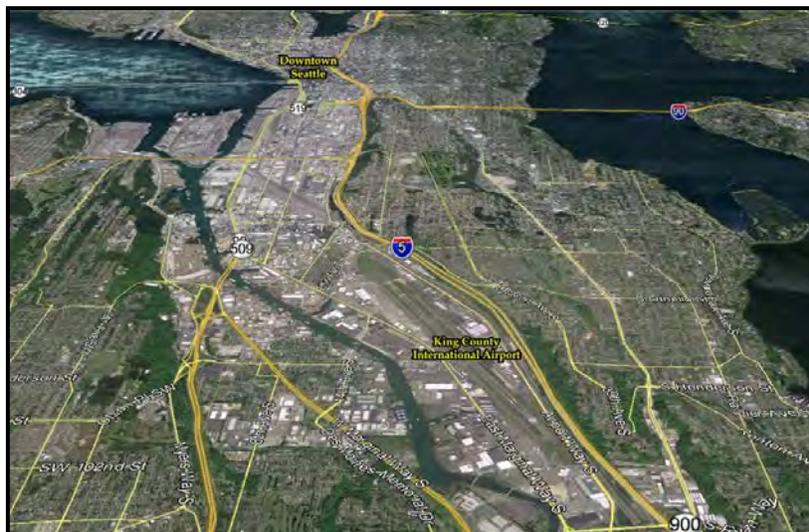


Appraisal of
Market Rent
King County International Airport
Seattle, Washington 98108



APPRAISAL

of

**Prospective Market Rent
King County International Airport
Seattle, WA 98108**

As of:

January 1, 2015

Authorized by:

Tom Paine
Property Manager
King County International Airport

Prepared by:

Kenneth A. Barnes, MAI, CRE
Allison Roselle, MAI
Roukiatou Aboubacar, Appraiser

MCKEE & SCHALKA
REAL ESTATE APPRAISAL SERVICES & CONSULTANTS, INC.
1200 6th Avenue, Suite 1805, Seattle, Washington 98101
Tel: 206.343.8909 | www.msreal.com | Fax: 206.386.5777

McKee & Schalka Reference No. 34175

Project No. 1119982-114876

January 6, 2015

Tom Paine
Property Manager
King County International Airport
7277 Perimeter Rd South
Seattle, WA 98108

Project:	<i>Estimate of Prospective market rent</i>
Property Name:	<i>King County International Airport</i>
Description:	<i>Commercial service and general aviation airport</i>
Address:	<i>Various</i>
Municipality:	<i>Seattle, Washington</i>
Real Property Description	<i>King County Parcel Nos. 000740-0032, 542260-0160, and portions of 282404-9007 & 000160-0049</i>
McKee & Schalka Reference No.:	<i>34175</i>
Project No.:	<i>1119982-114876</i>

Dear Mr. Paine,

We have prepared the attached appraisal report for the subject property. The subject consists of several County-owned properties making up King County International Airport. The properties include both land and improvements and are leased to a variety of aviation-related tenants. Rental rates are adjusted every three years for non-Boeing leased parcels. The purpose of this appraisal is to estimate prospective market rent for all but the Boeing parcels. The definition of Market Rent used in this appraisal is found in the Appraisal Description section of this report.

The accompanying appraisal has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards implemented by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). This appraisal has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, and is subject to the Assumptions, Certification & Limiting Conditions contained in this report, as well as specific assumptions contained herein.

Respectfully submitted,



Kenneth A. Barnes, MAI, CRE
WA State-Certified General Real Estate Appraiser (1100578)



Allison Roselle, MAI
WA State-Certified General Real Estate Appraiser (1102038)



Roukiatou Aboubacar, Appraiser
WA State-Registered Appraiser Trainee (1001605)

Certification

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

- The statements of fact contained in this report are true and correct.
- The 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.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Ken Barnes, MAI, CRE and Allison Roselle, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Roukiatou Aboubacar has completed the Standards and Ethics Education Requirement for Practicing Affiliates of the Appraisal Institute.



Kenneth A. Barnes, MAI, CRE
WA State-Certified General Real Estate Appraiser (1100578)



Allison Roselle, MAI
WA State-Certified General Real Estate Appraiser (1102038)



Roukiatou Aboubacar, Appraiser
WA State-Registered Appraiser Trainee (1001605)

General Assumptions, Limiting Conditions, Disclosure and Use Restriction

The attached report may only be used or reviewed in its entirety. No individual pages, portions, analyses or conclusions may be separated from the complete report or verbally disseminated without transmittal of the entire report. This appraisal is intended for use only by the client and intended users specifically identified in the report, and may not be transferred to any other party without the specific written permission of McKee & Schalka, Inc. Certain aspects of the report (including analysis methodology, spreadsheets, textual formatting and content) are considered the exclusive intellectual property of McKee & Schalka, Inc. All rights are reserved.

The following General Assumptions and Limiting Conditions are supplemented by additional specific assumptions and limiting conditions identified in the report.

It is assumed that there have been no substantial changes to the property between the date of our inspection and the date of the report.

It is assumed that there are no hidden or unapparent conditions of the property, subsoil, structures, or environment (including asbestos, formaldehyde, radon, soil contamination, structural conditions, legal compliance including zoning and Americans With Disabilities Act compliance, title or legal conditions, mineral or other valuable conditions or rights, or unknown soils, hydrological, or environmental factors) that render it more or less valuable. We have no expertise in any of these areas, and we specifically counsel the client to perform additional investigation by qualified experts. No responsibility is assumed for such conditions or for arranging the studies that may be required to discover them.

The liability of McKee & Schalka, Inc. and its employees is limited to the client only.

The value conclusions are the result of integration of the entire appraisal process, including multiple methodologies, approaches and analyses. Any specific errors or omissions may or may not change the value conclusions.

The appraiser is not required to give further consultation, testimony or attendance in court by reason of this appraisal unless arrangements have been previously made.

The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

The forecasts, projections and estimates contained in this report are based on current market conditions, anticipated short-term supply and demand factors, and a stable economy. These forecasts are, therefore, subject to changes with future conditions. The analyses and conclusions are valid only as of the date of transmittal of the report.

The appraiser has made no survey of the property and assumes no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for the purpose of assisting the reader to visualize the property.

No responsibility is assumed for the legal description or for matters including legal or title considerations. The property is appraised free and clear of any or all liens or encumbrances, unless otherwise stated. Title to the property is assumed to be good and marketable.

Responsible ownership and competent management are assumed.

The allocation of total value to land, buildings, or any fractional part or interest as shown in this report, is invalidated if used separately or in conjunction with any other appraisal.

RESTRICTION UPON DISCLOSURE & USE:

This appraisal is intended for use only by the client and intended users specifically identified in the report, and may not be transmitted or communicated to any other party without the specific written permission of McKee & Schalka, Inc. Disclosure of the contents of this appraisal report is governed by the By-Laws & Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which (s)he is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus or registration without the prior written consent of the appraiser.

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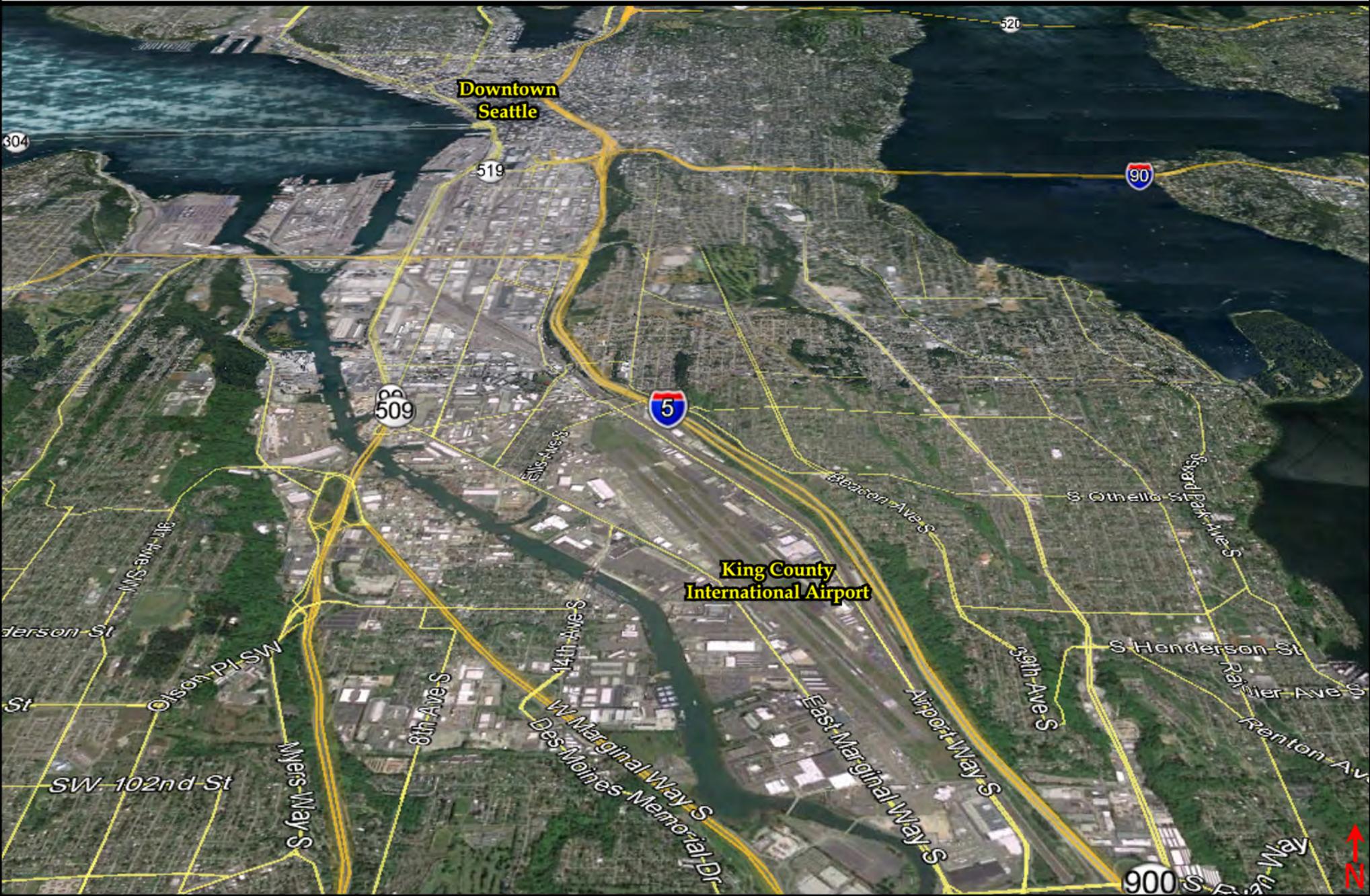
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Summary of Important Conclusions

Name of Subject Property:	King County International Airport
Description:	Class II Commercial Service Airport, Non-Hub Reliever Airport, serving air cargo, small regional commercial airlines, corporate and general aviation, as well as various Boeing Company facilities.
Address:	7277 Perimeter Road
Municipality:	Seattle, WA (We note that a minority of the subject property is located in Tukwila)
King County Parcel Nos.:	000740-0032, 542260-0160, 542260-0124, 332404-9011, 000160-0019 and portions of 282404-9007 & 000160-0049
Land Area:	The airport totals approximately 594 acres, of which approximately 258 are leasable.
Appraisers:	Kenneth A Barnes, MAI, CRE Allison Roselle, MAI Roukiatou Aboubacar, Appraiser
McKee & Schalka Reference No.:	34175
Effective Date of Appraisal:	January 1, 2015
Date of Report Preparation:	January 6, 2015
Purpose and Use of Appraisal:	Estimate of Prospective market rent
Signed Certification:	Attached
Assumptions & Limitations:	Attached
Current Use and Status:	General aviation airport, owned and operated by King County.
Highest & Best Use:	Various as noted.
Valuation Scenario:	Prospective market rent for the subject ground lease properties was determined by analyzing rates at comparable airport properties. As a test of reasonableness, we estimated the fee simple value of the subject land using local sale comparisons, and applied an appropriate rate of return to this value. We estimated prospective market rent for the subject's improved properties by analyzing lease data from comparable properties.

Aerial Photograph



**Downtown
Seattle**

**King County
International Airport**

304

519

520

90

509

5

Henderson St

St

Olson Pl SW

SW-102nd St

Myers Way S

8th Ave S

W Marginal Way S
Des Moines Memorial Dr

14th Ave S

East Marginal Way S
Airport Way S

39th Ave S

S Henderson St

Rainier Ave S

Renton Av

900 S D Way



Appraisal Description

Identity of Property

The subject properties are all located within King County International Airport, also known as Boeing Field. The airport is generally situated four miles south of downtown Seattle, and the subject properties generally have addresses along Perimeter Rd S, East Marginal Way S, and Ellis Ave S.

