE

Alex Annand is a Senior Appraiser with BBG in the Portland, Oregon office. He began his appraisal career in Portland, Oregon in 2012 working for Annand Real Estate Consulting. In October 2016, Alex became a Certified General Appraiser in Oregon. He is currently pursuing a Masters in Real Estate Development at Portland State University.

Alex has appraised an extensive number of property types throughout the State of Oregon. His appraisal work includes industrial, retail, office, mixed use, multi family, and various types of land. Alex' specialty is in the appraisal and valuation of manufactured/mobile home parks. He is competent in a variety of specialty properties including: marinas/moorages, airplane hangars, and RV parks. While the majority of his work is located in the Portland-Vancouver Metropolitan area, Alex has traveled to cities and towns throughout the Pacific Northwest including Albany, Bend, Boardman, Eugene, Dayton, Medford, Mossyrock, and Salem.

PROFESSIONAL AFFILIATIONS & LICENSES

General Certified Appraiser:

Oregon, Certified General, C001259, Expires September 2018
Washington, Certified General, 1102436, Expires September 2018

EDUCATION

University of Oregon: Bachelors of Arts, December 2011



Appraiser Certification and Licensure Board

State Certified General Appraiser

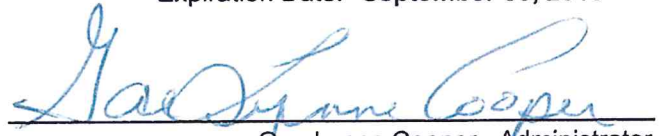
28 hours of continuing education required for renewal

Alexander J Annand
Annand Real Estate Consulting
PO Box 22045
Milwaukie, OR 97269

License No.: **C001259**

Issue Date: **October 1, 2016**

Expiration Date: **September 30, 2018**


Gae Lynne Cooper, Administrator

BBG

VALUATION

BBG is a full-service provider of commercial property valuation products ranging from specialized due diligence and consulting services to self-contained appraisals.

Over the last five years, BBG has become a firm of national stature providing valuation and consulting for all property types across the country. Our client base includes financial institutions, management companies, pension funds, corporations, owners, equity investors, real estate investment trusts (REITS), developers, non-profit organizations and government agencies. In addition to transaction advisory and litigation services, BBG has overseen the valuation of hundreds of billions of dollars in real estate and has been engaged on multiple real estate transactions for real estate lenders and investors.

One of the top five commercial real estate valuation and consulting firms in the United States, Dallas-based BBG has more than 300 employees and over 25 offices nationwide. This strength gives BBG local expertise across diverse property types in all major U.S. markets.

BBG has the expertise and portfolio management systems in place to rapidly and cost-effectively deliver the required due-diligence resources for large multi-site portfolios. Our clients have a single point of contact which provides prompt response and practical viewpoint. Regardless of time constraints, geographic locations or property types, BBG has a proven track record in this niche.

VALUATION SERVICES:

- + Appraisals and Consulting
- + Appraisal Management & Review
- + Arbitration/Dispute Resolution
- + Asset Management and Fund Performance Tracking
- + Capital Market Transaction
- + Corporate Planning, Accounting and Strategy
- + Governmental Market-to-Market Accounting
- + Institutional, Pension Fund, REIT and Bank Financing
- + Portfolio Valuation
- + Private/Corporate Estate Planning/Filing
- + Valuation for Financial Reporting



VALUATION



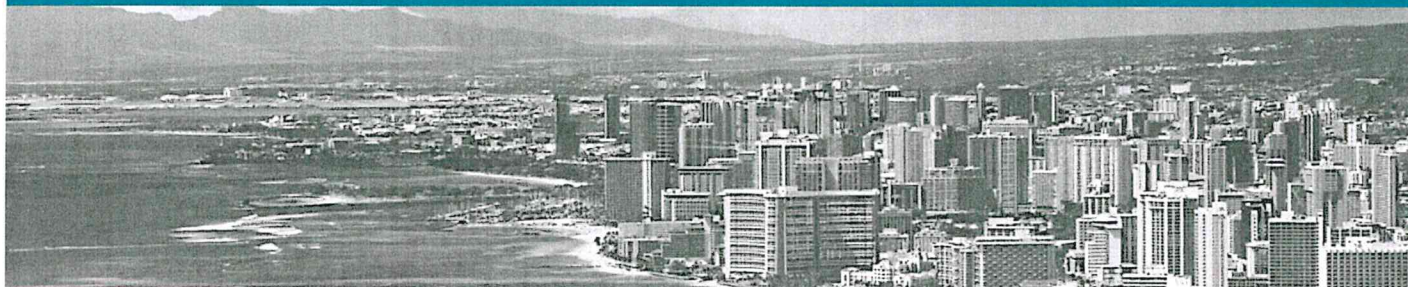
ADVISORY



ASSESSMENT

+ 1

BBG



LOCATIONS

NATIONAL INSIGHT

One of the top five commercial real estate valuation and consulting firms in the United States, Dallas-based BBG has more than 300 employees and over 25 offices nationwide. This strength gives BBG local expertise across diverse property types in all major U.S. markets.



VALUATION



ADVISORY



ASSESSMENT

BBG



BBG SERVICES

BBG is a leading national commercial real-estate valuation and assessment company with a reputation for personal attention, on-time delivery and deep expertise in multi-family, office, retail and industrial sectors. Our exclusive focus on valuation and assessment services gives our clients an unbiased perspective. The potential for conflict-of-interest situations is reduced because we don't have real-estate brokerage, mortgage brokerage or property management divisions.

BBG is the second-largest firm offering in-house valuation and environmental and property condition assessment services in the United States.

BBG offers clients one point of contact for highly specialized due diligence services.

BBG has made significant investments in state-of-the-art technology to deliver consistent, quality reports built on a continually updated national comp database.

BBG has more than 25 offices in key markets nationwide, providing broad geographical coverage and local market knowledge in all major US cities.

Because of our strong coast-to-coast footprint, BBG is a viable alternative to the global real-estate companies.

Over 30 percent of BBG appraisal professionals are MAI certified and offer extensive industry expertise gained through real-world experience.

BBG Assessment provides a wide range of expertise including engineers, geologists, architects and other environmental professionals.

BBG provides services to real-estate professionals including investors, lenders, mortgage brokers, attorneys, accountants, and service providers.

BBG continues to expand its national footprint with new acquisitions.

BBG's employee longevity is a key attribute to the firm's success.

BBG employees are highly dedicated professionals who are willing to go the extra mile to meet their clients' needs.

BBG's professional development program for its valuation and assessment experts is a key factor in supporting employee recruitment and retention.



VALUATION



ADVISORY



ASSESSMENT

+ 1



CBRE Valuation & Advisory Services
900 Washington Street, Suite 800
Vancouver, WA 98660
T: 360.258.0901

APPRAISAL REVIEW REPORT-Gateway Acreage

PROPERTY INFORMATION:

Property Name: Gateway Acreage
Address: Northeast Corner of NE Pacific and NE 102nd
City, State: Portland, OR 97220

APPRAISAL INFORMATION:

Appraiser(s): Phillip Hanshew, MAI & Alex Annand
Date of Report: June 13, 2018
Interest(s) Valued: Fee Simple
Report Format: Appraisal Report – Standard Format
Valuation Approaches Omitted: Cost and Income
Prepared For: Gregory Brown, Riverview Community Bank

REVIEW INFORMATION:

Review Client and Intended User: Gregory Brown, Riverview Community Bank
Review Intended Use: Loan Underwriting
Review Scope: Technical Desk Review in compliance w/Standard 3/4
Review Report Date: 6/26/18
Reviewer: Mark M. Lawwill, MAI, AI-GRS

SCOPE OF THE APPRAISAL REVIEW

We have performed a technical appraisal review in compliance with STANDARD 3 and STANDARD 4 of USPAP. The scope of this appraisal review consisted of a "desk" review of the appraisal report. We have not reviewed the appraiser's files, and did not inspect the subject property or the comparables used in the appraisal report. Therefore, the conclusions reached in this appraisal review may be subject to change based upon the submission of additional data provided by the client or the appraiser. We have not re-confirmed the comparable data included in the report. We have reviewed the appraisal for procedural deficiencies, proper application of appraisal principles and compliance with USPAP. We have not developed our own opinion of value.

PURPOSE OF THE APPRAISAL REVIEW

The purpose of this review is to evaluate the adequacy of the appraisal report, including its scope, methods, accuracy, and reasonableness. The report has also been reviewed for conformity to USPAP and FIRREA standards.

One or more of the following were used as reference material for the foregoing determinations.

1. *Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition*
2. *The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013.*
3. *The Dictionary of Real Estate Appraisal, Sixth Edition, 2015*

EXTRAORDINARY ASSUMPTIONS

That the information contained in the appraisal under review, and incorporated into my analysis, is credible, thus allowing the reviewer to assume the integrity of the work without personal verification. If this assumption is found to be false it could alter the assignment results.

HYPOTHETICAL CONDITIONS

This appraisal review does not employ any hypothetical conditions.

REVIEW SUMMARY		
Value Scenario	Effective Date	Appraisal Value Conclusion
As-Is (2.27 Acres)	6/6/2018	\$3,460,000
As-Is (5.18 Acres)	6/6/2018	\$11,280,000
As-Is (Combined)	6/6/2018	\$14,600,000
Compliance Checklist		
	Y/N	
USPAP Compliant	Y	
FIRREA Compliant	Y	
Appraisal Accepted	Y	

CBRE REVIEW CONCLUSIONS

In the reviewer's opinion, given the reviewer's scope of work, the appraisal under review is appropriate and reasonable given the data, analyses and opinions presented, and the appraisal meets the reporting requirements for an appraisal report. The report is also written to a level of detail that is appropriate to develop an opinion of value for property of this type. The value opinion stated in the appraisal report is adequately supported, and is reasonable given the data presented.

The reviewer concurs with the value conclusion(s) shown above. Please note in this context that concurrence does not necessarily mean complete agreement with all of the analyses, opinions and/or conclusions of the appraisal. It only implies that the value conclusions are considered reasonable within an acceptable margin of error.

The analyses, opinions and conclusions were developed based on, and this appraisal review report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in STANDARD 3 and STANDARD 4 of the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

PROPERTY DESCRIPTION:

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Region/vicinity analysis is adequate:	<u>X</u>	<u> </u>	<u> </u>
2. Site description is adequate:	<u>X</u>	<u> </u>	<u> </u>
3. Improvement description is adequate:	<u> </u>	<u> </u>	<u>X</u>
4. Improvement conformance with zoning is considered:	<u> </u>	<u> </u>	<u>X</u>

Comments: The property consists of 7.45 acres of generally level land served by public utilities and zoned Central Commercial (there is an older structure on site that will be removed). 5.18 acres and 2.27 acres are being valued separately, and as a combined site as well. Plans for the site include a multigenerational, mixed use project (high density is encouraged by zoning).

The subject has had an extended marketing history and the 2015 and 2017 acquisition prices and current contract for a portion are not necessarily an indication of current market value (see page 4 of the appraisal report for details)

COMPETITIVE MARKET ANALYSIS:

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Competitive properties are identified and adequately described:	<u>X</u>	<u> </u>	<u> </u>
2. Historical performance of the market is presented and analyzed:	<u>X</u>	<u> </u>	<u> </u>
3. Estimates of future market supply and demand are reasonable.	<u>X</u>	<u> </u>	<u> </u>
4. Position of the subject property within the market is considered:	<u>X</u>	<u> </u>	<u> </u>
5. Improvements are consistent with highest and best use:	<u> </u>	<u> </u>	<u>X</u>

Comments: Highest and Best Use is determined to be mixed-use, master planned development. Local and regional market information is adequate. The subject is located in Portland, OR in the Gateway Regional Center, northeast of downtown (Gateway Transit Center and Gateway Shopping Center in immediate vicinity). The outlook is positive for the foreseeable future. Market conditions for office, retail, multi-family, and senior housing point to the concluded highest and best use.

SITE VALUATION:

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Value conclusion is consistent with subject acquisition price:	<u> </u>	<u> </u>	<u>X</u>
2. Value conclusion is adequately supported by market data:	<u>X</u>	<u> </u>	<u> </u>

Comments: See Sales Comparison comments below

COST APPROACH:

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Replacement cost analysis is adequate:	<u> </u>	<u> </u>	<u>X</u>
2. Developer profit is reasonable:	<u> </u>	<u> </u>	<u>X</u>
3. Depreciation analysis is adequate:	<u> </u>	<u> </u>	<u>X</u>
4. Value conclusion is adequately supported:	<u> </u>	<u> </u>	<u>X</u>

Comments: Not Applicable

INCOME APPROACH:

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Income and expenses estimates are consistent with property history:	<u> </u>	<u> </u>	<u>X</u>
2. Income analysis is adequate:	<u> </u>	<u> </u>	<u>X</u>
3. Vacancy analysis is adequate:	<u> </u>	<u> </u>	<u>X</u>
4. Expenses analysis is adequate:	<u> </u>	<u> </u>	<u>X</u>
5. Capitalization rate analysis is adequate:	<u> </u>	<u> </u>	<u>X</u>
6. Discounted cash flow assumptions are reasonable:	<u> </u>	<u> </u>	<u>X</u>
7. Conclusion is adequately supported:	<u> </u>	<u> </u>	<u>X</u>

Comments: Not Applicable

SALES COMPARISON APPROACH:

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Appropriate units of comparison are analyzed:	<u>X</u>	<u> </u>	<u> </u>
2. Sale analysis is adequate:	<u>X</u>	<u> </u>	<u> </u>
3. Value conclusion is consistent with pending or past subject sale:	<u> </u>	<u> </u>	<u>X</u>
4. Value conclusion is adequately supported:	<u>X</u>	<u> </u>	<u> </u>

Comments: Four closed land sales from 2016-2017 were analyzed, along with one pending sale and one listing. The comps show a price range of \$415,000 to \$5,461,900. All but one sale is smaller than the subject's 2.27 acre portion, and all are much smaller than the combined site area of 7.45 acres (these are the best sales available according to the comments on page 52 of the report). The comps show a range of \$30.51/SF to \$54.17/SF. After quantitative adjustments, the range is similar, at \$29.11/SF to \$53.01/SF, although it is noted that this range is intended to encompass values for multiple components of the subject site.

With a conclusion of \$35/SF for the 2.27 acre portion (lower than the mid-range because of its inferior access and shape) the indicated value is \$3,460,000.

At a conclusion of \$50/SF for the 5.18 acre portion (higher than the mid-range because of its superior exposure) the indicated value is \$11,280,000.

The combined 7.45 acres has a concluded value of \$45/SF (nearer the mid-range of the adjusted comps) and indicates \$14,600,000.

RECONCILIATION:

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Final conclusions and analyses are reasonable:	<u>X</u>	<u> </u>	<u> </u>
2. As Is value is appropriately analyzed:	<u>X</u>	<u> </u>	<u> </u>
3. Absorption discounts are appropriate:	<u> </u>	<u> </u>	<u>X</u>
4. Discount/Adjustments for non-market leases is appropriate:	<u> </u>	<u> </u>	<u>X</u>
5. Excess land is properly considered:	<u> </u>	<u> </u>	<u>X</u>
6. Personal property value is properly considered:	<u> </u>	<u> </u>	<u>X</u>

Comments: The concluded As-Is value of 2.27 acres is \$3,460,000

The concluded As-Is value of 5.18 acres is \$11,280,000

The concluded As-Is value combined as 7.45 acres is \$14,600,000

The values are based on an exposure/marketing period of 3-6 months.

USPAP APPRAISAL REPORTING REQUIREMENTS:

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Appraisal is not misleading:	<u>X</u>	<u> </u>	<u> </u>
2. Written report contains sufficient information to support institution's decision to engage in transaction (<i>USPAP & FIRREA</i>):	<u>X</u>	<u> </u>	<u> </u>
3. Extraordinary assumptions are clearly disclosed:	<u>X</u>	<u> </u>	<u> </u>
4. Identifies real estate appraised (location & legal description) (<i>USPAP & FIRREA</i>):	<u>X</u>	<u> </u>	<u> </u>
5. Identifies real property interest appraised:	<u>X</u>	<u> </u>	<u> </u>
6. States purpose of appraisal:	<u>X</u>	<u> </u>	<u> </u>
7. States property definition of Market Value (<i>USPAP & FIRREA</i>):	<u>X</u>	<u> </u>	<u> </u>
8. States effective date of appraisal:	<u>X</u>	<u> </u>	<u> </u>
9. States date of report:	<u>X</u>	<u> </u>	<u> </u>
10. Describes scope of appraisal process:	<u>X</u>	<u> </u>	<u> </u>
11. Sets forth assumptions and limiting conditions:	<u>X</u>	<u> </u>	<u> </u>
12. Summarizes data and appraisal procedures:	<u>X</u>	<u> </u>	<u> </u>
13. Identifies Highest & Best Use:	<u>X</u>	<u> </u>	<u> </u>
14. Explains exclusion of any valuation approach:	<u>X</u>	<u> </u>	<u> </u>
15. Includes signed certification:	<u>X</u>	<u> </u>	<u> </u>

Comments: No material issues.

ADDITIONAL *FIRREA* & BANK REQUIREMENTS

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Appraisal fulfills terms of engagement letter:	<u>X</u>	<u> </u>	<u> </u>
2. Appraisal engaged by qualified financial institution:	<u>X</u>	<u> </u>	<u> </u>
3. Appraisal values property in its current condition:	<u>X</u>	<u> </u>	<u> </u>
4. Statement that appraisal conforms to <i>USPAP</i> standards:	<u>X</u>	<u> </u>	<u> </u>
5. Analyzed discounts/adjustments for proposed construction, absorption, or non-market leases:	<u> </u>	<u> </u>	<u>X</u>
6. Appraiser is appropriately state certified or licensed:	<u>X</u>	<u> </u>	<u> </u>
7. Appraisal report format and content is appropriate and complete:	<u>X</u>	<u> </u>	<u> </u>
8. Data and/or adjustments are adequate:	<u>X</u>	<u> </u>	<u> </u>
9. Methods and techniques are appropriate:	<u>X</u>	<u> </u>	<u> </u>
10. Analysis, opinions, and conclusions are reasonable:	<u>X</u>	<u> </u>	<u> </u>
11. Remaining economic life:	<u> </u>	<u>N/A</u>	<u> </u>

Comments: No material issues.

CERTIFICATION OF THE APPRAISAL REVIEW

I certify to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in or bias with respect to the property that is the subject of the work under review and have no personal interest in with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation is not contingent on an action or event resulting from this analyses, opinions, or conclusions in this review or from its use.
7. My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
8. This appraisal review assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
9. My analyses, opinions, and conclusions were developed, and this appraisal review report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Oregon.
10. The reported analyses, opinions, and conclusions were developed, and this appraisal review report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
11. The use of this appraisal review report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Mark M. Lawwill, MAI, AI-GRS has completed the continuing education program for Designated Members of the Appraisal Institute.
13. Mark M. Lawwill, MAI, AI-GRS has not made a personal inspection of the property that is the subject of work under review.
14. No one provided significant appraisal, appraisal review, or appraisal consulting assistance to the persons signing this certification.
15. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
16. Mark M. Lawwill, MAI, AI-GRS has not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within three year period immediately preceding the acceptance of this assignment.



Mark M. Lawwill, MAI, AI-GRS
OR State Certified General Appraiser
No. C000284 Expires 9/30/18

ASSUMPTIONS AND LIMITING CONDITIONS

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE, Inc. is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, Inc., however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. CBRE, Inc. professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE, Inc. has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of CBRE, Inc. by ownership or management; CBRE, Inc. inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE, Inc. was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, CBRE, Inc. reserves the right to amend the appraisal conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. CBRE, Inc. has no knowledge of the existence of such materials on or in the property. CBRE, Inc., however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
4. We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.
5. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to CBRE, Inc. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
6. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE, Inc. has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE, Inc. reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE, Inc. of any questions or errors.
7. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of

the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, CBRE, Inc. will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.

8. CBRE, Inc. assumes no private deed restrictions, limiting the use of the subject in any way.
9. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
10. CBRE, Inc. is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
11. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
12. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE, Inc. does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE, Inc.
13. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE, Inc. to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
14. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
15. This study may not be duplicated in whole or in part without the specific written consent of CBRE, Inc. nor may this report or copies hereof be transmitted to third parties without said consent, which consent CBRE, Inc. reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE, Inc. which consent CBRE, Inc. reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. CBRE, Inc. shall have no accountability or responsibility to any such third party.
16. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
17. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
18. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
19. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to CBRE, Inc. unless otherwise stated within the body of this report. If the Consultant has

not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. CBRE, Inc. assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

20. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor CBRE, Inc. assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
21. CBRE, Inc. assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient or super-efficient.
22. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
23. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
24. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, CBRE, Inc. has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since CBRE, Inc. has no specific information relating to this issue, nor is CBRE, Inc. qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
25. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client approximately result in damage to Appraiser. Notwithstanding the foregoing, Appraiser shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by Appraiser. Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.



APPRAISAL REVIEW CHECKLIST

Property Address: NEC of NE Pacific and NE 102nd
Portland, OR 97220

Date of Appraisal: June 6, 2018

Appraiser: Phillip Hanshew, MAI & Alex Annand

	Yes	No	N/A
1. Are the Appraisal findings clear and not misleading?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Appraisal contains reasonable supporting documentation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Provide summary of reasoning, judgment and analysis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Identify real property being appraised	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Identify property rights	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Identify salient features of property being appraised	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. States purpose of appraisal as to market value	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Report market value as of the appraisal date without hypothetical conditions, etc.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Set forth effective date of value conclusion and date of report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Set forth data considered which supports reasoning, analysis, judgments, opinions and conclusions arrived at	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Indicate any circumstances observed as to whether or not property has been subjected to hazardous waste, illegal activity or manufacture of prohibited substances	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Set forth assumptions and limited conditions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Report and analyze current sale	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14. Appraiser certificate(s) includes all required statements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Inclusion of subject property photographs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Inclusion of comparable sales photography	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Inclusion of subject property and comparable location maps	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Comparables contain minimum information as per policy comments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Does review appraiser concur with indicated value?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

COMMENTS: Report complies with USPAP and FIRREA

Reviewed By: Mark M. Lawwill, MAI, AI-GRS

Date of Review: 6/26/2018

PROFESSIONAL PROFILE



**MARK M. LAWWILL, MAI,
AI-GRS**

Director
Valuation and Advisory Services
T. +1 360 258 0901
Vancouver, WA
Mark.lawwill@cbre.com

Mark Lawwill is Director of CBRE Valuation and Advisory Services in the Vancouver, WA office. Mr. Lawwill specializes in providing internal quality control for appraisals generated by CBRE offices. He also provides external, third party review services for a variety of lenders and governmental agencies. Mr. Lawwill has 30+ years of experience as an appraiser and review specialist.

Prior to joining CBRE in 2017, Mr. Lawwill was a Principal at PGP Valuation which was later acquired by Colliers International. While at PGP/Colliers, Mr. Lawwill was an integral part of its internal quality control program and also performed third party reviews for a wide variety of clients and institutions, including the FDIC.

CREDENTIALS

Professional Affiliations/Accreditations/Certifications

- Member of the Appraisal Institute Certificate No. M08043
- AI-GRS Member Designation – General Review Specialist
- Member – International Right-of-Way Association
- Certified General Real Estate Appraiser in the following states:
 - Oregon, Washington, Idaho, and California

EDUCATION

- University of Oregon
- Degree: Bachelor of Science – Business Administration

APPRAISAL COURSES

- | | |
|---|--|
| ■ Real Estate Appraisal Principles | ■ Special Purpose Properties |
| ■ Basic Valuation Procedures | ■ Building Construction Technology |
| ■ Capitalization Theory and Techniques, Parts A& B | ■ The Appraisal of Partial Acquisitions |
| ■ Case Studies in Real Estate Valuation | ■ An Introduction to Valuing Green Buildings |
| ■ Valuation Analysis and Report Writing | ■ Business Practices and Ethics |
| ■ Principals of Land Acquisition | ■ Appraising Distressed Commercial Real Estate |
| ■ Appraiser as an Expert Witness | ■ Introduction to International Valuation Standards |
| ■ Subdivision Analysis | ■ Appraisal Review-General |
| ■ Rural Valuation | ■ Discounted Cash Flow Models |
| ■ Standards of Practice for the ROW Professional | ■ Review Theory - General |
| ■ Easement Valuation | ■ USPAP |
| ■ Partial Interest Valuation – Undivided | ■ Feasibility, Market Value, Investment Timing: Option Value |
| ■ Fundamentals of Going Concerns | ■ Condemnation Appraising – Advanced Topics and Applications |
| ■ Small Hotel/Motel Valuation | ■ Uniform Appraisal Standards for Federal Land Acquisitions |
| ■ Real Estate Investing & Development – A Valuation Perspective | ■ Real Estate Fraud – Appraisers' Responsibilities and Liabilities |



CBRE



Appraiser Certification and Licensure Board

State Certified General Appraiser

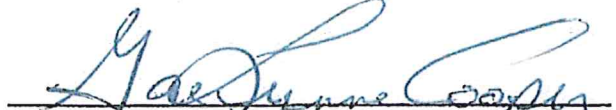
28 hours of continuing education required for renewal

Mark M Lawwill
700 Washington ST STE 608
Vancouver, WA 98660

License No.: C000284

Issue Date: October 1, 2016

Expiration Date: September 30, 2018


Gae Lynne Cooper, Administrator

BBG



Third-party reports by a true third party

Appraisal Report

Gateway Development Site

CX Zoned Development Site
SW Corner of NE 102nd Avenue and NE Pacific
Portland, Oregon 97220

BBG File #0120017700

Prepared For

Mr. Gregory Brown
Riverview Community Bank
900 Washington Street, Suite 900
Vancouver, WA 98660

Report Date

December 22, 2020

Prepared By

BBG, Inc., Portland Office
1220 SW Morrison
Portland, OR 97205
503-478-1000

Client Manager: Kurt Plaster, MAI
kplaster@bbgres.com



VALUATION



ADVISORY



ASSESSMENT



ZONING



December 22, 2020

Mr. Gregory Brown
Riverview Community Bank
900 Washington Street, Suite 900
Vancouver, WA 98660

Re: Appraisal of Real Property
Gateway Development Site
SW Corner of NE 102nd Avenue and NE Pacific
Portland, Oregon 97220

BBG File #0120017700

Dear Mr. Brown,

In accordance with your authorization (per the engagement letter found in the addenda of this report), we have prepared an Appraisal of the above-referenced property.

The subject property is comprised of eight parcels of land totaling 5.18 acres or 225,641 square feet. The site is located at the southwest intersection of NE 102nd Avenue and NE Pacific, within the Gateway neighborhood in Portland, OR. The site is relatively flat and is zoned Central Commercial (CX). The subject is located within a zone that allows for a FAR of 6:1 and 8:1.

GMB Unlimited has a 50% partner in White/Gabriel LLC. Over recent years, the owner has been in the early stages of development, at one point partnering with a neighboring tract of land for a larger development. However, the plans were not finalized and we are not aware of any sale or listing of the subject property within the past three years.

This appraisal report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), the appraisal guidelines set forth in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the December 2010 Interagency Appraisal and Evaluation Guidelines. This report has been written in accordance with the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute. In addition, this report is intended to be in compliance with additional requirements of Riverview Community Bank (client). The report is intended to be used by Riverview Community Bank for loan underwriting and-or credit decisions. No other party may rely upon the findings in this report.

Note: Our estimate of market value is subject to the following Extraordinary Assumptions and/or Hypothetical Conditions:

Mr. Brown

December 22, 2020

Page 2

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards Rule 2-2(a)(xi), it is stated here that the use of any extraordinary assumptions might have affected the assignment results.

Extraordinary Assumption(s) This appraisal employs no extraordinary assumptions.

Hypothetical Condition(s) This appraisal employs no hypothetical conditions.

Based on our inspection of the property and the investigation and the analysis undertaken, we have concluded the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value - As Is	Fee Simple	December 18, 2020	\$13,540,000

The global outbreak of a "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020, with the President of the United States declaring the COVID-19 outbreak a national emergency on March 13.

The impact of the virus has created near-term instability in the capital and real estate markets. The extent of the direct and indirect effects of this event on the national economy, the local economy, and the market in which the subject property is located are only beginning to be reflected in commercial real estate transactions. The reader should note the data and comparables used in this report are data points that occurred in the past and there is projection risk associated with using lagging indicators. While every attempt has been made to determine the impact on value of the subject property, the associated risk may not yet be priced into the real estate market. Our conclusions have been based on best available market evidence including interviews with market participants and analysis of all relevant current market data.

Please reference the COVID-19 Disease overview in the Market Analysis section of the appraisal for further discussion

This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinion set forth to be considered valid. Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Sincerely,
BBG, Inc.



Kurt Plaster, MAI
OR Certified General Appraiser
License #: C001003
503-478-1014
kplaster@bbgres.com



Alex Annand
OR Certified General Appraiser
License #: C001259
503-478-1009
aannand@bbgres.com

TABLE OF CONTENTS

Subject Property1

Summary of Salient Facts3

Property History4

Scope of Work5

COVID-19 Disease; SARS-CoV-2 Virus9

Regional Analysis26

Surrounding Area Analysis33

Market Analysis40

Site Description.....51

Improvements Description61

Property Tax Analysis.....62

Highest and Best Use63

Valuation Process65

Land Valuation.....66

Reconciliation and Final Value.....77

Certification.....78

Standard Assumptions and Limiting Conditions79

Addenda.....83

SUBJECT PROPERTY



A view of NE Pacific – facing east



A view of the western segment of the subject – from the north side along NE Pacific



A view of the eastern segment of the subject – from the north side along NE Pacific



The corner of NE Pacific and NE 102nd Avenue



A view of NE 102nd – facing south with the subject on the right side of the image



The subject site – view from 102nd Avenue, facing west

SUBJECT PROPERTY 2

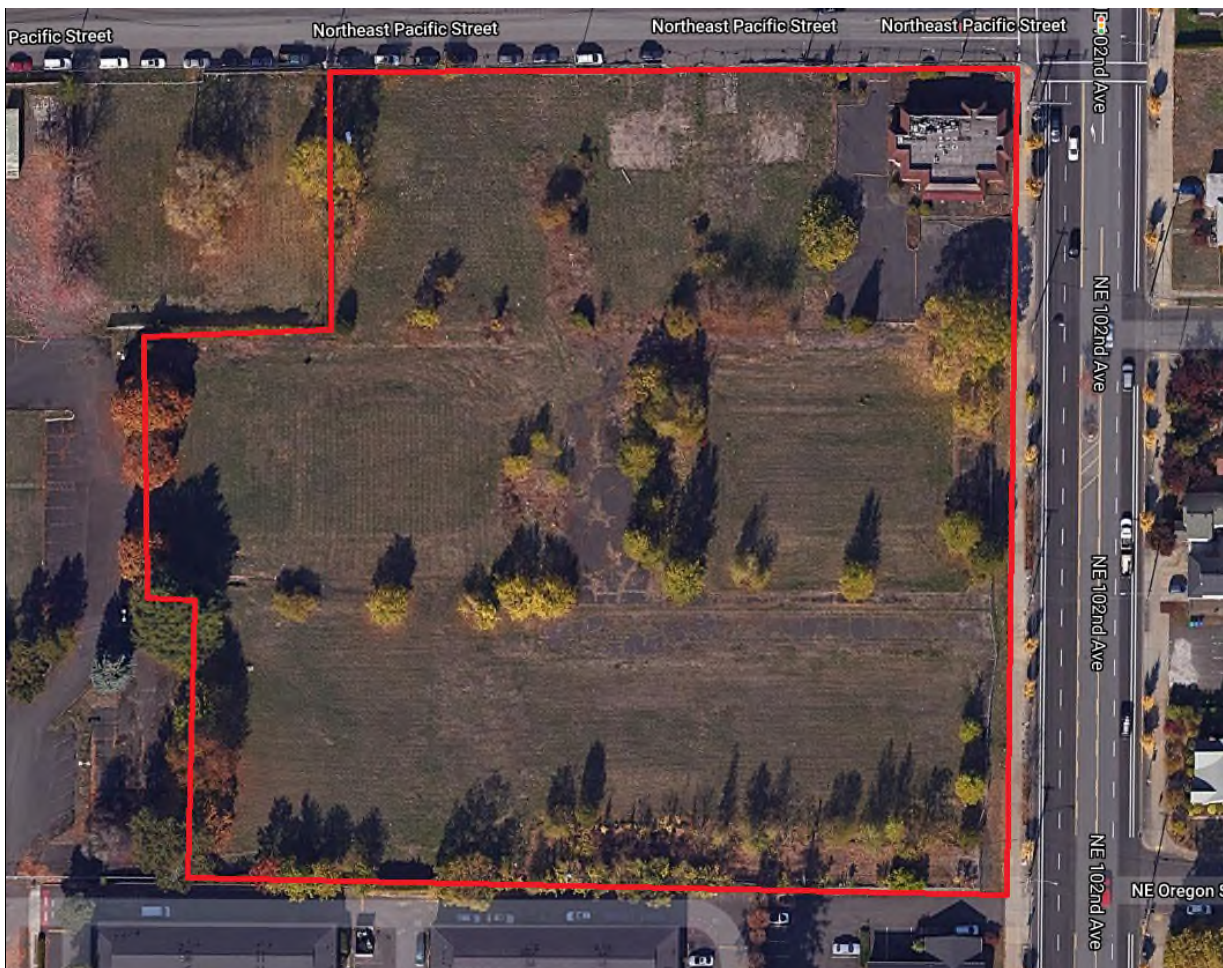


A view of the southern segment of the subject property –
from NE 102nd Avenue



The eastern side of the subject along NE 102nd Avenue –
facing north

AERIAL PHOTOGRAPH



SUMMARY OF SALIENT FACTS

PROPERTY DATA

Property Name	Gateway Development Site
Address	SW Corner of NE 102nd Avenue and NE Pacific Portland, Oregon 97220
Location	Northeast corner of NE Pacific St & NE 102nd Ave
Property Description	Land CX Zoned Development Site
County	Multnomah
Parcel Number	R319485, R319484, R319513, R319483, R319481, R319514, R319643, R319690
Census Tract No.	0081.00
Legal Description	Section 33 1N 2E, T1 100, 400, 500, 600, 700, 800, 1500,1600
Site Area	
Primary Site	225,641 square feet (5.1800 acres)
Zoning	CXd; Central Commercial
Flood Status	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.
Number of Buildings	1
Overall Condition	Poor
Overall Quality	Poor

VALUE INDICATIONS

As Is as of December 18, 2020

Sales Comparison Approach	\$13,540,000	\$60.01	Per Square Foot of Land
----------------------------------	--------------	---------	-------------------------

Approach Reliance	Sales Comparison Approach
--------------------------	----------------------------------

Value Conclusion - As Is	\$13,540,000
---------------------------------	---------------------

Exposure Time	3 months or less
----------------------	------------------

Marketing Time	9 months or less
-----------------------	------------------

PROPERTY HISTORY

The current owners have assembled the subject property since 1999 with varying price points over the last two decades. The owner was under contract with an adjacent site, which is owned by the David Douglas school district and is mostly unused. The assemblage of the subject property in addition to the site that was under contract would have assembled sufficient anchorage for a master planned site. However, the plans never were finalized.

The subject property remains vacant. The owners are approached several times a year by various developers, including affordable housing developers. However, as an owner and developer of senior housing, the plan remains to develop the site or potentially partner with another group for a large development.

To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

SCOPE OF WORK

APPRAISAL INFORMATION

Client	Riverview Community Bank 900 Washington Street, Suite 900 Vancouver, WA 98660
Intended User(s)	Riverview Community Bank
Intended Use	This appraisal is to be used for loan underwriting and-or credit decisions.
Property Rights Appraised / Premise	•Market Value - Fee Simple - As Is - December 18, 2020
Date of Inspection	December 18, 2020
Report Date	December 22, 2020
Marketing Time	9 months or less
Exposure Time	3 months or less
Owner of Record	GMB Unlimited LLC
Most Probable Purchaser	Developer
Highest and Best Use	
If Vacant	Mixed-Use Development
As Improved	Demolition of the Current Improvements and Development of the Ideal Improvement

SCOPE OF THE INVESTIGATION

General and Market Data Analyzed	<ul style="list-style-type: none"> Regional economic data and trends Market analysis data specific to the subject property type Published survey data Neighborhood demographic data Comparable cost, sale, rental, expense, and capitalization rate data Floodplain status Zoning information Assessor's information Interviewed professionals knowledgeable about the subject's property type and market
---	--

Inspection Details	Alex Annand conducted an onsite inspection on December 18, 2020.
---------------------------	--

Property Specific Data Requested and Received

PROPERTY DATA RECEIVED

None

Data Requested, but not Provided

DATA REQUESTED, BUT NOT PROVIDED

Phase 1 ESA
Title report
ALTA survey

Data Sources

DATA SOURCES	
Site Size	Assessor's Records
Building Size	Assessor's Records
Tax Data	Assessor's Records
Zoning Information	Planning Dept
Flood Status	FEMA
Demographics Reports	Spotlight
Comparable Land Sales	Appraiser's files; CoStar

VALUATION METHODOLOGY

Most Probable Purchaser

To apply the most relevant valuation methods and data, the appraiser must first determine the most probable purchaser of the subject property.

The most probable purchaser of the subject property "As Is" is a developer as the site is vacant with the exception of one building that is in poor condition.

Valuation Methods Utilized

This appraisal employs only the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. Since no improvements exist on site, the Cost Approach is not relevant. The property generates no income and is not typically marketed, purchased or sold on the basis of anticipated lease income; thus, the Income Capitalization Approach was precluded.

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

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Extraordinary Assumption(s)	This appraisal employs no extraordinary assumptions.
Hypothetical Condition(s)	This appraisal employs no hypothetical conditions.