Legal Description

The subject property consists of various sites on the King County International Airport property. These are located on King County Parcel Nos. 000740-0032, 542260-0160, 542260-0124, 332404-9011, 000160-0019 and portions of 282404-9007 & 000160-0049. Please refer to the individual site descriptions below.

Easements and Other Restrictions

We have not been provided with a title report for the subject property. We specifically assume that there are no easements or other restrictions which encumber the property to a degree that the value or utility would be impaired. The property is subject to the Airport Master Plan, which governs its uses and development standards. The property is also subject to FAA Part 77 airspace requirements.

Purpose of Appraisal

The purpose of this appraisal is to estimate the Prospective market rent for the subject properties. The following definition of Market Rent is found in The Dictionary of Real Estate Appraisal, 5th ed., Pages 121-122:

“The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).”

Client and Intended Users

The client and intended user of this report is King County.

Intended Use of Appraisal

The intended use of this appraisal is to assist the client in adjusting rental rates.

Unavailability of Information

We have not been provided a structural inspection report, environmental report, or a hydrologic or soils report. We are not expert in these areas, and generally rely on the technical reports of qualified personnel. We specifically assume that there are no unapparent conditions which affect the value or utility of the property.

Assumptions and Limiting Conditions

This appraisal is subject to the General Assumptions and Limiting Conditions found at the beginning of this report as well as additional assumptions contained herein.

Scope of Work

The scope of work in this appraisal assignment is consistent with the client agreement. We inspected the subject property with Tom Paine, the airport's property manager. We have researched public records regarding the subject property, and have consulted articles about various developments in the subject neighborhood. We analyzed the rent roll at the subject, as well as recent leases and documentation relating to the property's FAA Part 77 airspace restrictions and site improvements. We have analyzed transactions of leasehold interests at the subject, and researched general aviation market trends. Additionally, we have researched comparable airport properties both in the region and across the country, and have spoken with their representatives about land leases, rates of return, improved rents, and other issues relevant to general aviation airports.

In order to estimate prospective market rent for the various airport sites, we first analyzed recent ground leases at comparable airport properties. As an alternative approach, we estimated the fee simple land value at the subject based on recent transactions of neighboring land, and applied a market-derived rate of return to this value. For each site, we took into consideration various highest and best use-impacting restrictions, and applied a premium for leased apron space where applicable. Prospective market rents for improved areas, including office, warehouse, and hangar space, were determined by analyzing leases in comparable spaces. Overall, the scope of work embodied in this report is adequate to support the value conclusions of this appraisal.

Competency

We are competent to appraise the subject property. We have considerable experience in the analysis and valuation of ground leases and improved leases in the greater Puget Sound area. We also have considerable experience in aviation use valuation. Please refer to the Scope of Work, the Appraisers' Qualifications and Experience data in the Addenda, and the research and presentation embodied in this report for verification of our competency.

Ownership of Property

The subject is owned by King County.

History & Current Status

The subject property has not transacted in the last five years, though there have been transactions of leasehold interests on the property, which will be discussed below. We are not aware of any listings, offers or agreements to purchase the property.

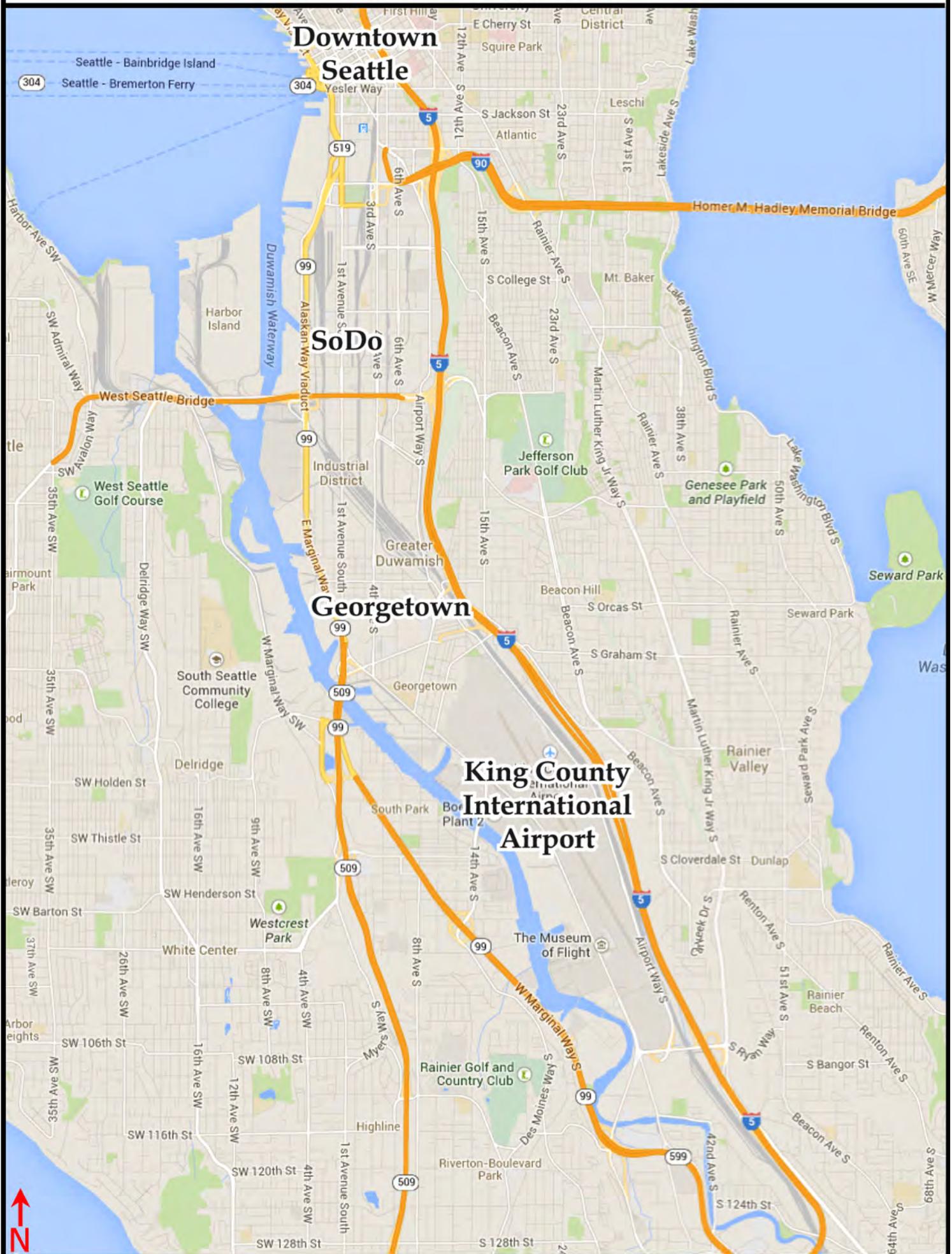
Effective Date of Value

January 1, 2015

Date of Appraisal Preparation

January 6, 2015

Neighborhood Map



Neighborhood Description

Regional Overview

The subject property is located within the Seattle Metropolitan area. Overall, it is part of the Greater Puget Sound Area, which is made up of five-counties, including Pierce, King, Snohomish, Kitsap and Thurston. The Seattle Metropolitan Area is the focus of economic activity in the Puget Sound area and is the largest metropolitan area in Washington State. The boundaries of this area are City of Everett in the north, the Cascade Mountains in the east, the City of Tacoma in the south, and Puget Sound in the west. For a more detailed discussion and description of the area, please refer to the Seattle Metropolitan Area Description found in the Addenda of this report.

South Seattle Industrial Area

The subject is located just south of the Georgetown neighborhood, which is roughly bordered by the intermodal train station to the north, Boeing Field to the south, I-5 to the east, and East Marginal Way South to the west. The western portion of the neighborhood has direct access to the deep-water port of Elliott Bay and the Duwamish Waterway, which had a strong influence on the area's early development by manufacturers, distribution businesses, and water-related industries. Surrounding uses include some isolated residential uses and light industrial uses.

The neighborhood is easily accessed by freeway and surface arterials. Currently, this neighborhood contains a variety of structural uses, primarily industrial but also including some retail and office. Also, the neighborhood is immediately south of the SoDo district of Seattle, which has been transitioning from its industrial roots to more institutional and retail-oriented uses. This transition has generally increased demand for property in the Georgetown neighborhood. Proximity to downtown Seattle and the Port of Seattle have kept vacancy rates in SoDo and Georgetown relatively low over the course of the economic downturn.

South Seattle's industrial area has experienced zoning changes in recent years. High-traffic arterials such as 1st Ave S and 4th Ave S have become desirable locations for retail, and many developers began to see this close-in industrial area as an attractive location for other commercial uses such as office. This demand for non-industrial uses pushed many industrial tenants out of the SoDo and into the Georgetown or Duwamish industrial areas to the south. Other industrial businesses moved out of Seattle altogether when rent became too high. In order to protect local industrial uses, former Seattle Mayor Greg Nickels launched an "Industrial Jobs Initiative" in August 2007. In conjunction with this initiative, the mayor pressured the city council to put such changes into law in order to curb redevelopment. Partially as a result of the initiative, an ordinance went into effect on January 20, 2008 that limits office and retail uses inside of Seattle industrial zones. In addition, retail uses were restricted to "Major Durables," which are defined as large household items, "such as but not limited to furniture or appliances." The ordinance contains some exceptions, such as operation and limited expansion of pre-existing, non-industrial uses.

Duwamish Manufacturing Industrial Center

The subject is partially located within the Duwamish Manufacturing Industrial Center, which generally encompasses the neighborhood of Georgetown and SoDo. The subject is located roughly four miles south of downtown Seattle. In an effort to maintain the strength of this industrial area, the Greater Duwamish Manufacturing and Industrial Center was created in 1994 through adoption of the 20-year Seattle Comprehensive Plan. It encompasses 4,138 acres and extends from the Seattle CBD to the north, to the City of Tukwila to the south, and is bound by Interstate 5 to the east and West Seattle to the west. The primary goals of the initiative included industrial job growth, the restriction of incompatible or competing land uses, retaining and improving access to industrial areas and transportation routes, and encouraging the aggregation of smaller parcels of land into sites suitable for industrial use.

Immediate Surrounding Uses

The subject is a major use which encompasses some 594 acres just south of the Georgetown neighborhood. It is situated between I-5 and E Marginal Way S, a local arterial which runs roughly parallel to the Duwamish Waterway. Many of the uses surrounding the airport are aviation-related, such as the Museum of Flight and the Boeing plant. The strip of land between the Duwamish and E Marginal Way S in particular consists of a variety of industrial uses, including storage yards.

Access

King County International Airport's main passenger terminal may be accessed via Airport Way S, which runs parallel to I-5 on the eastern side of the property. The airport is entirely fenced, though access is possible at various points along Airport Way S and E Marginal Way S.

Conclusion

The subject is located about four miles south of downtown Seattle and within the South Seattle industrial area, with good access characteristics. It constitutes a major neighborhood use. There is evidence of strong demand for industrial land in this area, particularly as land uses shift from industrial to commercial in SoDo, pushing industrial users further south.

Market Analysis

Overview

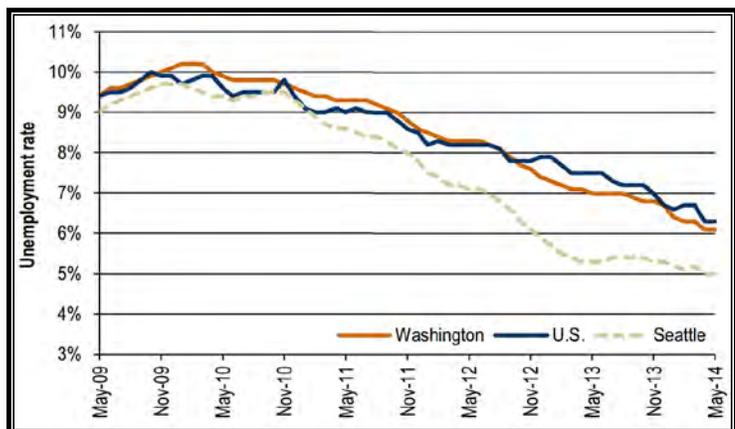
Economic indicators show that the national economy is gradually improving, however the pace remains choppy. Annualized GDP growth in the first quarter of 2014 was a negative 2.9%, however a portion of this was impacted by severe weather.

While growth within the national economy remains slower than expected for a recovery period, we have seen strong evidence that demand for high quality investment properties has risen substantially. As competition for the best investments pushed down rates of return, there is increasing evidence that investors are moving up the risk spectrum and turning their attention to “value add” properties with good prospects in desirable markets. This trend is highly positive for the commercial real estate industry, and is expected to continue in the near to medium term.