DEFINITIONS

Pertinent definitions, including the definition of market value, are included in the glossary, located in the Addenda to this report. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

Market Value

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

and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

As Is Market Value

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.”

(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015); also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471

Definition of Property Rights Appraised

Fee simple estate is defined as, “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.”

Leased fee interest is defined as, “The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary rights when the lease expires.”

Leasehold interest is defined as, “The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.”

Lease is defined as: “A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.”

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

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
 - Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
 - Applicable state appraisal regulations;
 - Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994;
 - Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
 - Appraisal guidelines of Riverview Community Bank
-

LEVEL OF REPORTING DETAIL

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an **Appraisal Report**. USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

COVID-19 DISEASE; SARS-CoV-2 VIRUS

CDC

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization (WHO) declared the outbreak a “public health emergency of international concern” (PHEIC). On January 31, Health and Human Services Secretary Alex M. Azar II declared a public health emergency (PHE) for the United States to aid the nation’s healthcare community in responding to COVID-19. On March 11, WHO publicly characterized COVID-19 as a pandemic. On March 13, the President of the United States declared the COVID-19 outbreak a national emergency.

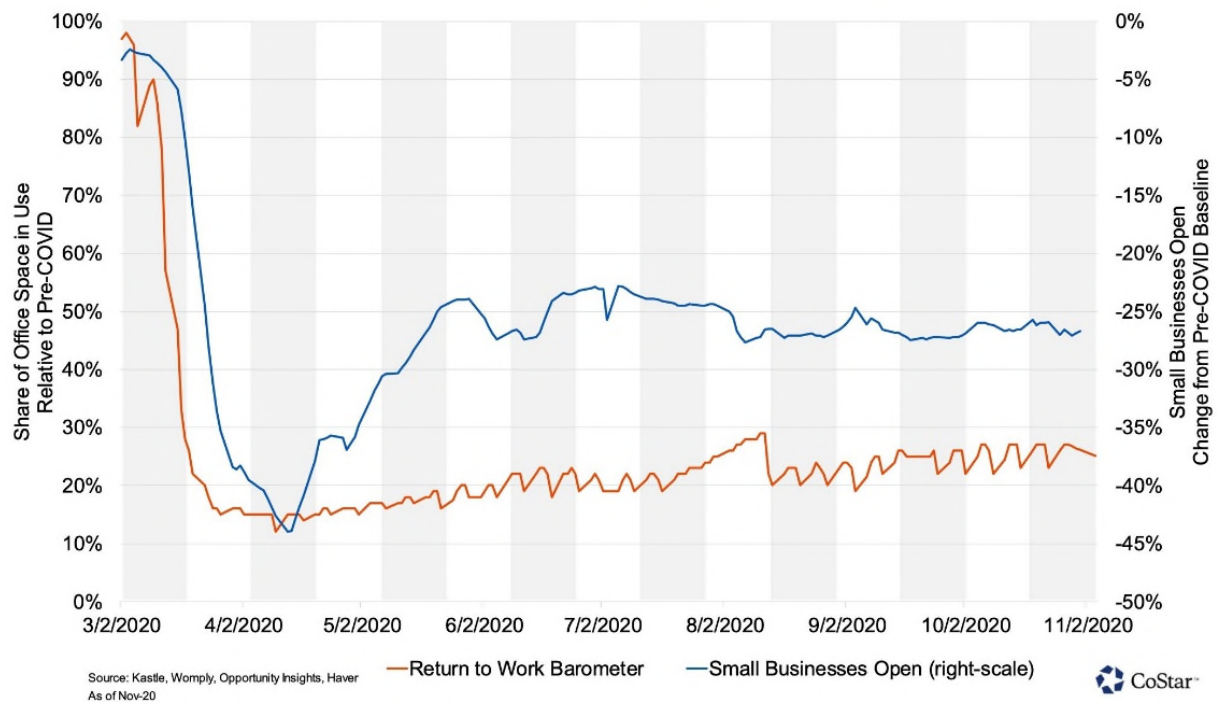
COSTAR | NOVEMBER 16, 2020

This may have been one of the most challenging columns to write in the short history of CoStar Economy. And we’re not sure they’re going to get much easier over the next few months. One can always find reasons to be optimistic or pessimistic in any economic outlook at almost any stage of expansion or recession. But we find ourselves in a very rare spot indeed, and last week highlighted it perfectly.

On Monday, it was announced that Pfizer’s vaccine appears to be 90% effective in preventing COVID-19. It’s hard to imagine any better news than that! At that level of effectiveness, the disease will be wiped out and life can return to normal. Full stop. However, last week also showed a record number of new COVID cases, a record number of hospitalizations and a daily death count rising to levels not seen since the spring. And all of those numbers are climbing quickly. At this rate, the third wave of COVID infections is setting up to be worse than the one we saw over the summer, and could result in another rollback of economic activity and new lockdowns.

We have more reason to be optimistic about the future today than we’ve had in nine months, as we can now actually see the other side of the chasm. But the chasm appears to be getting very deep in the meantime, and not every business will make it across without help. As we survey some of our favorite high-frequency data points, it appears that the pace of recovery has slowed since the summer. Using daily data on physical office usage, from security and keycard provider Kastle Systems, and the number of small businesses that are open, from commerce platform Womply via Harvard’s economic research group Opportunity Insights, we see the “return to normalcy” trend stalled as we make our way into the winter months.

“Return to Normal” Isn’t Happening Without Vaccine

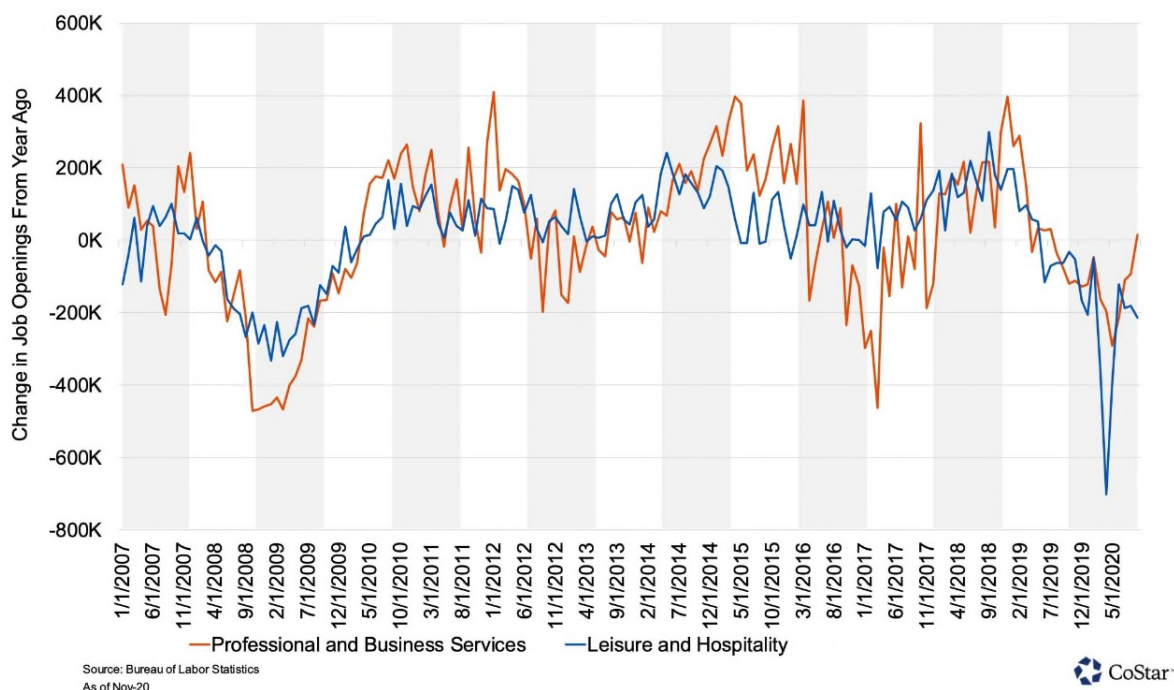


According to Kastle data, only 13% of New York City office space is being used, down from 17% in late October. Of the 10 major metropolitan areas tracked, Dallas office space is being used the most, though still at less than half capacity.

And in spite of continued employment gains on a national basis since April, the share of small businesses closed has been relatively unchanged. In fact, it has been declining since summer. Given the quickly rising third COVID wave, this is not likely to get better in the meantime.

The lack of virus containment to date has meant the more pandemic-afflicted sectors have struggled to join the recovery. September’s “Job Opening and Labor Turnover Survey” from the Bureau of Labor Statistics, released last week, shows this most starkly. As you can see in the graph below, the industries more inclined to work from home have stabilized, with job openings back to year-ago levels in professional and business services. But the same cannot be said for hospitality, restaurant, bar and entertainment sectors. Openings in the leisure and hospitality sector are once again falling at an accelerating pace.

Some Industries Stable, Others Not



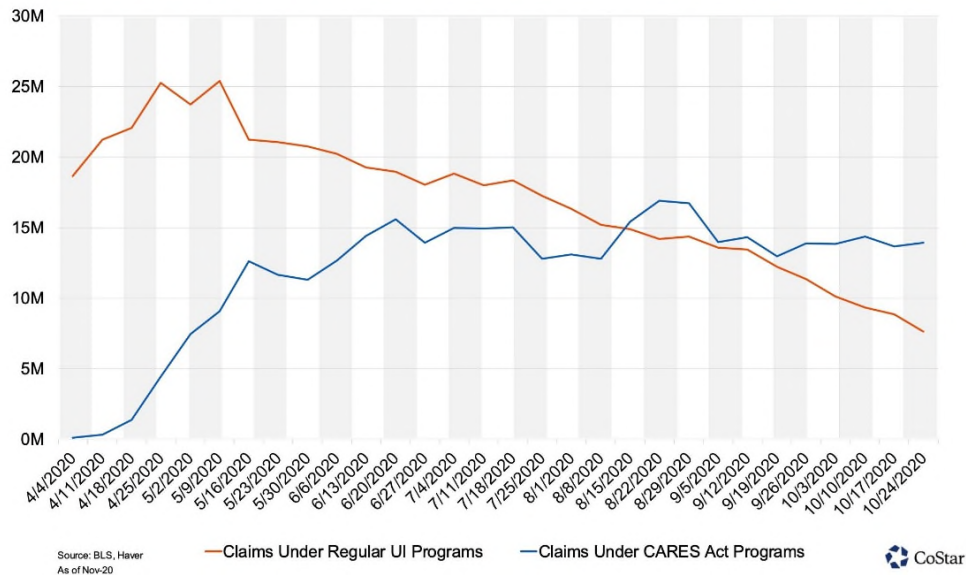
What's worse, the data above is from September. For a higher frequency, look at this point, check out career search Indeed's job postings data, which indicates this trend is likely to get worse. This is all sounding very dire, you're likely to be thinking. Where's all the optimism? Stocks are up. A vaccine is coming!

You're not wrong! In all honesty, the economic boom that will come on the back of overcoming the virus for good will likely rival post-war booms of the past. The key is now to bridge the gap between here and there, and get as many businesses and households across it as possible. Some predict, on the back of Pfizer's results, that this will happen by mid-2021. But possible timelines remain highly uncertain in both directions (we won't even get into our worries about actual adoption and use of the vaccine when it is available).

The timeline that is much more certain is that of the Coronavirus Aid, Relief and Economic Security Act, or CARES, which has helped keep the economy afloat so far. Those programs sunset in a month and a half.

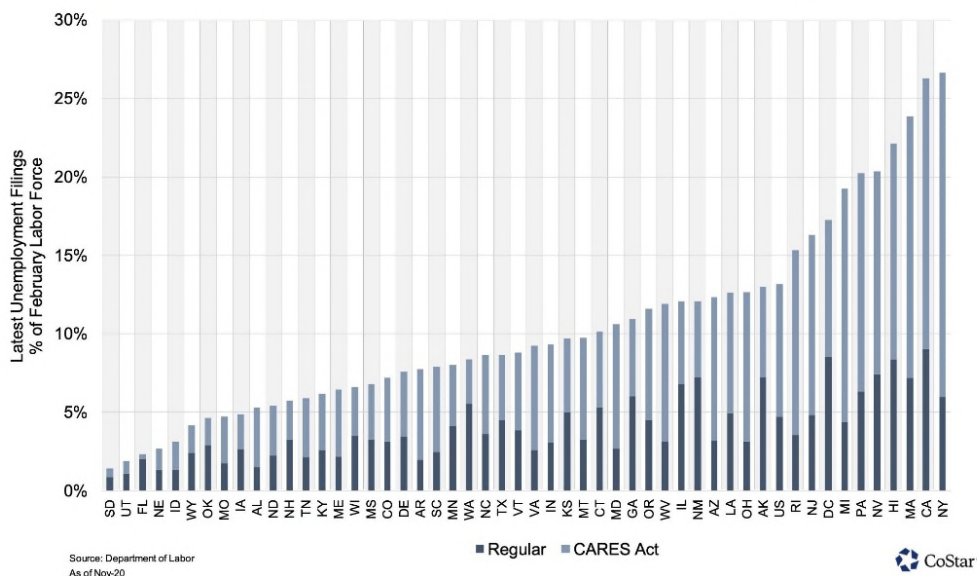
Weekly jobless claims data shows that there are nearly twice as many claims in special CARES Act programs, than in traditional unemployment insurance. Whether gig workers (Pandemic Unemployment Assistance claims) or special jobless benefit extensions (Pandemic Emergency Unemployment Compensation claims), roughly 14 million people will see those claims expire at year-end. Six months of job gains has not helped these workers.

Majority of Current Jobless Claim Programs Expire Soon



To keep these figures in scale, recall that even at the peak of the Great Recession in 2009 that a *maximum* of 7.4 million applied for regular benefits. Regular, non-CARES Act claims remain 1 million above that. Businesses and households alike have been highly dependent on this continued cash flow during the lack of a normal, settled economy. Letting these programs roll off will have dire consequences, even if a vaccine is six months away. The economic situation is not the same everywhere. The data below shows jobless claims, both traditional and CARES Act, broken out by state as a percentage of the pre-COVID labor force. As you can see, many states have three to four times as many people on CARES Act claims programs than traditional unemployment.

Dense States Relying Heavily on Cares Act, Still



Looking at the states that are still suffering the most, we see a few familiar themes. The most densely populated states such as New York, California, Massachusetts and Washington, D.C., are all among the most at risk. Those are joined by states most dependent on the hardest-hit industries, such as Hawaii and Nevada. These states and industries and businesses and households are now coming under increasing pressure once again. Restaurant restrictions are being increased again throughout the country, plans to return to offices are being pushed back once again and New York City shut down schools again due to a rising positive COVID test rate. Early indicators of consumer spending are rolling over, especially in areas hardest hit by the third wave of COVID cases. The last time we saw these things happening, the CARES Act rode to the rescue.

New fiscal stimulus in the next few months is highly unlikely.

We look forward to writing about the economy and commercial real estate in the post-COVID world. It's close enough that you can almost see it. But the pathway there will not be easy.

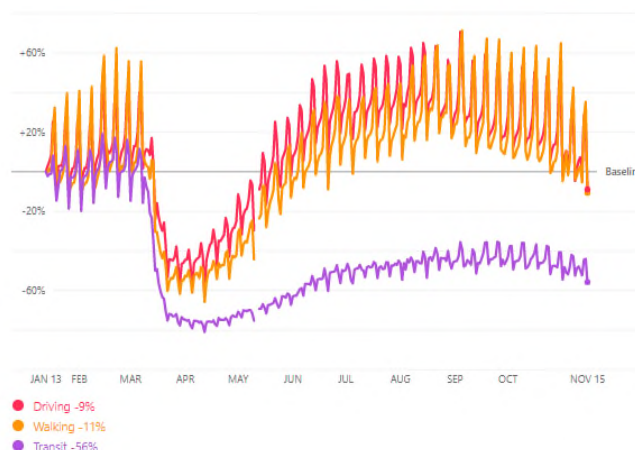
The Week Ahead ...

Retail sales data for October highlights next week's releases. Results have been overperforming recently while highlighting growing divergences in the economy. Sales are expected to have increased by 0.5% in the month after a sharp 2% rise in September. As mentioned above, early tracking data for November appears to show a slowing from this hearty pace.

Industrial production data for October is set to be released as well on Tuesday, projected to rise 1%. Production has been on a slower path than retail, remaining down a few percentage points since the pandemic began. But manufacturers have become much more optimistic, with October's Institute of Supply Management's manufacturing print of 59.3 just below 2018's peak. We will receive some early November survey data as well, with New York's Empire Manufacturing survey releasing Monday morning and the Philadelphia Federal Reserve region on Thursday.

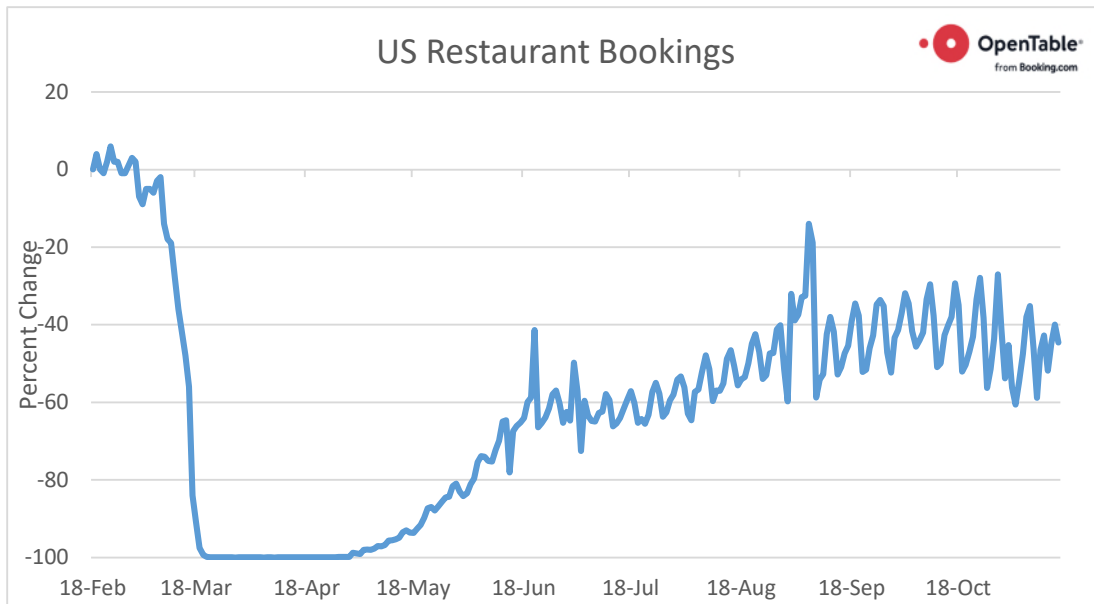
APPLE: DIRECTION REQUESTS | NOVEMBER 15, 2020

Requests for walking and driving directions from Apple's navigation tool, Maps, has shown a material recovery since the bottom in April although transit remains well below pre-covid levels. In any event Americans' mobility has improved greatly but is showing signs of weakening in recent weeks.



OPENTABLE: RESTAURANT BOOKINGS | NOVEMBER 12, 2020

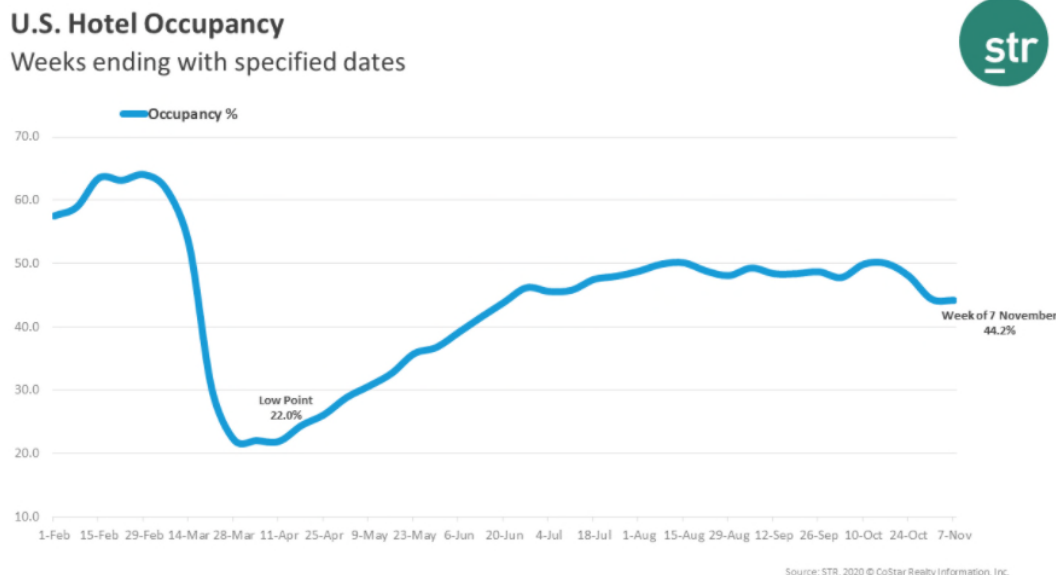
U.S. restaurant bookings have increased off the April lows but remain much lower than pre-covid. There are some signs of weakness in recent weeks.



In the past two weeks, Rhode Island leads the US in restaurant recovery followed by New Jersey. Oklahoma is third nationally but still down about 29%. Illinois, DC and Hawaii round out the bottom three, respectively.

STR: HOTEL OCCUPANCY | NOVEMBER 12, 2020

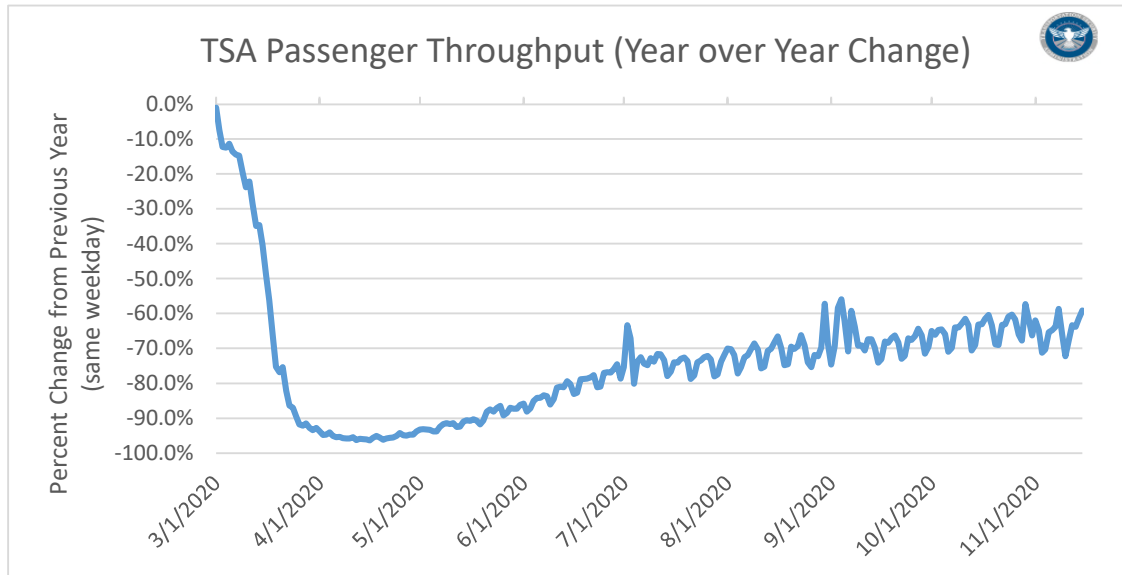
Hotel occupancy has increased from its April low of 22% but remains below pre-covid levels. Occupancy has declined in recent weeks.



Aggregate data for the Top 25 Markets showed lower occupancy (39.9%) but higher ADR (US\$97.13) than all other markets. Only two of those major markets reached or surpassed 50% occupancy: Phoenix, Arizona (55.1%); and New Orleans, Louisiana (53.9%). Markets with the lowest occupancy levels for the week included Oahu Island, Hawaii (24.0%), and Minneapolis/St. Paul, Minnesota-Wisconsin (30.0%).

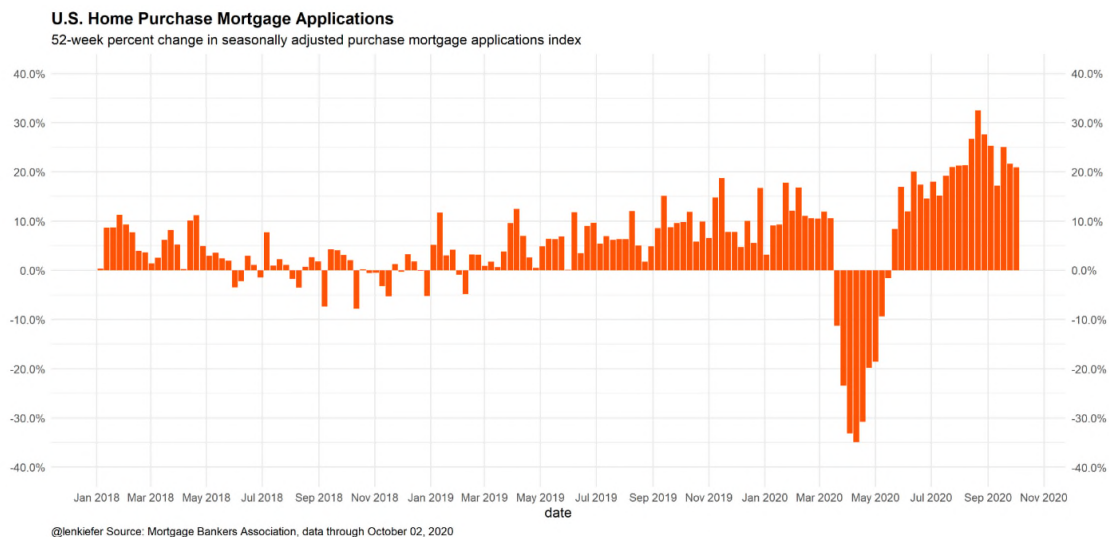
TSA: AIR TRAVEL | NOVEMBER 15, 2020

According to data from the Transportation Security Administration, air travel is down about 64% from the same period a year ago.



MORTGAGE BANKERS ASSOCIATION: HOME PURCHASES | OCTOBER 2, 2020

Mortgage applications to purchase a home have accelerated in the second half of 2020 and the housing market remains healthy. Home purchases spur economic activity.

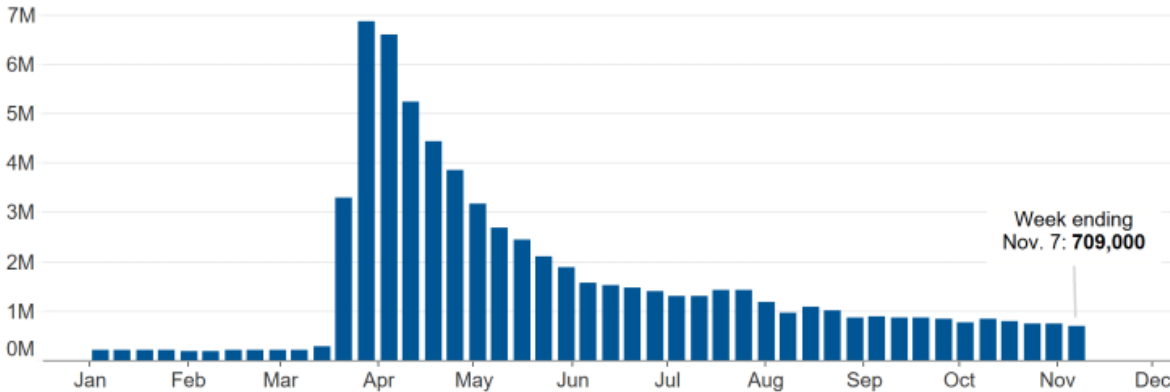


INITIAL JOBLESS CLAIMS | NOVEMBER 12, 2020

On March 26th initial jobless claims showed an increase in unemployment by 3.1 million persons for the week of March 16th-20th, setting a record that would be broken the following week at 6.9 million. All weekly claims reported since March 26th are higher than any historical figure prior to COVID-19. The following chart illustrates the weekly initial jobless claims in 2020.

Initial claims for unemployment insurance

Weekly in 2020, seasonally adjusted



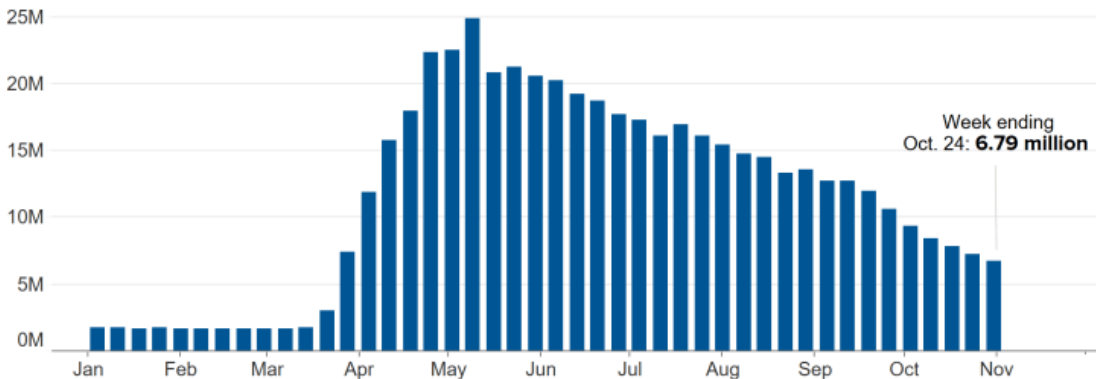
SOURCE: Department of Labor. Data is seasonally adjusted and through Nov. 7, 2020. The Department of Labor began using a new seasonal adjustment methodology the week of Aug. 29.



First-time claims for unemployment insurance continued their decline last week, hitting another pandemic-era low in a sign that the labor market is gradually improving. The Labor Department reported Thursday that jobless claims hit 709,000 for the week ended Nov. 7, down from 757,000 the week before. Economists surveyed by Dow Jones had been looking for 740,000 new claims. This marked the fourth consecutive week that the total declined from the previous period, though claims remain above the pre-coronavirus pandemic record 695,000 in 1982.

Continuing claims for unemployment insurance

Weekly in 2020, seasonally adjusted



SOURCE: Department of Labor. Data are based on the week of unemployment, not the week when the initial claim was filed. Data is seasonally adjusted and through Oct. 24, 2020. The Department of Labor began using a new seasonal adjustment methodology the week of 8/22.



BUREAU OF LABOR AND STATISTICS | NOVEMBER 6, 2020

The US unemployment rate (U-3) has declined to 6.9% in October from an April 2020 high of 14.7%. These improvements in the labor market reflected the continued resumption of economic activity that had been curtailed in March and April due to the coronavirus (COVID-19) pandemic and efforts to contain it. In October, notable job gains occurred in leisure and hospitality, professional and business services, retail trade, and construction. Employment in government declined.

Chart 1. Unemployment rate, seasonally adjusted, October 2018 – October 2020

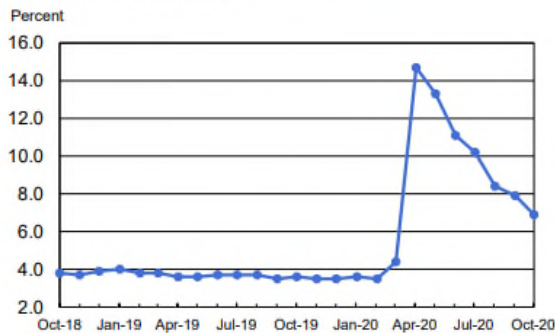
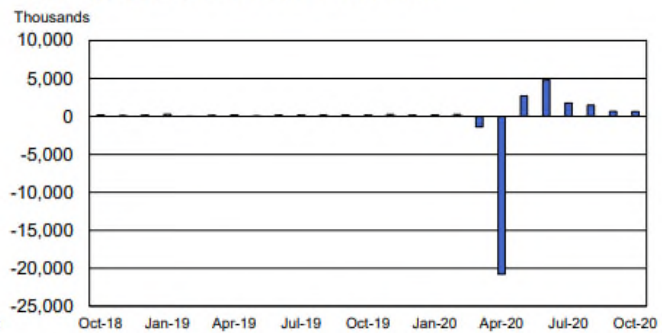


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, October 2018 – October 2020



GDP FORECASTS

The following chart summarizes GDP forecasts from various economists and institutions. Please note the annualized figures are the quarterly change multiplied by four.

2020 GDP Forecasts						
Annualized						
Source	Date	Q1	Q2	Q3	Q4	Full Year
CNBC/Moody's Consensus	11/4	--	--	--	3.0%	-3.6%
Mortgage Bankers Association	10/21	--	--	--	3.6%	-3.1%
Goldman Sachs	9/11	--	--	--	--	--
Atlanta Fed GDP Now	11/6	--	--	--	3.5%	--
Actual		-5.0%	-32.9%	38.0%		
Change from Previous Quarter						
CNBC/Moody's Consensus		--	--	--	0.8%	
Mortgage Bankers Association		--	--	--	0.9%	
Goldman Sachs		--	--	--	--	
Atlanta Fed GDP Now		--	--	--	--	
Actual		-1.3%	-8.2%	9.5%		

While Q2 was beyond painful, the worst is behind us and Q3 was outstanding.

RENT COLLECTIONS

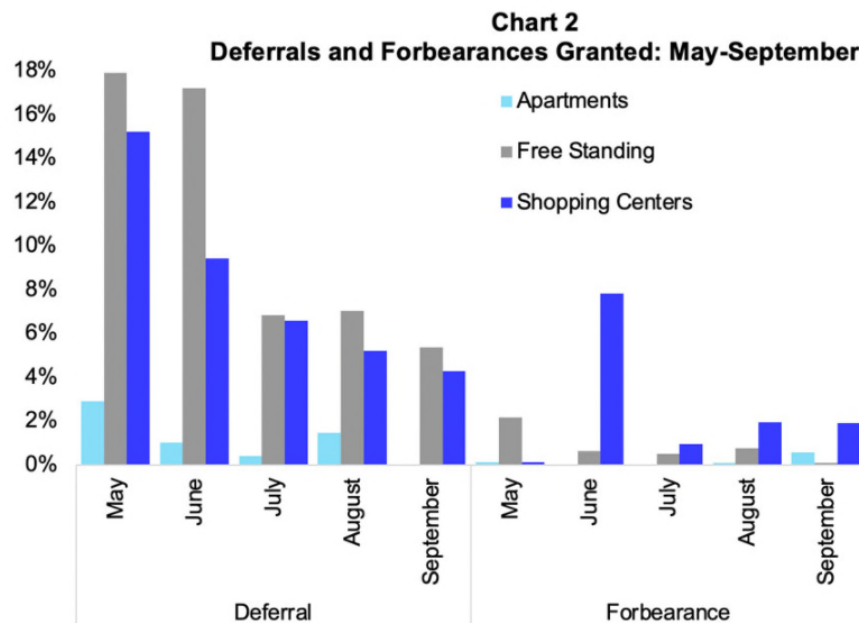
The following chart from NAREIT summarizes rent collections by property type showing retail the most affected. This table shows the estimated REIT rent collections as a share of typical rent collections. A total of 34 equity U.S. REITs were included in the survey sample across six property sectors.

Table 1
Share of Typical Rent Received April-September

Property Sector	April	May	June	July	August	September
Industrial	97.0%	95.7%	97.8%	99.4%	N/A	N/A
Office	93.2%	92.6%	97.5%	96.4%	N/A	N/A
Apartments	93.8%	94.8%	96.0%	95.4%	96.0%	95.7%
Health Care	90.2%	89.9%	94.8%	95.2%	N/A	N/A
Retail						
Free Standing	72.6%	70.0%	79.5%	90.9%	90.5%	94.9%
Shopping Centers	50.3%	49.3%	60.9%	72.8%	80.2%	81.6%

Source: Equity market capitalization weighted. Nareit survey of members, public disclosures, and FTSE Nareit All REITs Index equity market capitalization as of August 31, 2020 via FactSet.

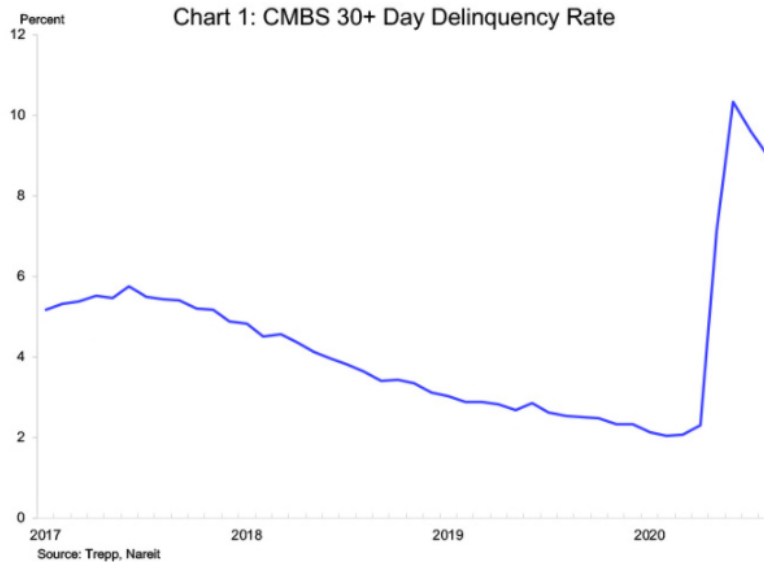
The following chart illustrates deferrals and forbearances granted.



Source: Equity market capitalization weighted. Nareit survey of members, public disclosures, and FTSE Nareit All REITs Index equity market capitalization as of August 31, 2020 via FactSet.

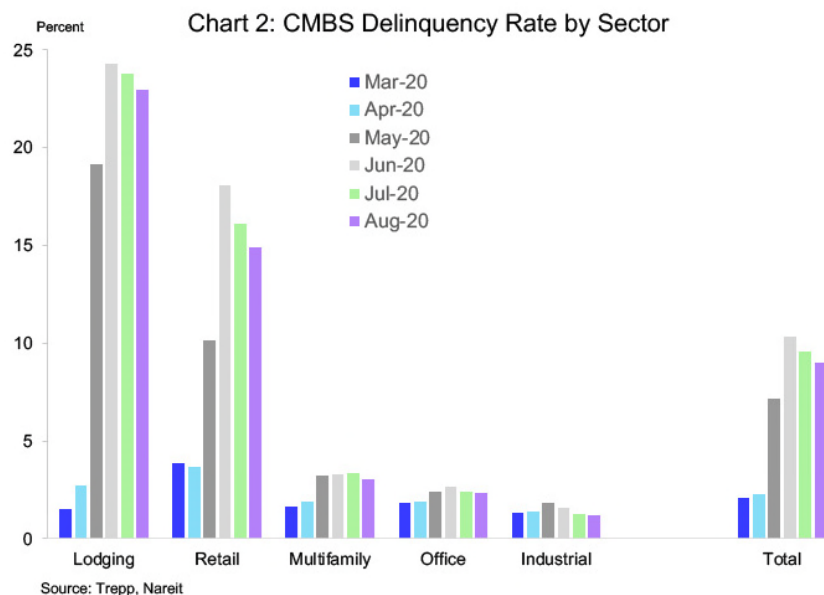
NAREIT/TREPP: CMBS DELINQUENCY | SEPTEMBER 2, 2020

The CMBS delinquency rate continued to decline in August as the reopening of the economy helped revive cash flows at some troubled tenants. The overall 30+ delinquency rate fell 58 bps, to 9.02%, according to data from Trepp. While delinquencies are considerably below the June peak of 10.32%, they are still 648 bps above one year ago. Some of the improvement reflects mortgages that the borrower brought current by making up any past-due payments. Others, however, could reflect forbearance being granted to remove the loan from delinquent status rather than any improvement in underlying credit quality, cautions Trepp.



Delinquency rates fell most among mortgages on retail properties, declining 122 bps, to 14.88%. Retail delinquencies are 319 bps below their peak level in June as stores and shopping malls have continued opening up. The decline in delinquencies on lodging properties also declined, slipping 83 bps, to 22.96%. The improvement in this sector has been slower, as travel volumes remain deeply depressed, and lodging delinquencies have come down just 122 bps.

Other property sectors did not experience as severe a drop in revenues during the spring as did lodging and retail, and delinquencies among office, multifamily, and industrial properties increased much by less in April, May, and June. These sectors nevertheless also saw slight declines in delinquency rates last month.



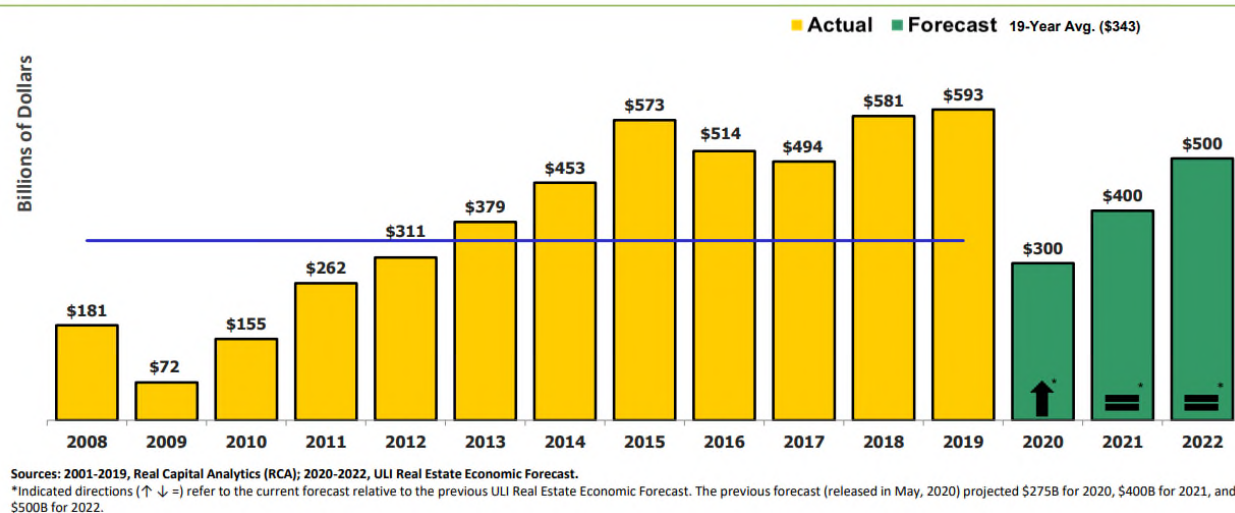
URBAN LAND INSTITUTE: REAL ESTATE ECONOMIC FORECAST | OCTOBER 2020

ULI compiled forecasts from 43 economist/analysts at 37 real estate organizations. The key findings are noted as follows.

Transaction Volume

Commercial real estate transaction volume reached \$593 billion in 2019, a post-Great Financial Crisis peak. Volume is expected to be about 50% lower in 2020 with a forecast of \$300 billion. Forecasts for '21 and '22 show growth to \$400 billion and \$500 billion, respectively.

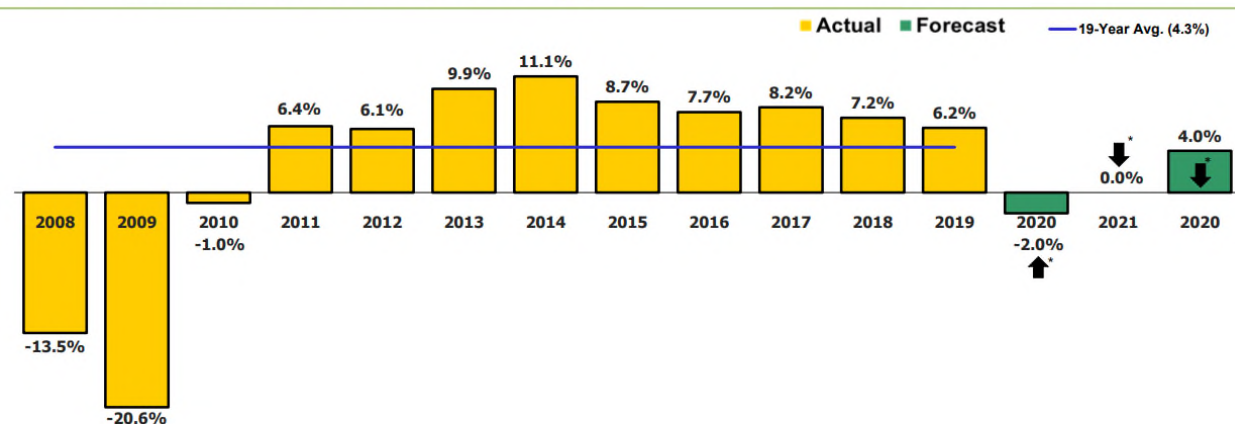
Commercial Real Estate Transaction Volume



CRE Pricing

The RCA Commercial Property Price Index (CPPI) has experienced strong growth over the last nine years, staying consistently above 6 percent annually. Prices are expected to drop by 2% in 2020, remaining at that level with no change in '21 and then resuming growth in '22 with a 4% growth rate.

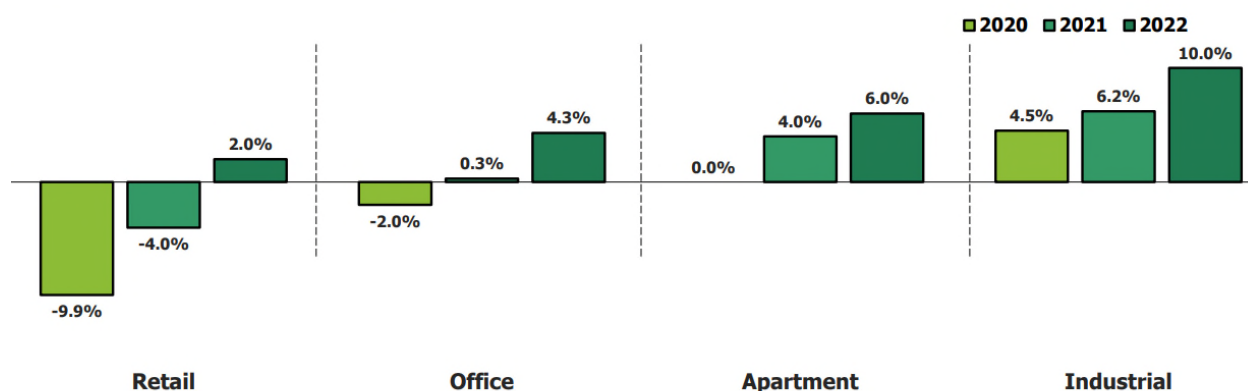
RCA Commercial Property Price Index (annual change)



CRE Returns

NCREIF total returns in 2020 for the industrial sector in 2020 are expected to be positive, the only sector for which this is the case. Still, at 4.5%, this is a significant decline from industrial returns in 2019 of 13.4% and well below its long-term average of 10.4%. Apartment returns for 2020 are expected to be flat, while office and retail returns for 2020 are both forecast to be negative, at -2% and -9.9%, respectively. Industrial total returns are forecast to continue to increase in '21 and '22, at 6.2% and 10%, respectively, not yet returning to the recent growth rates experienced prior to the pandemic. Apartment and office total returns are forecast to turn positive in '21, at 4% and 0.3%, respectively and continuing to gain strength in '22, at 6.0% and 4.3%, respectively. Retail total returns are expected to further decline in 2021 by 4.0%, and then experience positive growth in 2022 of 2%.

NCREIF Property Types Total Returns

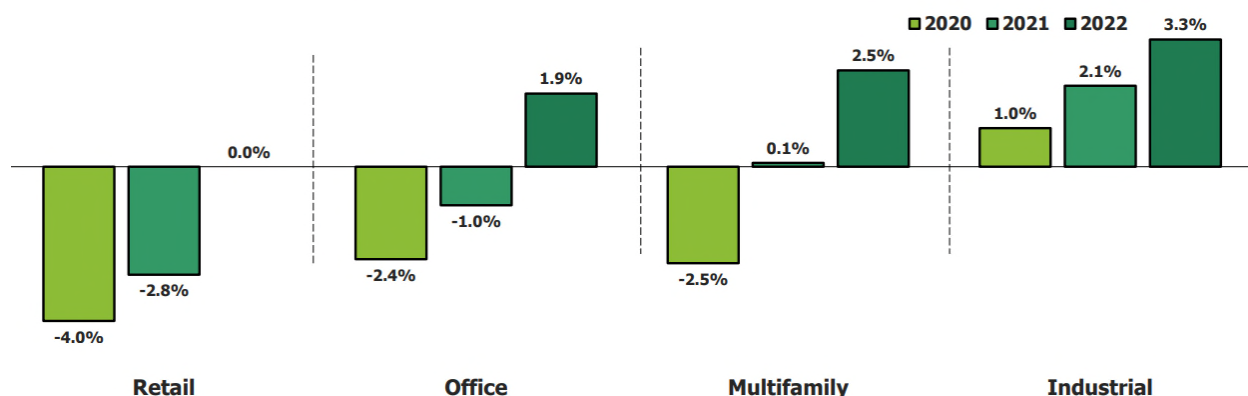


Source: 2020-2022, ULI Real Estate Economic Forecast.

Rent Growth

Commercial property rent growth differs widely by property type, as well. In 2020, industrial rent growth is forecast to be 1.0%, while apartments, office and retail are forecast at -2.5%, -2.4%, and -4.0%, respectively. In '21, both the industrial and multifamily sectors experience positive growth, at 2.1% and 0.1%, respectively, while office rental rate growth is -1.0% and retail is -2.8%. By '22, positive rental growth is forecast for all sectors, ranging from 3.3% in the industrial sector to 1.9% in the office sector. The exception is the retail sector that plateaus in '22..

Rental Rate Growth 2019-2022

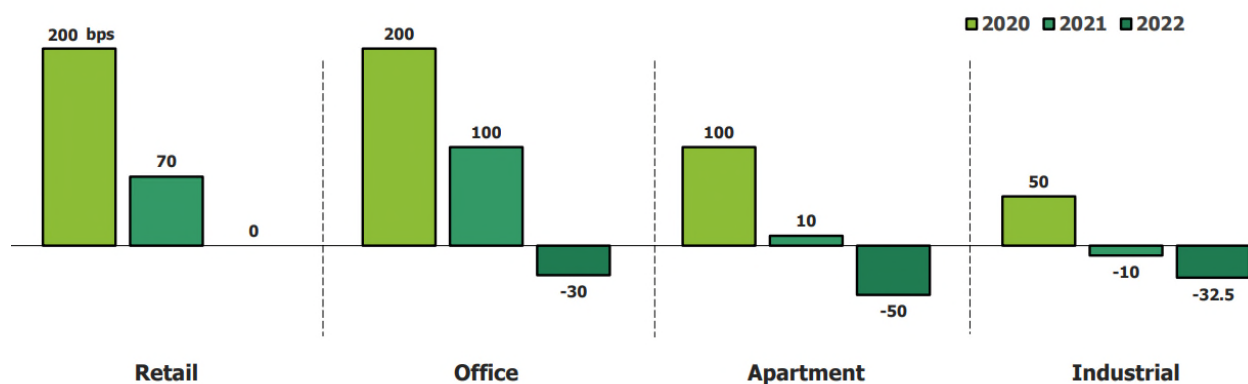


Source: 2020-2022, ULI Real Estate Economic Forecast.

Vacancy

Change in vacancy and availability rates differ widely by property type. In 2020, industrial availability is forecast to move up 50 basis points, while apartments are forecast to move up 100 basis points and both office and retail are forecast to move up 200 basis points. In '21, industrial availability is expected to reverse direction and notch down slightly, apartment vacancy notches up slightly, and both office and retail vacancy rates continue to increase, albeit more moderately. In '22, all sectors show slight improvement, with the exception of retail which remains unchanged over '21.

Vacancy Rate Change 2019-2022 (bps)



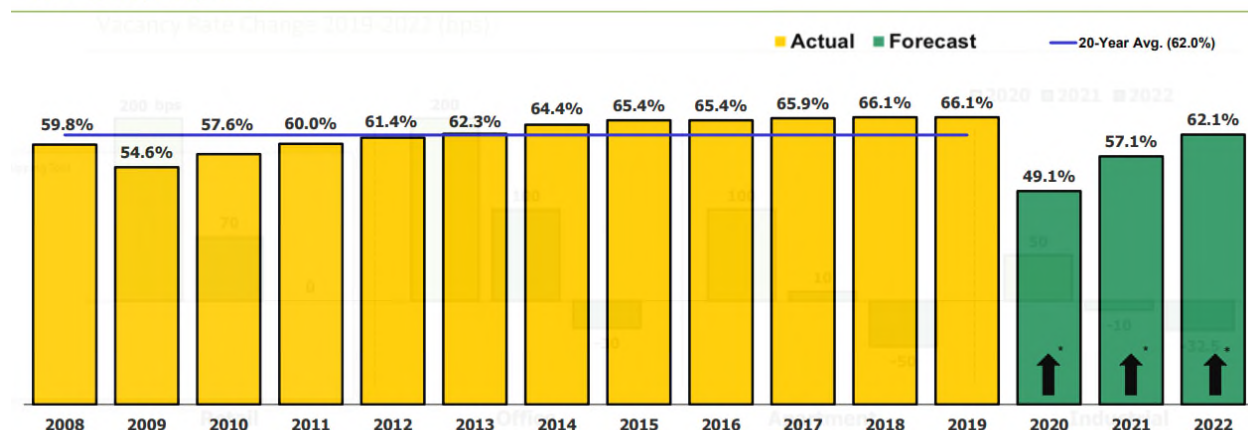
Source: 2020-2022, ULI Real Estate Economic Forecast.

Hotel Occupancy

Hotel occupancy rates, according to STR, were steadily improving over the last ten years, coming in at 66.1% in 2019, above the twenty-year average. The occupancy forecast for the full 2020, 49.1%, reflects the sector's relative strength in the few months prior to the pandemic, the near halt during the initial

phases of the pandemic, and then some level of return to travel the balance of the year. Rates are forecast to improve over subsequent forecast years, increasing to 57.1% in '21 and 62.1% in '22.

Hotel Occupancy Rates

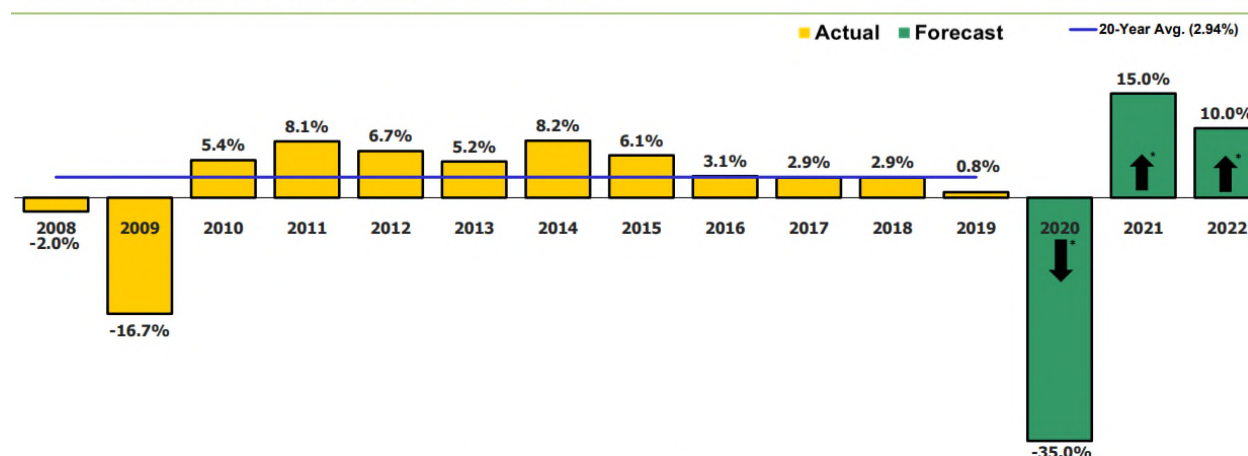


Sources: 2000-2019, (December, 12-month rolling average), STR; 2020-2022, ULI Real Estate Economic Forecast.
*Indicated directions (↑ ↓ =) refer to the current forecast relative to the previous ULI Real Estate Economic Forecast. The previous ULI Real Estate Economic Forecast (released in May, 2020) projected 40.1% for 2020, 54.9% for 2021, and 59.9% for 2022.

Hotel RevPar

Following seven years of above-average hotel revenue per available room (RevPAR) growth, the RevPAR growth rate dipped to the long-term average in '17 and '18, and then experienced minimal growth, 0.8%, in 2019. RevPAR is forecast to drop 35% in 2020. Growth is expected to begin recovery in '21 at positive 15%, and continue in '22 at 10%. Given the steep decline in '20, the growth rates in the subsequent forecast years will not yet be sufficient to bring RevPAR to 2019 levels.

Hotel Revenue per Available Room (RevPAR) Change



Sources: 1999-2019, (December, 12-month rolling average), STR; 2020-2022, ULI Real Estate Economic Forecast.
*Indicated directions (↑ ↓ =) refer to the current forecast relative to the previous ULI Real Estate Economic Forecast. The previous forecast (released in May, 2020) projected -27.5% for 2020, 6.5% for 2021, and 5.0% for 2022.

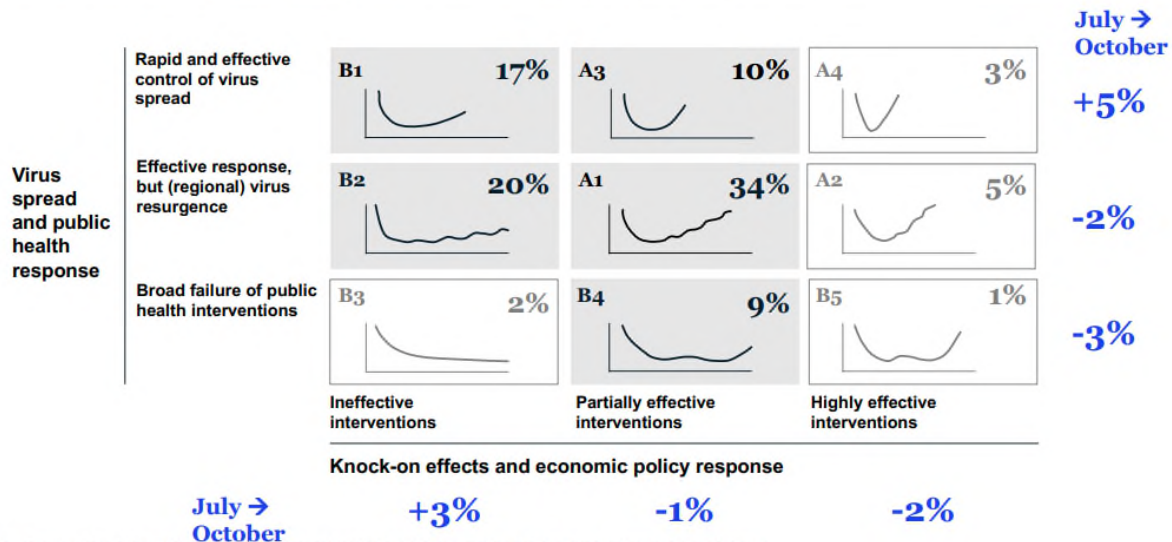
McKinsey & Company | OCTOBER 30, 2020

The following from McKinsey & Company illustrates the many possible scenarios for the economic impact of the COVID-19 crisis. With a strong public health response and the stimulus package the most likely scenarios are A1 through A4. Other, more extreme scenarios can also be conceived, and some of them

are already being discussed (B1–B5 in Exhibit 3). One can't exclude the possibility of a “black swan of black swans”: structural damage to the economy, caused by a yearlong spread of the virus until a vaccine is widely available, combined with the lack of policy response to prevent widescale bankruptcies, unemployment, and a financial crisis.

Global executives' sentiment about potential virus health impacts improved by early October

Results from survey of ~2,000 global executives about “most likely scenario”



If Scenario A1 occurs, McKinsey & Company projects US GDP will return to pre-crisis levels in the third quarter of 2022. If Scenario A3 occurs, McKinsey & Company projects US GDP will return to pre-crisis levels in the first quarter of 2021.

OTHER FEDERAL, STATE AND LOCAL CONSIDERATIONS

The federal government, states and municipalities are enacting legislation to lessen the economic impact of COVID-19. Landlords', owners' and tenants' rights may be affected by such legislation. Many states and cities issued shelter-in-place orders forcing most residents to remain indoors except for essential needs like groceries and essential businesses. Several states have proposed legislation that would forgive rent and/or would allow termination of contracts. These issues should be closely monitored as they could place downward pressure on value.

FORCE MAJEURE

Force majeure clauses are contract provisions that excuse a party's inability to perform its obligations under the contract if an unforeseeable event prevents such performance. Most leases have similar clauses. We are not experts with regard to force majeure contracts and laws. Should COVID-19 become accepted in the US as a force majeure event there may be additional risk for landlords.

CONCLUSION

COVID-19 infections and overall economic implications are the primary concern of US and international investors. This is an ongoing and evolving situation. Third quarter GDP growth was overwhelmingly positive as nearly all industry sectors have seen an increase in investment activity. Fourth quarter growth should continue, but at a slower pace than the third quarter. The continuing rise of national COVID-19 infections may cause economic deterioration in the fourth quarter as people are forced indoors due to colder temperatures; however, the death rate remains relatively low and new treatments continue to improve patient outcomes. States and cities have begun to institute new restrictions on restaurants, gyms and other businesses. These restrictions should be monitored closely as they could profoundly affect commercial real estate in some markets. While a national lockdown is unlikely a national mask mandate is possible in the first quarter of 2021.

Two US vaccines are in final stages of development both of which have 90% effectiveness rates. Those considered high-risk and healthcare workers could begin receiving the vaccine by the end of the year. The importance of the vaccine cannot be overstated.

Medium and long-term outlooks are favorable and interest rates are expected to remain low into 2023, which could bode well for commercial real estate. Over the short-term hotels, restaurants and non-credit retail have taken the brunt of the declines while industrial, self-storage and multi-family have been the least affected. Office will likely face downward pressures due to remote working trends and elevated levels of unemployment, which are declining. We will continue to interview market participants regarding changes in market conditions.

REGIONAL ANALYSIS

PORTLAND MSA

The subject is in the Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area, hereinafter called the Portland MSA, as defined by the U.S. Office of Management and Budget. The Portland MSA is 6,684 square miles in size and is the 25th most populous metropolitan area in the nation. The Portland MSA is the 20th largest metropolitan area economy in the nation based on Gross Domestic Product (GDP).

Since 2009, Oregon has consistently been among the top ranked “inbound” states in the nation, and most of the state’s population growth has gone to the Portland MSA. People are attracted to the lifestyle that Portland offers and the Metro Area’s numerous job opportunities. The Portland MSA was recently ranked the best food city in the America and boasts the most craft breweries in the nation. Though there are many topical attractions in the area, job growth has been Portland’s strongest calling card.

The Metro Area has seen sustained job growth over 3.0% for the last 3 years and was recently ranked the most economically diverse large metro on the West Coast by Moody’s Analytics. Not only are Tech/Creative jobs growing-buoyed by comparatively low rents and employment cost, but in terms of share of total economic output, Portland’s advanced manufacturing is ranked 2nd in the nation. Because of the diverse level of job creation and population growth, a dramatic amount of demand for office, industrial, and multifamily product has been growing during the upswing in the current real estate cycle.

POPULATION

The Portland MSA has an estimated 2020 population of 2,531,028, which represents an average annual 1.4% increase over the 2010 census of 2,226,009. The Portland MSA added an average of 30,502 residents per year over the 2010-2020 period, and its annual growth rate exceeded the State of Oregon rate of 1.2%.

Looking forward, the Portland MSA's population is projected to increase at a 1.2% annual rate from 2020-2025, equivalent to the addition of an average of 30,997 residents per year. The Portland MSA's growth rate is expected to exceed that of Oregon, which is projected to be 1.1%.

	POPULATION TRENDS				
	Population			Compound Ann. % Chng	
	2010 Census	2020 Estimate	2025 Projection	2010 - 2020	2020 - 2025
Portland-Vancouver-Hillsboro MSA	2,226,009	2,531,028	2,686,015	1.4%	1.2%
Oregon	3,831,074	4,264,603	4,500,598	1.2%	1.1%

Source: EnviroNics Analytics

EMPLOYMENT

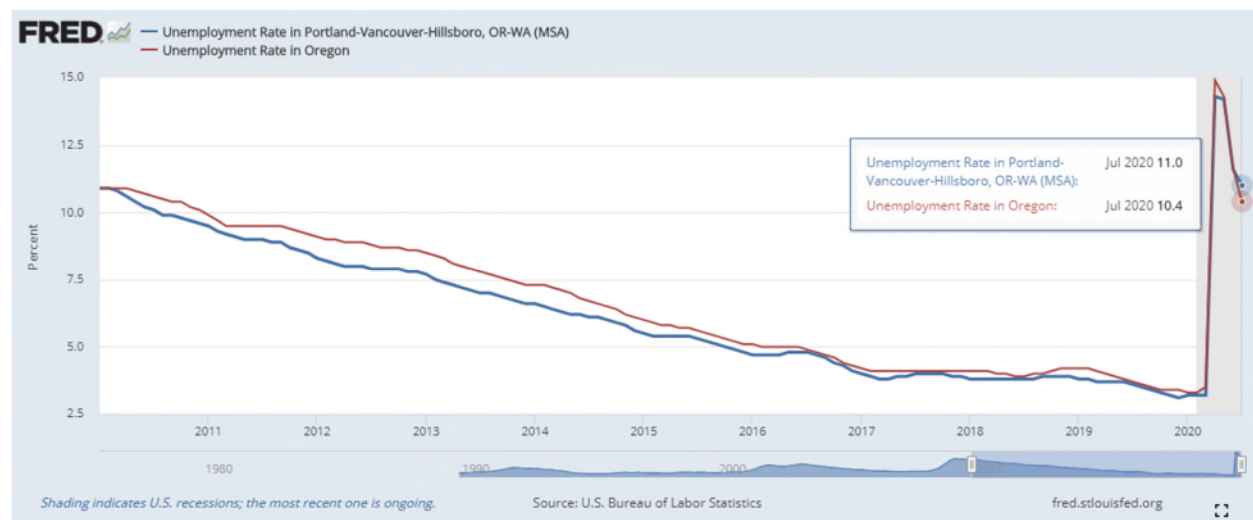
Total employment in the Portland MSA is currently estimated at 1,300,008 jobs. Between year-end 2009 and the present, employment rose by 247,603 jobs, equivalent to a 23.5% increase over the entire period. There were gains in employment in nine out of the past ten years despite the national economic downturn and slow recovery. The Portland MSA's rate of employment growth over the last decade surpassed that of Oregon, which experienced an increase in employment of 16.2% or 282,784 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Portland MSA unemployment rate has been consistently lower than that of Oregon, with an average unemployment rate of 6.0% in comparison to a 6.7% rate for Oregon. A lower unemployment rate is a positive indicator.

The unemployment rate in Portland MSA as of July 2020 was 11.0%. Unemployment rate dropped 6.3% from the previous 11.8% in previous month. However, unemployment was only 3.6% in March 2020. In comparison, it was 10.4% in Oregon in July 2020 while the unemployment rate was only 3.9% in March 2020. Thus, economic recession resulting from the Covid-19 Pandemic in Portland MSA is accordance to Oregon has, at least as far as the unemployment rate goes.

Year	EMPLOYMENT TRENDS				Unemployment Rate (Ann. Avg.)	
	Total Employment (Year End)					
	Portland-Vancouver-Hillsboro MSA	% Change	Oregon	% Change	Portland-Vancouver-Hillsboro MSA	Oregon
2009	1,052,405		1,748,959		10.8%	10.9%
2010	1,101,897	4.7%	1,794,730	2.6%	9.3%	10.1%
2011	1,115,061	1.2%	1,804,002	0.5%	8.1%	9.2%
2012	1,095,097	-1.8%	1,758,815	-2.5%	7.6%	8.6%
2013	1,107,797	1.2%	1,771,555	0.7%	6.3%	7.3%
2014	1,146,739	3.5%	1,833,334	3.5%	5.3%	6.1%
2015	1,195,200	4.2%	1,909,296	4.1%	4.6%	5.1%
2016	1,233,518	3.2%	1,975,823	3.5%	3.9%	4.3%
2017	1,262,179	2.3%	2,011,131	1.8%	3.6%	4.1%
2018	1,274,949	1.0%	2,018,316	0.4%	3.9%	4.2%
2019	1,300,008	2.0%	2,031,743	0.7%	2.8%	3.4%
Overall Change 2009-2019	247,603	23.5%	282,784	16.2%		
Avg Unemp. Rate 2009-2019					6.0%	6.7%
Unemployment Rate - Jan 2020					3.4%	3.3%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Local Area Unemployment Statistics (LAUS). The figures are seasonally adjusted.



**The numbers above are based on the Bureau of Labor Statistics and December is their most recent confirmed data. Due to the COVID-19 outbreak, Oregon has experienced an increase in unemployment*

rates. As of July 2020 (most recent available), the unemployment rate for Portland metro is being reported at 11.1% down from April 2020's peak of 15.9%.

We note that unemployment has reportedly dropped as the states and counties have begun to open for the summer. As of the effective date of report, the daily reported COVID-19 cases are at a stabilized level, however, this number is still at an alarming rate. There is uncertainty for the future unemployment numbers.

EMPLOYMENT SECTORS

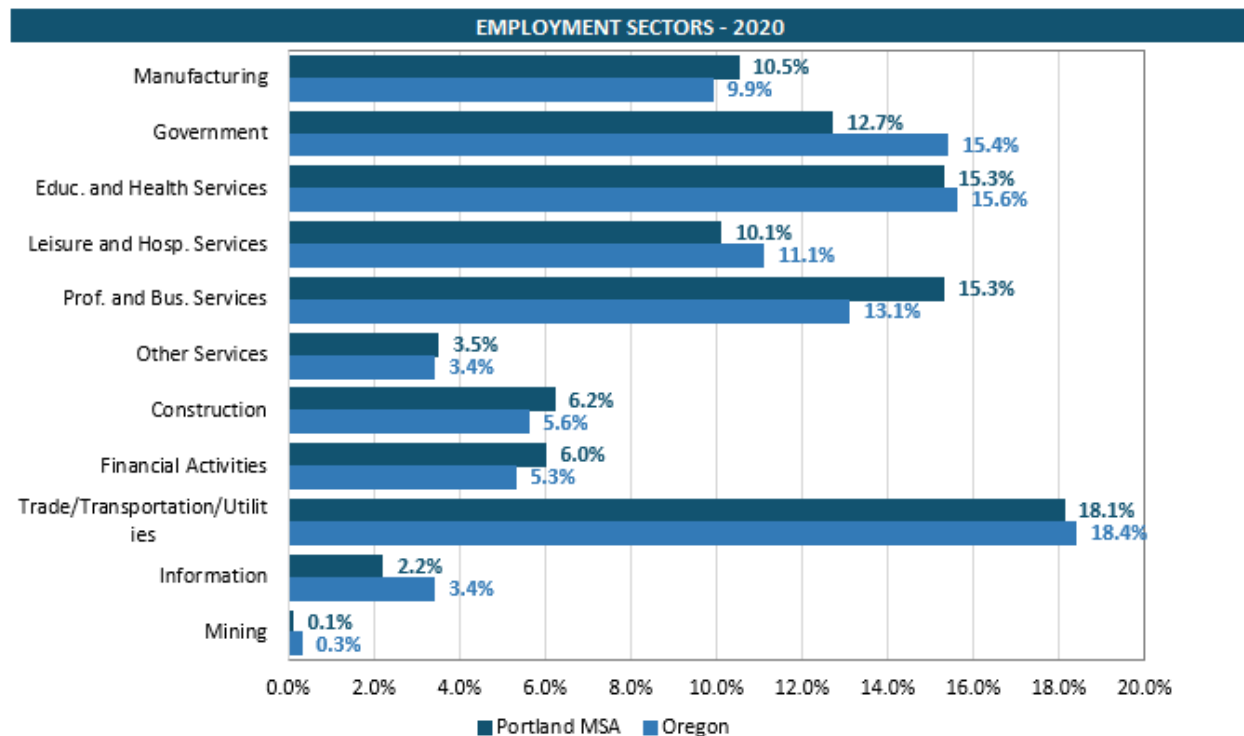
The composition of the Portland MSA job market is depicted in the following chart, along with that of Oregon. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Portland MSA jobs in each category.

The Portland MSA has greater concentrations than Oregon in the following employment sectors:

1. Mining & Construction, representing 6.3% of Portland MSA payroll employment compared to 5.9% for Oregon as a whole. This sector includes construction of buildings, roads, and utility systems, as well as mining, quarrying, and oil and gas extraction.
2. Manufacturing, representing 10.5% of Portland MSA payroll employment compared to 9.9% for Oregon as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
3. Trade; Transportation; and Utilities, representing 18.1% of Portland MSA payroll employment compared to 18.4% for Oregon as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities. This sector concentration has recently shifted to higher representations within the Portland MSA compared to recent surveys, where it was previously underrepresented compared to Oregon as a whole.
4. Financial Activities, representing 6.0% of Portland MSA payroll employment compared to 5.3% for Oregon as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
5. Professional and Business Services, representing 15.3% of Portland MSA payroll employment compared to 15.6% for Oregon as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.

The Portland MSA is underrepresented in the following sectors:

1. Government, representing 12.7% of Portland MSA payroll employment compared to 15.4% for Oregon as a whole. This sector includes employment in local, state, and federal government agencies.
2. Leisure and Hospitality, representing 10.1% of Portland MSA payroll employment compared to 11.1% for Oregon as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.



Source: Bureau of Labor Statistics, February 2020

MAJOR EMPLOYERS

Major employers in the Portland MSA are shown in the following table.

MAJOR EMPLOYERS - PORTLAND MSA		
	Name	Number of Employees
1	Intel	20,000
2	Providence Health & Services	18,286
3	Oregon Health & Science University	16,658
4	Kaiser Permanente	12,400
5	Nike	12,000
6	Legacy Health	11,250
7	City of Portland	9,710
8	Fred Meyer	7,741
9	Portland Public Schools	7,600
10	Beaverton School District	5,457

Source: Portland Business Journal, June 28, 2018

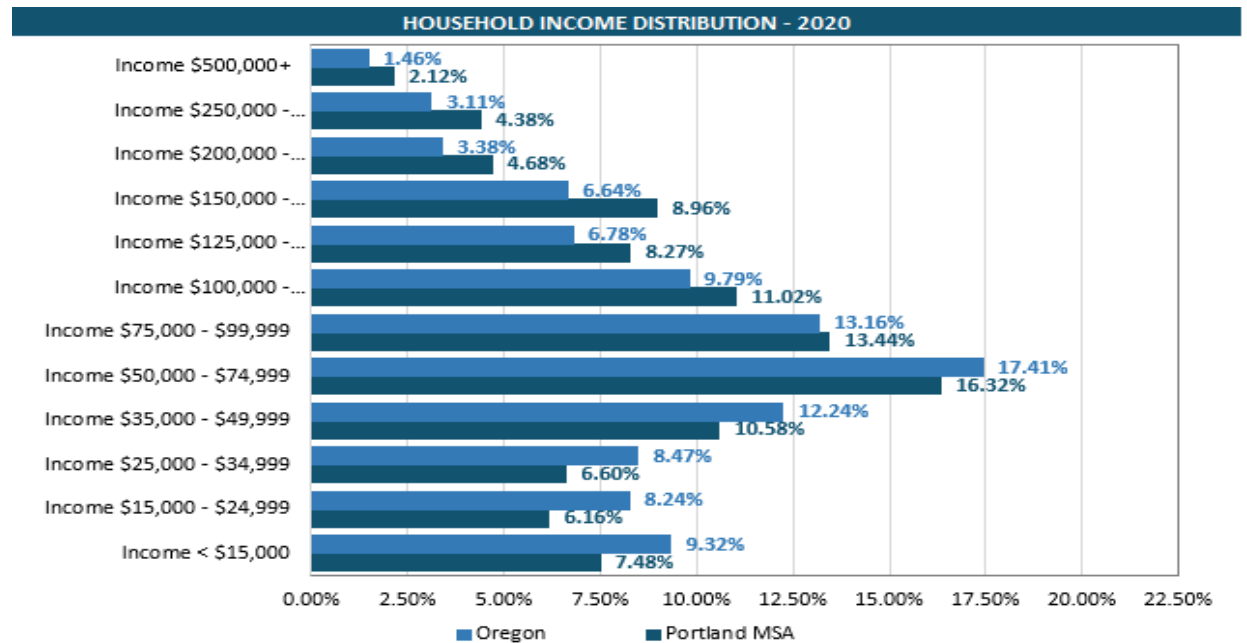
HOUSEHOLD INCOME

The Portland MSA is more affluent than Oregon. Median household income for the Portland MSA is \$79,925, which is 20.8% greater than the corresponding figure for Oregon.