Locally, the Puget Sound economy is doing well. Led by new hires at Boeing and Amazon.com and an upturn in home building, regional employment is growing at twice the national rate. Unemployment in Washington State has fallen over the past year, from 7.0% in August 2013 to a preliminary 5.6% in August 2014. According to the Bureau of Labor Statistics, statewide employment increased 73,900 over the past year. The private sector added 72,100 new jobs while the public sector gained 1,800. Through the month of April, a total of 4,000 jobs were added to the market; the private sector gained 5,200 jobs, while the public sector lost around 1,200 jobs. Unemployment rates within the Seattle-Bellevue-Everett Metropolitan Division have declined by 0.6% over the course of last year to a preliminary 4.8% as of August 2014. The current national unemployment rate is 5.9%, demonstrating the relative strength of the local employment market compared to the nation as a whole.

Puget Sound Industrial Market

Kidder Mathews provides data through its Real Estate Market Review, which summarizes the overall market within six sectors: Seattle Close-In, South King County, East King County, Snohomish County, Pierce County and Thurston County. According to the Q2 2014 Industrial Report for the Puget Sound region, there has been 1.7 million square feet of industrial space delivered in the first 6 months of 2014. This consists of 10 projects, a majority



of which are in the Pierce and South King County markets. The Stryker Business Center in Kent, Buildings 1A and 1B, is the largest of these projects at nearly 440,000 square feet. Other

completed projects include the Niagara Bottling Plant in Frederickson, Titan Building in Sumner, IAC Port-167 Building B in Puyallup, Apollo Building in Sumner, and DCT Sumner South Distribution Center. Second quarter absorption exceeded deliveries at 2.1 million square feet. The report states that construction volumes are still active, mostly in Pierce County.

Total absorption was positive at over 2.1 million sf. Five of the six markets, with the exception of Seattle Close-In, recorded positive absorption. Vacancies are down to 5.62% from 5.85% at the beginning of 2014, as reported by Kidder Mathews. New construction has slowed somewhat. Kidder Mathews reports four projects under construction as of Q2 2014, one of which is an 811,000 square foot building within the Stryker Business Center, fully leased to Amazon.com.

According to the report, Port business is fairly mixed. Container volumes for the Port of Tacoma exceeded those for the Port of Seattle in 2013. This year so far, overall volumes are up 5.3% at the Port of Tacoma. Volumes for the Port of Seattle are down 7.7%.

The close-in Seattle industrial market has not performed as well as others so far this year. Net absorption through the second quarter was negative nearly 182,000 square feet and vacancy rates have increased from 3.79% to 3.89%. At this time there are no projects underway and only one proposed, the Skyline Distribution Center. In the last five years the market has seen quite a bit of redevelopment with the demolition of older buildings replaced by alternate uses. This area is desirable to those users needing to be within close-proximity to the Port of Seattle and Interstate 5, though recent trends include numerous manufacturing tenants relocating to more suburban areas due to rising land prices.

Office Market

Please refer to the "Overall Office Market Summary" table, which presents information compiled from the CoStar database. The Puget Sound market includes nearly 184 million square feet of office space. This area encompasses the entire Seattle-Tacoma-Bellevue region as well as the surrounding suburbs. There are over 7,600 office buildings currently in this region, with CoStar reporting an additional twelve properties under construction at this time. The regional vacancy rate currently stands at just over 9%.

The Seattle market contains over 77 million square feet of office space and represents the highest concentration of office space in the region. The current vacancy level is only slightly below the regional rate, and average asking rates are significantly higher, at \$25.32/sf/yr NNN. Ten of the twelve office properties under construction in the region are located in Seattle, mostly concentrated in the Downtown/South Lake Union area as Amazon continues to rapidly expand its campus.

The South Seattle office market is faring worse than the region in terms of vacancy, which currently stands at 13.82%. This is partially due to ongoing lease-up in recently-constructed buildings such as Phase 2 of the Homeplate Center in the Stadium district. The current vacancy rate also represents a decrease from a peak of nearly 17% in mid-2012. This market has seen the delivery of several new buildings over the past year, though no new construction is currently

King County International Airport Overall Office Market Summary

As of July 2014

	No. of Bldgs.	Total sf	Direct Vacant (sf)	% Vacant	Total Available sf	% Available	Avg. Asking Rent (sf/yr)
Greater Seattle Area	7,614	183,963,631	16,719,512	9.09%	21,173,749	11.51%	\$19.95 NNN
City of Seattle	1,949	77,142,768	6,918,132	8.97%	8,588,425	11.13%	\$25.32 NNN
South Seattle (1)	297	5,680,865	785,368	13.82%	858,725	15.12%	\$26.00 NNN

	Net Absorption YTD	Net Absorption 2013	Net Absorption QTD	Net Absorption 2013 Q3	Bldg. sf Under Const.	Bldgs Under Const.	Bldg sf Proposed	Bldgs. Proposed
Greater Seattle Area (1)	1,053,243	2,228,021	(15,019)	559,349	4,125,967	12	23,431,461	105
Seattle (2)	585,281	1,306,966	64,604	367,129	3,483,967	10	8,958,374	24
South Seattle (1)	171,472	113,026	6,582	51,004	-	0	400,000	1

(1) Includes all office properties in the South Seattle market as defined by CoStar

McKee & Schalka, Inc.
January 2015

underway, and only one project is proposed. The average asking rate is relatively consistent with the Seattle average, and rents have generally been on the rise as vacancy has decreased.

General Aviation Market

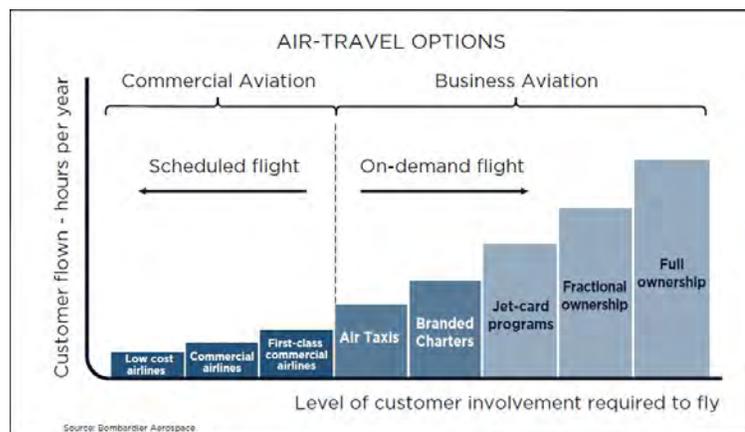
General aviation refers to all civilian air travel other than scheduled passenger airlines. This typically involves single-engine and small aircraft. According to the Aircraft Owners and Pilots Association (AOPA), over 90% of the roughly 240,000 civil aircraft registered in the United States are general aviation aircraft.

According to the Barr Group Aerospace Company, global and domestic shipments of general aviation (GA) aircraft suffered significantly with the onset of the economic recession, though the number of aircraft sold has only increased since 2010—output in the United States increased 6.4% in 2013 over 2012. The general aviation industry saw an increase in global sales revenue of 24.0%, in 2012-2013. In the United States, revenues increased 38.1% over this period. This is partially due to an improving economy, and partially due to the fact that many GA aircraft manufacturers raised their prices during the recession in order to make up for lower sales volumes. In fact, between 2007 and 2010, the average price of a GA aircraft (worldwide) nearly doubled, from \$5.1 million to \$9.1 million. In the US, the average price rose 64% over this period. In its forecasts for the general aviation industry, the Federal Aviation Administration (FAA) estimates that the U.S. general aviation aircraft fleet will grow from an estimated 221,085 aircraft in 2013 to 246,375 aircraft in 2033. This is equal to an average annual rate of growth of 0.52%.

According to the General Aviation Manufacturers Association (GAMA), most aircraft segments saw an increase in deliveries in 2013, including business jets, turbo-propeller airplanes, piston airplanes, and helicopters. However GAMA also notes that the active pilot population in the United States has continued to shrink. There were 180,214 private pilots at the end of 2013, as compared to the peak of 357,479 in the early 1980s.

Business Jets

Business jets are aircraft used to transport small numbers of people, typically for business purposes. They vary widely in size. Business jets can be owned outright, shared by a consortium of companies, or be made available for charter/air taxi travel. Some of the busiest airports for business jet movements in the country include Teterboro in New Jersey, Westchester County/White Plains in New York, Washington Dulles International, Dallas Love Field, and William P. Hobby in Houston.



In early 2013 Bombardier Aerospace, one of the world's largest manufacturers of aircraft after Boeing and Airbus, forecast that the worldwide business jet industry will surpass the prior delivery peak year by as early as 2016, with North America driving most of that growth. Many consumers delayed jet replacement in the economic downturn. Now, as consumer confidence grows, replacement aircraft are being ordered, and manufacturers such as Bombardier have noticed an uptick in corporate demand.

Air Freight

Though it is the quickest mode of freight transportation, air freight is also the most costly. It is often used to transport perishable, time-sensitive, or high-value commodities, either via dedicated freighters or passenger airplanes. Air freight traffic has generally grown over the course of this century, and saw a particularly strong rebound immediately following the recession. However growth has slowed since then. According to Jones Lang LaSalle (JLL), growth in world trade is outpacing the demand for air cargo. Currently, air freight represents 35% of the value of all commodities shipped worldwide, but makes up only 2% of the total worldwide total cargo volume.

The slowdown in air freight traffic can be partially attributed to high jet fuel prices, which has encouraged the diversion of commodities to surface transportation options, which are less sensitive to fuel costs.

Still, JLL points to growing e-commerce sales as a positive sign for the long-term outlook of the industry. Online sales in the U.S. are projected to grow around 11.4% per year through 2017, as consumers and retailers increasingly complete transactions online. JLL anticipates that air freight will shift toward lower-value goods as this trend continues. This is consistent with the International Air Transport Association's expectation that international freight volumes will grow 17% over the next five years.

FBOs

FBOs, or Fixed-Based Operators, are businesses providing aeronautical services such as fueling, hangaring, tie-down and parking, aircraft rental and maintenance, parts sales, air taxi and charter operations, flight instruction, etc. FBOs are granted the right to operate within airports and typically serve general aviation operators. The FAA regulates many of the activities typically undertaken by FBOs, but there are no federal regulatory standards for FBO business overall.

Like many markets, FBOs were negatively impacted by the recent economic recession, though the industry appears to be turning around, in line with broader economic recovery. According to Aviation International News (AIN), U.S. domestic FBO operations rose to nearly 3.4 million in 2013, an increase of 2.4% over 2012. This is still well below the record high of nearly 4.2 million operations recorded in 2005. AIN points to increased consolidation activity as a sign of the FBO market heating up. Major service provider chains in particular are seeking to acquire FBOs in order to improve their earnings as values turn around. A January 2014 AIN article states, "[...]individual FBO owners who could afford to hang tight did wait until their business fortunes began to rise again with increases in private aviation traffic. While some might have

had their plans stalled by the economic downturn, their window could be opening again with recent gains in private aviation traffic.”¹

A local example is the recent purchase of Galvin Flying Services by Houston-based Landmark Aviation. Galvin, which operated at Boeing Field, offered aircraft leasing, mechanical support, fueling, and pilot training. Landmark Aviation is one of the country’s largest FBOs, with 41 locations in the U.S, and another 16 in Canada, and Western Europe. The company also offers maintenance, repair, and operations (MRO) services, aircraft management, and charter flights.

AIN estimates there are approximately 3,700 FBOs in the United States, about 10% of which are under the control of service provider chains.

Local Airports

As shown on the “Regional Airport Statistics” on the table in this section, Boeing Field is one of several general aviation airports in the region. This is not a comprehensive list but rather presents the nearby airports most directly competitive with the subject. The first four airports listed: Tacoma Narrows, Thun Field, Auburn Municipal, and Renton Municipal, are all located on the south end of the greater Seattle area. Renton Municipal airport is geographically the closest to the subject.

The Renton airport is adjacent to Boeing’s manufacturing plant for 737 aircraft. Boeing uses the airport to fly the finished planes away from the plant. The Renton airport also has a seaplane base, located at the north end of the airport along the shore of Lake Washington, which makes the Renton Municipal Airport one of the few airports in the Pacific Northwest where aircraft can land on wheels and depart from the water, or vice versa, if they have the correct equipment.

Paine Field is, like the subject, heavily influenced by Boeing. It is also similar to the subject in that it has superior facilities, longer runways, generally supports larger planes, and has more commercial uses and services than some of the smaller airports listed. The final three airports listed are far north in the region, and while this distance is minimal in terms of flying, they appeal to a different population nearby for use of hangars and other facilities.

King County International Airport

King County International Airport (BFI), also referred to as Boeing Field, is a public airport operated by King County. It serves air cargo, small regional commercial airlines, corporate and general aviation as well as various Boeing Company facilities. It is located about four miles south of downtown Seattle and occupies approximately 594 acres, of which approximately 258 are leasable. It was originally constructed in 1928 and served as Seattle’s principal passenger airport until SeaTac International Airport opened in the 1940s. Today it ranks second in the State of Washington in terms of airport landings and takeoffs, after SeaTac, and is one of the country’s busiest primary non-hub airports. As defined by the FAA, primary airports are commercial service airports with more than 10,000 passenger boardings each year. Hub

¹ Curt Epstein, “FBO Market Experiences Renewed Consolidation”, in *Aviation International News*, January 1, 2014.

King County International Airport

Regional Airport Statistics

Airport	Size (Acres)	Total Aircraft*	Jets	Heli- copters	Multi- Engine	Single Engine	Operations Per Day	Runways	Runway Dimensions	Air Tower?	ILS?
Tacoma Narrows	568	132	6	7	15	104	216	1	5,002 x 150	Yes	Yes
Thun Field	188	182	0	3	18	161	274	1	3,650 x 60	No	No
Auburn Municipal	110	203	0	3	14	186	450	1	3,400 x 75	No	No
Renton Municipal	170	246	5	7	15	219	310	1	5,382 x 1,200	Yes	No
Boeing Field	634	419	77	32	75	233	498	2	10,000 x 200 3,710 x 100	Yes	Yes
Paine Field	1,315	550	12	7	53	477	305	3	9,010 x 150 4,504 x 75 3,004 x 75	Yes	Yes
Jefferson County	292	89	0	0	4	84	159	1	3,000 x 75	No	No
Arlington Municipal	1,189	398	10	11	13	259	170	2	5,332 x 100 3,498 x 75	No	No
Olympia Regional	1,632	142	7	20	11	104	180	2	5,500 x 150 4,157 x 150	Yes	Yes
Bellingham	2,190	186	5	7	8	166	181	1	6,750 x 150	Yes	Yes

* Includes gliders, ultralights, and military aircraft, whose numbers are not specifically broken out on this table

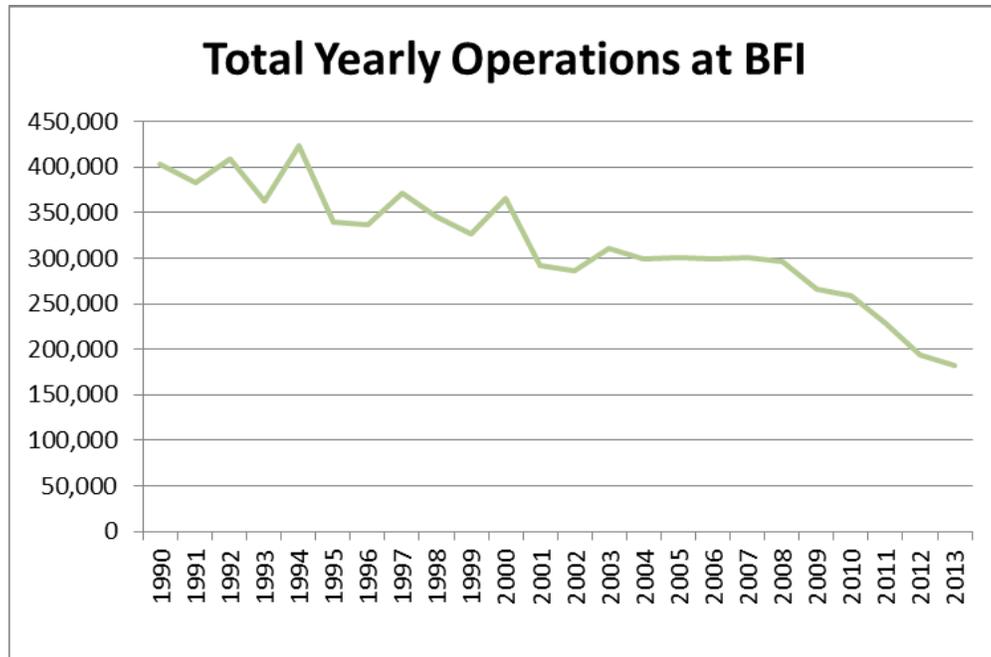
categories are defined as a percentage of total passenger boardings within the United States in the most current calendar year. Primary non-hub airports have less than 0.05% of the country's annual passenger boardings, though more than 10,000 total.

The airport generally serves small commercial passenger airplanes, cargo carriers, private aircraft owners, helicopters, corporate jets, and military and other aircraft. The Boeing Company also uses the field for its 737 aircraft flight-test program, as well as for delivery of its narrow-body airplanes. At the southwest corner of the airport is the Museum of Flight, which has a variety of aircraft and exhibits showcasing aviation history. The museum is privately held.

The airport covers some 594 acres. It has two runways, and air traffic control tower, and an historic passenger terminal building. It is an international port of entry, and US Customs services are available. Other airport services include:

- Aviation fuel, 100LL and Jet A, is dispensed by Fixed Base Operators (FBOs).
- Aircraft parking is available on airport-operated ramps. There is no charge for the first hour of parking, though reservations are required. Fees vary by aircraft type and length of stay. Additionally, several FBOs offer parking.
- Tie-down and hangar leasing is available from FBOs or directly from the County.
- Aircraft maintenance, avionics/aircraft supply, and retail services are available through FBOs.

The airport is also equipped with an Instrument Landing System (ILS). This is a ground-based instrument approach system that provides precision guidance to an aircraft approaching and landing on a runway. It uses two radio beams to provide both vertical and horizontal guidance. It is often used in tandem with high-intensity lighting arrays and/or distance measuring equipment (DME), which is a navigation beacon that allows aircraft to measure their position relative to that beacon. According to FAA data, yearly operations (takeoffs and landings) at King County International Airport have declined somewhat since the 1990s. Operations have been on a downward trend over the past couple years and have recently averaged around 200,000/year. This is down from a recent peak of over 300,000/year in 2007. Total annual operations were 193,160 in 2012 and 181,941 in 2013. According to the airport's property manager, the downward trend may be due to an aging pilot population, which has led to declining general aviation operations. We think the decline is also related to the current aircraft mix at BFI, which includes corporate and personal jets on stand-by for business and personal trips.



Conclusion

The local economy has witnessed increased employment in recent months, which has contributed to absorption of office and industrial space. The general aviation market appears to be improving in line with general economic growth. The subject is the closest airport to downtown Seattle and despite declining yearly operations, still sees more activity than competing nearby airports. Given the proximity to business locations and the good navigation aids, the BFI is strongly preferred as a location for corporate and personal jets. The subject's facilities are functional for a variety of types of air traffic and aviation-related uses. Overall, the subject appears well-positioned within the local market.

Property Description

The site map on the previous page depicts the entire airport property, with each individual subject parcel delineated. Please see the site valuation addenda for individual descriptions of the subject parcels, including improvements if applicable. The parcels have one of the following zoning designations, described below.

Zoning

Most of the subject parcels are zoned IG2 U/85', General Industrial 2. This is a General Industrial zone with no height restriction for industrial uses and a height limit of 85 feet for retail, office, entertainment, research & development, and institutional uses. This district is intended to allow a broad range of uses where the industrial uses of an area are less established compared to IG1 zoning (which caters more specifically to marine and rail-related industry). In the IG2 zone, additional commercial activity could improve employment opportunities and the physical condition of the area, without conflicting with industrial activity. Typical land uses under this designation include general and heavy manufacturing, commercial uses subject to some degree, and some transportation, institutional, and entertainment uses. Offices, general sales and services, and storage uses are specifically permitted.

In terms of development standards and density allowances, IG2 zones have a maximum FAR of 2.5. While the size of industrial uses is restricted only by the FAR requirement, retail and office uses are additionally limited to a maximum size of 25,000 square feet. Setbacks may be required in order to make street improvements, and screening/landscaping may be required depending on the use and proximity to other uses/zones.

Additionally, the IG2 U/85' parcels are located within the Greater Duwamish Manufacturing and Industrial Center (MIC). MICs within the city of Seattle are identified as major, existing regional employment areas of intense, concentrated manufacturing and industrial land uses which cannot be easily mixed at higher densities with other uses. The Duwamish MIC is located just south of Downtown Seattle. It is comprised of nearly 5,000 acres, representing 84% of the industrial lands within the city. The designation was established to ensure that adequate accessible industrial land is available to promote a diversified employment base and sustain Seattle's contribution to regional high-wage job growth. In order to preserve land at these centers for manufacturing and industrial uses, large retail uses or nonrelated offices that could displace the existing industry are discouraged.

Some of the subject parcels are zoned MIC/H, Manufacturing/Industrial Center (Heavy), per the City of Tukwila. This zone is intended to provide a major employment area containing heavy or bulk manufacturing and industrial uses, distributive and light manufacturing and industrial uses, and other uses that support those industries. Permitted uses include (but are not limited to) automotive services, storage yards, manufacturing and industrial uses including food production, offices associated with another permitted use, restaurants, heavy equipment sales, and libraries and museums. Development standards include 20' front setbacks and 10' second front setbacks. Unless the property abuts a residential zone, no rear or side setback is required. The maximum building height is 125'.

Highest and Best Use-Impacting Restrictions

The entire subject is located within the Airport Overlay, which defines and sets limits on allowable structure heights. Essentially, the height limit is the lowest near the runway, and grows progressively higher moving perpendicularly outward. A Building Reserve Line (BRL) marks the point past which no structures of any height may be constructed. At each end of the runway, a Part 77 Approach Surface governs building heights within the flight path of aircraft landing or taking off. Height limits are depicted on the Site Map above. The BRL is shown in red, height limits in blue, and the Part 77 surface is shaded in light blue.

In some cases, these height limits impact the highest and best use of the subject parcels, particularly at either end of the runway, where it may be not be feasible to build a structure behind the BRL and in conformance to height limits. However the presence of the BRL on a given site does not necessarily impact highest and best use, as most properties require some airplane maneuvering and/or parking space in front of their structures. For each subject property, therefore, we have examined the impact of the BRL and height limits, and have determined whether or not these restrictions impact highest and best use.

Assessment & Taxes

The subject include portions of the larger parcel (#02824049007), owned by King County. The subject is taxed a leasehold rate of 12.84% of the total lease rate paid to King County.

King County International Airport
Airport Ground Lease Comparisons

Name & Location	Airport Runway Length(s)	2013 operations/% change from 2012	Size (ac)	Lease Date	Monthly Rent \$/sf	Annual \$/sf	Comments
Van Nuys Airport	8,001 4,013	268,531 4%	7.52	Sep-11	\$0.169	\$2.03	Ground lease to Castle & Cooke Aviation to develop a new FBO facility. 30 yr lease that consolidates four prior leaseholds. C&C will pay \$10.8 million to construct new facility and \$1.6 million to buy out some existing structures for demolition. Non hub reliever airport
Mineta San Jose International Airport	11,000 11,000 4,599	138,854 3%	29.00 Various Various	Dec-13 Current Rates Asking Rate	\$0.174 \$0.143-\$0.1792 \$0.158	\$2.09 \$1.72-\$2.15 \$1.90	Primary Commercial Hub Airport in San Jose serves Silicon Valley. 29 acre site leased by Signature flight support to develop a new \$82million FBO facility. It is a 50 yr lease with reduced rent during construction. The tenant will build a 17,000 sf terminal, seven hangars totaling 240,000 sf, a 24,000 sf shop and 17 acres of apron. Other tenants at the airport have the shown rental range, averaging \$1.95/sf/yr NNN.
North Field - Oakland International	6,213 5,458 3,376	201,231 -4%	4.83 Various	Oct-12 <i>in negotiation</i>	\$0.262 \$0.150	\$3.14 \$1.80	Ground lease renewal to Chevron, a corporate FBO. Chevron constructed a \$9.8 million hangar since originally leasing in 1995. In 2008, they added another 1.02 ac of land at \$0.233/sf/mo. North Field at Oakland is operated separately from their South Field passenger airport.
Portland International Airport	11,000 9,825 6,000	209,909 -3%	Various	Current Rates	\$0.058	\$0.70	Rents at PDX adjust every three years based on appraisal. Rent based on an appraised across the fence land value of \$7/sf and a 10% rate of return. All land within the airport has same rental rate applied to it, regardless of height restrictions or location within airport.
Renton Municipal Airport	5,382	93,709 1%	1.86	Oct-12	\$0.053	\$0.63	Lease has a 40 yr term with escalations every 3rd year at CPI. Tenant will build a \$2.9 million hangar/office and spend another \$300-\$500,000 on renovating an existing one onsite. Landlord waived reversion of the existing improvements for this lease term in exchange for the renovation
KCIA	10,000 3,710	181,941 -6%					Nonhub Primary Commercial Airport.

Airport Ground Lease Comparison Approach

In order to estimate prospective market rent for the subject land, we first considered recent ground lease indications from comparable airport properties. Please refer to the table on the previous page, which outlines the pertinent details of ground leases at five airports in Washington, Oregon, and California.

Ground Lease Comparisons

Ground Lease Comparison No. 1 is a 2011 lease at Van Nuys Airport, north of Los Angeles. This airport is more active than the subject in terms of yearly operations, though the location within a large metropolitan area is similar. The ground lease was to Castle & Cooke Aviation for development of a new FBO facility. The rate was \$2.03/sf/yr for a 7.5 acre site on a 30-year lease. Castle & Cooke planned to pay \$10.8 million to construct the new facility, and \$1.6 million to buy out some existing structures for demolition.