MEDIAN HOUSEHOLD INCOME - 2020		
	Average	Median
Portland MSA	\$107,163	\$79,925
Oregon	\$90,935	\$66,175
Comparison of Portland MSA to Oregon	+ 17.8%	+ 20.8%

Source: Environics Analytics

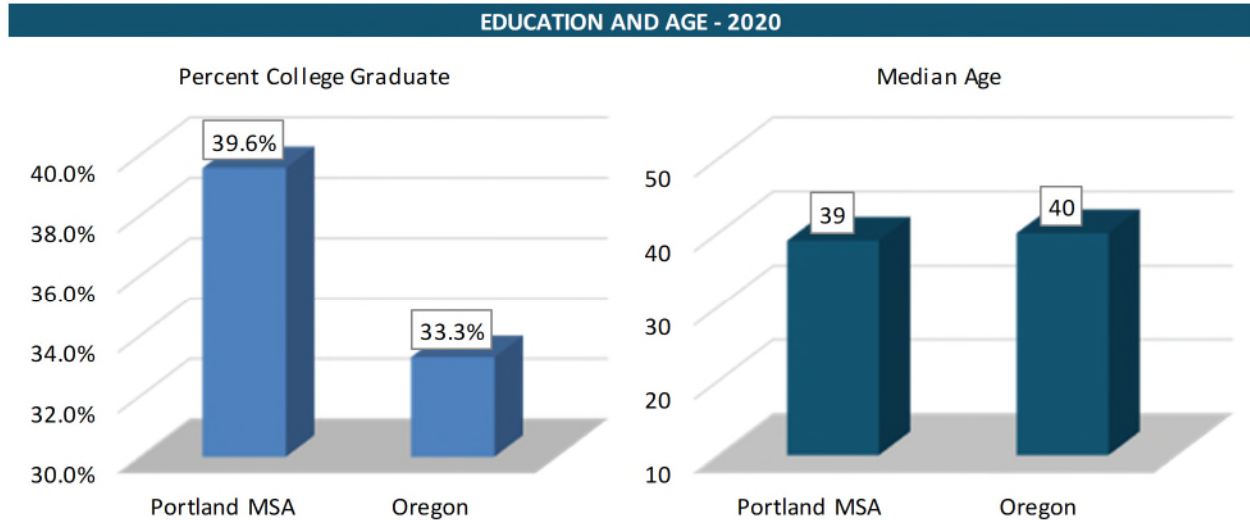
The Portland MSA has a greater concentration of households in the higher income levels than Oregon. Specifically, 53% of Portland MSA households are at the \$75,000 or greater levels in household income as compared to 44% of Oregon households. A lesser concentration of households is apparent in the lower income levels, as 20% of Portland MSA households are below the \$35,000 level in household income versus 26% of Oregon households.



Source: Environics Analytics

EDUCATION AND AGE

Residents of the Portland MSA have a higher level of educational attainment than those of Oregon. An estimated 39.6% of Portland MSA residents are college graduates with four-year degrees, versus 33.3% of Oregon residents. People in the Portland MSA are slightly younger than their Oregon counterparts. The median age for the Portland MSA is 39 years, while the median age for Oregon is 40 years.

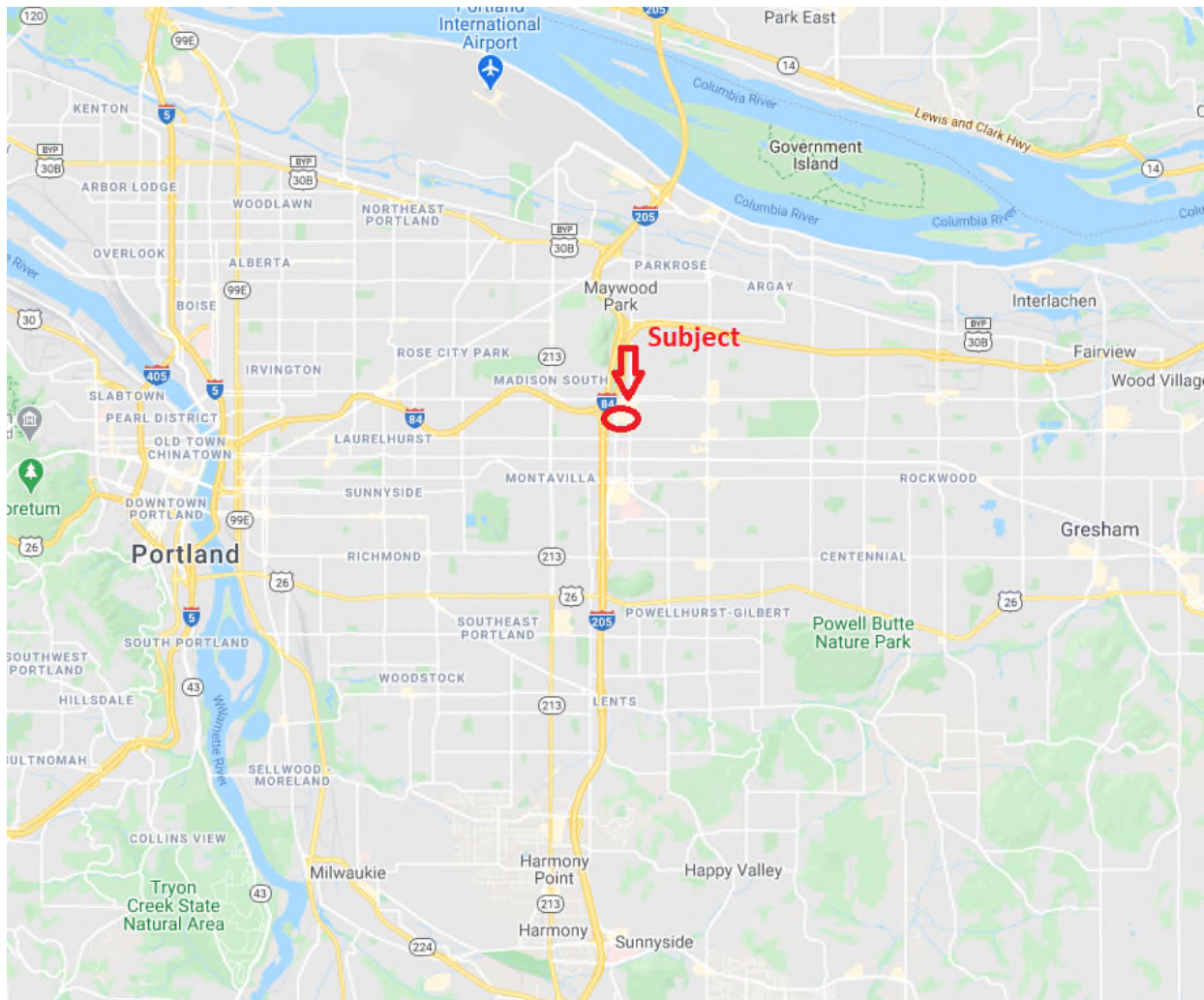


Source: Environics Analytics

CONCLUSION

As the economic center of the state, the metropolitan area continues to retain and attract high tech industry, which is a significant component of the regional GDP. Moreover, the Portland MSA exhibits both a higher rate of GDP growth and a higher level of GDP per capita than Oregon overall. Other positive factors include increases in real income and stability brought to the Metro Area by the high level of economic diversity. However, it is noted that unemployment rate increased massively in March 2020 due to the impact of Covid-19. There is large market uncertainty in recent quarters. Overall, employment levels will be negatively affected by the onset of the Covid-19 pandemic.

REGIONAL MAP

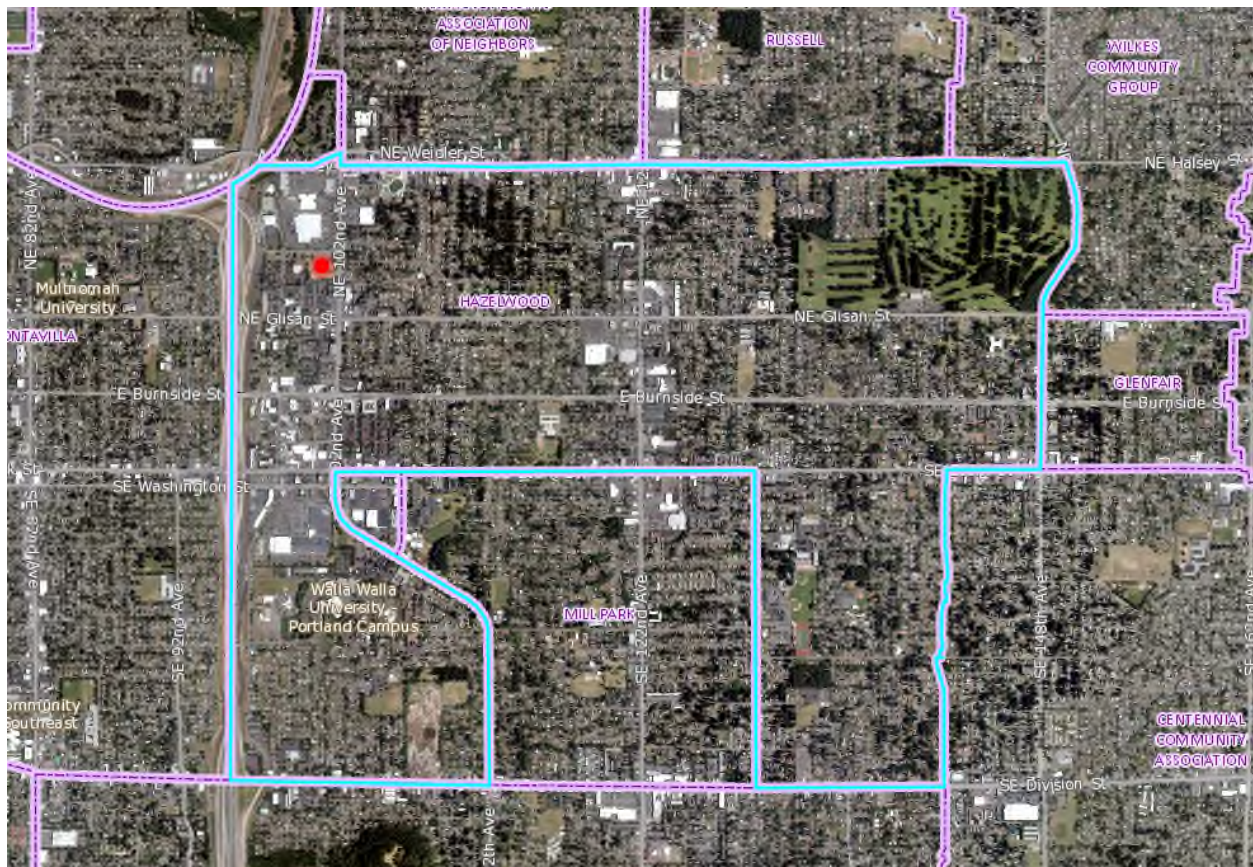


SURROUNDING AREA ANALYSIS

BOUNDARIES

The subject is located in the Hazelwood neighborhood, which is located in the northeast area of Portland. This area is part of the Gateway submarket and is generally delineated as follows:

North NE Halsey St
South SE Stark St
East NE 148th Ave
West I-205



ACCESS AND LINKAGE

The subject is located within close proximity to one of Portland's most prominent linkage corridors, providing strong access to the subject's immediate neighborhood. A full-service interchange for the Interstate-84 freeway (east-west) and Interstate-205 freeway (north-south) is located approximately 1.5 miles north of the subject, and interchanges for Interstate-205 are located approximately one mile north west of the subject on Glisan Street, and approximately one half mile north west of the subject on SE Stark/SE Washington. Travel time to downtown Portland and the Interstate-5 freeway system is approximately 15 minutes.

In addition to the east/west access provided by Interstate 84, there are several east/west arterials serving Gateway and east Multnomah County, including NE Halsey, NE Glisan, E Burnside, SE Washington. The major north/south arterials other than I-205 include NE 102nd and NE 122nd Avenues.

Public transportation in the subject area is provided by Tri-Met, which includes the MAX light-rail and various bus routes. Additional access to the regional transportation network is provided by route #15, which connects the subject to the Portland CBD to the west and the Gateway Transit Center to the north.

Tri-Met's MAX light rail system, which now covers 44 miles in the Portland Metro area, extending through downtown Portland to Hillsboro, Gresham, and the Portland Airport, began service to the I-205 corridor, including Lents Town Center and Clackamas Town Center, in late 2009. The subject is located about one half mile east of the SE Main Street station. The section, known as the "Green Line", spans 6.5 miles between the Gateway Transit Center and Clackamas Town Center, as shown below.



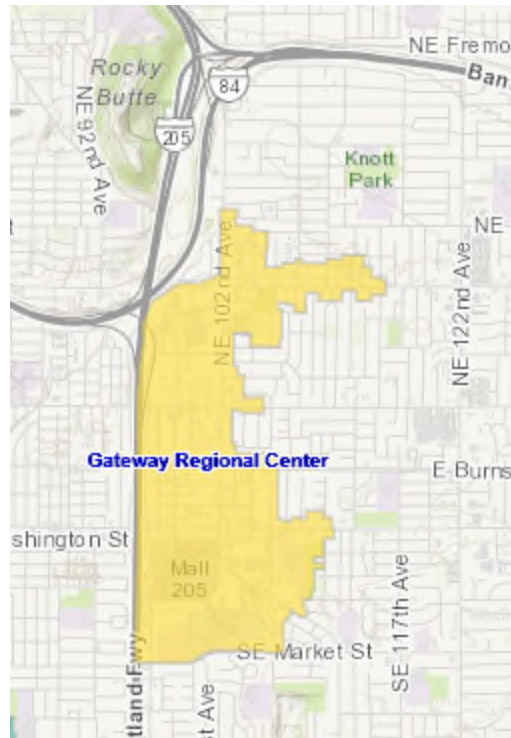
The local market currently perceives public transportation as above average compared to other market areas in the region. The primary mode of transportation in the area is the automobile.

GATEWAY REGIONAL CENTER

The subject is located in the Gateway Regional Center in the City of Portland. Due to its proximity to two interstate freeways, in addition to its confluence of light rail transit lines to downtown, the airport, Beaverton/Hillsboro, the Clackamas Town Center, and Gresham, the area was identified as an urban renewal area in June 2001. There is a total of 658.5 acres within the renewal zone, which encompasses various sections of the Hazelwood, Parkrose Heights, and Mill Park neighborhoods.

The Concept Plan for the renewal strategy for the area was to add open spaces—including urban plazas—to the area, improve pedestrian-oriented infrastructure, and increase density—in respect to commercial and residential uses.

In order to finance a significant amount of the new infrastructure needed to complete various projects within the area, the City Council approved a tax increment district with the capabilities to net approximately \$164 million to use toward improvements within the area. This has led to transit development (Red and Green lines), streetscape improvements along major commercial arterials, and pedestrian enhancements. The last date to issue long-term debt for this renewal area is June 2022.



DEMAND GENERATORS

Demand generators throughout the market area are generally influenced by those trends and factors affecting the greater Portland Metropolitan Area. The surrounded area is predominated by commercial and residential developments. The nearby major employers are located in Columbia Corridor, Central Eastside District and City of Portland. The subject is located adjacent to Gateway Regional Center, which include various large corporation franchises like Fred Meyer, WinCo, Kohls...etc.

The subject is located within the Hazelwood neighborhood, which is generally comprised of commercial uses of various densities and residential use. The Gateway Regional Center is still the main hub for demand generators with a number of medical users located in the immediate area.

DEMOGRAPHICS

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA			
	10050 NE pacific street - 1 mi Radius	10050 NE pacific street - 3 mi Radius	10050 NE pacific street - 5 mi Radius
Description	Totals	Totals	Totals
Population			
2026 Projection	22,192	196,699	459,362
2021 Estimate	21,143	187,862	438,203
2010 Census	19,127	171,347	396,650
2000 Census	18,301	157,770	363,909
2021 Est. Median Age	38.61	38.98	38.39
2021 Est. Average Age	39.90	39.64	39.26
Households			
2026 Projection	9,146	77,426	184,772
2021 Estimate	8,682	73,933	176,072
2010 Census	7,772	67,496	158,722
2000 Census	6,920	61,911	146,368
2021 Est. Average Household Size	2.38	2.49	2.44
2021 Est. Households by Household Income			
Income < \$15,000	9.1	9.7	8.8
Income \$15,000 - \$24,999	11.4	8.6	7.6
Income \$25,000 - \$34,999	8.5	8.5	7.9
Income \$35,000 - \$49,999	16.2	12.8	11.6
Income \$50,000 - \$74,999	18.7	15.7	16.2
Income \$75,000 - \$99,999	10.7	13.0	13.0
Income \$100,000 - \$124,999	9.2	10.1	10.2
Income \$125,000 - \$149,999	7.2	7.4	7.5
Income \$150,000 - \$199,999	5.4	7.0	7.8
Income \$200,000 - \$249,999	1.7	3.3	4.0
Income \$250,000 - \$499,999	1.4	2.8	3.8
Income \$500,000+	0.5	1.2	1.8
2021 Est. Average Household Income	\$74,411	\$88,992	\$98,338
2021 Est. Median Household Income	\$55,328	\$65,795	\$71,510
2021 Est. Tenure of Occupied Housing Units			
Owner Occupied	46.1	55.2	54.0
Renter Occupied	53.9	44.8	46.0
2021 Est. Median All Owner-Occupied Housing Value	\$369,719	\$409,324	\$441,048
Source: 2021 Claritas, Inc.			

SERVICES AND AMENITIES

The subject is located on the block intersecting NE 102nd Ave and NE Pacific St within close proximity to several smaller retailers and service users, located along 102nd. The nearest shopping facilities are located north of the subject with a Fred Meyer located immediately across NE Pacific to the north. The area is heavily trafficked and have significant commercial developments including multiple grocers and restaurants.

LAND USE

Most of the neighborhood was developed between the 1920s and 1950s, and is a mixture of older, single and multifamily residential uses with small scale office (including medical office), retail and commercial service uses located along the main arterials.

The area east of 102nd Avenue is residential, and consists primarily of average quality, 1920s-1940s single family homes. Uses along 102nd Avenue include single and multifamily dwellings and older commercial buildings. Office uses in the neighborhood consist primarily of smaller, 1-2 level, wood framed office buildings. However, there are a few multi-story office buildings located along busy arterials.

Retail uses in the neighborhood include the 355,000 square foot Gateway Center (two miles north of the subject) anchored by Ross Dress for Less, Kohl's and Office Depot and including pad tenants such as Starbucks, Applebee's, and Carl's Jr. Immediately south of the Gateway Center is a Fred Meyer Superstore, and adjacent to Fred Meyer on the west is the Gateway Transit Center Park and Ride facility and the MAX light rail transit center. A WinCo supermarket is located along the east side of 102nd Avenue and Wasco Street.

Mall 205, a Community Center, is located just north of the subject at SE Washington and immediately east of I-205. Mall 205 is a significant retail driver, with tenants such as Target, Home Depot, 24 Hour Fitness, Dollar Tree, and Big Lots. There are also several restaurant pad buildings with tenants such as Olive Garden, Red Robin, Panda Express, and Old Chicago.

SURROUNDING AREA LAND USES

Character of Area	Suburban
Predominant Age of Improvements	20-100 years
Predominant Quality and Condition	Average
Approximate Percent Developed	80%
Infrastructure/Planning	Average
Prevailing Direction of Growth	Infill

SUBJECT'S IMMEDIATE SURROUNDINGS

North	Fred Meyer
South	IRCO Africa House
East	Residential Housing
West	Vacant building

DEVELOPMENT ACTIVITY AND TRENDS

The neighborhood is nearly 100% built up. Little new development took place in Gateway from the mid-1960s through 1990s. In 2001, Gateway was recognized as a future regional center due to its excellent linkages and approved as an urban area in order to encourage new development.

During the last five years, development has been predominantly of multi-family uses, retail and/or office uses. The pace of development has generally stabilized over this time. Nearby there have been the following developments:

- 10506 E Burnside St (105 Burnside Apartments) – multifamily apartment development with 32,000 SF (2018)
- 11826 NE Glisan St (DHS Multi-Service Center) – office building consisting of 117,500 SF (2016)
- 1511 NE 92nd Ave – retail gas station property with 1,000 SF (2016)
- 610 NE 99th Ave (Gilman Court) – multifamily apartment development with 71,034 SF (2015)
- 9700 NE Everett Ct (The Rose Apartments) – multifamily apartment development with 82,236 SF (2015)

There is only one property under construction within a 1-mile radius of the subject property:

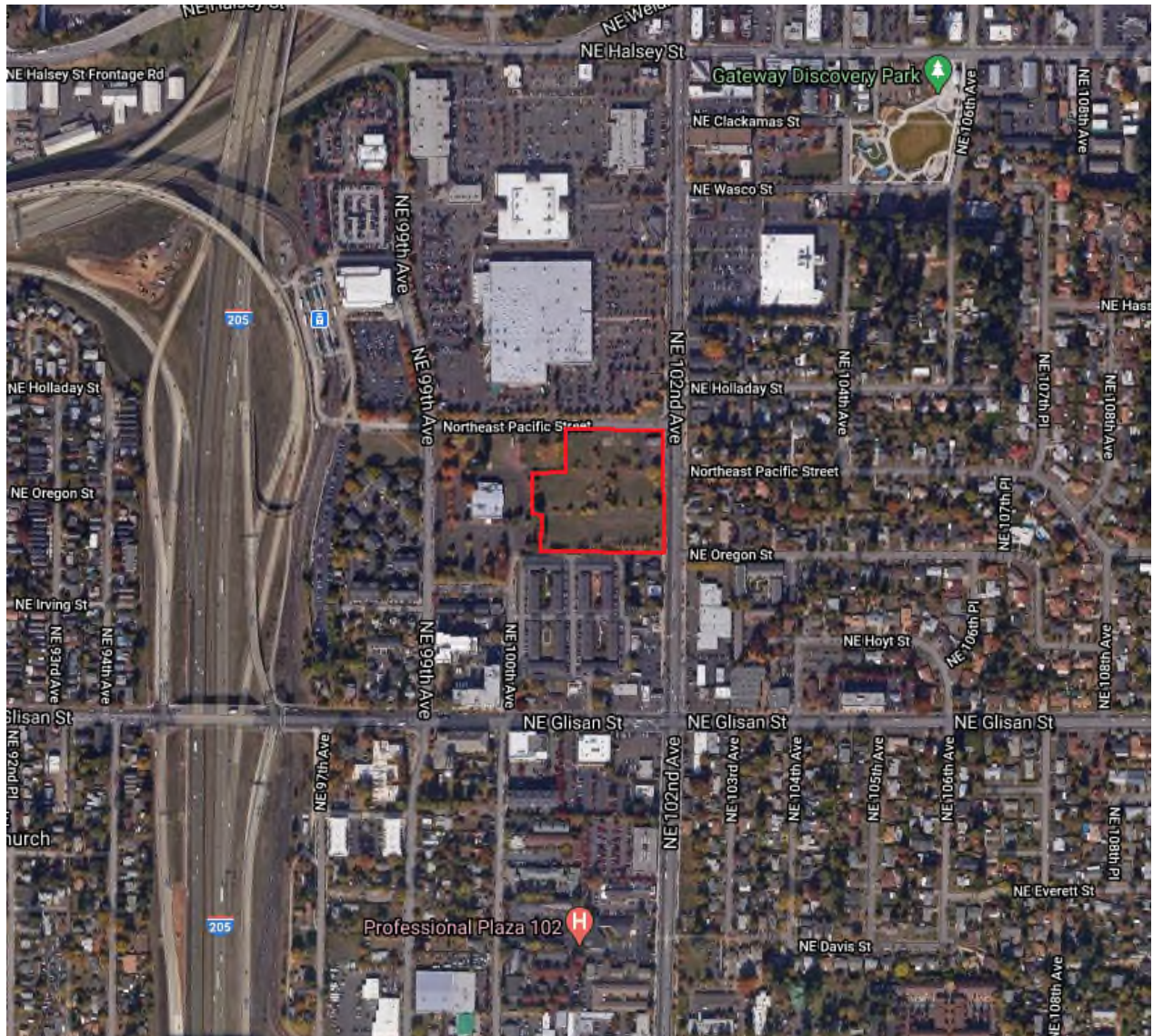
- 9777 NE Glisan St (Buri BLDG) – multifamily apartment development with 161,000

OUTLOOK AND CONCLUSIONS

The area is in the stable stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will remain stable in the near future. In comparison to other areas in the region, the area is rated as follows: In comparison to other areas in the region, the area is rated as follows:

SURROUNDING AREA ATTRIBUTE RATINGS	
Highway Access	Above Average
Demand Generators	Average
Convenience to Support Services	Above Average
Convenience to Public Transportation	Average
Employment Stability	Average
Police and Fire Protection	Average
Property Compatibility	Average
General Appearance of Properties	Average
Appeal to Market	Average
Price/Value Trend	Average

NEIGHBORHOOD MAP



MARKET ANALYSIS

GATEWAY OFFICE MARKET

KEY INDICATORS AT A GLANCE

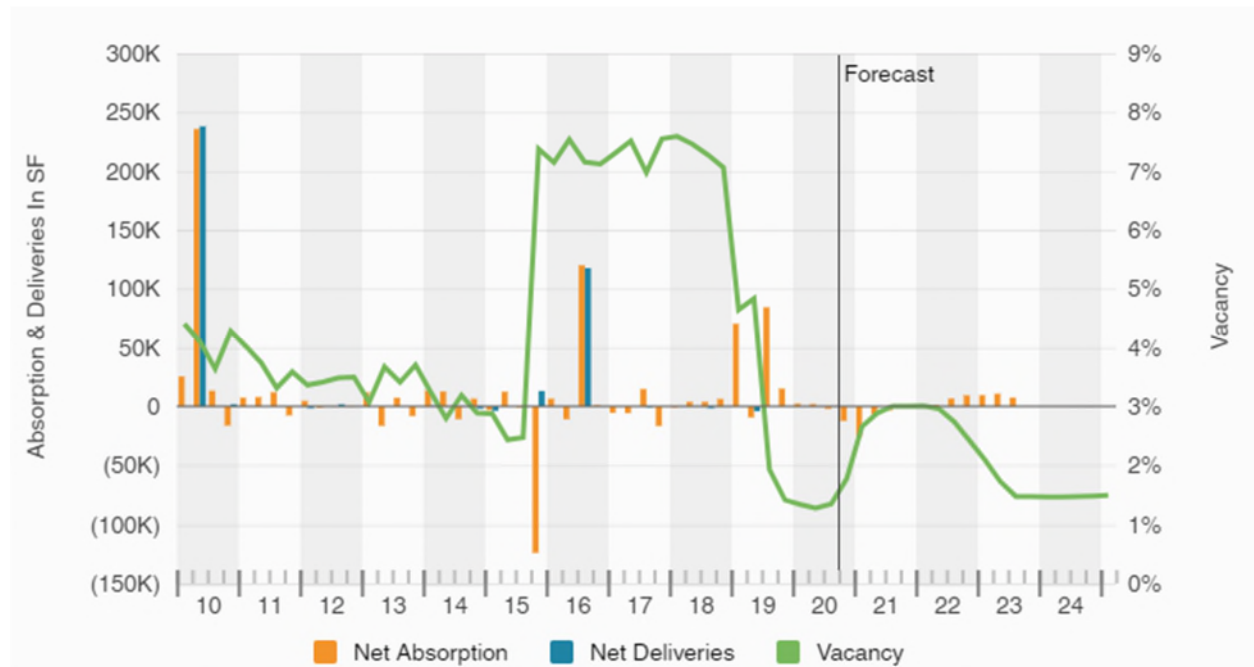
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	1.49%	1.57%	increased 8 Basis Points
Absorption (SF)	1,868	-2,128	decreased 3,996 SF
Quoted Rental Rates (\$/SF/Year)	\$23.74	\$23.53	decreased \$0.21 PSF
Inventory (SF)	2,922,985	2,922,985	no change SF
Net Deliveries (SF)	0	0	no change SF
Under Construction (SF)	0	0	no change SF
Overall Comparison	Vacancy increased while absorption decreased, indicating an unhealthy shift, most likely due to Covid-19 regulations.		

GATEWAY OFFICE MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2020 Q3	2,922,985	1.57%	-2,128	0	0	\$23.53
2020 Q2	2,922,985	1.49%	1,868	0	0	\$23.74
2020 Q1	2,922,985	1.56%	-4,075	0	0	\$23.76
2019 Q4	2,922,985	1.42%	15,270	0	0	\$23.57
2019	2,922,985	1.42%	159,892	-4,156	0	\$23.57
2018	2,927,141	7.02%	12,109	-1,708	0	\$22.95
2017	2,928,849	7.49%	-12,929	-1,000	0	\$21.23
2016	2,929,849	7.08%	116,274	117,500	0	\$20.35
2015	2,812,349	7.33%	-116,178	9,113	117,500	\$19.71
2014	2,803,236	2.88%	21,336	-1,349	0	\$18.69
2013	2,804,585	3.69%	-5,433	0	1,936	\$17.48
2012	2,804,585	3.50%	2,251	-20	0	\$17.13
2011	2,804,605	3.58%	19,702	0	1,680	\$17.38

The Gateway Office market ended the third quarter with a vacancy rate of 1.57%. The vacancy rate increased over the previous quarter, with net absorption totaling -2,128 square feet in the third quarter. Rental rates decreased compared to the previous quarter, ending third quarter at \$23.53. A total of 0 square feet was delivered to the market, with 0 square feet still under construction at the end of the quarter.

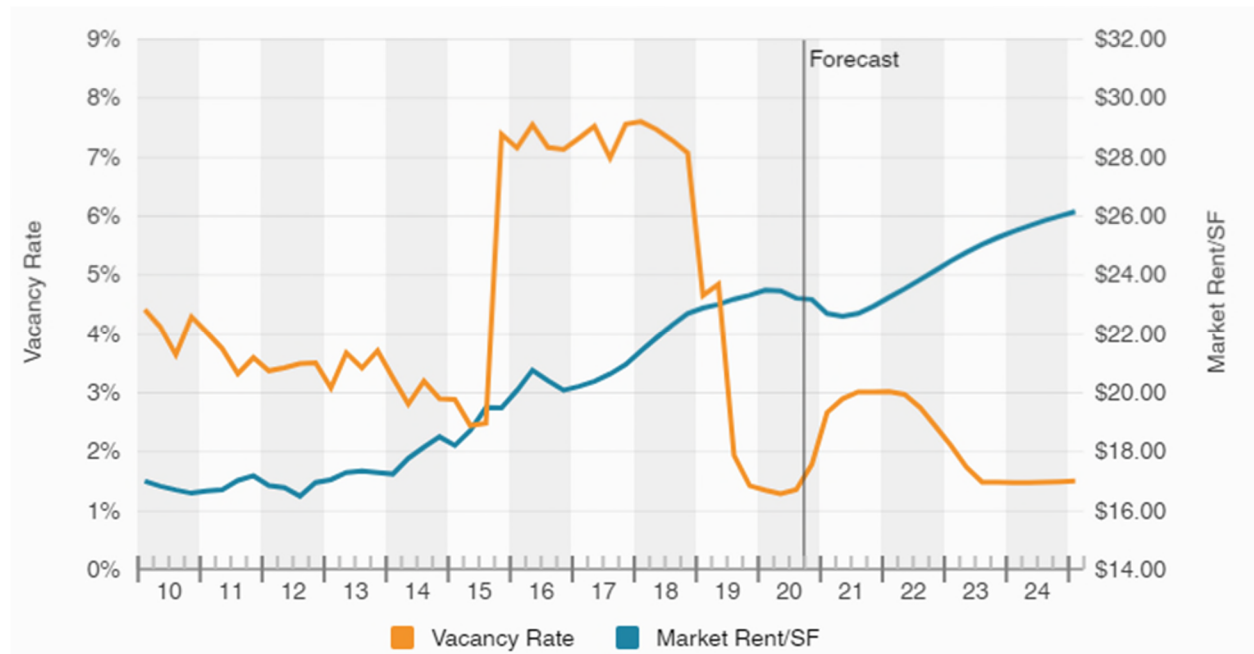
ABSORPTION, DELIVERIES & VACANCY



Net absorption for the overall Gateway Office market was -2,128 square feet in the third quarter 2020. That compares to 1,868 square feet in the second quarter 2020, -4,075 square feet in the first quarter 2020, and 15,270 square feet in the fourth quarter 2019. Net absorption in the market over the prior 12 months totaled 10,935 square feet and has generally been positive over the last five years.

Net deliveries have been come in two large deliveries over the last decade, with the majority coming in 2010 and 2016. Over the last four years, the number of deliveries has been minimal, illustrating the built-out nature of the subject's submarket.

VACANCY & RENTAL RATES

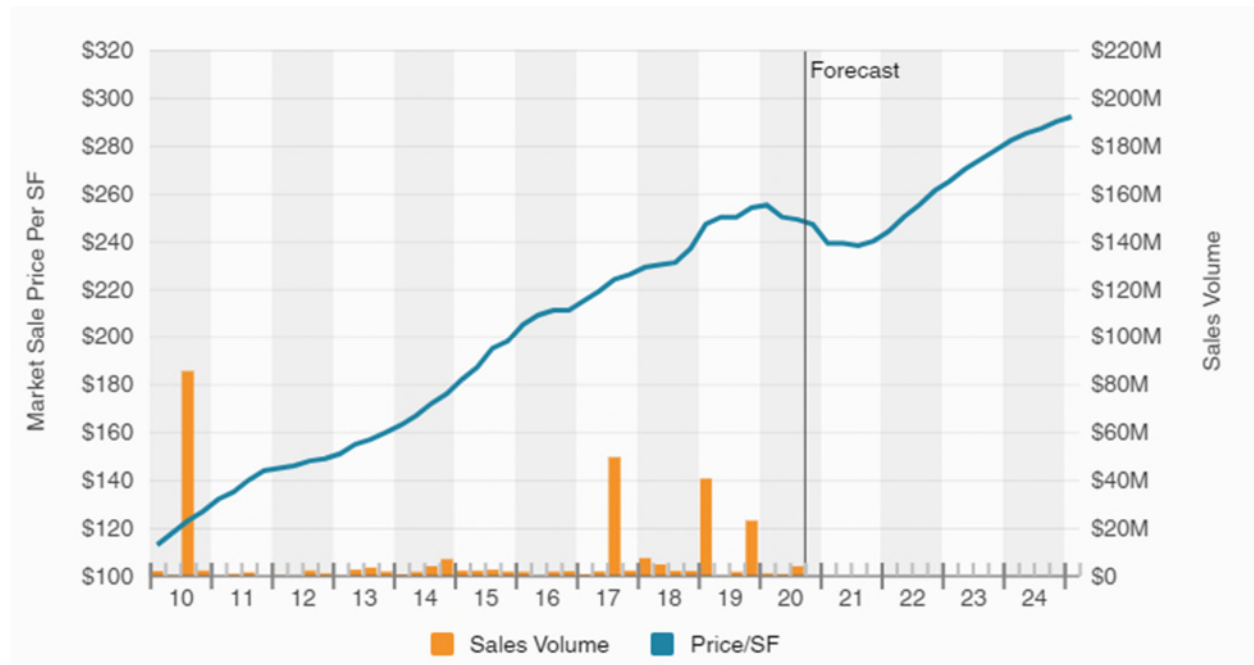


Vacancy for the overall Gateway Office market remained the same in Q3, Q2, and Q1 2020 at 1.3%. That compares to 1.4% in the last quarter 2019.

The average asking rental rate for available office space, all classes, was \$23.53 sf at the end of the third quarter 2020 in the Gateway Office market area. This represented a .9% decrease in quoted rental rates from the end of the second quarter 2020, when rents were reported at \$23.74.

Office vacancies in Gateway have slightly decreased relative to the five-year average beginning in the middle of 2019. The rate also comes in below the region's average. Meanwhile, office rents have dropped by 0.9% in the past 12 months, reflecting the weak performance observed over the past five years and is primarily due to the recent stagnation of rents as a result of the pandemic surrounding Covid-19.

SALES VOLUME & MARKET SALE PRICE PER SF



The Gateway office market is characterized by minimal trading, although the market proved to be relatively liquid in last three years compared to the prior decade. The sale price per square foot has had an increasing pattern since 2010. The current price per square foot is approximately \$250, which is 123% higher than the \$112 price per SF in 2010, an annualized appreciation rate of 8.36%. However, since the beginning of the pandemic, prices have stagnated and in the most recent quarters have experienced a decrease. The volume of sales decreased significantly in Q1 2020 but is expected to increase in the near future.