Ground Lease Comparison No. 2 consists of several indications from San Jose's Mineta International Airport, which serves Silicon Valley. In December 2013, Signature Flight leased 29 acres for \$2.09/sf/yr to develop a new \$82 million FBO facility. Signature Flight plans to build a 14,000 sf terminal, seven hangars totaling 240,000 sf, a 24,000 sf shop and 17 acres of apron. This 50-year lease includes reduced rent during construction. Other tenants at the airport have a range of rental rates from \$1.72/sf to \$2.15/sf, with an average of \$1.95. The current asking rate at the airport is \$1.90/sf.

Ground Lease Comparison No. 3 is a renewal to Chevron, a corporate FBO, on Oakland International Airport's North Field. The North Field is separate from the passenger airport. Chevron had constructed a \$9.8 million hangar on the 4.8 acre site since the lease began in 1995. Chevron added another 1.02 acres of land in 2008, at a rate of \$0.233/sf/mo, or \$2.80/sf/yr. The renewal rate set in October 2012 is \$3.14/sf/yr. Other leases are currently in negotiation, at a rate of \$1.80/sf.

Ground Lease Comparison No. 4 consists of the current rates at Portland International Airport. These adjust every three years based on an appraisal. The current rates of \$0.70/sf/yr are based on an appraised across the fence land value of \$7.00/sf and a 10% specified rate of return. This applies to all land within the airport, regardless of height restrictions or location.

Ground Lease Comparison No. 5 is an October 2012 lease for 1.86 acres within Renton Municipal Airport, located south of Lake Washington and about 4 miles southeast of the subject. The tenant planned to build a new \$2.9 million hangar/office, and also to spend \$300-500K on renovating an existing adjacent hangar. The landlord waived reversion of the existing hangar building for this lease term in exchange for the renovation. The lease term is 40 years, at a rate of \$0.63/sf/yr. This escalates every 3 years by CPI.

Conclusion

The ground lease comparisons present a range from \$0.63/sf/yr at Renton Municipal to \$3.14/sf/yr for a renewal at the North Field of Oakland International. Renton Municipal is physically very close to the subject, and the indication at this airport is recent; however it is a significantly smaller airport with a shorter runway and far fewer operations than the subject. Boeing Field bears resemblances to Van Nuys and Mineta Airports in particular, owing to the intensity of land uses and higher land values immediately surrounding them. Mineta and Oakland are fairly comparable to the subject in terms of operations, though we note that the Oakland operations figure includes both the passenger airport as well as the General Aviation airport.

We also consider the dates of the various leases: while still relatively recent, the Van Nuys lease is the oldest indication, with Mineta and Portland representing some of the freshest data. We note that the rates at Portland International are at the low end of the range. We would attribute this to the relatively low surrounding land value (recent sales have been in the \$6.50/sf range).

Current rents at the subject are \$1.60/sf land area. We have analyzed the most recent transactions of leasehold interests from KCIA in order to gauge buyer's attitudes toward existing rent levels. The most recent transaction is the sale of the Ashton BFI leasehold to High Plateau Ventures, LLC in the summer of 2014. The leasehold sold for \$9,409,000 and included the land lease as well as a 52,510 sf hangar with about 30% office space. Using the Marshall Valuation Service Manual as a guide, we estimated the contributory value of the depreciated improvements at about \$6,000,000, showing the buyer's willingness to pay a premium for the leasehold.

In another example of a leasehold sale, Goodman Real Estate sold their leasehold to Lake Washington Partners for \$12,975,000 in December 2011. The sale included hangar improvements as well as the lease on the land. Using the Marshall Valuation Service Manual we estimated the contributory value of the depreciated improvements at about \$7.7 million, indicating the buyer appeared to pay a premium for the leasehold.

In addition to these airports, we also surveyed land leasing practices at Bradley International Airport, Dallas Fort Worth International Airport, Glendale Municipal Airport and Chicago Rockford International Airport. None of these airports discounted their rents for portions of sites that were within height restricted or BRL-impacted areas. In our valuation of the subject, we have not differentiated between BRL-restricted areas and unrestricted areas, unless the inability to build a structure impacted the highest and best use of the site.

Ultimately, considering all the data, we conclude to a ground lease rate for the subject of **\$1.90/sf/yr**. This conclusion will be tested for reasonableness in the following section, in which we will apply a rate of return to an estimate of the fee simple land value.

Land Sale Comparison Photographs



Land Sale Comparison No. 1

8th & Othello Terminal
7400 8th Ave
Seattle, WA



Land Sale Comparison No. 2

Northwest Auto Wrecking
10230 E Marginal Way S
Tukwila & Seattle, WA



Land Sale Comparison No. 3

Riverton Distribution Center
9600-9618 8th Ave S
Seattle, WA



Land Sale Comparison No. 4

**7201 E Marginal Way S
Seattle, WA**



Land Sale Comparison No. 5

**305 S Lucile St
Seattle, WA**



Land Sale Comparison No. 6

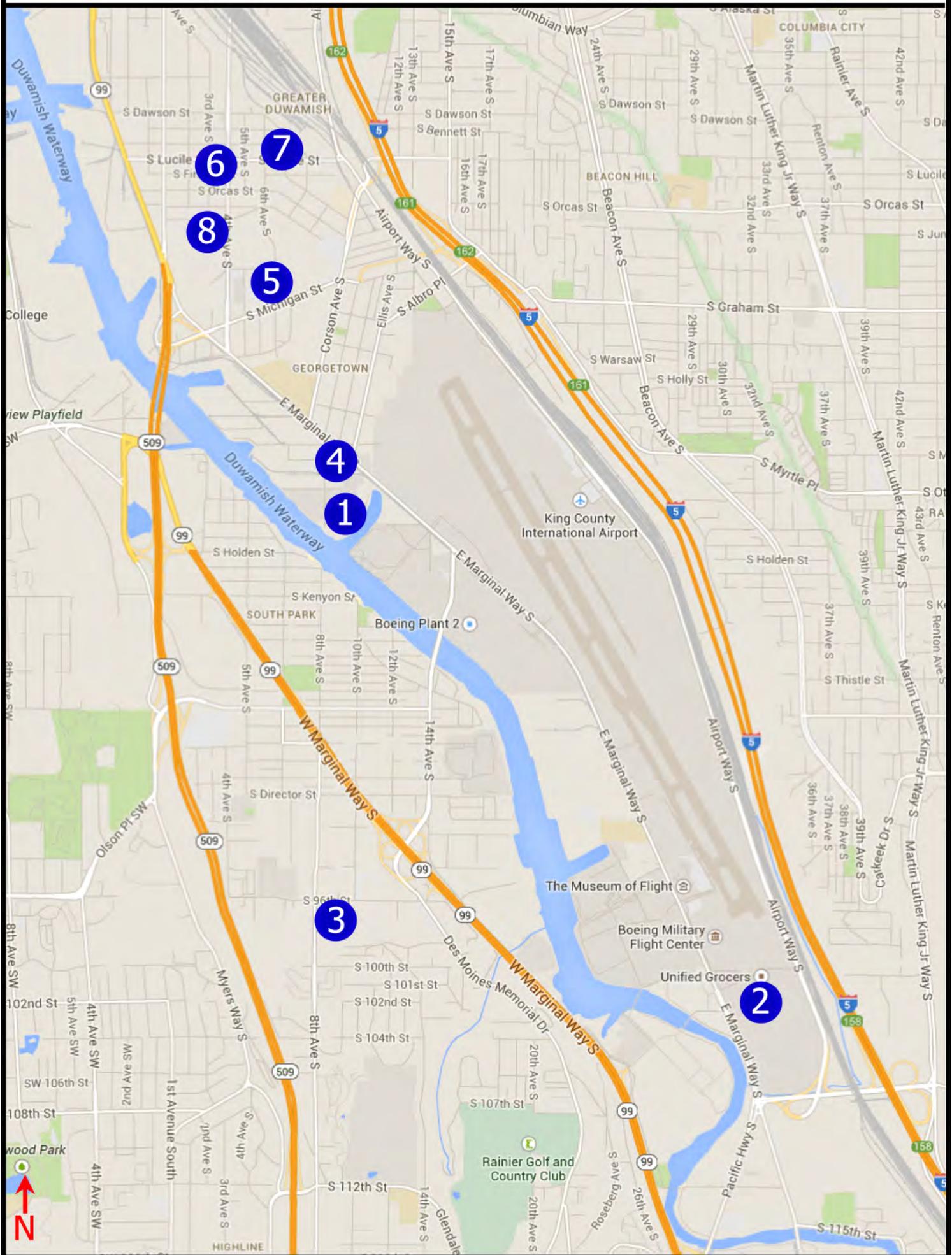
**5403 Maynard Ave S
Seattle, WA**



Land Sale Comparison No. 7

Mobile Crane Site
5900 2nd Ave S
Seattle, WA

Land Sale Comparison Map



King County International Airport
Land Sale Comparison Summary

Name/Address	Useable Land Area (sf/ac)	Zoning	Sale Date	Analysis Price	\$/sf	Comments
<u>Larger Industrial Sites</u>						
1 8th & Othello Terminal 7400 8th Ave Seattle, WA	663,775 15.24 <i>upland only</i>	IG1 U/85	Apr-14 <i>cleanup</i>	\$10,000,000 <u>\$3,800,000</u> \$13,800,000	\$15 \$21	Site used for container, vehicle and equipment storage. Includes 66,000 sf of submerged area. However submerged area is partially built over with piers, which extends the usable area and reduces the effective submerged area to about 27,000 sf. Property has 800' of moorage on two concrete piers with Duwamish River access. 80% paved. Can handle 400' barges. Currently leased to two tenants. Buyer plans on letting leases expire and will be an owner-user. Contamination, estimated cleanup estimated at \$2.8-\$3.8 million.
2 Northwest Auto Wrecking 10230 E Marginal Way S Tukwila & Seattle	294,901 6.77	<i>MH</i> (Tukwila) <i>IC-85</i> (Seattle)	Jul-07 <i>demo/cleanup:</i>	\$6,500,000 <u>\$1,769,406</u> \$8,269,406	\$22 <u>\$6</u> \$28	Irregular shape. Sold for \$6,500,000 (\$22.04/ sf), plus buyer is responsible for environmental clean up and fill. Buyer reports the price range including clean up and fill as being between \$27 and \$29/sf of land. We have added \$6/sf for environmental cleanup and demolition. Buyer owns adjacent properties. The site remains mostly vacant today with some truck storage.
3 Riverton Distribution Center 9600-9618 8th Ave S Seattle, WA	343,688 7.89	I (King Co.)	Sep-13 <i>est. site prep:</i>	\$4,200,000 <u>\$1,375,000</u> \$5,575,000	\$12 \$16	Panattoni purchase of 2 parcels for warehouse development. Rectangular site totaling 9.28 acres, but 7.89 ac usable and cleared due to detention pond and sloping area on south side of site. The site was raw and required an estimated \$4.00/sf in detention vaulting, soil preparation and frontage improvements. Buyer is currently marketing two industrial properties under construction for lease.
4 7201 E Marginal Way S Seattle, WA	110,800 2.54	IG1 U/85	<i>Listing</i>	\$3,700,000	\$33	Good frontage on E Marginal Way. Property is improved with a 1,200 sf office, 1,500 sf shop, and 11,200 sf warehouse. Property size includes Myrtle Street vacation.
<u>Georgetown Sales</u>						
5 305 S Lucile St Seattle, WA	19,998 0.46	IG2 U/85	Jan-14	\$537,000	\$27	Rectangular corner site, improved with 3 SFRs at the time of sale. On the market about five months, initial asking price of \$650K was based on appraisal. Received multiple offers and went under contract to an all-cash buyer for \$600K. Buyer plans a two-story 14,000 sf office building with surface parking. During feasibility, buyer discovered issues with potential air & soil contamination. Also realized that due to power line placement, PSE would not allow them to use a crane for new construction, but instead have to use a tiltup method, which is more costly. Parties agreed to reduce the sale price to \$537K for these issues.
6 5403 Maynard Ave S Seattle, WA	10,019 0.23	IG2 U/85	May-14	\$345,000	\$34	Corner lot; on the market over a year. Improved with a 1,340 sf house which was vacant and in "rough" condition. Buyer is keeping improvements but broker doesn't know what for. Likely some environmental issues: nearby property had USTs that had leaked into groundwater.
7 Mobile Crane Site 5900 2nd Ave S Seattle, WA	118,395 2.72	IG2 U/85	<i>Listing</i>	\$4,250,000	\$36	Irregular site in Georgetown with access to S. Fidalgo Street and Fourth Avenue South. Listing indicates that the site is improved with a ~2,800sf 2-story modular office building and two small shop buildings of ~2,500sf each plus covered storage areas. Assessor indicates three buildings with slightly more total area.