GATEWAY RETAIL MARKET

KEY INDICATORS AT A GLANCE

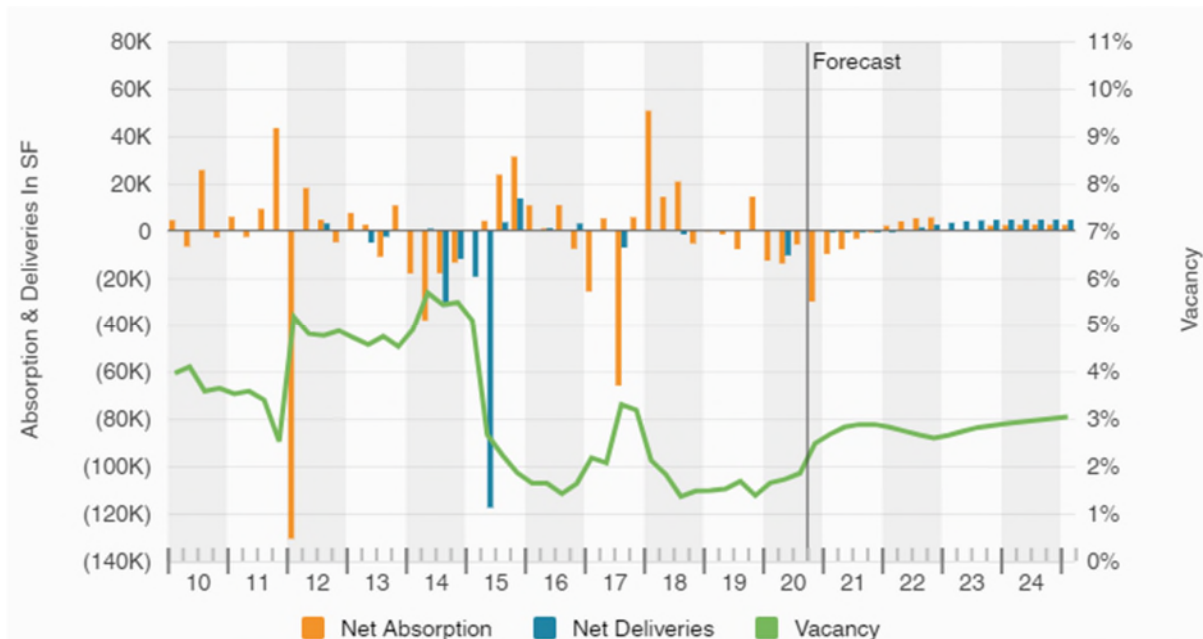
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	1.73%	1.86%	increased 13 Basis Points
Absorption (SF)	-13,928	-5,885	increased 8,043 SF
Quoted Rental Rates (\$/SF/Year)	\$19.63	\$19.89	increased \$0.26 PSF
Inventory (SF)	4,739,727	4,739,727	no change SF
Net Deliveries (SF)	-10,461	0	increased 10,461 SF
Under Construction (SF)	0	0	no change SF
Overall Comparison	Vacancy increased slightly as absorption increased.		

GATEWAY RETAIL MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES (\$/SF/YEAR)
2020 Q3	4,739,727	1.86%	-5,885	0	0	\$19.89
2020 Q2	4,739,727	1.73%	-13,928	-10,461	0	\$19.63
2020 Q1	4,750,188	1.66%	-12,718	0	0	\$19.68
2019 Q4	4,750,188	1.39%	14,318	0	0	\$19.63
2019	4,750,188	1.39%	4,399	0	0	\$19.63
2018	4,750,188	1.48%	80,048	-1,628	0	\$19.04
2017	4,751,816	3.20%	-73,707	0	0	\$18.19
2016	4,751,816	1.65%	14,610	4,000	0	\$17.42
2015	4,747,816	1.87%	64,760	3,059	3,000	\$16.78
2014	4,744,757	3.18%	-55,150	-11,174	0	\$16.12
2013	4,755,931	2.24%	17,131	0	800	\$15.50
2012	4,755,931	2.60%	4,032	3,000	0	\$15.18
2011	4,752,931	2.63%	23,270	0	3,000	\$14.94

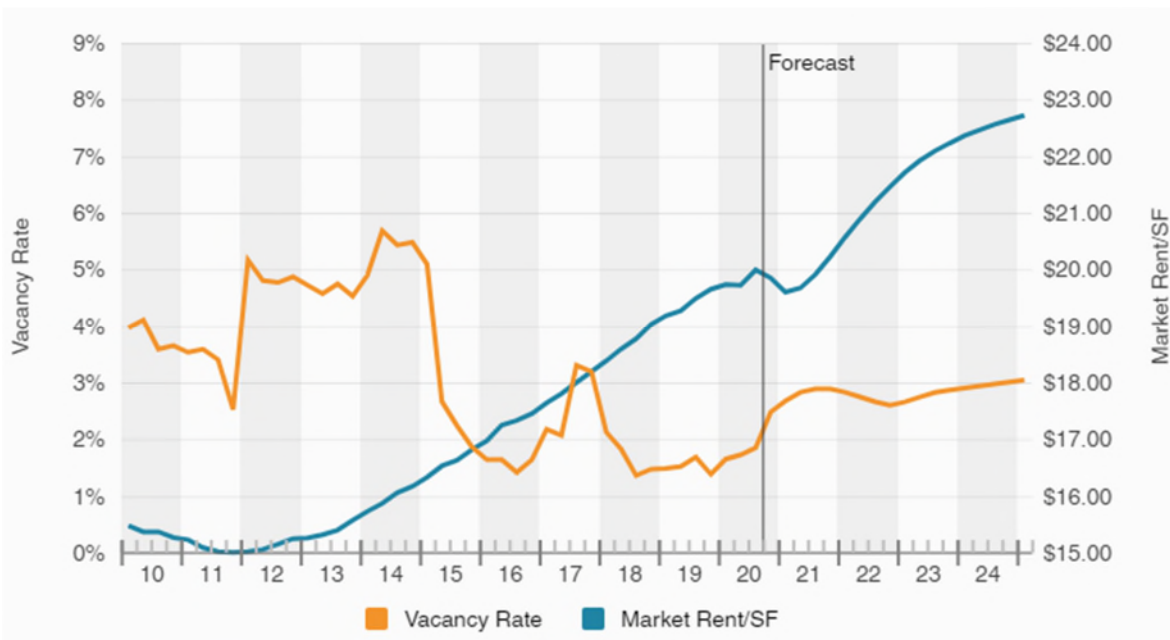
The Gateway Retail market ended the third quarter with a vacancy rate of 1.86%. The vacancy rate increased over the previous quarter, with net absorption totaling -5,885 square feet in the third quarter. Rental rates increased compared to the previous quarter, ending third quarter at \$19.89. A total of 0 square feet was delivered to the market, with 0 square feet still under construction at the end of the quarter.

ABSORPTION, DELIVERIES & VACANCY



Net absorption for the overall Gateway Retail market was -5,885 square feet in the third quarter 2020. That compares to -13,928 square feet in the second quarter 2020, -12,718 square feet in the first quarter 2020, and 14,318 square feet in the fourth quarter 2019. There have been minimal deliveries of retail product over the last five years, which has creating a lack of supply, and low vacancy rates in the market. Prior to the current year, which has experience negative absorption in each of the previous three quarters as a result of the pandemic, the submarket had generally had positive absorption in the three years previous to 2020.

VACANCY & RENTAL RATES

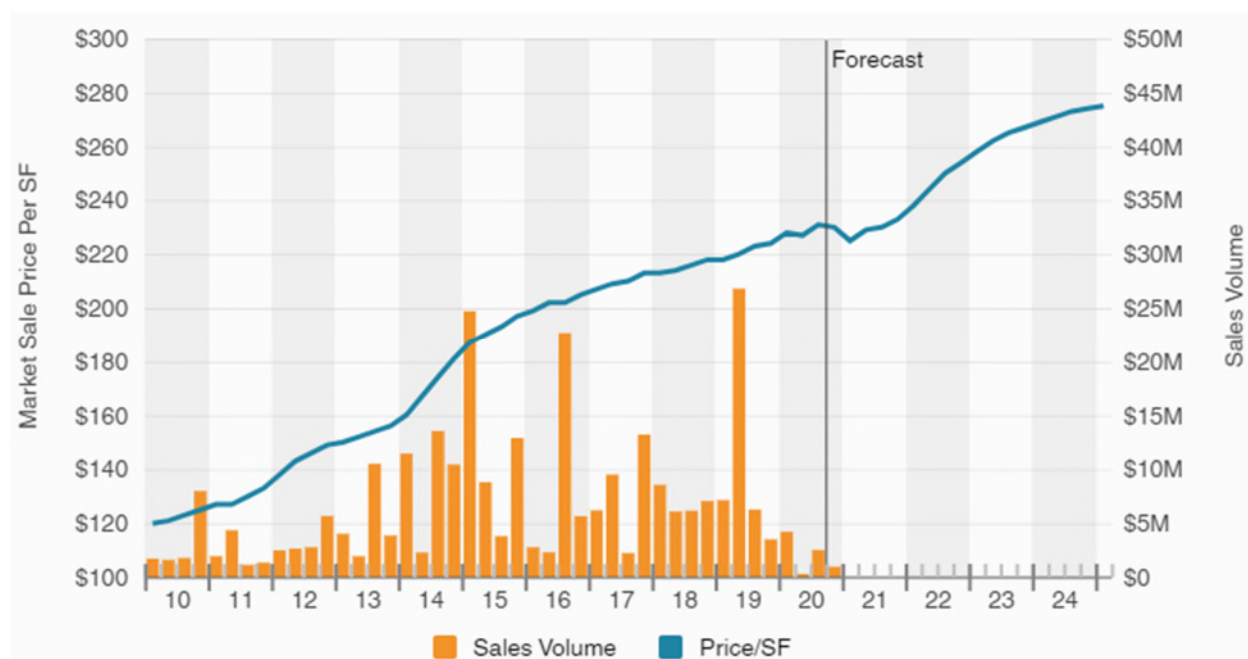


Vacancy for the overall Gateway Retail market increased to 1.86% in the third quarter 2020. That compares to 1.73% in the second quarter 2020, 1.66% in the first quarter 2020, and 1.39% in the fourth quarter 2019.

The average asking rental rate for available Retail space, all classes, was \$19.89 psf at the end of the third quarter 2020 in the Gateway market area. This represented a 1.3% increase in quoted rental rates from the end of the second quarter 2020, when rents were reported at \$19.63.

Retail vacancies in Gateway were slightly elevated relative to the five-year average during the fourth quarter, but they were essentially unchanged from this time last year and remain below 2.0%, indicating an extremely tight market. Despite the recent increases in vacancy, retail rents have marginally risen by over the past year. The combination of these two trends indicates an undersupplied retail market that has been less impacted than the overall Portland MSA due to the limited supply of retail space.

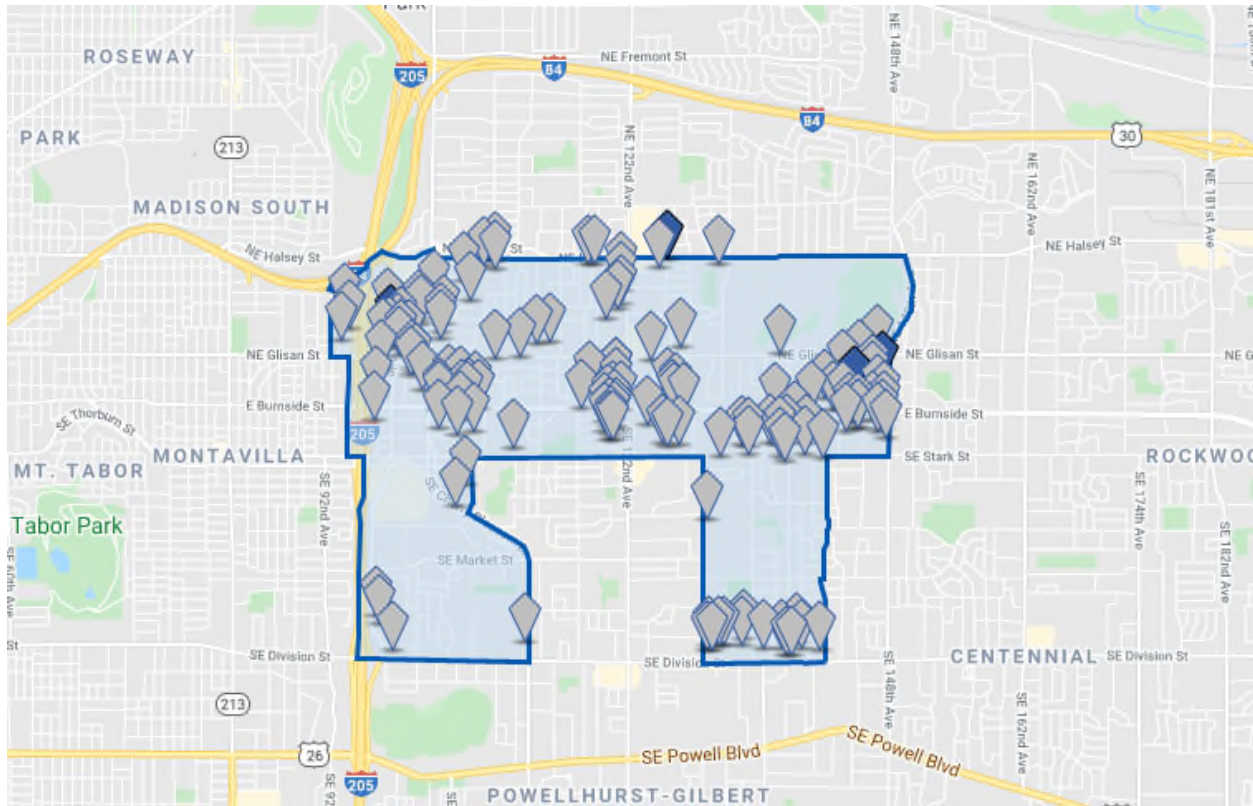
SALES VOLUME & MARKET SALE PRICE PER SF



Gateway Retail has been a market over the past years, characterized by consistent trading over the past six years. However, but the market took a hit this past year due to Covid-19. The sale price per square foot has had an increasing pattern since 2010. The current price per square foot is approximately \$228, which is 90% higher than the \$120 price per SF in 2010, indicating an appreciation rate of 6.62% annually over the last decade. The volume of sales decreased significantly in Q2 2020 but began increasing in Q3 2020.

GATEWAY MULTI-FAMILY SUBMARKET

The subject is located at the west end of the multifamily submarket illustrated below.



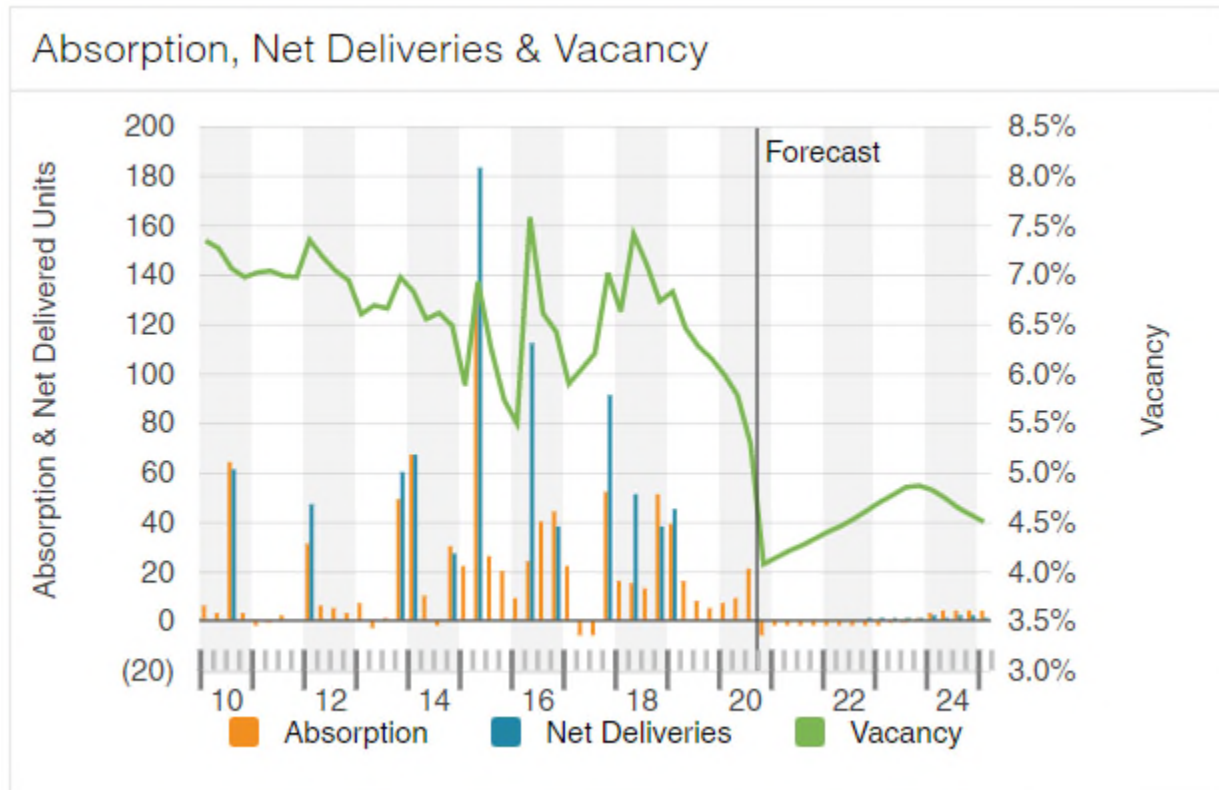
KEY INDICATORS AT A GLANCE

The following image depicts the key indicators for the subject's multifamily submarket.

Availability		Inventory	
Vacant Units	221 ↓	Existing Buildings	134 ↓
Asking Rent/SF	\$1.50 ↑	Average Units Per Bldg	32 ↓
Concession Rate	0.5% ↓	12 Mo Demolished Units	0 ↓
Studio Asking Rent	\$1,164 ↓	12 Mo Occupancy % at Delivery	-
1 Bedroom Asking Rent/Unit	\$1,138 ↑	12 Mo Construction Starts Units	0 ↓
2 Bedroom Asking Rent/Unit	\$1,255 ↑	12 Mo Delivered Units	0 ↓
3 Bedroom Asking Rent/Unit	\$1,226 ↑	12 Mo Avg Delivered Units	-
Sales Past Year		Demand	
Asking Price Per Unit	\$160,833 ↑	12 Mo Absorp % of Inventory	1.0% ↓
Sale to Asking Price Differential	-3.6% ↓	Median Household Income	67.6K
Sales Volume	\$21.2M ↓	Population Growth 5 Yrs 20-29	-15.8%
Properties Sold	7 ↓	Population Growth 5 Yrs 30-39	1.0%
Months to Sale	2.4 ↓	Population Growth 5 Yrs 40-54	10.2%
For Sale Listings	3 ↓	Population Growth 5 Yrs 55+	10.2%
Total For Sale Units	55 ↓	Population Growth 5 Yrs	3.5%

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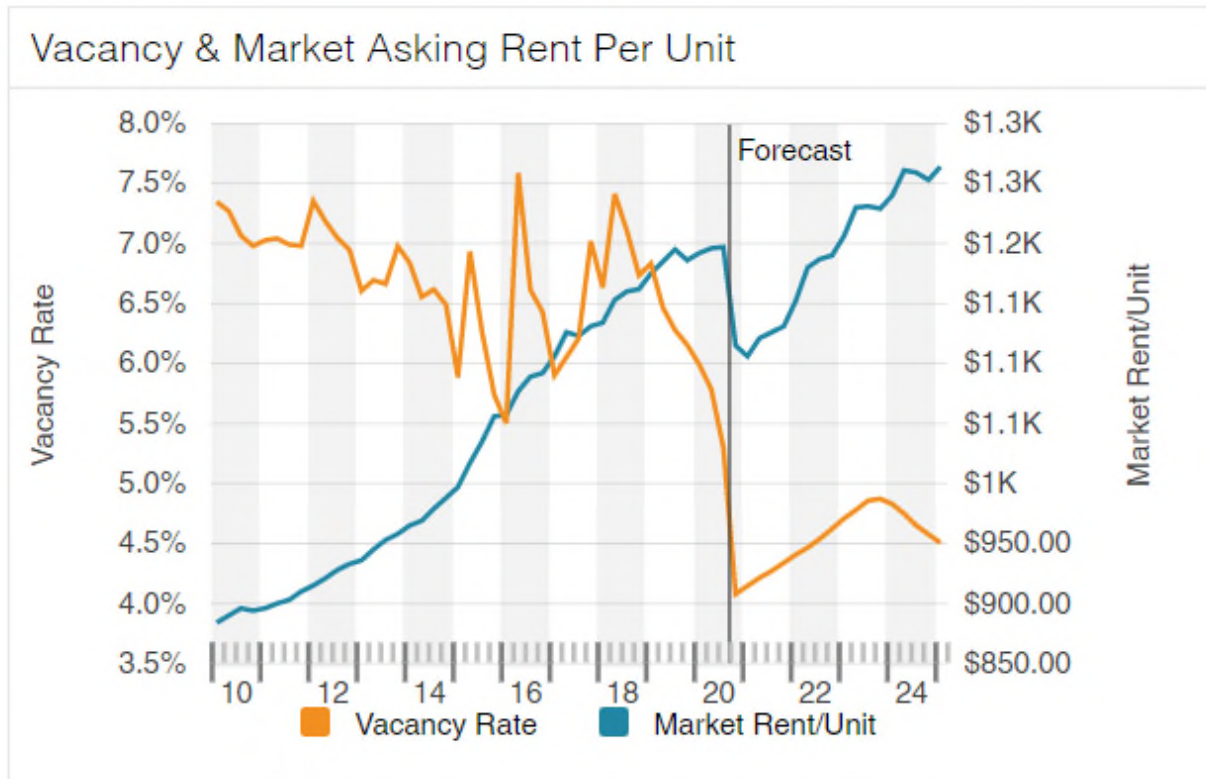
ABSORPTION, DELIVERIES & VACANCY



Net absorption for the overall Gateway Multi-Family market was 21 units in the third quarter 2020. That compares to 9 units in the second quarter 2020, 7 units in the first quarter 2020, and 5 units in the fourth quarter 2019. Net absorption in the market over the prior 12 months totaled 42 units and has generally been positive over the last five years.

Net deliveries have been intermittent throughout the last ten years, with the majority coming in the second quarter of 2015 and the second quarter of 2016. Over the last four years, the number of deliveries has been substantially lower than 2015, illustrating the built-out nature of the subject's submarket.

VACANCY & RENTAL RATES

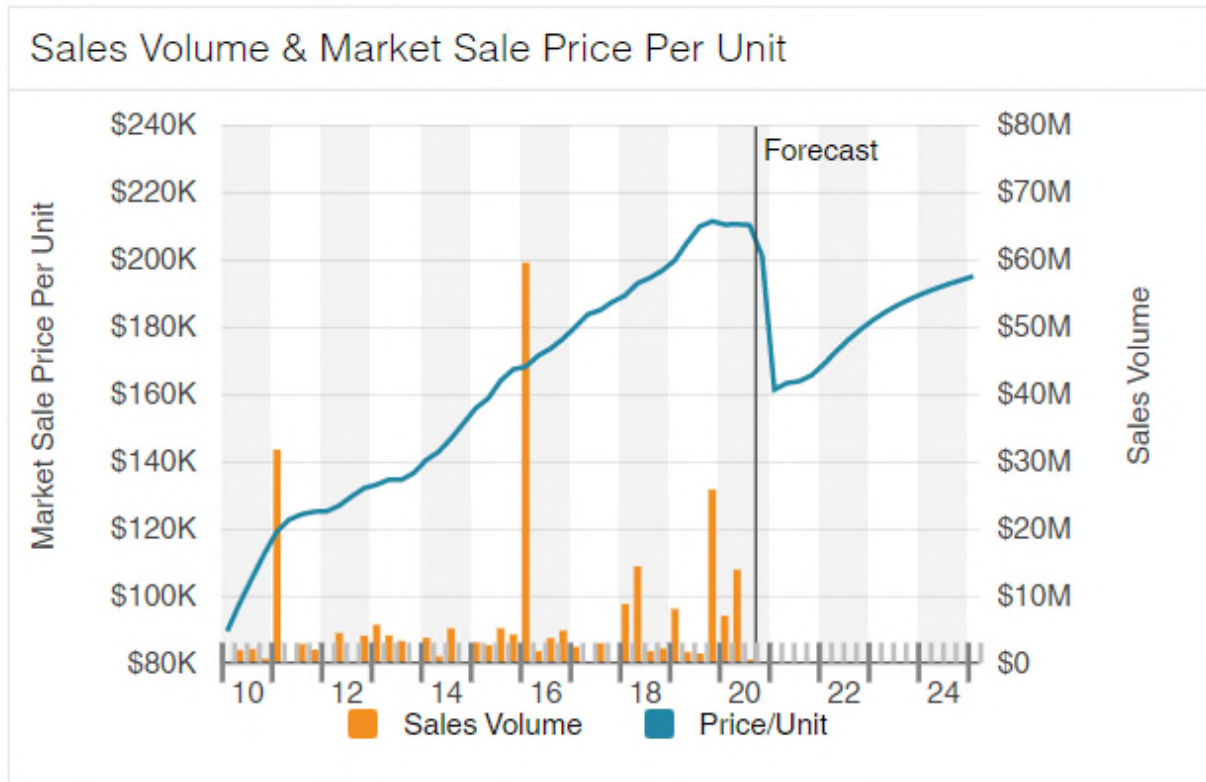


Vacancy for the overall Gateway Multi-Family market decreased to 5.29% in the third quarter 2020. That compares to 5.78% in the second quarter 2020, 5.98% in the first quarter 2020, and 6.15% in the fourth quarter 2019.

The average asking rental rate for available space, all classes, was \$1,196 per unit at the end of the third quarter 2020 in the Gateway market area. This represented a no increased in quoted rental rates from the end of the third quarter of 2019, when rents were reported at \$1,194.

Multi-Family vacancies in Gateway were at an all-time low over the last decade, which may be buoyed by the inability for landlords to evict tenants at this time due to the impacts of Covid-19. However, rents have continued to increase over the last five years with stagnation occurring in the last year.

SALES VOLUME & MARKET SALE PRICE PER SF



The submarket has experienced an increase in volume over the last year as compared to the prior decade, with the exception of two substantial quarters in 2011 and 2016. The sale price per unit has had an increasing pattern since 2010. The current price per square foot is approximately \$210,004, which is higher than the \$89,304 per unit in 2010, indicating an appreciation rate of 8.27% per year.

GATEWAY MARKET OUTLOOK

The subject property's location and zoning lend itself to a wide variety of uses that would be financially feasible and have the capabilities for success. The office and retail markets show strong demand, as both have vacancy rates below 5.0%, though rents have stagnated since the onset of the pandemic. The multifamily market for existing projects remains strong and has shown the strongest appreciation rate due to the lowest vacancy rates in the last decade and increasing rental rates. The Gateway submarket continues to grow at a stable pace, and we expect each of the afore-analyzed asset types to continue to see increased rental rates as more deliveries increase density and provide vitality to an up and coming district in the long-run. The Gateway submarket's growth is expected to be stagnant in the near-term due to the onset of the pandemic and the economic issues associated with a potential recession.

SITE DESCRIPTION

INTRODUCTION

The description of the site is based upon our physical inspection of the property, information available from the client, and public sources. See the *Data Sources Used Within This Appraisal* table in the Scope of Work section for more detail.

GENERAL DESCRIPTION OVERVIEW		
Location	Northeast corner of NE Pacific St & NE 102nd Ave	
Parcel Number	R319485, R319484, R319513, R319483, R319481, R319514, R319643, R319690	
Legal Description	Section 33 1N 2E, T1 100, 400, 500, 600, 700, 800, 1500,1600	
Site Area		
Primary Site	225,641 square feet	(5.1800 acres)
Total	225,641 square feet	(5.1800 acres)
Configuration	Irregular	
Topography	Generally Level	
Drainage	Appears adequate	
Utilities/Municipal Services	Typical utilities and municipal services available to site.	
Floodplain	<u>Zone</u>	<u>Map</u> <u>Date</u>
	Zone X (Unshaded)	0120F November 26, 2010
	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.	
Census Tract No.	0081.00	
Soil/Subsoil Conditions	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.	
Environmental Concerns	An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.	
Land Use Restrictions	We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.	
Hazards Nuisances	None noted	
Surrounding Land Uses	Residential, retail, office	
Enterprise Zone	Subject is located in an Opportunity Zone	

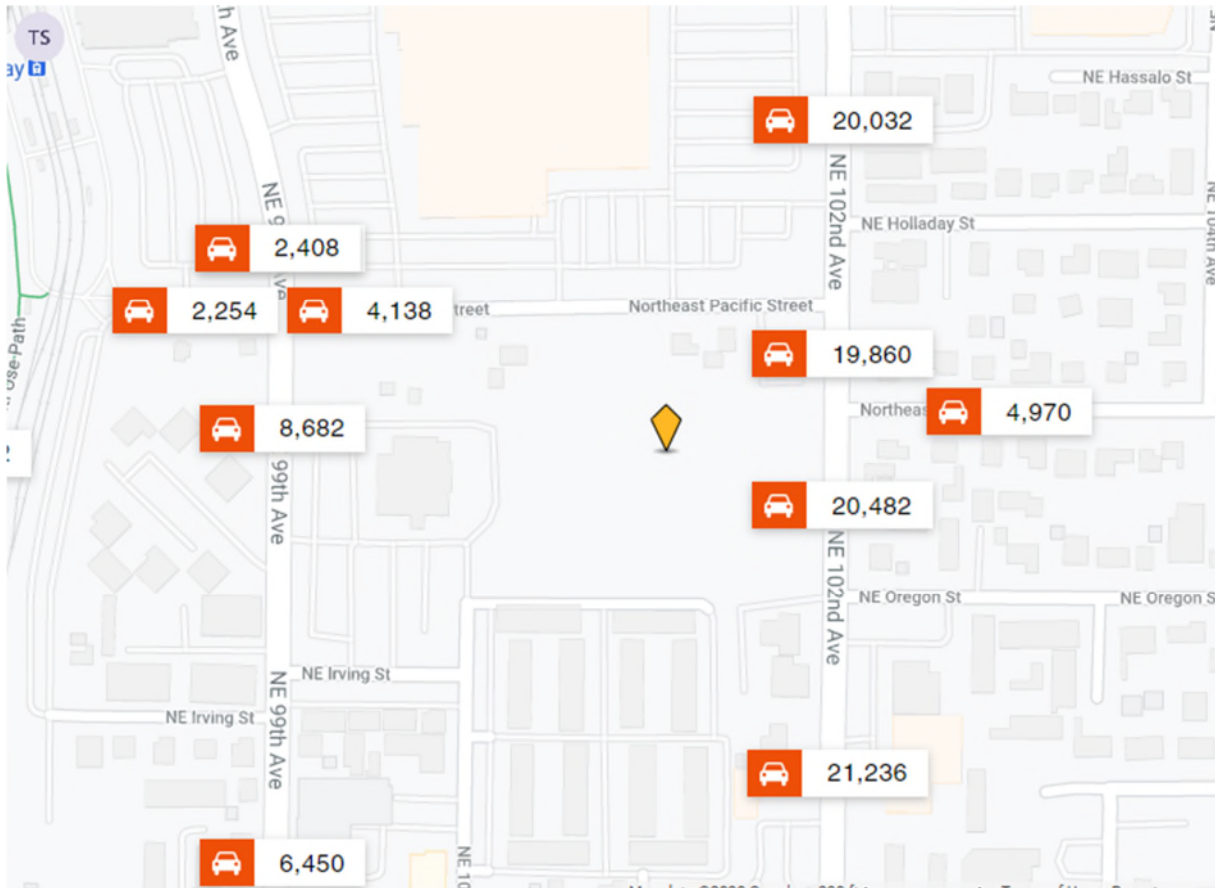
LAND SUMMARY

The following chart summarizes each of the subject’s parcels.

LAND AREA SUMMARY			
Tax ID	SF	Acres	
R319485	11,326	0.26	Westernmost tax lot with frontage along NE Pacific
R319484	11,326	0.26	Lot located just to the east of the westernmost lot along NE Pacific
R319513	10,890	0.25	Third lot west of the 102nd and Pacific intersection
R319483	11,761	0.27	One parcel west of the NE 102nd and NE Pacific - along NE Pacific
R319481	16,117	0.37	Corner of NE 102nd and NE Pacific
R319514	84,071	1.93	The subject's largest lot with frontage along NE 102nd
R319643	79,279	1.82	The second largest lot, at the south end, with frontage on 102nd
R319690	871	0.02	Small parcel to the south of R319483 and north of R319514
Totals	225,641	5.18	

EXPOSURE

The following image displays the subject's most recent traffic counts according to CoStar.



STREETS, ACCESS AND FRONTAGE

Details pertaining to street access and frontage are provided in the following table.

STREETS, ACCESS & EXPOSURE		
Street	NE 102nd Ave	NE Pacific St
Frontage Feet	490 feet	402 feet
Paving	Asphalt	Asphalt
Curbs	Yes	Yes
Sidewalks	Yes	Yes
Lanes	2 way, 2 lanes each way	2 way, 1 lane each way
Direction of Traffic	North/South	East/West
Condition	Average	Average
Traffic Levels	20,482	4,970
Signals/Traffic Control	Turn lane	None
Access/Curb Cuts	One curb cut	One curb cut
Visibility	Good	Good

ZONING

The subject is zoned CXd , Central Commercial. The following table summarizes our understanding and interpretation of the zoning requirements that affect the subject.

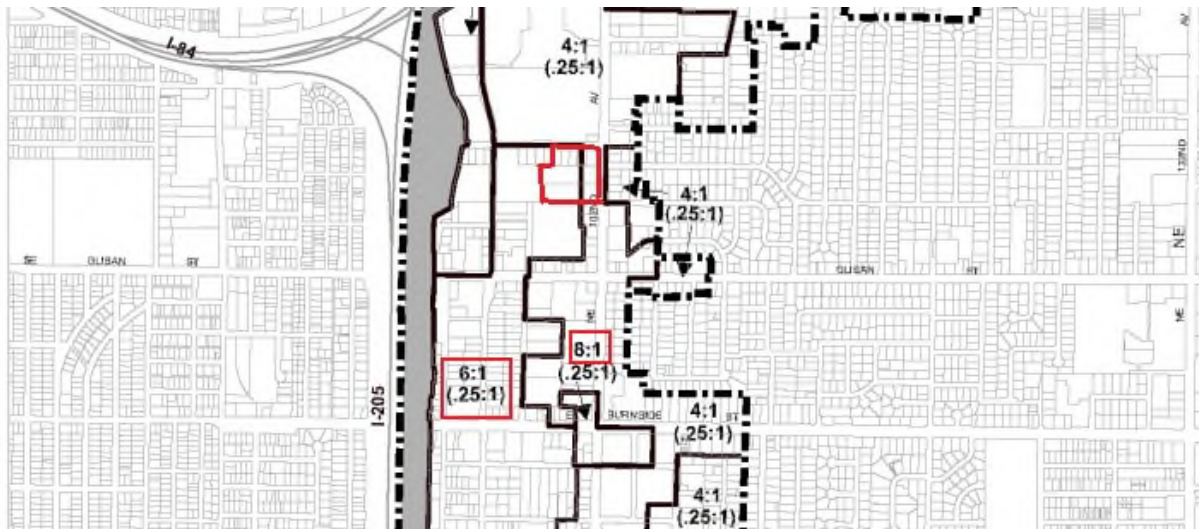
ZONING	
Designation	CXd
Description	Central Commercial
Zoning Intent	This zone is intended to promote high density development within Portland's most urban and dense areas. It allows for a variety of uses with high building coverage ratios and building heights. There is an emphasis on pedestrian safety and attractive streetscapes.
Compliance	The subject is a legal conforming use in this district.
ZONING REQUIREMENTS	
Permitted Uses	A variety of retail, office, multifamily, and civic uses.
Maximum Lot Size	None
Minimum Lot Width	None
Maximum Coverage Ratio	100%
Setbacks	0-10 feet depending on adjacent use
Rear, alley/no alley (min. ft.)	10 feet
Side (min. ft.) interior	10 feet
FAR Bonus	6 to 1 with 85' - Max 2 to 1 with 10' - Inclusionary Zoning 1 to 1 with 10' - Affordable Commercial 2 to 1 with 45' - Planned Development
Maximum Density	N/A
Maximum Height	75 feet
Max Floor Area Ratio	6.0:1 / 8.0:1
Required No. Parking Spaces	0 per unit for 30 units 0.33 per unit for 51+ units

GATEWAY FAR/HEIGHT LIMITS

The following map displays the subject's location within the Gateway Plan District and indicates an allowance of 100 feet on the eastern end of the site and 120 feet on the western portion of the site, as illustrated by the following image.



Similarly, the subject's FAR offers a variety of limits, which are primarily a 6.0:1 maximum on the west side and an 8.0:1 on the east side (along NE 102nd Avenue).