Land Sale Comparison Approach

Market rent for ground lease properties is commonly determined by applying an appropriate rate of return to the fee simple land value of the property. We have used this approach as a test of reasonableness for our conclusion above. We will therefore first estimate the value of the subject land, using the Sale Comparison Approach. This approach analyzes the sales of comparable properties in order to derive an indication of value for the subject. In this case, we have focused on sales activity occurring within the subject's general neighborhood. Our search for relevant sale comparisons has been extensive, involving numerous sources including CoStar, CBA, our own in house database, and conversations with knowledgeable market participants. The area surrounding Boeing Field is generally industrial in character, particularly along the Duwamish waterway. To the north of Boeing Field is a neighborhood known as Georgetown, which is characterized by a mix of residential, commercial, and light industrial uses. In order to most accurately capture land values in the subject's immediate area, we have included transactions of larger industrial sites as well as smaller commercial properties within Georgetown.

Please refer to the Sale Comparison Summary for information on each of the sales. We have also included photographs of each site and a map depicting the location of the comparisons relative to the subject. The sales have been adjusted relative to a "typical" subject site. This is defined as a generally rectangular site, between 50,000 and 200,000 sf. Highest and best use-impacting restrictions will be addressed for each site individually in the valuation addenda.

Sale Comparisons

Sale Comparison No. 1 is the April 2014 sale of the 8th & Othello Terminal site. The property is located between East Marginal Way S and the Duwamish waterway. It is used for container, vehicle, and equipment storage. The site includes 66,000 sf of submerged land, though the submerged area is partially built over with piers, which extends the usable area and reduces the effective submerged area to about 27,000 sf. The usable dry area is 663,775 sf, or 15.24 acres. The property has 800' of moorage on two concrete piers and can handle 400' barges. At the time of sale it was fully leased to two tenants: a school bus company which used the site for bus parking, and Emerald Services, who used the pier. Reportedly, the buyer plans to let the leases expire and will occupy the site. The sale price was \$10 million, which is equivalent to \$15/sf of usable land area. There is some contamination on the site. The broker could not disclose the actual cleanup costs, though we are aware that cleanup costs had been estimated between \$2.8 and \$3.8 million.

Upward adjustment is made for the substantially larger site size relative to a typical subject site. We adjust downward to account for this property's waterfront situation and water access, which is a desirable feature.

Sale Comparison No. 2 is the July 2007 sale of a 294,904 sf site at 10230 E Marginal Way S, near the south end of Boeing Field. The sale price was \$6,500,000, or about \$22/sf. The site was previously an auto wrecking yard, and the buyer demolished all improvements. The site

required substantial cleanup and demolition costs, with the buyer anticipating a total cost of \$27/sf - \$29/sf. The buyer demolished the building which existed at the time of sale, cleaned-up, and graveled and leveled the site. We have added \$6/sf to account for the environmental cleanup and demolition costs, indicating an adjusted land value indication of \$8,269,406, or \$28/sf, in the middle of the buyer's expected total cost range. The buyer was knowledgeable and motivated by a desire to buy a much larger adjacent surrounding property. Today, the site is used for truck storage.

We estimate that market conditions have generally rebounded to their pre-recession levels, and no adjustment is made for market conditions. The only required adjustment is upward to account for the irregular shape, as compared to a typically rectangular subject property.

Sale Comparison No. 3 is the September 2013 sale of the Riverton Distribution Center site at the corner of 8th Ave S and S 96th St in the South Park neighborhood. Panattoni purchased the site for warehouse development. The site is rectangular and totals 9.28 acres, though only 7.89 acres are considered usable due to the presence of a detention pond and topographical issues. The site was raw at the time of sale and required an estimated \$4/sf in detention vaulting, soil preparation, and frontage improvements. Panattoni paid \$4,200,000, or \$12/sf, for the site, and the site prep costs bring the total price to \$16/sf of usable area.

Slight upward adjustment reflects improving market conditions over the course of the past year. Substantial upward adjustment is made for location, as the property is on the periphery of the Duwamish industrial corridor in the Southpark neighborhood.

Sale Comparison No. 4 is the current listing of a 110,800 sf site at 7201 E Marginal Way S. It is currently improved with a 1,200 sf office, a 1,500 sf shop building, and an 11,200 sf warehouse. The property has good frontage. It is currently listed for \$3.7 million, or \$33/sf of land area.

This is a listing rather than a closed sale, and it seems likely that the property would transact for somewhat less than the current asking price. We have therefore adjusted downward for market conditions. This is offset by an upward adjustment for the triangular shape.

Sale Comparison No. 5 consists of a rectangular, corner site at 305 S Lucile St in Georgetown. The property is nearly 20,000 sf and was improved with 3 SFRs at the time of sale. The property was on the market for about five months and the initial asking price of \$650,000 was based on an appraisal. Multiple offers were received the property ultimately went under contract to an all-cash buyer for \$600,000. The buyer planned a 14,000 sf office building with surface parking. During the feasibility period, the buyer discovered issues with potential air and soil contamination. Additionally, it was discovered that due to the placement of power lines, PSE would not allow the buyer to use a crane for the construction project, and the buyer would have to use a tilt-up method instead, which is more costly. As a result of these issues, the parties agreed to reduce the sale price to \$537,000, which is equivalent to \$27/sf of land area. The sale closed in January 2014.

Significant downward adjustment is needed to account for this property's small size, as smaller sites tend to transact at higher prices per sf than larger ones. An upward adjustment is required for Other Property Characteristics to reflect the 11% price discount that was given to account for

King County International Airport
Land Sale Comparison Adjustment Grid

Sale Number	Subject	1	2	3	4	5	6	7
Name		<i>8th & Othello Terminal</i>	<i>Northwest Auto Wrecking</i>	<i>Riverton Distribution Center</i>	<i>7201 E Marginal Way S</i>	<i>305 S Lucile St</i>	<i>5403 Maynard Ave S</i>	<i>Mobile Crane Site</i>
Transaction Price		\$10,000,000	\$6,500,000	\$4,200,000	\$3,700,000	\$537,000	\$345,000	\$4,250,000
<i>Property Rights</i>		0%	0%	0%	0%	0%	0%	0%
<i>Financing Terms</i>		0%	0%	0%	0%	0%	0%	0%
<i>Conditions of Sale</i>		0%	0%	0%	0%	0%	0%	0%
<i>Expenditures after Sale</i>		\$3,800,000	\$1,769,406	\$1,375,000	\$0	\$0	\$0	\$0
Adjusted Price		\$13,800,000	\$8,269,406	\$5,575,000	\$3,700,000	\$537,000	\$345,000	\$4,250,000
<i>Land Area (sf)</i>	<i>50,000-200,000 typical</i>	663,775	294,901	343,688	110,800	19,998	10,019	118,395
Adjusted Unit Price		\$21	\$28	\$16	\$33	\$27	\$34	\$36
Date of Sale	<i>June 4, 2014</i>	4/17/2014	7/19/2007	9/13/2013	Listing	1/16/2014	5/15/2014	Listing
	<i>Appraisal Date</i>							
<i>Market Conditions</i>		0%	0%	5%	(10%)	0%	0%	(10%)
<i>Location</i>		0%	0%	25%	0%	0%	(5%)	0%
<i>Size</i>		15%	0%	0%	0%	(20%)	(25%)	0%
<i>Shape (assumes rectangular subject)</i>		0%	10%	0%	10%	0%	0%	15%
<i>Other Physical Characteristics</i>		(10%)	0%	0%	0%	11%	0%	0%
Net Adjustment		5%	10%	30%	0%	(9%)	(30%)	5%
Indicated Unit Value for Subject		\$22	\$31	\$21	\$33	\$24	\$24	\$38

contamination and power line impacts.

Sale Comparison No. 6 is the May 2014 sale of a corner site measuring just over 10,000 sf. It had been on the market for over a year and was improved with an SFR at the time of sale. The house was vacant and in “rough” condition. It is across the street from a warehouse. The broker reports that the buyer will be keeping the improvements, though he doesn’t know what for. Additionally, the broker noted that underground storage tanks on a nearby property were known to have leaked into the groundwater, suggesting that environmental issues on this property are likely. The property transacted for \$345,000, or \$34/sf of land.

The property is located near the commercial hub of Georgetown and requires downward adjustment for its superior location. Similar to the previous sale, downward adjustment is made for the smaller site size.

Sale Comparison No. 7 is the current listing of the Mobile Crane Site, located within the Georgetown industrial area. This site measures 118,395 sf and is irregular, but generally “L” shaped. The current asking price is \$4,250,000, or approximately \$36/sf for the land. The listing indicates that the site is improved with a ~2,800 sf two-story modular office building and two small shop buildings of ~2,500 sf each plus covered storage areas. The King County assessor indicates a total of three buildings on site with slightly more total area, however both data sources indicate that the property has a very high land to building ratio. The listing broker confirmed that several interested parties have toured the site, and all parties were interested in the underlying land rather than the improvements.

As this is a listing rather than a closed sale, downward adjustment is made for market conditions, similar to Sale 4. The only other required adjustment is upward for the irregular shape.

Sale Comparison Conclusion

After adjustments, the land sales indicate a range from \$21/sf to \$38/sf for the subject. The top of this range is occupied by two current listings rather than closed sales; omitting these indications yields a slightly tighter range, from \$21/sf to \$31/sf. Sale 1 is perhaps the most compelling indication considering its date and proximity to the subject; while Sale 2 is also nearby, it is a fairly dated indication. Most of the other adjusted sales fall in the low- to mid-\$20/sf range. We would expect the subject land to command somewhat of a premium given the on-airport location and the limited supply of airport land. Considering all these factors, we have concluded to a land value of **\$25/sf** for the subject.

King County International Airport

Land Lease Rate Comparisons

#	Site Location	Start Date	Initial Term	Renewal Options	Total Term	Land Area sf	Improvements Proposed by Lessee	Rate of Return on Land Value	Comments
1	Lynnwood Place 3001 184th St SW Lynnwood, WA	<i>Pending</i>	99 yrs	N/A	N/A	1,750,241	160,000 sf Costco 192,000 sf retail 500 MF units 105,000 sf amusement 33,000 sf restaurant	8.0%	Annual rent based on greater of 8% of appraised value or 10% of NOI, escalates every 10 years. Costco rent is 10% of appraised value with escalators. Proposed development from EIS: amusement uses includes 40k sf health club, 35k sf movie theater, and 30k sf bowling alley.
2	Confidential Seattle, WA	2Q 2011 Negotiation	5 yrs	5 yrs	10 yrs	526,523	Industrial bldgs already onsite	6.5%	Tenant had been leasing the land for 50 yrs and had already constructed storage improvements onsite. Principles of two parties negotiated new land lease when old lease expired. Agreed to a land value of \$18/sf and lease rate of 6.5%.
3	Port of Seattle Washington	July 2011	5-50 yrs (typical)	-	5-75 yrs	Various	Occasionally - rates apply to vacant & improved	6.0% to 6.5%	Port owns and leases many properties, developing lease rate on market value based on their cost of bonded indebtedness (cost of funds) plus a couple percent for risk and liquidity. Market rate adjustments every 5 years is typical.
4	Confidential Seattle, WA	1Q 2011 Neg. 2008	3 yrs	none	3 yrs	45,746	Use for temporary staging	3.5% to 7.5%	Land lease on an institutional campus for construction of an adjacent building. Rate of return based on the appraised range for parking use at the low end (3.5%), to full value with development rights at the high end (7.5%).
5	Confidential Seattle, WA	Nov-11	20 yrs	eight 5-yr	60 yrs	13,040 <i>small lot</i> 331,637 <i>entire site</i>	Use for access and loading	6.3%	Small lot adjacent to existing retail center purchased for assemblage with larger site and used for access and loading. After sale, landowner renegotiated existing ground lease with shopping center operator. Rate of return extracted from ground rental rate and land value as indicated by the sale.
6	Confidential Seattle, WA	mid-2012	6 mos	none	6 mos	37,713	Extension to PSA for planning	7.45%	Eventual buyer of the site made monthly rental payments to extend closing of the sale as design work and planning was completed. Sale was extended for a total of 6 months, during which time the site was not utilized, but the site was tied up.
7	Former Enterprise Facility 19031 Int. Blvd. SeaTac, WA	Listing	Neg.		Neg.	87,556	parking lot w/ fueling stations	6.67%	Listed for sale at \$4.5 million. Also available for lease at \$25,000/mo. Rate of return equivalent to 6.67% based on asking lease rate and sale listing price.

Rate of Return

Rental rates for land are typically determined by applying a rate of return to the fee simple value of the site. We are familiar with several recent land leases recently executed in the region, generally calling for rates of return between 3.5% and 8.0%. Please see the summary of land lease rate comparisons in this section. Additionally, we are aware of rates of return used to set ground lease rates at other airports. Sea-Tac International Airport routinely applies an 8.5% rate of return, while Portland International Airport uses 10%. PDX's rate is applied to an "across the fence" land value and reflects an on-field premium. In this case, we have considered the on-field premium in the land value conclusion above. The subject's location is superior to Sea-Tac, suggesting that a rate lower than 8.5% is reasonable. Ultimately, we have selected a rate of 7.5%. Applying this rate to the fee simple land value of \$25/sf results in a rental indication of \$1.88/sf/yr. Thus the **\$1.90/sf/yr** rental rate to which we concluded in the previous section appears reasonable, and we have used it in our analysis.

Apron Premium

"Apron" (or "ramp") refers to the paved area of an airport on which aircraft are parked and maintained. On some of the subject parcels, the landlord undertook the apron construction and therefore owns these site improvements. Given the fairly considerable cost associated with apron areas, we have considered these parcels as improved sites, and have added an "apron premium" to the base land rent, where applicable. The apron premium is partially based on the cost of apron construction, and partially on rental indications from other airport properties.

Apron areas range in thickness depending on the weight of the airplanes they are meant to accommodate. We have been provided with a map of the apron areas at Boeing Field, as well as the cost breakdown included in a recent contract for apron construction at the subject. Additionally, we have consulted the *Marshall Valuation Service*, an authoritative cost manual, for information regarding paving costs.

For the purposes of this appraisal, and based on the information provided by the owner representative, the subject's apron areas are divided into three categories: Light, Medium, and Heavy. The components of each category are outlined on the table below. We have estimated the total cost using both the owner's reported information and data provided by *Marshall*. We have derived an estimate of the premium for each apron category based on a relatively long amortization period of 40 years, and assuming an interest rate of 8.0%.

Apron Type	Asphalt	Concrete	Base	Total Cost \$/sf/yr	Indicated Premium \$/sf/yr
Light	2"		4"	\$2.00	\$0.17
Medium	4"		4"	\$3.00	\$0.25
Heavy		14"	4"	\$11.00	\$0.92

In addition, we are aware of several recent indications of apron rents at Mineta San Jose Airport and Oakland Airport's North Field. These indications range from \$2.03/sf/yr to \$4.82/sf/yr (asking), and most of the indications are in the \$2.03-\$3.67/sf range. Though the thickness of

these aprons is unknown, this data is nonetheless relevant in estimating the appropriate apron rent, and apron premiums, for the subject. With land-only rents of \$1.80 to \$1.90 at these airports, the apron premium ranges from \$0.13 to nearly \$3.00/sf. Given that much of the apron at the subject is older we have concluded to the mid to low end of the range for the heavier capacity apron.

The landlord-owned aprons are classified as Light, Medium-Heavy, and Heavy. After considering both the costs and the apron rent comparisons, we have estimated premiums for the landlord-owned aprons are as follows:

Light	\$0.15/sf/yr
Medium-Heavy	\$0.50/sf/yr
Heavy	\$0.50/sf/yr

Office Lease Comparison Photographs



Office Lease Comparison No. 1

Pacific Georgetown Center
6363 7th Ave S
Seattle, WA



Office Lease Comparison No. 2

Taylor Edwards
1930 6th Ave S
Seattle, WA



Office Lease Comparison No. 3

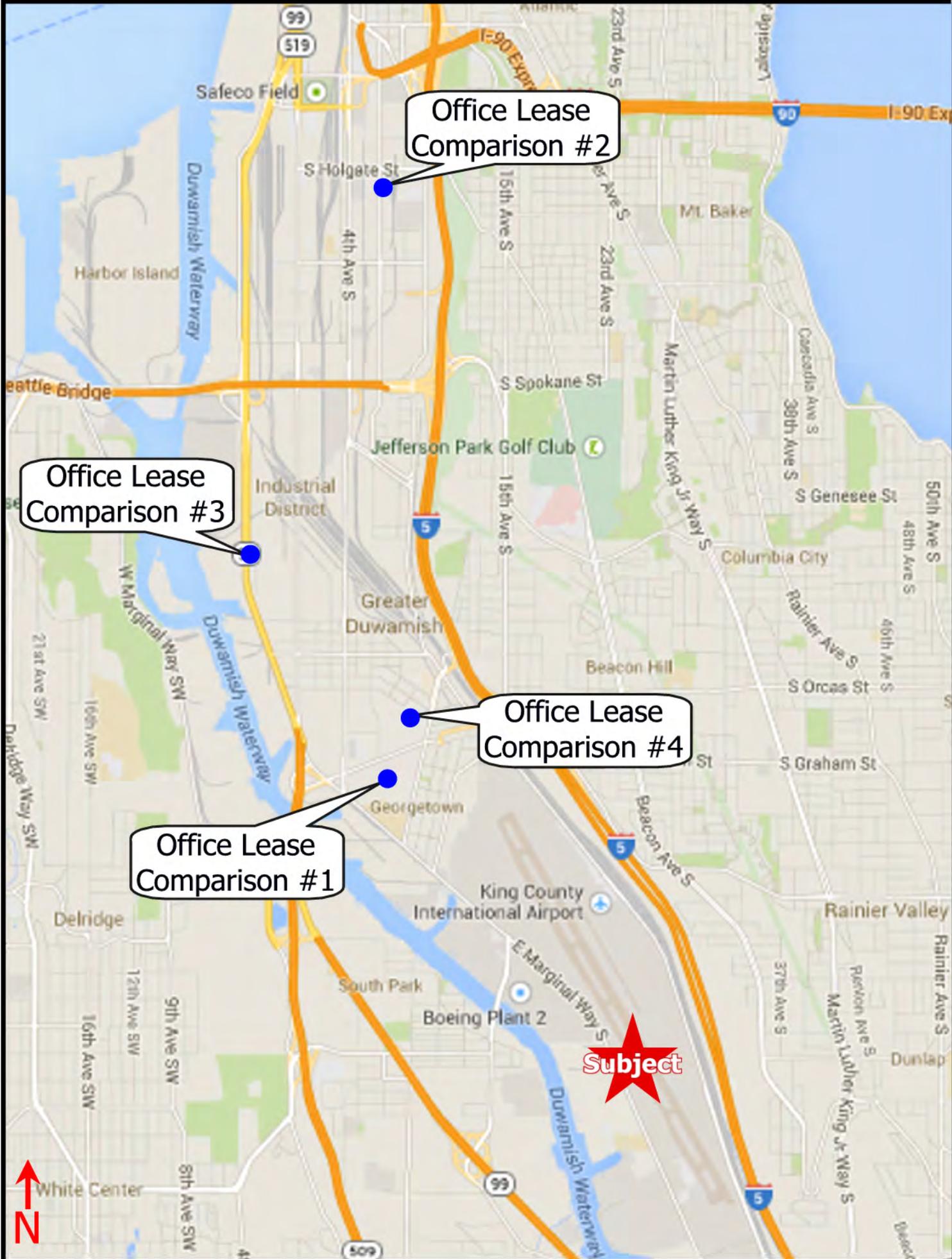
South Seattle Business Park
4634 E Marginal Way
Seattle, WA



Office Lease Comparison No. 4

Aubeta Office Park
800 S Michigan St
Seattle, WA

Office Lease Comparison Map



King County International Airport
Office Lease Comparison Summary

Name/Address	Year Built	Leased Area (sf)	Lease Date	Lease Term	NNN Rent \$/sf/yr	Escalations	TI Allowance	Comments
1 Pacific Georgetown Center 6363 7th Ave S Seattle, WA	1969/	2,181	Oct-13	3-5	\$14.50	3%	None	Typical half mth per year concession. Upper floor, nice office Tenant is AFSCME, moving from Belltown
	2002	5,570	Feb-12	7.5	\$14.50	3%	\$40/sf	
2 Taylor Edwards 1930 6th Ave S Seattle, WA	1951	1,900	Mar-14	3.5	\$14.50	N/A	None	Fourth floor office space with views of downtown and Safeco and CenturyLink fields. Free onsite parking. Tenant had a 5 yr lease term at another property in Kent. This lease was signed to coincide. The broker thought it was 42 months. 2 months of free rent were given. The lease was signed January 20, 2014 and the broker stated that the lease began 30-60 days following.
3 South Seattle Bus. Park 4634 E Marginal Way Seattle, WA	1947 /2009	3,656	Jul-13	5	\$12.00	3%	"light"	Space was noted to be office / retail, tenant makes lunches for public schools. Space was built out, tenant required to put in most of the TI.
4 Aubeta Office Park 800 S Michigan St Seattle, WA	1958/ 1959	6,319	Mar-13	5	\$7.30	12%	\$20/sf	Lease included 3 months free rent. Tenant moved here from Capitol Hill. Large annual increases account for lower initial rate. On an un-discounted basis, the average rent is the same as if the starting rate had been \$8.75/sf with 3% escalations.

McKee & Schalka, Inc.
January 2015

Rental Comparison Approach – Office

As the basis for estimating prospective market rent for the improvements at King County International Airport, we have analyzed recent leases from the South Seattle markets of Sodo and Georgetown. Using these market rate comparisons and considering the specific characteristics of the subject, we have assigned prospective market rents to all of the improved spaces currently leased at KCIA.

Office Lease Comparisons

The subject's leased office spaces range from 270 sf to 8,218 sf. While we did not have interior inspections of all of the office spaces, we did see representative units that reflected a range of interior condition. We have selected the most relevant lease data from the market for direct analysis. These primary comparisons are described in this section and summarized in the "Lease Comparison Summary - Office" exhibit in this section. All of the comparisons have been analyzed on a triple net basis, with rental rates reflected in terms of \$/sf/yr.

Office Lease Comparison No. 1 consists of the two most recent leases from the Pacific Georgetown Center, which is a well-located property a couple blocks south of S Michigan St in Georgetown. This property has excellent local and regional access via S Michigan St. It was recently renovated in 2002 and is in very good condition. The upper floor is office space, while the lower floor is industrial in nature. The most recent office lease is from October 2013 and is for a 2,181 sf space. According to the broker, the lease is for a three to five year term, and had an initial rate of \$14.50/sf/yr NNN. The base rent escalates by 3% annually. The tenant received a half month free rent but no TIs. About a year and a half earlier, in February 2012, a larger space measuring 5,570 sf leased in the same building. This lease is for a seven and a half year term and had an initial rate of \$14.50/sf/yr NNN as well. The lease includes 3% annual escalations and a \$40/sf TI allowance.

Office Lease Comparison No. 2 is our most recent indication, being a March 2014 lease for office space in the Taylor Edwards building on 6th Ave S. This is an older, multistory building, and the lease is for a 1,900 sf fourth floor space with views of downtown Seattle and the stadiums. The lease is for about a 42 month term, coinciding with the remaining lease by the same tenant which started at five years. The lease included two months free rent but no TIs.

Office Lease Comparison No. 3 is the July 2013 lease from the South Seattle Business Park, a recently renovated two-office park off of E Marginal Way. The buildings appear to be in excellent condition, though access to the site is a bit difficult given its frontage on the arterial SR 99. Further, parking is somewhat constrained. The space measures 3,656 sf and leased for \$12/sf/yr NNN with 3% annual escalations. The broker reported that the TI allowance was "light" and that the tenant did most of the work itself. The broker also noted that the space had a more retail type configuration, but that the tenant will be preparing lunches for public schools in it.

Office Lease Comparison No. 4 is for a 6,319 sf space at 800 S Michigan St. This is an older building with no street frontage, tucked behind industrial and office buildings between S Michigan St and S Fidalgo St. The space leased for 5 years with an initial rate of \$7.30/sf/yr NNN. The initial rate is artificially low given the 12% annual escalations written into the lease. On an un-discounted basis, the average rent is the same as if the starting rate had been \$8.75/sf with 3% escalations. The tenant received a \$20/sf TI allowance and three months free rent.

Prospective market rent Forecasts - Office

The office spaces and locations at KCIA vary. Please see the chart below for a brief description of each leased office space at KCIA and our comments regarding the most relevant factors for consideration in the assignment of prospective market rent. Recent leasing activity shows little movement in office rents in the last few years in the competitive market. Brokers in the market reported that while warehouse rents in the area have seen some increases, office rents have held flat and that demand for this type of use in the area is not as strong as for warehouse and even retail uses up north, closer to downtown. For the most part, we have concluded that existing office rents at the subject are in line with current market rates.

The subject's location is at the very south end of the competitive neighborhood, which is slightly inferior to more northerly areas closer to the CBD core. It has excellent access characteristics, however, and in most cases, good parking included in the rent. The airport serves as a neighborhood draw and generates some demand for office space. Over the course of our research, we identified and attempted to attain details of current office sublease opportunities within KCIA. There are several signs for these opportunities posted on site. We were unable to confirm any listing rates or activity, but these advertisements do suggest no scarcity of supply for office space at KCIA. The existing rents are good indications of the appropriate prospective market rent for the subject. For the tenants leasing these office spaces, the surrounding airport services are required for business operations, suggesting that rates at the high end of the range for the nicest spaces are appropriate.