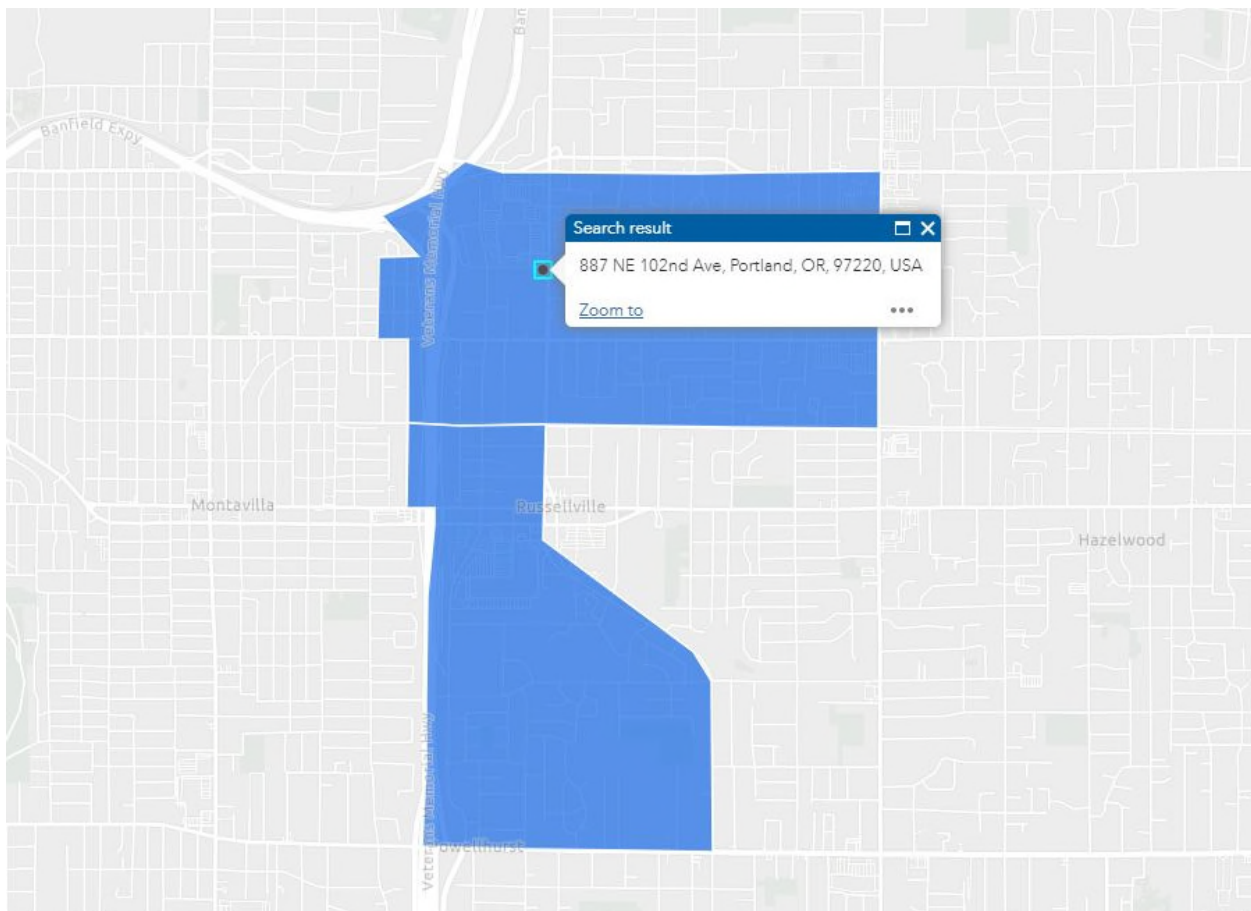
OPPORTUNITY ZONE

In 2018, the Federal Government enacted a new tax incentive program. The U.S. Treasury created opportunity zone designations across the country to encourage long-term investments in "low income" neighborhoods through a federal tax incentive. Governor's for each State nominated these zones within each state. Governor Brown's nomination resulted in 86 qualified opportunity zones in Oregon. The subject is located within one of them.

There are three key advantages to investors when a property is purchased and held within this zone, which include:

- Tax Deferral - gains that are transferred into a qualified opportunity fund within 180 days of being realized will have their tax liability delayed or deferred until December 31, 2026, at the latest.
- Decrease in Taxes for Long-Term Investment - The amount subject to taxes shrinks by 10%—in that the basis in the investment increases—if the investment has been held for at least five years. If held for at least seven years in total, the basis increases by an additional 5% pts (15% in total). The amount subject to taxes is effectively the fair market value of the investment, if it has declined in value.
- Untaxed Long-Term Gains - If the investment of tax deferred gains appreciates after having been held for at least 10 years, then those new capital gains earned in the zone are themselves completely tax free. Otherwise, the net income or proceeds generated by a zone investment are taxable.

The following map marks the subject property's location within Portland designated Opportunity Zone.



OTHER LAND USE REGULATIONS

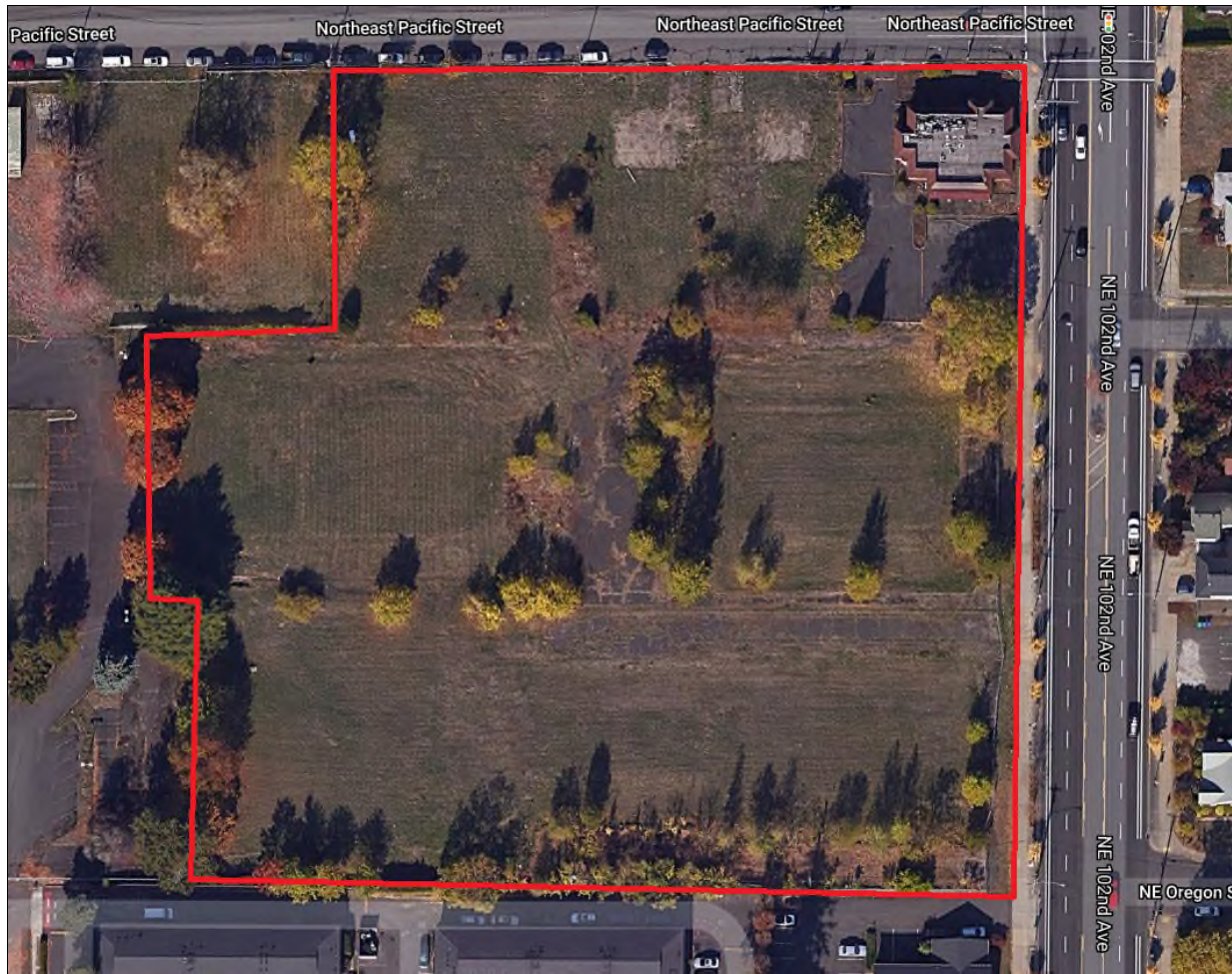
We are not aware of any other land use regulations that would affect the property.

CONCLUSION OF SITE ANALYSIS

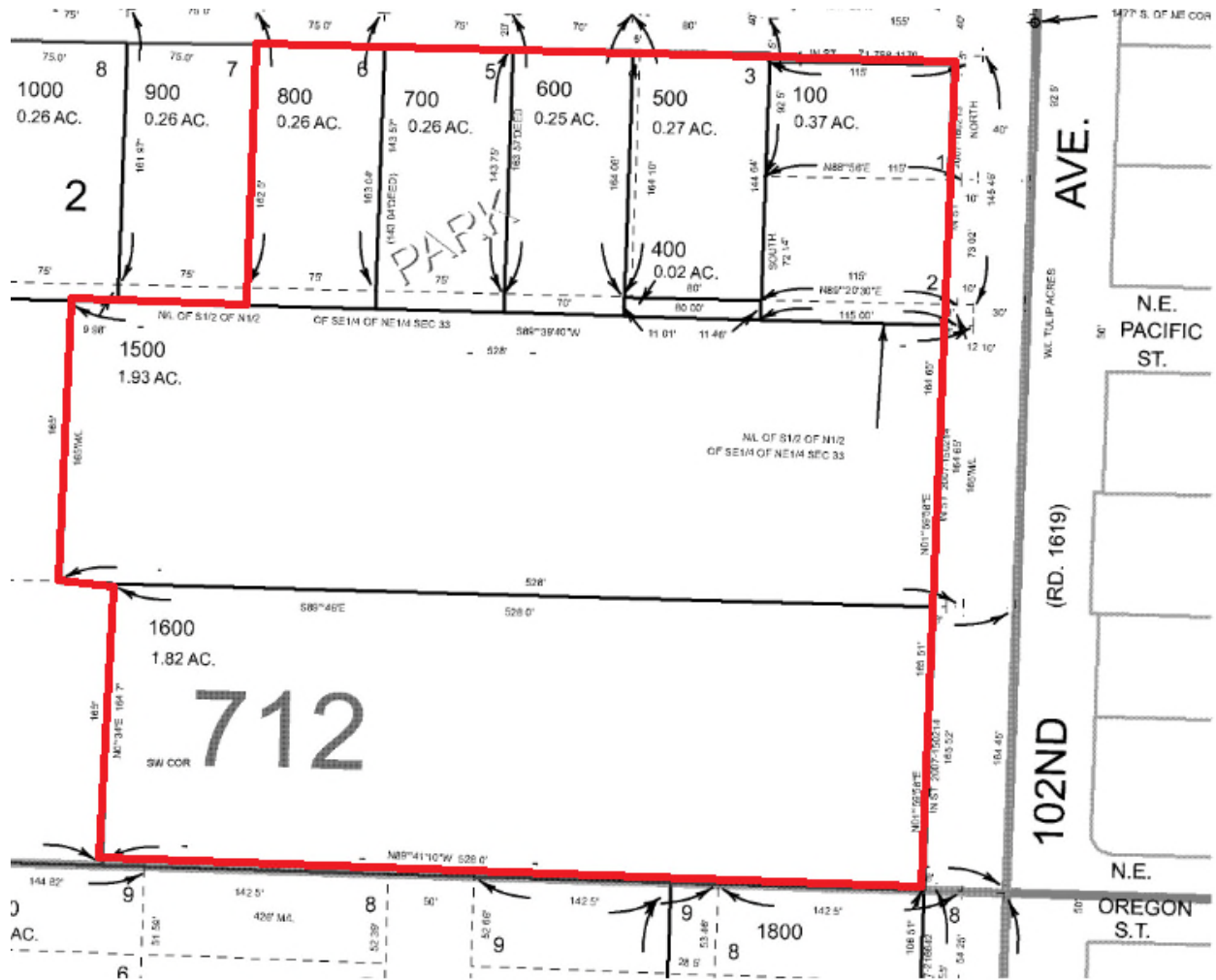
The subject site contains 225,641 square feet or 5.18 acres of Central Commercial zoned land, allowing FAR ranging from 6.0:1 to 8.0:1 and building heights of 100 to 120 feet. The site is irregular in shape, generally level and has above average access to local and regional thoroughfares. The subject is not located in an Opportunity Zone and has frontage along two streets. The subject is located in an Opportunity zone and offers average to above average exposure.

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include: A variety of retail, office, multifamily, and civic uses. We are not aware of any other particular restrictions on development.

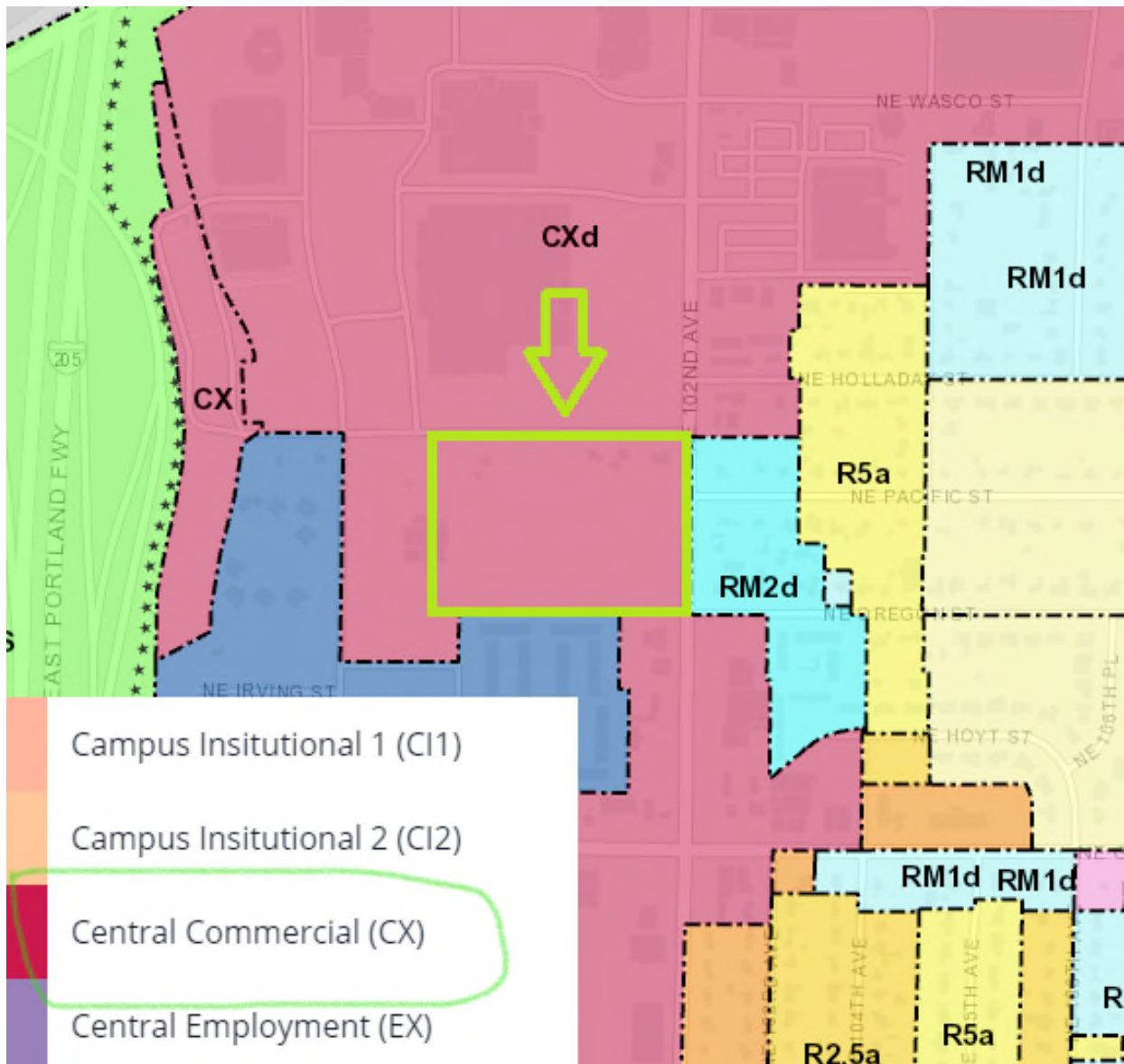
AERIAL MAP



PLAT MAP



ZONING MAP

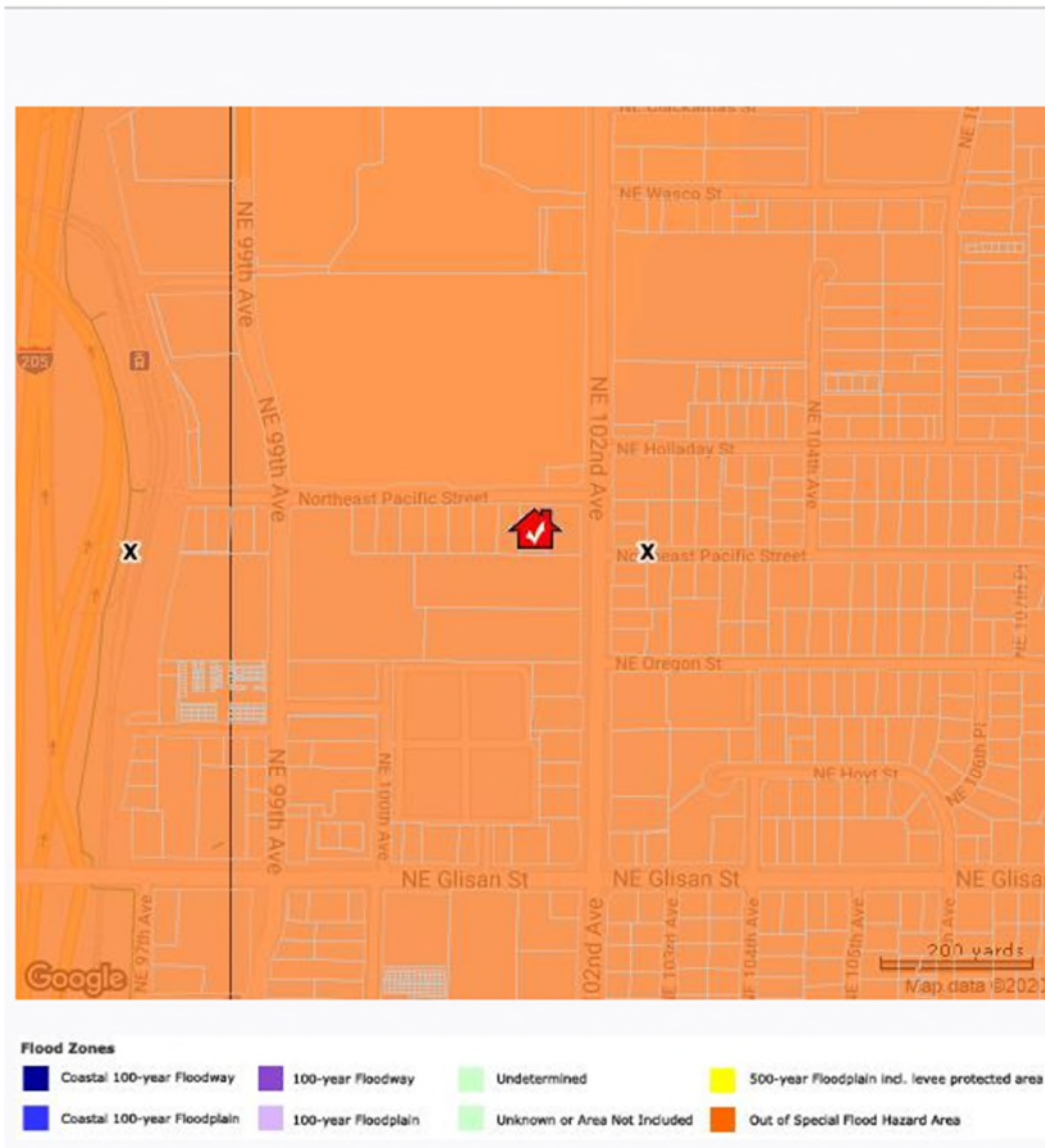


FLOOD MAP

Flood Zone Code	Flood Zone Panel	Panel Date
X	410183 - 4101830120F	11/26/2010
Special Flood Hazard Area (SFHA) Within 250 ft. of multiple flood zones?		Community Name
Out	No	PORTLAND

Flood Zone Description:

Zone X-An area that is determined to be outside the 100- and 500-year floodplains.



IMPROVEMENTS DESCRIPTION

The following description is based on our inspection of the property and discussions with ownership.

GENERAL DESCRIPTION OVERVIEW	
Address	SW Corner of NE 102nd Avenue and NE Pacific Portland, Oregon 97220
Property Description	Land (CX Zoned Development Site) CX Zoned Development Site
Number of Buildings	1
Number of Stories	1
ADA Compliance	The property was constructed prior to implementation of Federal ADA regulations; we assume the property is not fully ADA compliant.

PERSONAL PROPERTY

No personal property items or intangible items are included in this valuation.

CONCLUSION OF IMPROVEMENTS ANALYSIS

Overall, the quality, condition, and functional utility of the improvements are below average for their age and location.

SUMMARY	
Building Condition	Poor We did not inspect the roof of the building(s) nor make a detailed inspection of the mechanical systems. We are not qualified to render an opinion as to the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical
Building Quality	Poor
Expected Economic Life	45 years
Effective Age	45 years
Remaining Economic Life	0 years
Comments	The building has been abandoned and will be torn down upon commencement of new development

It is concluded that the existing improvements do not provide value to the site and the highest and best use would be to demolish the improvements and redevelop the site.

PROPERTY TAX ANALYSIS

State and local taxation in Oregon relies on income taxation at the state level and property taxes at the local level. The following is a summary of the Oregon property tax system.

- Real estate taxes in the state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to assessed value.
- Property taxes are collected locally to fund schools and governments in the area. The State does not receive any property tax revenue.
- Property taxes are divided into school taxes and non-school taxes; non-school taxes raise revenue for City and County Governments, and educational service districts (community colleges, etc.).
- In 1998, assessed value was rolled back to the 1996 real market value less 10%, and growth in assessed value was limited to 3% per year. Thus, property taxes are no longer directly tied in with real market value. There are some exceptions with respect to the 3% growth limit, such as new construction.
- Property taxes may not exceed a limit of \$5.00 per \$1,000 of real market value for schools and \$10.00 per \$1,000 for non-schools
- The limitation does apply to exempt bond levies that are approved by general election with at least half of the registered voters eligible to vote.
- The tax year runs from July 1 through June 30, and the County Assessor's Office estimates value as of January 1 of each year. Property taxes are due and payable on November 15. A 3% discount is available if paid in full by November 15. A 2% discount is also obtainable if two-thirds of the amount is paid by this date. Another alternative is to make three equal (one-third) payments, on or before the 15th of November, February and May. Any balance owed begins to accrue interest after May 15, and counties initiate foreclosure if three years of taxes become delinquent.

Real estate taxes and assessments for the current tax year are shown in the following table.

REAL ESTATE TAXES - 2020-2021						
Tax ID	Assessor's Real Market Value			Taxes and Assessments		
	Land	Improvements	Total	Millage Rate	Assessed Value	Real Estate Taxes
R319485	\$312,500	\$0	\$312,500	\$ 21.0402	\$93,800	\$1,974
R319484	\$300,000	\$0	\$300,000	\$ 21.0407	\$81,260	\$1,710
R319513	\$312,500	\$131,910	\$444,410	\$ 21.0407	\$195,340	\$4,110
R319483	\$312,500	\$178,600	\$491,100	\$ 21.0408	\$172,100	\$3,621
R319481	\$404,630	\$76,030	\$480,660	\$ 17.4866	\$426,690	\$7,461
R319514	\$1,855,410	\$0	\$1,855,410	\$ 3.6081	\$939,890	\$3,391
R319643	\$1,746,110	\$0	\$1,746,110	\$ 21.0407	\$981,030	\$20,642
R319690	\$870	\$0	\$870	\$ 16.2759	\$870	\$14
Totals	\$5,244,520	\$386,540	\$5,631,060		\$2,890,980	\$42,923

Based on the concluded market value of the subject, the assessed value appears to low. This is typical of the market and does not impact value. A property tax appeal is not warranted.

HIGHEST AND BEST USE

INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, is it appropriate to proceed with the analysis with such an assumption.

HIGHEST AND BEST USE CRITERIA

The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

HIGHEST AND BEST USE AS VACANT

LEGALLY PERMISSIBLE

The site is zoned CXd, Central Commercial. Permitted uses include a variety of retail, office, multifamily, and civic uses. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, a wide variety of uses are given further consideration in determining highest and best use of the site, as though vacant.

PHYSICALLY POSSIBLE

The subject site contains 225,641 square feet or 5.18 acres of Central Commercial zoned land. It is located at the northeast corner of NE Pacific St & NE 102nd Avenue. The site is irregular in shape, generally level and has above average access to local and regional thoroughfares. The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

FINANCIALLY FEASIBLE

Financial feasibility is determined by the relationship of supply and demand for the legally probable land uses versus the cost to create them. The market analysis section reveals that there are a number of uses in the subject's market are generally stabilized. Recent and planned developments of multifamily, office, and retail uses in the market area serve as direct evidence that development of various types is financially feasible.

In our market analysis, we have discussed a wide variety of uses that have low vacancy rates and rising rental rates. Currently, both retail and office users have vacancy rates below 5.0%, indicating high demand or an undersupplied submarket. In conjunction with the increasing rental rate trend (though it has stagnated for retail and slightly declined for office space), both uses are considered to be strong and likely

to be financially feasible, despite the ongoing pandemic due to being substantially undersupplied. Further, multifamily has increased in its rental rates (though there has been a stagnation over the last year) and vacancy rates in the submarket are at a decade low, indicating financial feasibility.

Though, a potential recession looms and the overall economy has increased uncertainty due to the impacts of the pandemic, an undeveloped site the size and scale of the subject property in such as strong location represent a rare opportunity in the market. Thus, we conclude development to be feasible.

HIGHEST AND BEST USE AS VACANT CONCLUSION

As we previously noted, the size and scale of the subject property, the FAR and building height allowances, and its location at the confluence of major linkages of public transportation and automobiles represent a unique development opportunity with countless possibilities due to the flexibility of the zoning and the demand in the area. While a specific scheme is outside of the scope of this assignment, a mixed-use development is most likely to maximize the subject's value. Thus, a mixed-use development is concluded to be the subject's highest and best use as vacant.

HIGHEST AND BEST USE As Improved

CONCLUSION – AS IMPROVED

The subject is currently multiple parcels of vacant land and one building in poor condition. The highest and best use as improved is the demolition of the improvements and the development of the subject's ideal improvements, as concluded above.

MOST PROBABLE BUYER

Taking into account the size and characteristics of the subject property and the effective remaining age of the remaining improvements, the likely buyer is a developer.

VALUATION PROCESS

Valuation in the appraisal process generally involves three techniques, including the Cost Approach, Sales Comparison Approach and the Income Approach.

These three valuation methods are defined in the following table:

VALUATION METHODS	DEFINITION
Cost Approach	In this approach, value is based on adding the contributing value of any improvements (after deductions for accrued depreciation) to the value of the land as if it were vacant based on its highest and best use. If the interest appraised is other than fee simple, additional adjustments may be necessary for non-realty interest and/or the impact of existing leases or contracts. ¹
Sales Comparison Approach	In this approach, recent sales of similar properties in the marketplace are compared directly to the subject property. This comparison is typically accomplished by extracting “units of comparison”, for example, price per square foot, and then analyzing these units of comparison for differences between each comparable and the subject. The reliability of an indication found by this method depends on the quality of the comparable data found in the marketplace.
Income Approach	In this approach, a property is viewed through the eyes of a typical investor, whose primary objective is to earn a profit on the investment principally through the receipt of expected income generated from operations and the ultimate resale of the property at the end of a holding period.

VALUATION METHODS UTILIZED

Summary:

This appraisal employs only the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. Since no improvements exist on site, the Cost Approach is not relevant. The property generates no income and is not typically marketed, purchased or sold on the basis of anticipated lease income; thus, the Income Capitalization Approach was precluded.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

LAND VALUATION

METHODOLOGY

The Sales Comparison Approach is employed to develop an opinion of land value. In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold sites in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

Unit of Comparison	The most widely used and market-oriented unit of comparison for properties with characteristics similar to those of the subject is sale price per square foot.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of sites that are similar to the subject. Similarities may include size, utility, zoning, physical characteristics, location and the date of the sale.
Confirmation	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
Comparison	Each of the sales that are chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
Reconciliation	Once all of the comparables have been adjusted, a single-value must be concluded based on the indications produced from the analysis of the comparables.

- **Property Type:** Development Sites
- **Zoning:** Commercial – Emphasis on CX. However, due to the subject’s location, this zoning and comparable sales of similarly zoned properties are few and far between. Thus, we expanded our search to include other mixed-use zoning designations.
- **Location:** Portland – Emphasis on the Gateway submarket.
- **Size:** All – A site the size of the subject within Portland (and specially with CX zoning designations) are rarely for sale. We attempted to find sites of a similar size but included all sites that matched the subject’s other important characteristics, such as zoning and location.
- **Transaction Date:** Due to the limited number of large-scale transactions and sales of the subject’s same zoning designations outside of significantly superior submarkets, we expanded our search to include sales as far back as five years ago as well as all listings.

The map displays the city of Portland, Oregon, with various neighborhoods and landmarks labeled. Seven red location pins are numbered 1 through 7. Pin 1 is located in the downtown area, near the Willamette River. Pins 2, 3, 4, 5, 6, and 7 are clustered in the northeast part of the city, near Maywood Park and the Columbia River. A blue pin with a 'P' is also visible near pin 5. The map includes labels for major highways like I-5, I-405, and I-205, as well as local streets and parks like Powell Butte Nature Park.

COMPARABLE LAND SALES SUMMARY CHART

SUMMARY OF LAND SALES										
No.	Property / Location	Date of Sale	Transaction Status	Site Size (Ac)	Site Size (SF)	Zoning	Max FAR	Cash Equiv Sales Price	Price per Acre	Price per SF
1	Wilamette Blocks 3510 S Bond Ave Portland, OR	Feb-20	Closed	5.24	228,195	CX, Central Commercial	5.00	\$25,000,000	\$4,772,231	\$109.56
2	82nd Ave. CM2 Land Value 510-520 Southeast 82nd Avenue Portland, OR	Jun-18	Closed	1.11	48,300	CM2, Commercial Mixed-Use 2	2.50	\$2,450,000	\$2,209,556	\$50.72
3	119th & Burnside MF Site RHd & CXd 12024 East Burnside Street Portland, OR	Nov-17	Closed	1.29	56,192	RHd & CXd, High Density Residential / Central Commercial	4.00	\$1,750,000	\$1,356,589	\$31.14
4	SE Stark CX Land 10175 Southeast Stark Street Portland, OR	Jun-17	Closed	0.28	12,000	CX, Central Commercial	4.00	\$650,000	\$2,359,347	\$54.17
5	9745 NE Glisan / 9738 NE Irving (RX) 9738-9802 Northeast Irving Street Portland, OR	Dec-16	Closed	1.03	44,690	RX, Central Residential	8.00	\$2,234,500	\$2,178,088	\$50.00
6	Wasco Land (CX) 10360 Northeast Wasco Street Portland, OR	Dec-20	Listing	0.46	20,000	CX, Central Commercial	4.00	\$1,200,000	\$2,613,582	\$60.00
7	Former Nursery Land (CM1) 4934 Southeast Stark Street Portland, OR	Dec-20	Listing	4.74	206,474	CM1/R2.5, Commercial Mixed Use-1/Residential 2.5	1.50	\$20,647,400	\$4,356,001	\$100.00
Subj.	Gateway Development Site SW Corner of NE 102nd Avenue and NE Pacific Portland, Oregon	—	—	5.18	225,641	CXd, Central Commercial	6.0:1 / 8.0:1	—	—	—

COMMENTS

1 - This property had a 2015-approved development plan for apartments along the river (Blocks 41 and 44) and high-rises along the interior (blocks 42 & 45). This new plan, The Landing at Macadam, has been before design review twice in February and December 2019 and was sent back for changes both times. The general concern of the Design Commission has been the plan to place the taller towers along the waterfront with shorter pedestal buildings on the interior blocks. This proposal is for two high-rise buildings on Blocks 41 and 44. Block 41 would include a height of approximately 250 feet in 22-stories, including a 4-story podium with 287 residential units over 4,500 SF of retail and 308 subterranean parking spaces. Block 44 would be a 240 foot building in 21 stories with a 3-story podium including 307 residential units over 2,400 SF of retail and 307 parking spaces. The interior Block 45 would include a 6-story E-shaped building with 291 residential units, 8,000 SF of retail and 291 parking spaces. Block 42 would include a C-shaped 6-story building with 194 residential units, 12,300 SF of retail, and 46 parking spaces. The developer would be required to extend the Willamette River Greenway in the area between the buildings and the river, within the 125 foot setback from the river that is reserved as open space. It also requires development and dedication of S Lowell St, S River Parkway, S Abernathy St, and dedication of 30 feet at the north end of the site for a pedestrian through-way. In all, the unbuildable areas are indicated to be "approximately" 200,000 SF of the total site area, though the density will be transferred from those footprints to the buildable sites. There is a max FAR of 5.0:1 with building heights of 125' with a base height limit of 75' for the first 125' from the river bank.

2 - Deed price is \$2,450,000 for the 1.11 ac. property, or \$50.72/SF. Asking price with Kidder Mathews was \$2.5M for this level all usable site. Building has no value. Buyer to demolish and build a new store. Buyer also purchased a SFR on a 5,227 SF lot on 6/7/18 for \$277,500 so that they would have a rectangular piece of land. Total price for the assemblage is \$2,727,500 for 53,527 SF or \$50.96/SF.

3 - Deed price is \$1,750,000. Buyer broker is Kevin Kaufman of CBRE. The property was split zoned between Central Commercial and High Density residential. It is located along Burnside where there is a MAX line. After its sale, the zoning changed to CM3, and the property is located within the East Corridor Plan District where 4.0:1 FAR are allowed. It is owned by the Central City Concern who is yet to develop anything on the site.

4 - Site is currently improved as a food cart pod. Broker did not have any income information available but stated that the use did not affect the sale price. The buyer will hold the site for development. It is zoned CX and located within the Gateway Plan that allows for a maximum FAR of 4.0:1.

5 - Pending sale price of \$2,323,880 of four parcels, each improved with a single-family residence, purchased for redevelopment into multi-family uses. But deed price is \$2,234,500, according to public records, which is a difference of \$89,380. Property was not marketed for sale. The owners wanted to sell and their broker also knew the buyer and then subsequently negotiated the purchase and sale agreement. Both the buyer and broker felt the pending sale price was generally reflective of market. The zoning allows for 8:1 FAR but the buyer indicated that a much smaller scale development is proposed for the site. While he didn't know exactly how many units, he did indicate that a 4-story, wood-frame building containing between 90-130 units was anticipated, with the most likely scheme appears to be something in the general range of 130 units.

6 - Has been on market for three months. The price was reduced to its current price after there was no interest from the market. The property is located within an Opportunity Zone and is generally rectangular. It is comprised of two lots, which total 20,000 SF. There is a building on site with a parking lot that would need to be demolished for development. It has access to all utilities, is generally level, and the off-site improvements have been completed.

7 - The subject has been off and on the market over the last three years. The property has been under contract multiple times for up to \$200/SF. However, each time the offers fell out of contract. The buyer is patiently waiting for their price at \$100/SF or more. Currently multifamily developers are in the high \$70/SF to low \$80/SF for this parcel and no offers have been recently made due to a combination of the economic climates and rental rates in the area. It is currently operating as a garden center.

LAND SALES COMPARABLE PHOTOS



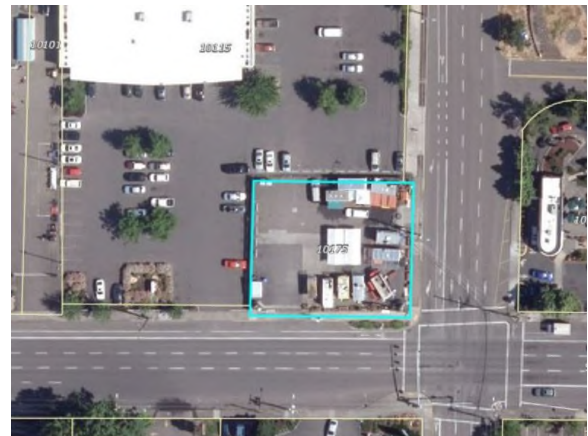
Land Sale Comparable #1



Land Sale Comparable #2



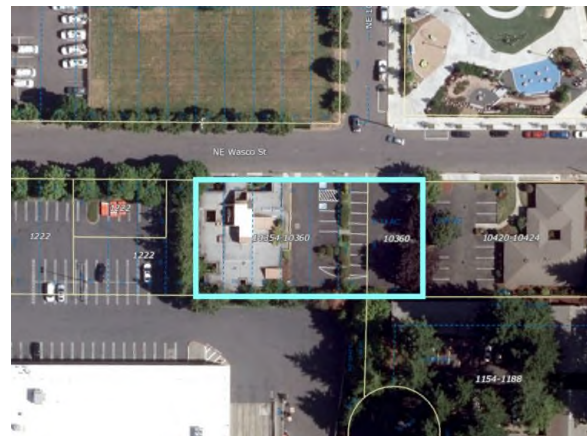
Land Sale Comparable #3



Land Sale Comparable #4



Land Sale Comparable #5



Land Sale Comparable #6



Land Sale Comparable #7

LAND VALUATION 72

COMPARABLE LAND SALE ADJUSTMENTS								
	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7
Property / Location	Gateway Development Site SW Corner of NE 102nd Avenue and NE Pacific Portland, Oregon	Wilamette Blocks 3510 S Bond Ave Portland, OR	82nd Ave. CM2 Land Value 510-520 Southeast 82nd Avenue Portland, OR	119th & Burnside MF Site RHD & CXd 12024 East Burnside Street Portland, OR	SE Stark CX Land 10175 Southeast Stark Street Portland, OR	9745 NE Glisan / 9738 NE Irving (RX) 9738-9802 Northeast Irving Street Portland, OR	Wasco Land (CX) 10360 Northeast Wasco Street Portland, OR	Former Nursery Land (CM1) 4934 Southeast Stark Street Portland, OR
Transaction Status	-----	Closed	Closed	Closed	Closed	Closed	Listing	Listing
Date of Sale	-----	Feb-20	Jun-18	Nov-17	Jun-17	Dec-16	Dec-20	Dec-20
Site Size (SF)	225,641	228,195	48,300	56,192	12,000	44,690	20,000	206,474
Cash Equiv Sale Price	-----	\$25,000,000	\$2,450,000	\$1,750,000	\$650,000	\$2,234,500	\$1,200,000	\$20,647,400
Zoning	CXd, Central Commercial	CX, Central Commercial	CM2, Commercial Mixed-Use 2	RHd & CXd, High Density Residential / Central Commercial	CX, Central Commercial	RX, Central Residential	CX, Central Commercial	CM1/R2.5, Commercial Mixed Use-1/Residential 2.5
Unadjusted Price per SF (Net)	-----	\$109.56	\$50.72	\$31.14	\$54.17	\$50.00	\$60.00	\$100.00
Transactional Adjustments								
Property Rights Conveyed	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>
Adjustment		0%	0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%	0%
Adjustment		0%	0%	0%	0%	0%	0%	0%
Terms/Conditions of Sale							Listing	Listing
Adjustment		0%	0%	0%	0%	0%	-10%	-30%
Expenditures After Sale								
Adjustment		0%	0%	0%	0%	0%	0%	0%
Market Conditions		Feb-20	Jun-18	Nov-17	Jun-17	Dec-16	Dec-20	Dec-20
Adjustment		0%	9%	12%	13%	16%	0%	0%
Adjusted Price per SF (Net)		\$109.56	\$55.29	\$34.88	\$61.21	\$58.00	\$54.00	\$70.00
Property Adjustments								
Location	<i>Gateway</i>	<i>SW Waterfront</i>	<i>Montavilla</i>	<i>Gateway</i>	<i>Gateway</i>	<i>Gateway</i>	<i>Gateway</i>	<i>Mt Tabor</i>
	-50%	-50%	-5%	0%	0%	0%	0%	-10%
Net Site Size (SF)	225,641	228,195	48,300	56,192	12,000	44,690	20,000	206,474
	0%	0%	0%	0%	10%	0%	10%	0%
Zoning / Intended Use	<i>CX</i>	<i>CX</i>	<i>CM2</i>	<i>CX & RH</i>	<i>CX</i>	<i>RX</i>	<i>CX</i>	<i>CM1/R2.5</i>
	0%	0%	5%	5%	0%	5%	0%	10%
FAR	6:1/8:1	5.0:1	2.5:1	4.0:1	4.0:1	8.0:1	4.0:1	1.5:1
	0%	0%	10%	5%	5%	0%	5%	10%
Corner Influence	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
	0%	0%	0%	0%	0%	5%	0%	0%
Shape / Configuration	<i>Irregular</i>	<i>Irregular</i>	<i>L-Shape</i>	<i>Flag-Shaped</i>	<i>Rectangle</i>	<i>Narrow</i>	<i>Rectangle</i>	<i>Irregular</i>
	0%	0%	0%	10%	-10%	0%	-10%	0%
Access / Visibility	<i>Average/Good</i>	<i>Average/Good</i>	<i>Good</i>	<i>Average/Good</i>	<i>Average/Good</i>	<i>Average/Good</i>	<i>Average</i>	<i>Average/Good</i>
	0%	0%	-5%	0%	0%	0%	5%	0%
Utilities / Infrastructure	<i>All Available</i>	<i>All Available</i>	<i>All Available</i>	<i>All Available</i>	<i>All Available</i>	<i>All Available</i>	<i>All Available</i>	<i>All Available</i>
	0%	0%	0%	0%	0%	0%	0%	0%
Topography	<i>Relatively Flat</i>	<i>Relatively Flat</i>	<i>Relatively Flat</i>	<i>Relatively Flat</i>	<i>Relatively Flat</i>	<i>Relatively Flat</i>	<i>Relatively Flat</i>	<i>Relatively Flat</i>
	0%	0%	0%	0%	0%	0%	0%	0%
Opportunity Zone	Yes	No	No	No	Yes	Yes	Yes	No
	5%	5%	5%	5%	0%	0%	0%	5%
Total Property Adjustments		-45%	10%	25%	5%	10%	10%	15%
Indication for Subject		\$60.26	\$60.82	\$43.60	\$64.27	\$63.80	\$59.40	\$80.50

DISCUSSION OF ADJUSTMENTS

The adjustment process is typically applied through either quantitative or qualitative analysis. Unless otherwise noted, adjustments presented in our analysis represent numeric expressions of our opinion of the degree to which a comparable is superior or inferior to the subject.

Adjustment Factors	
Real Property Rights	<p>Fee simple, leased fee, leasehold, partial interest, etc.</p> <p><i>No adjustments were warranted.</i></p>
Financing Terms	<p>Seller financing, or assumption of existing financing, at non-market terms.</p> <p><i>No adjustments warranted.</i></p>
Conditions of Sale	<p>Extraordinary motivation of buyer or seller, assemblage, forced sale, related parties' transaction.</p> <p><i>Sale 6 is a listing that has limited traction due to the current capital market. Thus, we apply a downward adjustment to account for the costs of negotiations.</i></p> <p><i>Per the listing broker for Sale 7, there have generally been offers in the \$70/SF range. The owner expects to wait patiently to receive their price. However, were the property to sell at this time, it is likely that it would sell for a lower price. We therefore apply a downward adjustment to reflect the current pricing trends in the market.</i></p>
Expenditures After Sale	<p>Accounts for atypical economics of a transaction, such as demolition cost, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis.</p> <p><i>No adjustments warranted.</i></p>
Market Conditions	<p>Changes in the economic environment over time that affect the appreciation and depreciation of real estate.</p> <p><i>Over the past three years the subject's general area has experienced significant growth. Therefore, we apply a 5.0% annual appreciation rate to the subject's land.</i></p> <p><i>However, due to economic situation surrounding Covid-19, we make no further market conditions beginning March 1, 2020.</i></p>
Location	<p>Market or submarket area influences on sale price; surrounding land use influences.</p> <p><i>Sale 1's average rental rate is currently 50% higher than the subject's submarket. Thus, we apply a substantial downward adjustment to account for Sale 1's superior location.</i></p> <p><i>Sale 2 and Sale 7 offer superior locations compared to the subject and each was downwardly adjusted to a lesser extent.</i></p>

Adjustment Factors

Size	<p>Inverse relationship that often exists between parcel size and unit value. However, in the case of the subject, the relationship may be direct as developers could benefit from the scale of the project and may be willing to pay a premium.</p> <p><i>Sale 4 and Sale 6 are both sites under an acre and would not benefit from potential costs savings due to the scale. Thus, both were given upward adjustments.</i></p>
Zoning	<p>Government regulations that affect the types and intensities of uses allowable on a site.</p> <p><i>Sale 2, Sale 3, Sale 5 and Sale 7 each have an inferior zoning designations that either allow for a more restrictive use or lesser intensity compared to the subject. Thus, each of the aforementioned sales received an upward adjustment.</i></p>
FAR	<p>Floor Area Ratio allowed. The majority of the subject property allows for 6.0:1 with the eastern portion allowing 8.0:1.</p> <p><i>Sale 2 and Sale 7 offer substantially lower FARs compared to the subject and received an upward adjustment.</i></p> <p><i>Sale 3, Sale 4, and Sale 6 each offer a lower FAR; however, due to the subject's location, the majority of the developments are not constructed to the full capacity of the FAR limits. Thus, each of the aforementioned sales received a lesser upward adjustment.</i></p> <p><i>Sale 1 has a lower FAR. However, despite the dedications that were required, it was allowed to keep the FAR for the gross site. Thus, the effective FAR is similar to the subject and no adjustments are warranted.</i></p>
Corner Influence	<p>Sites located on the corner offer superior access as well as prominence for owners.</p> <p><i>Sale 5 is an interior lot. It was concluded to be inferior and was upwardly adjusted.</i></p>
Shape and Configuration	<p>Primary physical factors that affect the utility of a site for its highest and best use. The subject is flag shaped.</p> <p><i>Sale 3 is flag-shaped, limiting its potential development. It is concluded to be inferior compared to the subject and received an upward adjustment.</i></p> <p><i>Sale 4 and Sale 6 are rectangular in shape and judged to be superior to the subject. Therefore, both were given a downward adjustment.</i></p>
Access/Visibility	<p>Exposure; traffic counts; prominence of corridor</p> <p><i>Sale 2 offers superior exposure along SE 82nd Avenue. Thus, we apply a downward adjustment.</i></p>

Adjustment Factors

	<i>Sale 7 offers inferior access compared to the subject and received an upward adjustment.</i>
Utilities/Infrastructure	Infrastructure adjustments may reflect differences in utility availability/capacity, developmental plans or other outside influences. <i>Each of the comparable sales has equivalent access to utilities as the subject. Therefore, no adjustments were warranted.</i>
Topography	Topography characteristics can influence pricing, as sites with radical elevation changes typically increase site preparation/development costs when compared to a level site. <i>No adjustments warranted.</i>
Opportunity Zone	Location within an Opportunity Zone for land similar to the subject has the potential to offer major long-term tax breaks and is therefore coveted. The subject is located within an Opportunity Zone. <i>Only Sale 4, Sale 5, and Sale 6 are located within an Opportunity Zone. The remainder are located outside of an Opportunity Zone and were each given an upward adjustment.</i>

CONCLUSION OF LAND VALUE

After adjustments, the comparable land sales reflect a range from \$43.60 to \$80.50 per square foot, with an average of \$61.81 per square foot.

SALES SUMMARY	Unadjusted	Adjusted
Minimum	\$34.88	\$43.60
Maximum	\$109.56	\$80.50
Average	\$63.28	\$61.81

The subject represents a unique opportunity due to its size, FAR and height allowances and flexible zoning. Sale 1 similarly represents the opportunity for a substantial development due to its size and zoning. The overall site sold for \$58.38 per square foot based on gross area; though a substantial portion of the site was required to be dedicated to public right of ways, increasing to a \$100+/SF price. After adjusting to the net site and for Sale 1's substantially superior location, the remainder of the characteristics are similar to the subject property. This site is given considerable weight as there is credible evidence for the one large adjustment.

Sale 4, Sale 5, and Sale 6 are each older sales or listings of similarly zoned sites in the subject's immediate submarket. These three comparable sales indicate an adjusted range from \$59.40 to \$64.27 per square foot, with an average of \$62.49 per square foot. Each of the properties slightly differs from the subject whether due to size, FAR or zoning designation. These three sales are given strong consideration due to their location within the subject's submarket and zoning.

The four aforementioned sales provide a tight range with an average of \$61.93 per square foot, similar to the overall average of the comparable sales after adjustments, which is \$61.81 per square foot. In our

conversations with market participants, developers are currently on hold and the market has slowed due to the uncertainty within the overall economy as well as the slowing of capital markets in general. Taking these factors into consideration, we conclude to a value below the average, toward the lower end of the aforementioned range. All things considered, we conclude that the indicated value of the vacant land by the Sales Comparison Approach is \$60.00 per square foot, calculated in the following table.

LAND VALUE CONCLUSION - AS IS	
Indicated Value per SF	\$60.00
Net Site Area (SF)	x 225,641
Indicated Value	\$13,538,460
Rounded to nearest \$10,000	\$13,540,000
Per SF	\$60.01

RECONCILIATION AND FINAL VALUE

SUMMARY OF VALUE INDICATIONS

VALUE INDICATIONS			
As Is as of December 18, 2020			
Sales Comparison Approach	\$13,540,000	\$60.01	Per Square Foot of Land
Approach Reliance	Sales Comparison Approach		
Value Conclusion - As Is	\$13,540,000		
Exposure Time	3 months or less		
Marketing Time	9 months or less		

FINAL OPINION(S) OF VALUE

Based on the inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value - As Is	Fee Simple	December 18, 2020	\$13,540,000

MARKETING TIME AND EXPOSURE TIME

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local multifamily land market, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 3 months or less.

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. The outbreak of Covid-19 has placed the entirety of the United States economy on hold and required greater due diligence periods as the potential for a recession looms. Additionally, development overall has slowed. Therefore, we expect marketing time going forward to be longer than the previous exposure time. Accordingly, we estimate the subject's marketing period of 9 months or less.

The sales used in the Sales Comparison Approach were formally marketed and purchased after being exposed to the market in a range from pocket listings to 2 years.

CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of Oregon.
9. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Kurt Plaster, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
12. As of the date of this report, Alex Annand has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
13. Kurt Plaster, MAI has not and Alex Annand has made a personal inspection of the property that is the subject of this report.
14. No one provided significant real property appraisal assistance to the person signing this certification.
15. Kurt Plaster, MAI has not and Alex Annand has provided services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.



Kurt Plaster, MAI
OR Certified General Appraiser
License #: C001003
503-478-1014
kplaster@bbgres.com



Alex Annand
OR Certified General Appraiser
License #: C001259
503-478-1009
aannand@bbgres.com

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
 - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liability or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
 - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
 - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
 - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
 - e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
 - f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity

- with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
 - h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
 - i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
 - j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
 - k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
 - l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
 - m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
- 5) The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.
- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.

The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the estimate of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

BBG



Third-party reports by a true third party.

BBG OVERVIEW

BBG is one of the nation's largest real estate due diligence firms with more than 35 offices across the country serving more than 2,700 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

THE BBG DIFFERENCE

National Footprint. BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

Customer-focused Growth. BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

Qualified Team. Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

Unbiased Independence. By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

Innovative Technology. BBG has made significant analytics and IT investments to continually improve our data and report quality.

SERVICES

Valuation

- + Single Asset Valuation
- + Portfolio Valuation
- + Institutional Asset Valuation
- + Appraisal Review
- + Appraisal Management
- + Lease and Cost Analysis
- + Insurance Valuation
- + Arbitration & Consulting
- + Feasibility Studies
- + Highest and Best Use Studies
- + Evaluation
- + Investment analysis
- + Tax appeals
- + Litigation Support

Advisory

- + ASC 805 Business combinations
- + ASC 840 Leases
- + Purchase Price Allocations
- + Portfolio Valuations for reporting net asset values (NAV)
- + Public and non-traded REIT valuations
- + Valuations for litigation and litigation support
- + Sale-leaseback valuation analysis
- + Valuations for bankruptcy/fresh start accounting
- + Cost segregation analysis

Assessment

- + Environmental due diligence
- + Property condition consulting
- + Small loan services
- + Energy consulting
- + Environmental consulting
- + Zoning
- + ALTA Surveys



VALUATION



ADVISORY



ASSESSMENT



ZONING

ADDENDA

Letter of Engagement..... A

Appraiser Qualifications and Licenses..... B

LETTER OF ENGAGEMENT

Riverview
COMMUNITY BANK

APPRAISAL ORDER

Date: December 1, 2020

To: Kurt Plaster

BBG

1220 SW Morrison St., #800

Portland OR 97205

Phone: (503) 478-1014 Fax: -

Property Location Address:

Northeast Corner NE Pacific St & NE 102nd Ave
Portland, OR 97220

Property Description:

Vacant Land - 5.18 acres

8 parcels

TPN: R319485, R319484, R319513, R319483,
R319481, R319514, R319643, R319690

Appraisal Type: Standard Report

Approaches: Sales Comparison

Appraisal Values: As Is Fee Simple Market Value

Borrower: White/Gabriel LLC

Owner: White/Gabriel LLC

Comments:

Please add Lori Jackson to the distribution when emailing this information. Email address:

lorijackson@riverviewbank.com

PLEASE PROVIDE A PDF COPY THE APPRAISAL AND THE INVOICE TO THE ADDRESSES BELOW

Dear: Kurt

Riverview Community Bank is requesting an appraisal on the above property location.

You may contact Harry (Chip) Gabriel Jr. at phone number (503) 652-0750
Amaya Urzaa, Loan Officer at phone number (503) 517-3507

The Appraisal fee is \$ 2,600.00

Requested Completion Date 12/22/2020

The appraisal must be prepared in accordance with the standards and reporting requirements of this Bank and the Federal Home Loan Bank Board (12 CFR parts 563 and 571). A copy of the appraisal will be given to the customer of Riverview Community Bank upon request. When necessary or appropriate for Bank business purposes, the Bank is allowed to disclose the Appraisal Report to a person or organization officially connected with the Bank as Officer, Director, Employee, Attorney, Auditor, or Independent Auditor.

Sincerely,



Gregory Brown

Vice President

Riverview Community Bank

Credit Administration

900 Washington St. Suite 900

Vancouver, WA 98660

Phone: (360) 759-2403 Fax: (360) 693-6275

GregoryBrown@riverviewbank.com

Attached Enclosures:

Consumer Information Report

Copy of Earnest Money Agreement & Addendum

Map showing property location

Other:

I HAVE RECEIVED THE ORIGINAL OF THIS LETTER AND AGREE TO PERFORM THE APPRAISAL IN ACCORDANCE WITH THE STIPULATIONS MENTIONED ABOVE AND CONSENT TO THE RELEASE OF THE APPRAISAL TO RIVERVIEW'S CUSTOMER UPON THEIR REQUEST.

SIGNATURE: Kurt Plaster

Name / Title: Kurt Plaster, Managing Director

Date: 12/01/2020

Expected Date of Appraisal Completion: 12/22/2020

Please Fax/E-mail confirmation of this Appraisal Order

APPRAISER QUALIFICATIONS AND LICENSES

Profile

Alex Annand is a Senior Appraiser at BBG in the Portland, Oregon, office. He began his career in 2012 before gaining his Certified General Appraiser designation in October 2016. In September 2018, Alex completed his Master of Real Estate Development degree from Portland State University.

Alex has appraised an extensive number of property types throughout the Oregon, Washington, and California. This broad range of property types includes retail, industrial, and multifamily. He has developed a specialty in valuing manufactured home parks, cannabis-related properties, and specialty industrial properties (breweries and food processing plants). Alex is competent in a variety of unique properties, including ground/net lease properties, big box retail, marinas/moorages, airplane hangars, religious facilities, and RV parks. While most of his appraisal work is in the Portland-Vancouver area, he regularly travels to cities along the entire West Coast.

Professional Affiliations

General Certified Appraiser:

State of Oregon (License #C001259)

State of Washington (License #1102436)

Associate Member of Manufactured Housing Communities of Oregon (MHCO)

Education

Bachelor of Arts, University of Oregon, December 2011

Master of Real Estate Development, Portland State University, September 2018



VALUATION



ADVISORY



ASSESSMENT



ZONING



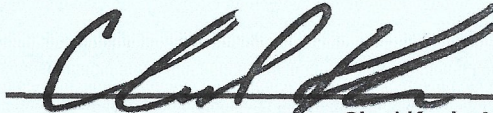
Appraiser Certification and Licensure Board
State Certified General Appraiser
28 hours of continuing education required

ALEXANDER J ANNAND
BBG INC
1220 SW MORRISON ST STE 800
PORTLAND, OR 97205

License No.: C001259

Issue Date: October 01, 2020

Expiration Date: September 30, 2022


Chad Koch, Administrator



Kurt K. Plaster, MAI
Managing Director
Work: 503.478.1014
kplaster@bbgres.com

Profile

Kurt Plaster is a Managing Director with BBG in the Portland, Oregon office. He is engaged in business development and client outreach for the Portland office. He participates in office management and supervises and provides counsel to appraisers and staff. He reviews and signs reports, acts as a principle appraiser in assignments and works independently or in collaboration with appraisers and analysts.

Kurt has more than 15 years of experience in providing commercial and residential appraisals and consultation services for all types of real property and real property interests. Services performed include the appraisal, appraisal review, and / or consultation for acquisition / disposition, financing, estate, arbitrations, mediations, buy/sell agreements, development, condemnation, fractional interest and court testimony purposes. Typical clients served are financial institutions, investors, developers, legal & accounting firms, and government entities.

Professional Affiliations

Appraisal Institute

Member (MAI) Appraisal Institute
Director: Appraisal Institute Greater Oregon Chapter
Appraisal Institute Candidate Advisor
Manufactured Housing Communities of Oregon: Associate Member
Columbia Corridor Association Member

General Certified Appraiser:

Oregon, Certified General Appraiser, C001003
Washington, Certified General Appraiser, 1102120

Education

Brigham Young University, Bachelor of Science, Communications
Minor Business Administration



VALUATION



ADVISORY



ASSESSMENT



ZONING



KURT K PLASTER
BBG INC.
1220 SW MORRISON STE 800
PORTLAND, OR 97205

Appraiser Certification and Licensure Board
State Certified General Appraiser
28 hours of continuing education required

License No.: C001003

Issue Date: June 01, 2019

Expiration Date: May 31, 2021

A handwritten signature in blue ink, reading "Gae Lynne Cooper", written over a horizontal line.

Gae Lynne Cooper, Administrator



Broker Opinion of Value

Prepared for: Prosper Portland

Gateway Development Site
SW Corner of NE 102nd Avenue
and NE Pacific
Portland, Oregon 97220

September 2024



Prepared by:

Scott MacLean

Senior Vice President

scott.maclean@colliers.com

Direct: +1 503 542 5891



Executive Summary

Current Market Lease Rates

Colliers has been asked to provide a Broker opinion of Value for the 5.18 acres of land located at the southwest intersection of NE 102nd Avenue and NE Pacific, within the Gateway neighborhood in Portland, Oregon.

The subject property is one of a few remaining large commercially zoned sites located in the greater Portland area. It is located directly on NE 102nd and offers excellent access to both light rail as well as major freeways. The location is directly next to grocery shopping as well as other retail businesses.

As Portland continues to grow, there are fewer large sites available. This has caused an increase in value for these sites that can accommodate a larger scale development.

Portland continues to deal with homeless issues, and these challenges have impacted the area around the property. Also, higher interest rates have slowed down demand from developers, causing values to remain flat or decrease over the last few years. We are starting to see some improvement in the amount of people dealing with homelessness in the area, and interest rates are expected to decrease in the coming month, and this may spur residential developers to get back into the market.

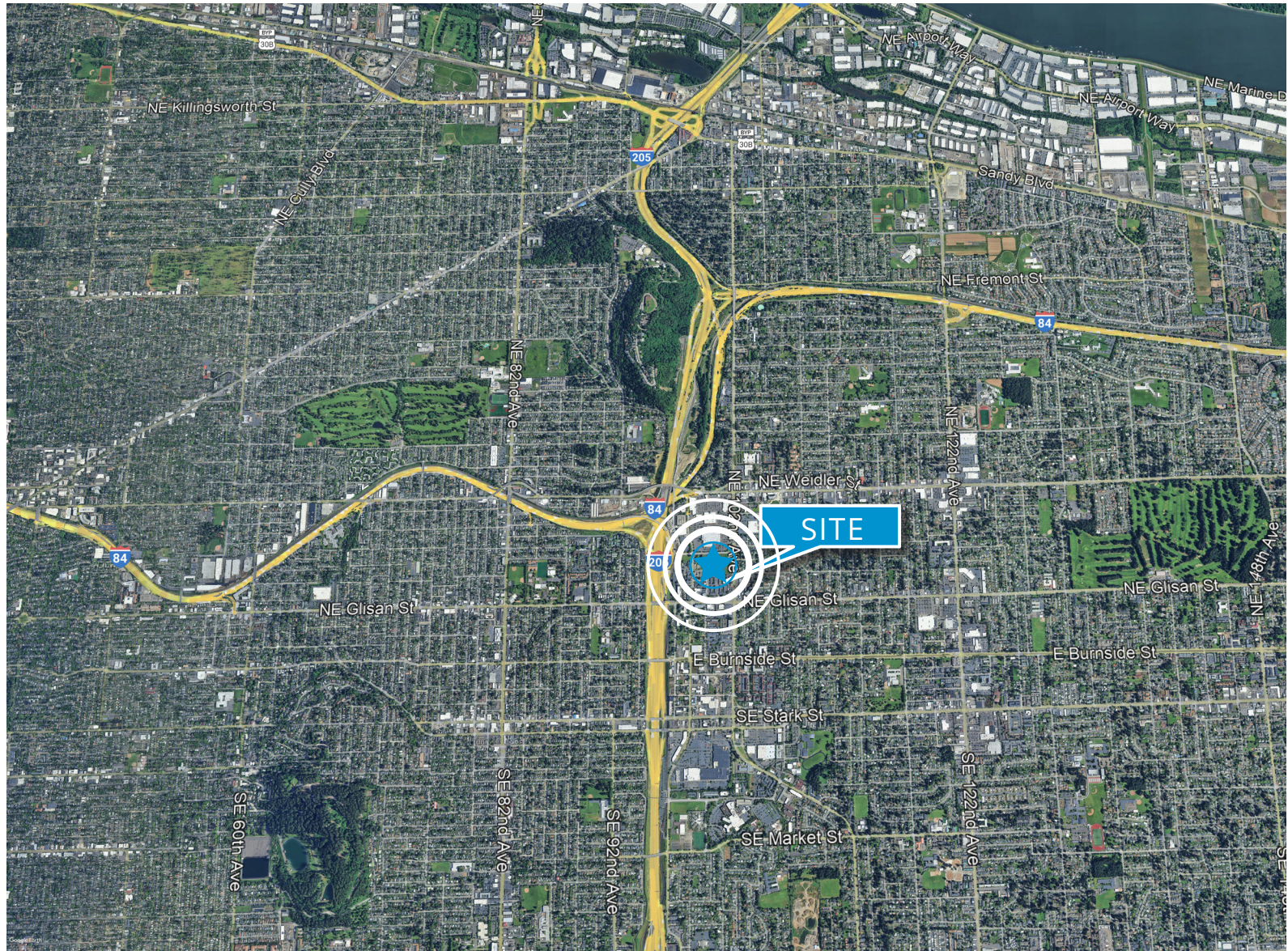
The subject property sold in 2023 for \$11,070,000.00 or \$49 per foot.

There are a limited number of similar sale comparables available given the unique characteristics of the site. To help me determine a valuation, I spoke with other brokers who are active in the area, including those who specialize in apartment development and retail development, as well as appraisers. After my research, I believe the property has a value in the \$40 PSF range, or \$9,025,640.00.



Accelerating success.

Aerial



Photos



Market Overview

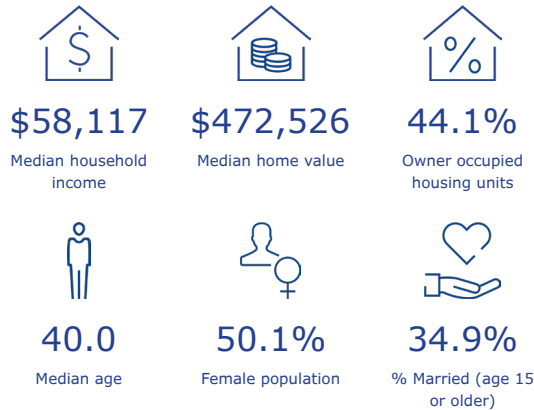
1 Mile Radius



1 mile radius
Portland, Oregon, 97220

Market Overview

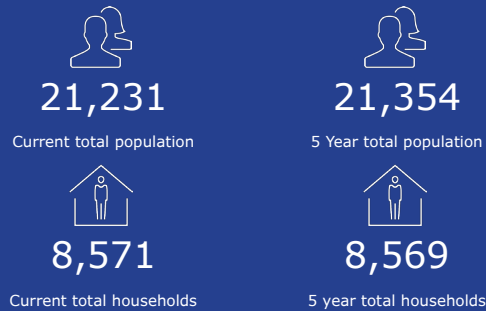
Household & population characteristics



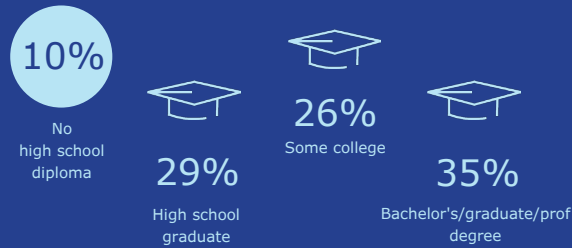
Annual lifestyle spending



Households & population



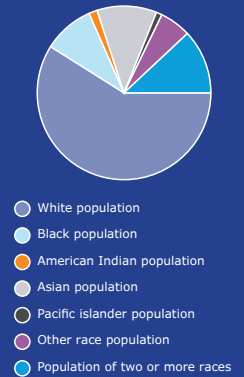
Education



Annual household spending



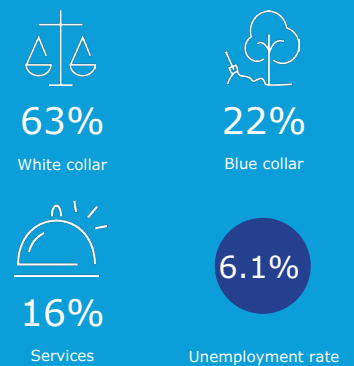
Race



Business



Employment



Summary Valuation

Value Methods	Conservative	Probable	Optimistic
Market Comparable Analysis	\$7,897,435	\$9,025,640	\$10,153,845
Opinion of Value	\$7,897,435	\$9,025,640	\$10,153,845
Per Square Foot	\$35	\$40	\$45

Explanation of Opinion of Value:

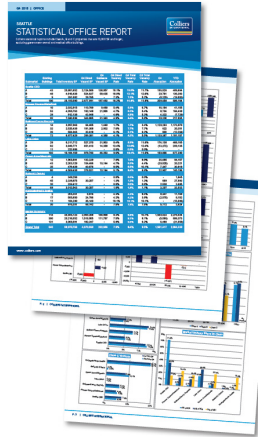
The approach is based on comparable sales in the area. Currently, comparables are averaging approximately \$35 to \$45 PSF. However, there have been very few land sales of comparable sized properties in the area. I have spoken with other commercial real estate brokers and appraisers that specialize in both apartment development and retail development to help me assess the potential value of the site.

Marketing Process

Research

Colliers has dedicated research specialists in Greater Sacramento and a market research leader for the entire West Coast. With this coverage, the Colliers team can provide unmatched statistical market information for the region, as well as general trends and insights on a national level. On an ongoing basis the Colliers team will provide up-to-date reports that will include the following:

- Colliers International Quarterly Reports (Narrative and Statistics)
- A Customized Market Report
- Lease Comps
- Tenants in the Market
- Pipeline Report Identifying New Construction Projects



Social/Online

Colliers.com and CoStar. Everyone looking for land will find the Gateway Development Site and will come away understanding its attributes, availabilities and value.

The Gateway Development Site will have a high-quality and active presence in all these channels. But a passive presence alone is not enough – Colliers will continually update, monitor and “push” these channels to targeted audiences.



Art of the Tour

Tours are the X-Factor. The live demo. The test drive. The moment when information evolves into emotion. This is a prospect in your building, envisioning their future. It is vital and never to be rushed.

In fact, we believe strongly that The Tour is the single most important step in the entire marketing and lease process. This is why our intent – every time – is to provide the prospect with an experience that leaves them fully informed and excited to be in your building. At your rate.

Tours aren't a time-consuming burden to be shoe-horned into a tight schedule. They are vital and each one needs to be analyzed, optimized and expertly presented. Every time.

Brokerage Market

Connecting and working closely with brokers is vital. From day one, we will leverage our unsurpassed broker relationships. We will create a targeted outreach list and comprehensive plan designed to engage and inform brokers and motivate tours and serious consideration of The Gateway Development Site.





Senior Vice President | Portland

scott.maclea@colliers.com
Main: +1 503 223 3123
Direct: +1 503 542 5891
Mobile: +1 503 408 8188
Fax: +1 503 227 2447
colliers.com

851 SW 6th Ave.
Suite 1600
Portland, OR 97204

Scott MacLean

Area of Expertise

A Portland native, Scott specializes in industrial/creative redevelopment leasing and sales throughout the Portland area, with a special focus on core areas including Northwest, Southeast and North/Northeast Portland. Highlights of Scott's career include the following: The 260,000 SF lease to Staples, the sale of I-84 Corporate Center, the sale of the 15-acre Steel Hammer site in North Portland; the sale of the 18.5-acre Terminal 1 site representing the City of Portland's sale to Lithia. Scott then represented Lithia on the leasing and redevelopment of the site. Scott represented ESCO on the sale of their 25-acre campus in NW Portland, this sale was unique in that the property had to be listed and sold within 30 days. The ESCO property sold for \$34,000,000. Scott is currently marketing the Concordia University campus, representing the Lutheran Church Extension Fund. There have been multiple offers received on the property thus far, and Scott hopes to close on the sale in 2022. Scott currently represents METRO on their multi-county wide search and acquisition for affordable housing sites and has closed on 4 transactions and has multiple other deals in escrow.

Scott has developed a significant amount of experience working with the redevelopment of older industrial buildings, and currently represents the following landlords on their creative development projects on the Central East Side: SKB with the Iron Fireman Collective, SKB's 1805 MLK Project, The Wildlife Blocks, and The Forgeworks Buildings.

Some of Scott's other notable transactions include the sale of the GE Portfolio which included approximately 800,000 SF in the Portland area, and the 250,000 SF build-to-suit for Staples in NE Portland.

Education or Qualifications

Portland State University
Bachelor's degree

Affiliations or Memberships

National Association of
Industrial and Office Properties
(NAIOP) – Board Member

Commercial Association of
Brokers - Oregon/SW
Washington (CAB)

Columbia Corridor Association

Professional Accomplishments

Awards Scott has received include:

- CoStar Power Broker
- Commercial Association of Realtors - Oregon/SW Washington (CAR) Industrial Broker of the Year in 2008

Community Involvement

- Portland Business Alliance Leadership Portland program - Class of 2008
- Volunteer for Campfire USA
- Working with the Clackamas School District to develop a real estate course for finance students
- Friends of Zenger Farms - volunteer and advocate
- Volunteers with Duniway School



Senior Vice President | Portland

scott.maclean@colliers.com
Main: +1 503 223 3123
Direct: +1 503 542 5891
Mobile: +1 503 408 8188
Fax: +1 503 227 2447
colliers.com

851 SW 6th Ave.
Suite 1600
Portland, OR 97204

Significant Transactions

Steel Hammer Sale – 15 AC – Northwest Portland
Terminal 1/City of Portland Sale – 18.5 AC – Northwest Portland
I-84 Corporate Center Sale – 125,000 SF - Troutdale
Staples Lease – 260,000 SF – Northeast Portland
Schnitzer Sale – 20 buildings located throughout the greater Portland area
GE Real Estate Sale – 900,000 SF located throughout the greater Portland area
Staples Lease and Build-to-Suit – 500,000 SF – Northeast Portland
Rite-Aid Lease Renewal – 550,000 SF - Wilsonville
Wildlife Blocks Sale – 100,000 SF – Northeast Portland
ESCO Sale – 25 Acre Campus in NW Portland
Concordia College - \$60,500,000 sale to University of Oregon

Partial Client List

Wyse Real Estate Advisors	New Seasons
SKB	GE Real Estate
City of Portland	Amazon
Metro	24-Seven
Jarman Family	George Hale
Staples	Jim Winkler
CostCo	Stu Lindquist
Lithia	Mike Lettunich
Steelhammer	Metro
Lutheran Church Extension Fund	

LAND SALE COMPS

Sale Comps - Land

Sale Comparables

5

Avg. Cap Rate

-

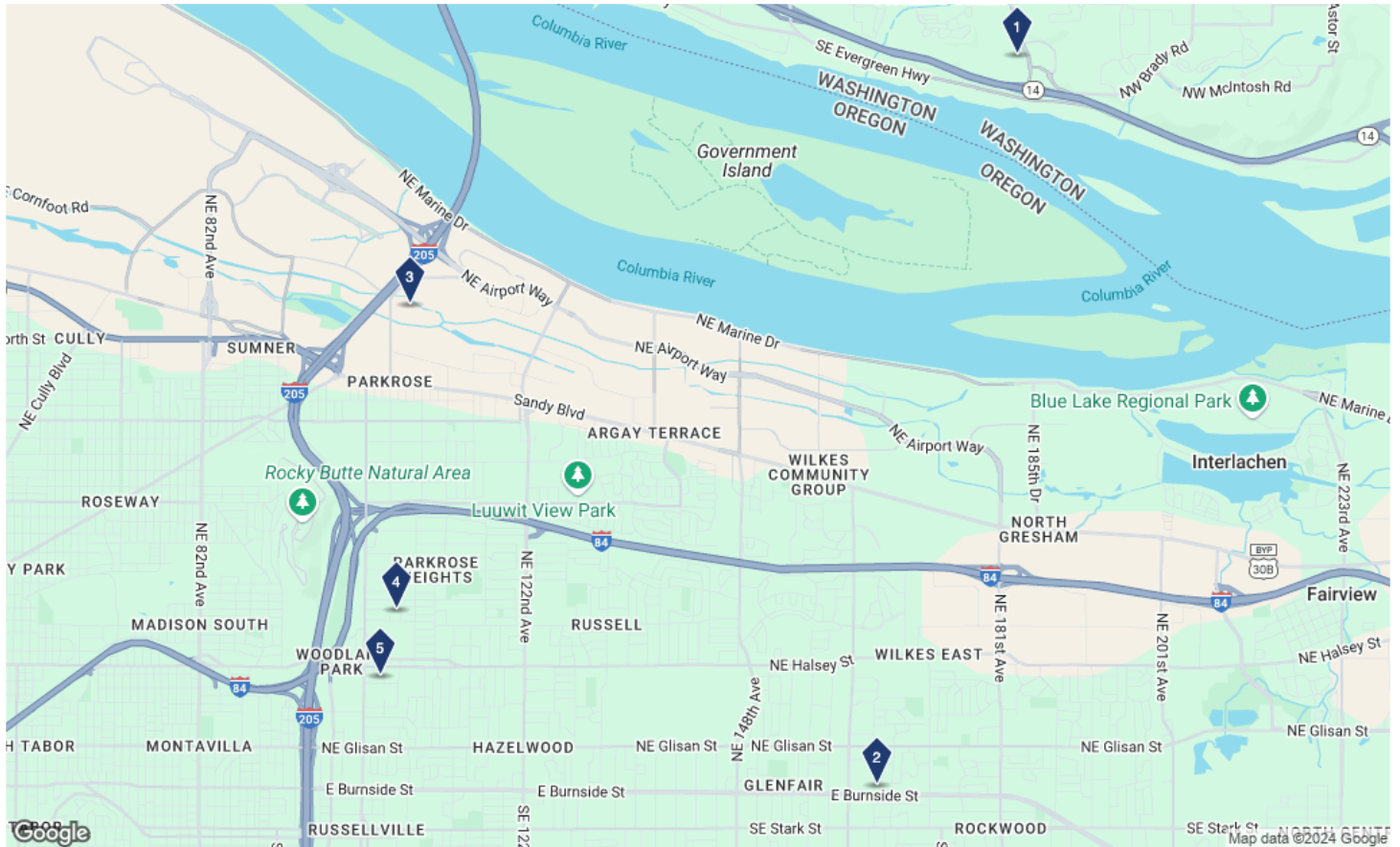
Avg. Price/AC

\$1M

Avg. Vacancy At Sale

-














SALE COMPARABLES LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$1,000,000	\$2,586,844	\$2,280,000	\$4,787,375
Price Per AC	\$1,101,267	\$1,318,412	\$1,308,051	\$1,431,038
Cap Rate	-	-	-	-
Time Since Sale in Months	7.0	14.5	14.0	23.0
Property Attributes	Low	Average	Median	High
Building SF	-	-	-	-
Floors	-	-	-	-
Typical Floor	-	-	-	-
Vacancy Rate at Sale	-	-	-	-
Year Built	-	-	-	-
Star Rating	★★★★★	★★★★★ 2.3	★★★★★ 2.0	★★★★★

Sale Comps - Land

Property Name - Address		Property				Sale			
		Type	Yr Built	Size	Vacancy	Sale Date	Price	Price/Area	Cap Rate
	Palisades Pointe  5002 SE 192nd Ave Vancouver, WA 98683	Land 	-	3.345 AC	-	2/2/2024	\$4,787,375	\$1,431,038/AC	-
	16519-16613 E Burn...  Gresham, OR 97233	Land 	-	1.634 AC	-	10/27/2023	\$1,800,000	\$1,101,267/AC	-
	NO - Vacant Land  10747 NE Simpson St Portland, OR 97220	Land 	-	0.6 AC	-	3/17/2023	Price Not Dis- closed	-	-
	2215 NE 106th Ave  Portland, OR 97220	Land	-	2.11 AC	-	9/29/2022	\$2,760,000	\$1,308,051/AC	-
	1330 NE 102nd Ave  Portland, OR 97220	Land	-	0.92 AC	-	-	\$1,000,000	\$1,086,957/AC	-

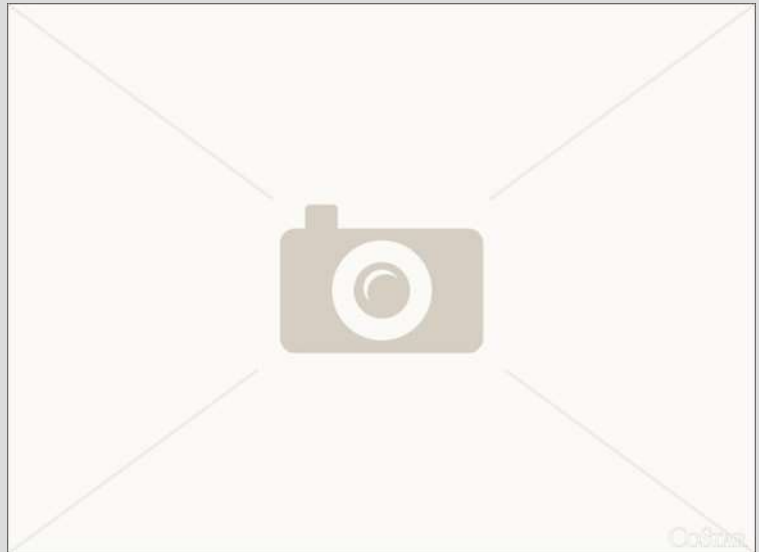
1330 NE 102nd Ave
Portland, OR 97220
Land of 0.92 AC is for sale at \$1,000,000 (\$1,086,956.52/AC)

buyer

For Sale

seller

-



vital data

Days on Market: 981 days
Conditions: -
Lot Dimensions: -
Frontage: 327 feet on Northeast Wasco ...

Asking Price: \$1,000,000
Status: For Sale
Corner: No
Topography: -
Improvements: -
Off-Site Improv: -
Zoning: CX
Submarket: Gateway
Map Page: -
Parcel No: R249673
Property Type: Land
Proposed Use: -

income expense data

	Gross	Net
Acres:	0.92 AC	-
Price/Acre:	-	-
SF:	40,075 SF	-
Price/SF:	-	-

Listing Broker

Newmark
760 SW 9th Ave
Portland, OR 97205
(503) 241-1155
David Squire

Buyer Broker



2215 NE 106th Ave
Portland, OR 97220
Commercial Land of 2.11 AC Sold on 9/29/2022 for \$2,760,000

buyer

Fountain of Life Church
2215 NE 106th Ave
Portland, OR 97220
(208) 871-7757

seller

The Church of Jesus Christ of Latter-Day Saints
50 W North Temple
Salt Lake City, UT 84150
(801) 240-1000



vital data

Sale Date: 9/29/2022
Escrow/Contract: -
Days on Market: 258 days
Exchange: No
Conditions: -
Density: -
Max No of Units: -
Price/Unit: -
Lot Dimensions: -
Frontage: -
Comp ID: 6164359

Sale Price: \$2,760,000
Status: Confirmed
Down Pmnt: -
Pct Down: -
Doc No: 090635
Trans Tax: -
Corner: No
Topography: Level
Improvements: -
Off-Site Improv: Cable, Curb/Gutter/Sidewalk, Electricity, R7
Zoning: R7
Submarket: Gateway
Map Page: -
Parcel No: R277990
Property Type: Land
Proposed Use: Religious Facility

income expense data

	Gross	Net
Acres:	2.11 AC	-
Price/Acre:	\$1,308,056.87	-
SF:	91,912 SF	-
Price/SF:	\$30.03	-

Listing Broker

CBRE
1300 SW Fifth Ave
Portland, OR 97201
(503) 221-1900
Graham Taylor, Brian Gunn

Buyer Broker

America's Best Realty LLC
14310 SE Steele St
Portland, OR 97236
(503) 358-3215
Eugene Petrusha

financing

5002 SE 192nd Ave

Palisades Pointe
Vancouver, WA 98683

Commercial Land of 3.35 AC Sold on 2/2/2024 for \$4,787,375 -
Research Complete

buyer

1 Structure
212 NE 83rd St
Vancouver, WA 98665
(360) 694-2552

seller

Hawes Financial Group, Inc.
12204 SE Mill Plain Blvd
Vancouver, WA 98684
(360) 567-3590



vital data

Sale Date:	2/2/2024	Sale Price:	\$4,787,375
Escrow/Contract:	-	Status:	Confirmed
Days on Market:	1,733 days	Down Pmnt:	-
Exchange:	Yes	Pct Down:	-
Conditions:	1031 Exchange	Doc No:	6165287
Density:	-	Trans Tax:	\$136,638.14
Max No of Units:	-	Cornet:	No
Price/Unit:	-	Topography:	Level
Lot Dimensions:	-	Improvements:	Yes
Frontage	262 feet on S.E. Brady Road (with ...	Off-Site Improv:	Cable, Curb/Gutter/Sidewalk, Electricity, RGX
Comp ID:	6676963	Zoning:	RGX
		Submarket:	Camas/Washougal
		Map Page:	-
		Parcel No:	986050-747 [Partial List]
		Property Type:	Land
		Proposed Use:	Hospitality

income expense data

	Gross	Net
Acres:	3.35 AC	1.50 AC
Price/Acre:	\$1,431,032.16	\$3,191,583.33
SF:	145,725 SF	65,340 SF
Price/SF:	\$32.85	\$73.27

Listing Broker

The Sheldon Company
222 NE Park Plaza Dr
Vancouver, WA 98684
(360) 607-2616
Ben Sheldon

Buyer Broker

The Sheldon Company
222 NE Park Plaza Dr
Vancouver, WA 98684
(360) 607-2616
Ben Sheldon

financing



16519-16613 E Burnside St

Gresham, OR 97233

Residential Land of 1.63 AC Sold on 10/27/2023 for \$1,800,000 -
Research Complete

buyer

USA Properties Fund, Inc.
3200 Douglas Blvd
Roseville, CA 95661
(916) 773-6060

seller

Donavan Dichter
3 Constellation Way
Coto De Caza, CA 92679
(503) 539-1213



vital data

Sale Date: 10/27/2023
Escrow/Contract: -
Days on Market: 968 days
Exchange: No
Conditions: -
Density: -
Max No of Units: 97
Price/Unit: \$18,556.70
Lot Dimensions: -
Frontage: -
Comp ID: 6568417

Sale Price: \$1,800,000
Status: Confirmed
Down Pmnt: -
Pct Down: -
Doc No: 067296
Trans Tax: -
Corner: No
Topography: Level
Improvements: -
Off-Site Improv: Cable, Curb/Gutter/Sidewalk, Electricity, SC
Zoning: SC
Submarket: East Columbia Corridor
Map Page: -
Parcel No: R113372 [Partial List]
Property Type: Land
Proposed Use: Apartment Units

income expense data

	Gross	Net
Acres:	1.63 AC	1.63 AC
Price/Acre:	\$1,101,254.21	\$1,101,254.21
SF:	71,198 SF	71,198 SF
Price/SF:	\$25.28	\$25.28

Listing Broker


Colliers
851 SW 6th Ave
Portland, OR 97204
(503) 223-3123
Sean Worl, Scott MacLean, Ken Verbeck

Buyer Broker

Colliers
851 SW 6th Ave
Portland, OR 97204
(503) 223-3123
Sean Worl, Scott MacLean, Ken Verbeck

financing



10747 NE Simpson St NO - Vacant Land Portland, OR 97220 Industrial Land of 0.60 AC Sold on 3/17/2023 - Public Record					
buyer					
seller					
El Patron Pallets Llc					
vital data					
Sale Date: 3/17/2023 Escrow/Contract: - Days on Market: 364 days Exchange: No Conditions: - Density: - Max No of Units: - Price/Unit: - Lot Dimensions: - Frontage: - Comp ID: 6335304			Sale Price: - Status: - Down Pmnt: - Pct Down: - Doc No: - Trans Tax: - Corner: No Topography: Level Improvements: - Off-Site Improv: - Zoning: IG2 Submarket: Airport Way Map Page: - Parcel No: - Property Type: Land Proposed Use: Industrial		
income expense data			Listing Broker		
Gross Acres: 0.60 AC Price/Acre: - SF: 26,136 SF Price/SF: -			Net - - - -		
			Norris & Stevens, Inc. 900 SW 5th Ave Portland, OR 97204 (503) 223-3171 Gabe Schnitzer, Greg Nesting		
			Buyer Broker		
financing			prior sale		
			Date/Doc No: 1/13/2023 Sale Price: \$633,000 CompID: 6288071		

LAND FOR SALE

LAND FOR SALE

Records

4

Avg. Cap Rate

-

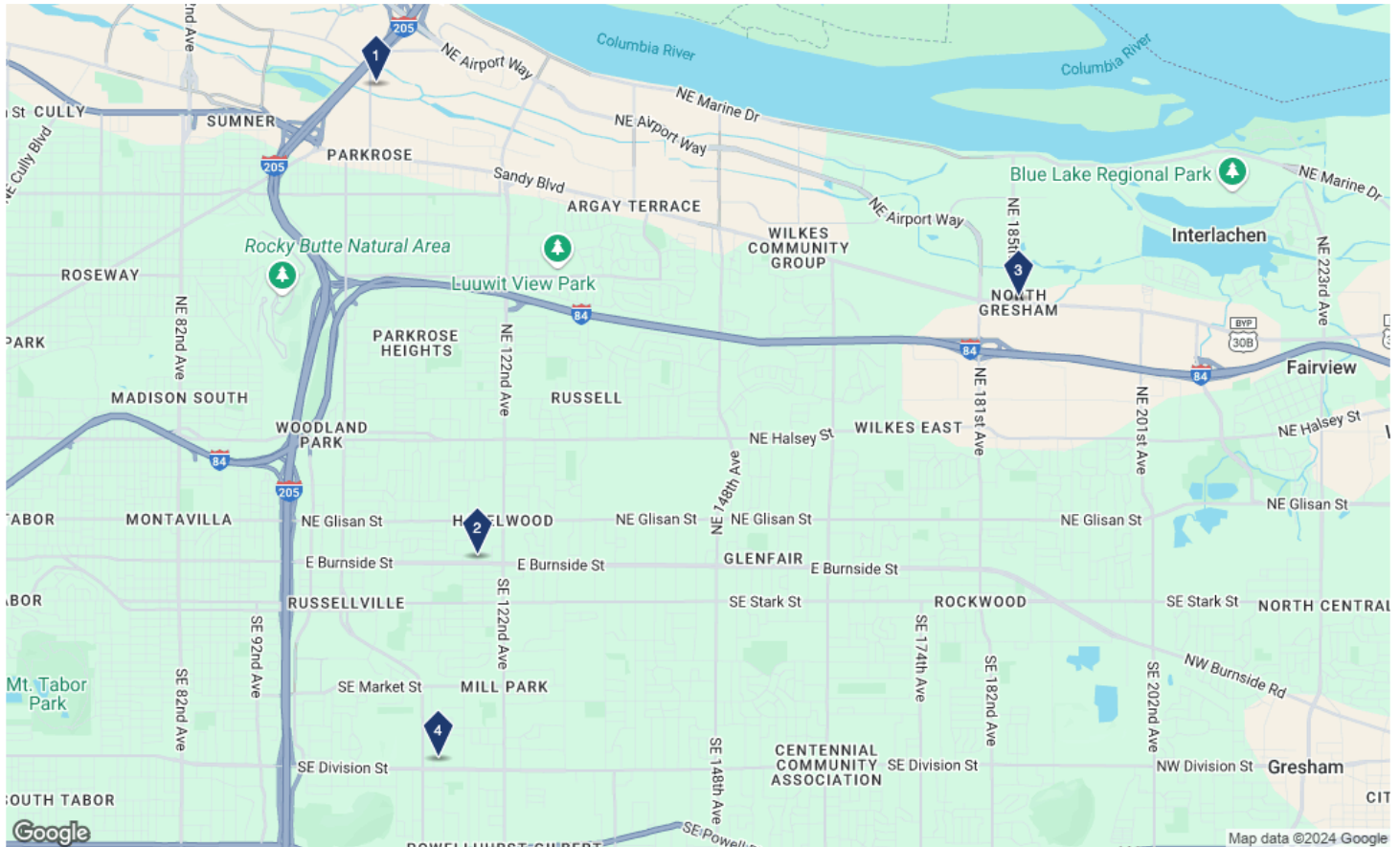
Avg. Price/SF

\$26.25

Avg. Vacancy

-

FOR SALE LOCATIONS



FOR SALE SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$1,795,000	\$2,204,125	\$2,010,750	\$3,000,000
Price/SF	-	-	-	-
Cap Rate	-	-	-	-
Days on Market	349	660	665	959
Property Attributes	Low	Average	Median	High
Building SF	-	-	-	-
Floors	-	-	-	-
Typical Floor	-	-	-	-
Vacancy Rate	-	-	-	-
Year Built	-	-	-	-
Star Rating	★★★★★	★★★★★ 2.0	★★★★★ 2.0	★★★★★

LAND FOR SALE

		Property				Sale			
Property Name - Address		Type	Yr Built	Size	Vacancy	Price	Price/Area	Cap Rate	Days on Market
	Columbia Corridor... 10542-1061 NE Simp... Portland, OR 97220	Land	-	2.04 AC	-	\$2,221,500	\$1,088,971/- AC	-	869
	122nd and Burnside... 11833-11911 E Burn... Portland, OR 97220	Land 	-	3.04 AC	-	\$3,000,000	\$986,842/AC	-	349
	Airport Way Develop... 3133 NE 185th Dr Portland, OR 97230	Land	-	1.8 AC	-	\$1,795,000	\$997,222/AC	-	959
	11341-11411 SE Divi... Portland, OR 97266	Land	-	1.1 AC	-	\$1,800,000	\$1,636,364/- AC	-	461

1 3133 NE 185th Dr - Airport Way Development Site

Portland, OR 97230 - East Columbia Corridor Submarket
Land of 1.80 AC is for sale at \$1,795,000 (\$997,222.22/AC)

Investment Information

Sale Price: \$1,795,000
Price/AC: \$997,222.22

Sale Status: Active
Sale Conditions: -

Days On Market: 959

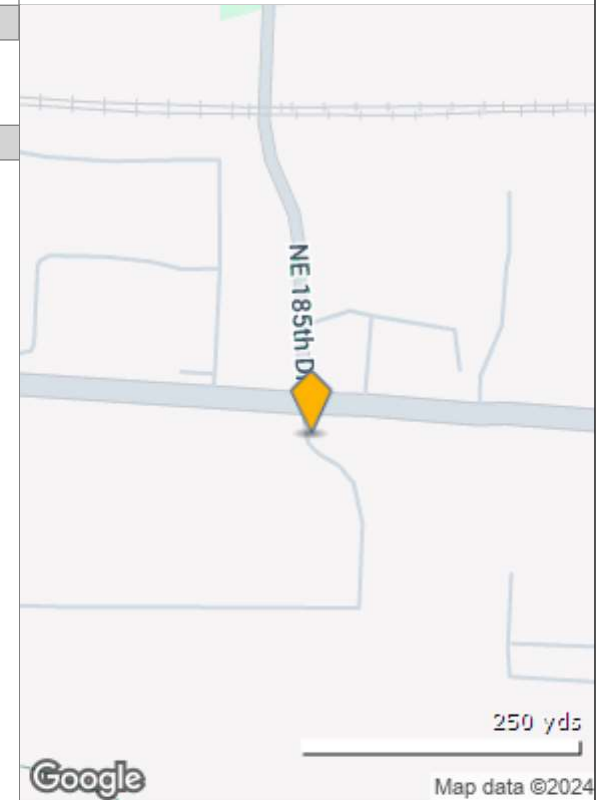


Investment Notes

The 185th & Sandy Development site is strategically located just south of the 181st exit off of Interstate 84 in the high demand, rapidly developing Airport Way/Columbia Corridor Market. Notable nearby employers include Boeing, Owens Corning, and SEKO Logistics.

Land Information

Zoning: MC	Proposed Use: -	
Density: -	Parcel Size: 1.80 AC	Lot Dimensions: -
Number Of Lots: -	On-Site Improv: Raw land	
Improvements: -		
Parcel Number: 1N3E29B-00501		



2 11833-11911 E Burnside St - 122nd and Burnside High-rise

Portland, OR 97220 - Gateway Submarket
Land of 3.04 AC is for sale at \$3,000,000 (\$986,842.11/AC)

Investment Information

Sale Price: \$3,000,000
Price/AC: \$986,842.11

Sale Status: Active
Sale Conditions: Redevelopment Project

Days On Market: 349

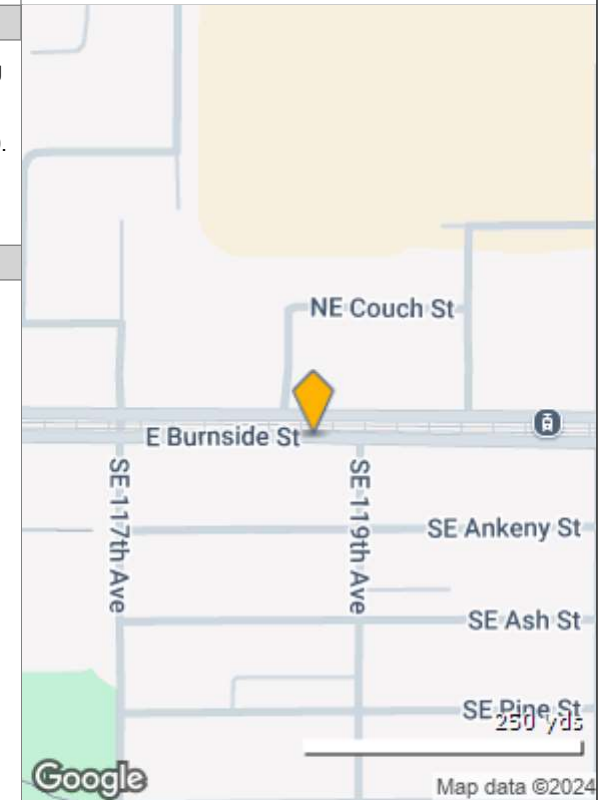


Investment Notes

Also available is three (3) properties of a portfolio of nine (9) properties that are all Zoned RM3 and RM2. (Residential Multifamily Dwelling 3) Listed in two (2) separate listings. 11835, 11855, 11915 NE Couch Street: Price - \$2,150,000 / 11915 can be sold separately for \$550,000. This is three (3) properties of a portfolio of nine (9) properties that are all Zoned RM3. (Residential Multifamily Dwelling 3) Listed in two (2) separate listings. 11835, 11855, 11915 NE Couch Street: Price - \$2,150,000 / 11915 can be sold separately for \$550,000. Other listing is listed under 11832 NE Burnside Street and includes 11833, 11850, 11851, 11863 & 11911 Burnside Street: Price: \$3,000,000. All the properties have single family residential homes on them with tenants in them. All the properties have single family residential homes on them with tenants in them.

Land Information

Zoning: RM2 & RM3	Proposed Use: MultiFamily, Single Family Development
Density: -	Parcel Size: 3.04 AC Lot Dimensions: -
Number Of Lots: -	On-Site Improv: -
Improvements: -	
Parcel Number: 1N2E34DA-05000, 1N2E34DA-05900, 1N2E34DA-06000, 1N2E34DA-06200, 1N2E34DA-06400, 1N2E34DA-06500, 1N2E34DA-07000, 1N2E34DA-07100, 1N2E34DA-07200, 1N2E34DA-07300, 1N2E34DA-07400, 1N2E34DA-07500	
Off-Site Improv: Cable, Curb/Gutter/Sidewalk, Electricity, Gas, Irrigation, Sewer, Streets, Telephone, Water	
Street Frontage: 365 feet on Burnside Street	



3 11341-11411 SE Division St

Portland, OR 97266 - Mall 205 Submarket
Land of 1.10 AC is for sale at \$1,800,000 (\$1,636,363.64/AC)

Investment Information

Sale Price: \$1,800,000
Price/AC: \$1,636,363.64

Sale Status: Active
Sale Conditions: -

Days On Market: 461

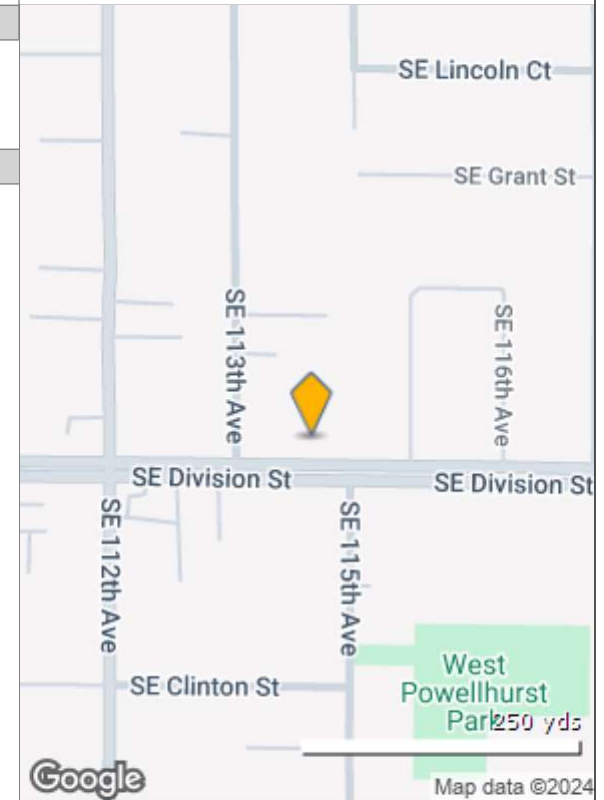


Investment Notes

The Mill Park neighborhood is located in outer Southeast Portland and is primarily residential with supporting commercial and retail services sprinkled throughout. Known for its parks and green spaces, Mill Park offers residents a quiet and welcoming neighborhood with a balance of suburban and urban living.

Land Information

Zoning: RM2	Proposed Use: -	
Density: -	Parcel Size: 1.10 AC	Lot Dimensions: -
Number Of Lots: -	On-Site Improv: -	
Improvements: -		



4 10542-1061 NE Simpson St - Columbia Corridor Development Opportunity

Portland, OR 97220 - Airport Way Submarket
Land of 2.04 AC is for sale at \$2,221,500 (\$1,088,970.59/AC)

Investment Information

Sale Price: \$2,221,500
Price/AC: \$1,088,970.59

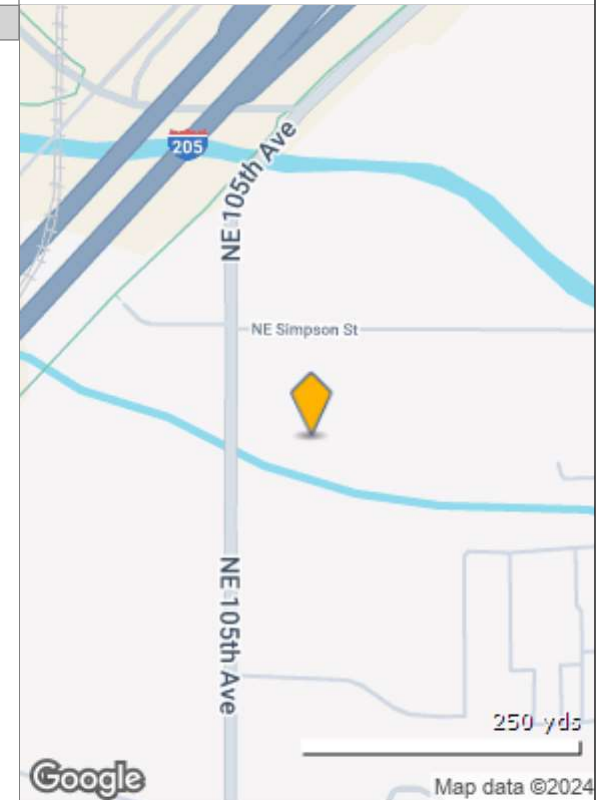
Sale Status: Active
Sale Conditions: Redevelopment Project

Days On Market: 869



Land Information

Zoning: IG2	Proposed Use: -	Lot Dimensions: -
Density: -	Parcel Size: 2.04 AC	
Number Of Lots: -	On-Site Improv: -	
Improvements: -		
Parcel Number: R235934, R235935		
Off-Site Improv: Sewer, Water		





851 SW 6th Avenue, Suite 1600
Portland, OR 97204

[colliers.com](https://www.colliers.com)

Addendum to Broker Opinion of Value

Prosper Portland
Sept. 2024
Scott MacLean & Sean Worl

Addendum to BOV Delivered Sept. 2024

Multi-Housing Approach

The BOV Delivered by Scott Maclean on 9/19/24 focused on general land sales in the vicinity of the subject site. It is a very good opinion of value, indicative of general land sales trends in the immediate region. It did not focus on the density of the zoning from a Multi-Housing perspective. Sean Worl was contacted to share his opinion on value as he focuses exclusively on Multi-Housing Investments. Upon review of the existing zoning and with preliminary understanding of a project with some level of entitlement for 264 units, we have added this addendum to value focusing exclusively on Multi-Housing comparable sales. This approach seeks to gather the most recent and comparable land sales of a similar size (smallest is 18,785sf). We focused on sites that were known to be purchased for future multifamily development with a similar, high-density zoning. The Adjustments to value made are subjective, and because of the wide range of the comparable sale comp data, we used wider ranges than normal (-75%, -35%, 0, 35%, 75%). We have included our notes on the comparable sales for our reasoning to each value adjustment. We compared all five adjusted \$/sf and took high, average and low values, applying them to our subject site. With the weighted average as our guide, we made another decrease in value because of the timing of the market, site location and overall sentiment towards development in Portland.

From this approach it is our opinion that the likely market value is as follows:

Pricing Matrix	\$ Amount	\$ PSF	\$ / UNIT
Likely Market Value	\$12,500,000	\$55	\$47,348

Multi - Housing Sale Comparables

SALE COMPARABLES ANALYSIS						
Comparable	Subject	1	2	3	4	5
Property name		1931 NE Sandy Blvd	The Slabtown Block @ 19th & Raleigh	715 SE 9th Avenue	Terracina Vista	Albina One
Property Address	887 NE 102nd Ave	1931 NE Sandy Blvd	1640 NW 19th Avenue	715 SE 9th Avenue	16519-16613 E Burnside Street	1771 N Flint Avenue
City, State	Portland, OR	Portland, OR	Portland, OR	Portland, OR	Portland, OR	Portland, OR
APN	1N2E33AD	1N1E35DA 02500	1N1E28DC 04700	1S1E02BB 03700	Multiple APN	1N1E27DC 03300
PROPERTY & PROPOSED DATA						
Zoning	CXd	CM3dm(MU-U)	CM3d(MU-U)	Exd	SC	Exd
Year Built		1920	1951	1925	1920-1940	-
Proposed Units	264	-	-	159	92	94
GBA (Time of Sale)	5652	38,776	7,197	-	5481	-
SITE DATA						
Site Area Usable SF	225,641	42,090	37,625	18,785	71,479	29,185
Site Area Usable AC	5.18	0.86	0.86	0.12	1.64	0.67
Coverage (GBA / Land)	2.50%	92%	19%	-	7.67%	-
Topography	Flat	Flat	Flat	Flat	Flat	Gradual
Corner/Mid Block	Corner	Corner	Corner	Corner	Corner	Mid Block
Shape	Rectangular	Mostly Square	Mostly Square	Rectangular	Rectangular	Irregular
WalkScore	80	96	97	96	70	88
Transit Score	70	71	59	68	55	82
Bike Score Score	95	100	98	97	90	90
FINANCIAL DATA						
Occupancy at Sale	N/A	N/A	N/A	N/A	N/A	N/A
Price Per Acre		\$6,783,568	\$3,928,571	\$3,260,870	\$4,239,130	\$5,880,597
Sale Date		Jun-24	Jan-24	Jun-23	Apr-23	Feb-23
Sale Price		\$6,989,347	\$2,250,000	\$6,900,000	\$1,800,000	\$3,940,000
Sale Price PSF		\$166.06	\$59.80	\$367.31	\$25.18	\$135.00
Sale Price Per Unit		-	-	\$43,396.23	\$19,565.22	\$41,914.89
Compare to Subject		SU	SU	HS	VI	HS
Adjustment to Value		-35%	-35%	-75%	75%	-75%
Value Indication PSF		\$107.94	\$38.87	\$91.83	\$44.07	\$33.75

Highly Superior (HS)	-75%
Superior (SU)	-35%
Average (A)	0%
Inferior (I)	35%
Very Inferior (VI)	75%

Subject Value Indication& Notes

VALUE INDICATION		
Pricing Matrix	\$ Amount	\$ PSF
High Value	\$20,720,294	\$91.83
Weighted Average Value	\$14,281,047	\$63.29
Low Value	\$9,943,748	\$44.07
Likely Market Value	\$12,500,000	\$55.40

Property Characteristics

Product Type:	Land
Location:	Northeast Corner of NE Pacific St & NE 102nd Avenue in Portland, Oregon
Land Square Foot:	225,641 SF
Land Area:	5.1800 Acres
Zoning:	CXD (Central Commercial)
Parcel Numbers:	R319485, R319484, R319513, R319483, R319481, R319514, R319643, R319690

NOTES / COMMENTS

Subject :	The subject property is a combination of 7 Lots, containing 225,641 sf of buildable land, Zoned CXD. It is very rare to have over 5 acres of land with the allowed density available on this site.
Comp 1:	This most recent sale comp is arguably in a more "desirable" location than the subject, however allows a fraction of the available density available on the subject site. Because of this I have discounted this sites \$/sf by 35%.
Comp 2:	This sale comparable is in a highly desirable submarket, however, it holds a much lower allowed density than the subject. It also backs up to a freeway overpass. I have discounted this sites \$/sf by 35%.
Comp 3:	This comparable is in a more desirable submarket. It was sold near full entitled, and received a significant increase to value because of it. Because of this I have discounted the \$/sf by 75%.
Comp 4:	This comparable is in a much less desirable location. It offered a much lower density for housing units. Because of this I have increased the \$/sf by 75%
Comp 5:	This comprable is in a more "desirable" location to the subject. It is an irregular site with gradual slope. It offers less available land for parking. However, because of the location alone, I have decreased the \$/sf by 75%.

GATEWAY TIF DISTRICT BUDGET AND FORECAST

Financial Summary Forecast

Gateway Reg Center TIF Fund	Revised FY 2023-24	Rev 1 FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28	Forecast FY 2028-29
Resources						
Beginning Fund Balance	20,476,684	21,880,766	13,991,416	14,201,990	13,066,493	11,285,564
Revenue						
Interest on Investments	409,534	372,569	279,311	261,515	226,798	214,126
Loan Collections	31,845	0	0	0	0	0
TIF - Short Term Debt	4,128,507	3,633,546	3,875,660	4,122,915	4,369,473	4,600,626
TIF - Long Term Debt	0	22,000,000	8,314,469	0	0	0
Rent and Property Income	83,922	105,074	149,498	193,897	238,303	238,303
Reimbursements	9,163	17,172	34,344	51,516	68,688	68,688
Total Revenue	4,662,971	26,128,361	12,653,282	4,629,843	4,903,262	5,121,743
Total Resources	25,139,655	48,009,127	26,644,698	18,831,833	17,969,755	16,407,307
Requirements						
Administration						
A00031-Debt Management-GTW	36,439	36,440	36,440	0	0	0
Administration Total	36,439	36,440	36,440	0	0	0
Economic Development						
Business Advancement & Traded Sector						
A00382-Lean Manufacturing-GTW	30,000	30,004	0	0	0	0
Business Lending						
A00210-BL -General-GTW	500,000	497,663	0	0	0	0
Economic Development Total	530,000	527,667	0	0	0	0
Housing						
A00172-Affordable Housing-GTW	4,722,482	2,589,198	5,051,831	1,284,091	1,287,942	1,000,000
Housing Total	4,722,482	2,589,198	5,051,831	1,284,091	1,287,942	1,000,000
Infrastructure						
Parks						
A00252-Gateway Park Project-GTW	1,440	0	0	0	0	0
Transportation						
A00590-Trans. Improvements-GTW	0	1,750,000	1,750,000	0	2,000,000	0
Infrastructure Total	1,440	1,750,000	1,750,000	0	2,000,000	0
Property Redevelopment						
Commercial Property Lending						
A00367-CPRL-General-GTW	0	10,000,000	0	0	0	0
A00526-Halsey 106 CPRL-GTW	0	25,000	50,000	75,000	75,000	50,000
A00784-Infill Housing Loan-GTW	0	1,250,000	1,500,000	1,500,000	0	0
Real Estate Management						
A00555-Gateway Parking Lot-GTW	275,000	250,000	0	0	0	0
A00588-Halsey 106 Com Condo-GTW	86,907	66,249	66,249	66,249	66,249	66,249
Real Estate Acquisition						
A00588-Halsey 106 Com Condo-GTW	85,007	85,007	0	0	0	0
A00542-102nd & Pacific-GTW	0	11,000,000	0	0	0	0
Real Estate Predevelopment						
A00555-Gateway Parking Lot-GTW	0	0	0	0	0	7,000,000
A00588-Halsey 106 Com Condo-GTW	830,297	3,265,451	0	0	0	0
Redevelopment Strategy						
A00346-Project Development-GTW	0	350,000	0	0	0	0
A00347-Public Outreach-GTW	5,000	5,000	0	0	0	0
A00785-DDSD Property Activation-GTW	0	0	1,500,000	0	0	0
Redevelopment Grants						
A00132-Community Livability Grant-GTW	450,000	585,771	300,000	300,000	300,000	300,000
A00503-Prosperity Investment Program (PIP) Grant-GTW	153,150	299,471	255,000	330,000	330,000	330,000
A00778-Affordable Commercial Tenanting-GTW	0	300,000	600,000	600,000	900,000	900,000
A00789-De Rose SAG-GTW	0	400,000	0	0	0	0
Property Redevelopment Total	1,885,361	27,881,949	4,271,249	2,871,249	1,671,249	8,646,249
Total Program Expenditures	7,175,722	32,785,254	11,109,520	4,155,340	4,959,191	9,646,249
Personnel Services	364,251	527,199	579,647	700,000	750,000	800,000
Total Fund Expenditures	7,539,973	33,312,453	11,689,167	4,855,340	5,709,191	10,446,249
Interfund Transfers - Indirect Charges	733,937	705,258	753,541	910,000	975,000	1,040,000
Interfund Transfers - Cash Transfers	1,000,000	0	0	0	0	0
Contingency	15,865,745	13,991,416	14,201,990	13,066,493	11,285,564	4,921,058
Total Fund Requirements	25,139,655	48,009,127	26,644,698	18,831,833	17,969,755	16,407,307