Lease No.	Subject Office Suites	Size (sf)	Current Rent	Market Rent	Comments, description
7007	Airpac Airlines	1,300	\$15.00	\$15.00	Main terminal, close to parking and street. Close to café and airline desks
7290	Aviation Partners	8,218	\$14.00	\$14.00	Big office, with adjacent parking, older building, Entrance through outdated lobby, second story space.
7233	Doug Davis (Flightways)	270	\$10.50	\$10.50	Tiny office in a long hangar bldg, limited natural light. On E Marginal Way side, has parking abutting it, next to museum of light
7025	FAA Control Tower	3,610	\$14.00	\$14.00	Medium size office, west side of runways, about 35 parking spaces for a ratio over 10, good views
7203	KC-911	3,076	\$13.00	\$13.00	Good windows, parking is not directly in front of building but is plentiful and relatively close. Brick building slightly removed from runways/main terminal and is in fair condition. Parking for this tenant is across Perimeter Rd S from the building, but is sufficient and reasonably close.
7264	Kenmore Air Harbor	608	\$15.00	\$15.00	Small office space in main terminal in hallway over by gates, close to parking and street. Close to café and airline desks
7303	UPS	7,595	\$8.00	\$8.50	Parking for this office paid for separately as land rent, though there is some public parking available nearby as well. Older brick building, office is reportedly average quality.

As shown in the chart above, we have concluded that of the existing office lease rates, only the UPS tenancy requires adjustment from the current rate. This lease rate appears very low relative to the comparisons. The reason for the lower rate is that UPS is paying for the parking associated with its office separately via land rent. All of the other office spaces, both at the comparisons and at the subject, include parking in the building rent. We consider the 14,577 sf parcel just north of the office building, which is included in the larger UPS lease, as parking for this office. As discussed elsewhere in this report, the annual prospective market rent for this parcel of land is equal to \$29,882, implying that the parking would contribute about \$3.93/sf/yr building area. Thus, the current \$8/sf rent is essentially reflecting a total rent including parking of about \$12/sf. The condition and location of this office space is similar to that for the KC E-911 tenant, whose market rent is consistent with its current rent of \$13/sf/yr NNN. The UPS unit, however, is more than double the size, and we conclude that a rent adjustment of \$0.50/sf to the UPS rate is appropriate, bringing the prospective market rent to \$8.50/sf/yr NNN, which considering the parking equates to \$12.43/sf/yr NNN.

Industrial Lease Comparison Photographs



Industrial Lease Comparison No. 1

Pacific Georgetown Center
6363 7th Ave S
Seattle, WA



Industrial Lease Comparison No. 2

Esquin Wine Building
2700 4th Ave S
Seattle, WA



Industrial Lease Comparison No. 3

Real Greek Building
5707 Airport Way S
Seattle, WA



Industrial Lease Comparison No. 4

Michigan St Building
503 S Michigan St
Seattle, WA



Industrial Lease Comparison No. 5

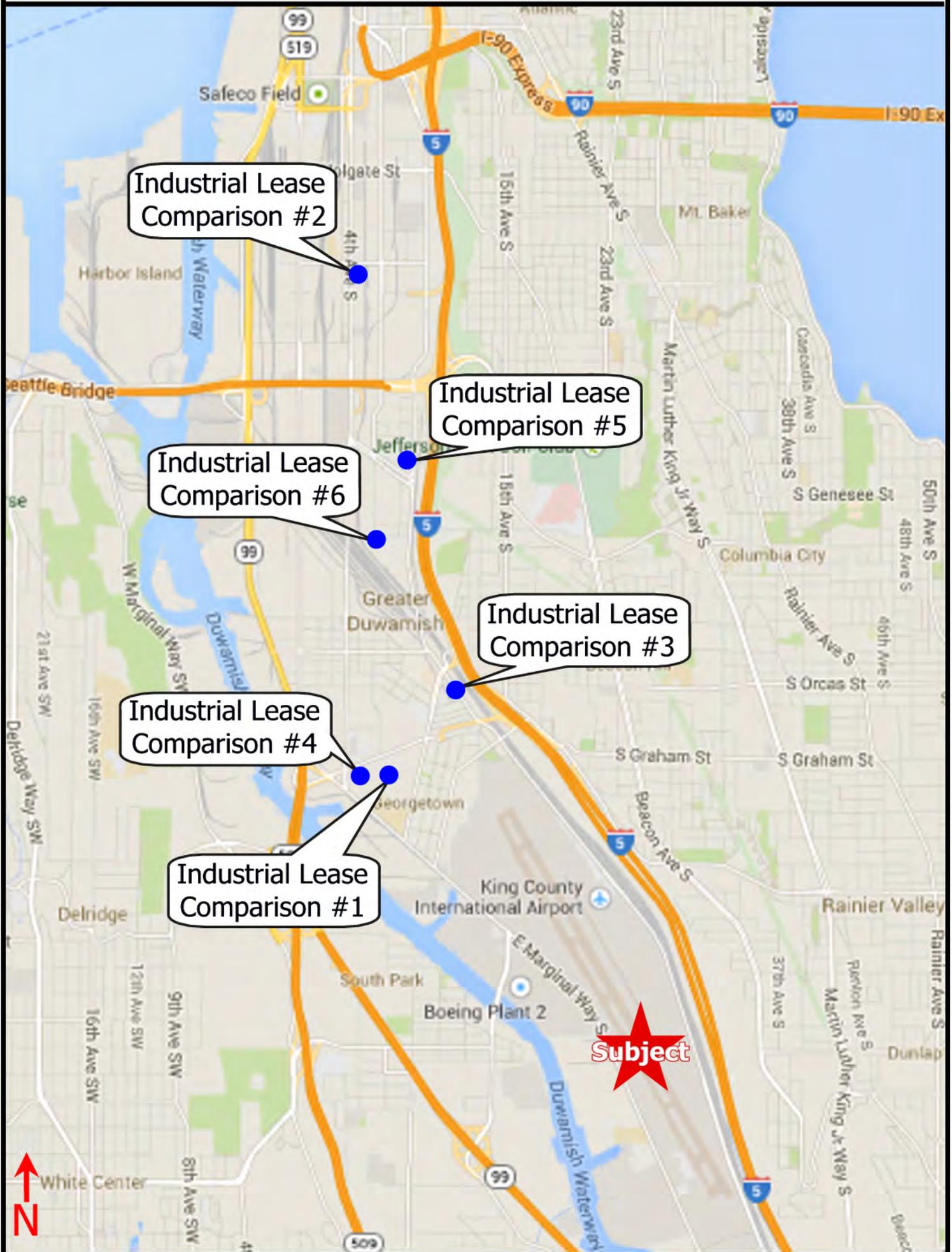
Botanical Designs
4201 Airport Way S
Seattle, WA



Industrial Lease Comparison No. 6

Performance Warehouse
601 S Alaska St
Seattle, WA

Industrial Lease Comparison Map



King County International Airport
Industrial Lease Comparison Summary

Name/Address	Year Built	Leased Area	Office Area (sf)	Lease Date	Lease Term	Rate \$/sf/mo	Rent \$/sf/yr	Comments
1 Pacific Georgetown Center 6363 7th Ave S Seattle, WA	1969/ 2002	3,893 sf	N/A	Aug-13	3-5	\$0.75	\$9.00	1st floor warehouse space. Renewal. 3% escalations. No TT's. Typical half mth per year concession.
2 Esquin Wine Bldg 2700 4th Ave S Seattle, WA	1928	8,258 sf	27%	Oct-13	5	\$0.76	\$9.12	Building in good shape. Tenant is American Life Mallet. Rent increases 0.97% after the first year. Three months free.
3 Real Greek Bldg 5707 Airport Way S Seattle, WA	1979	9,113 sf	12%	Apr-13	3	\$0.56	\$6.72	Lease to Ramco Construction Tools in an older industrial building in Georgetown. Three months free rent given.
4 Michigan Street Building 503 S Michigan St Seattle, WA	1980	18,480 sf	17%	Dec-13	3-5	\$0.65	\$7.80	Older industrial property with 12' clear heights and 1 dock high door. Leased at full listing price with no concessions. Lease includes 3% annual escalations and no TT's. Broker thinks industrial prices maybe up a little bit in 2014 since this lease.
5 Botanical Designs 4201 Airport Way S Seattle, WA	1972	17,075 sf	19%	Mar-14	5	\$0.65	\$7.81	Corner situated storage warehouse. 22' clear heights, 3 DH doors and 1 drive-in ramp. Small fenced yard area. Botanical Design signed a lease in January with a commencement date of March 1, which is more like April 1 as the space needed electrical work (due to deferred maintenance), which is not completed at this time. \$11,100 monthly rent; 5 yr term with an additional month free; 3% escalations; \$60-70k in TT's. Warehouse rent is \$0.51/sf and office add on is \$0.75/sf.
6 Performance Warehouse 601 S Alaska St Seattle, WA	1989	22,810 sf	22%	May-14	5.33	\$0.67	\$8.04	Industrial warehouse with ground floor office space as well as second floor mezzanine with office and storage space. Warehouse has 22' clear heights, 2 DH and 1 GL loading doors. Space was listed in July 2013, lease was signed in March 2014. 5 yr lease term with an additional 4 months free rent; 3% annual escalations. Estimated \$200,000 of tenant improvements, \$150,000 of which the tenant is paying for. Broker noted limited interested in the property with only one other serious party. Warehouse rent is \$0.52/sf and office add on is \$0.68/sf.

Rental Comparison Approach – Industrial

We have considered a number of industrial lease comparisons from the surrounding Sodo/Georgetown market in order to assign prospective market rent to the shop and warehouse space at the subject. There is substantially more industrial data available than office data given the makeup of the neighborhood, which is primarily industrial in nature. We narrowed our search results to only the six most relevant comparisons for direct analysis. These comparisons have been summarized on a table included in this section. They are all recently signed deals, having commenced since mid-2013. There are only a few improved industrial spaces at the subject for which we have assigned prospective market rent. They range from 836 sf to 3,000 sf and are storage warehouse and shop space.

Industrial Lease Comparison No.1 is from the Pacific Georgetown Center, which was previous discussed in the office lease analysis section of this report. This lease is for a 3,893 sf industrial space on the lower floor. The lease commenced in August 2013 at a rate of \$0.75/sf/mo or \$9/sf/yr NNN. The lease term is three to five years and is a renewal by an existing tenant. The lease includes 3% annual escalations and no TIs. A typical half month of free rent was provided as a concession.

Industrial Lease Comparison No. 2 is the October 2013 lease of a 8,258 sf industrial space within the Esquin Wine Building on 1st Avenue S in Sodo. The unit includes 27% office space and leased on a five year term. The lease includes a nearly 1% increase in Yr 2 and three months free rent. The initial base rent is \$0.76/sf/mo or \$9.12/sf/yr NNN.

Industrial Lease Comparison No. 3 is the April 2013 lease of an industrial warehouse at the north end of the retail heart of the Georgetown neighborhood. The tenant occupies 9,113 sf, 12% of which is office space. The site has very limited parking, and the street parking in this neighborhood is very tight. The lease has an initial term of three years with three months free rent given as a concession. The initial lease rate is \$0.56/sf/mo or \$6.72/sf/yr NNN.

Industrial Lease Comparison No. 4 is a December 2013 lease for 18,480 sf in a building on S Michigan St in Georgetown. The space includes 17% office and has 12' clear heights and 1 dock high door. It leased at the full listing price with no concessions. The lease rate is \$0.65/sf/mo or \$7.80/sf/yr NNN, and the lease term was somewhere from 3-5 years according to the broker. The deal includes 3% annual escalations and no TI's.

Industrial Lease Comparison No. 5 is on Airport Way S, north of Boeing Field. The 17,075 sf space leased in March 2014 at a rate of \$0.65/sf/mo or \$7.81/sf/yr. It is an older industrial building with good frontage but somewhat confusing access to the parking lot for the property itself. The space was leased by Botanical Designs, which moved from a building near the heart of the Georgetown retail core. The warehouse has 22' clear heights and leased on a five year term with four additional months free. The lease includes annual escalations at 3% and an estimated \$50,000 tenant improvement allowance from the landlord. The tenant's estimated investment in TI's was about \$150,000, suggesting some prospect of extensions. The warehouse

rent is \$0.52/sf/mo, and the office add on is \$0.68/sf/mo. The blended rate, accounting for the 22% office, is \$0.67/sf/mo or \$7.81/sf/yr NNN.

Industrial Lease Comparison 6 is a May 2014 for a 22,810 sf warehouse with 22% office space. The square footage includes a second floor mezzanine in use as office and storage. The tenant took the property for a 5 year term with an additional 4 months free rent and 3% annual escalations. The landlord provided about \$50,000 in tenant improvements, equal to about \$2.19/sf. The blended rate is \$0.67/sf/mo NNN, or \$8.04/sf annually, which is a result of \$0.52/sf shell and \$0.68/sf office add-on rent.

Prospective market rent Forecasts - Industrial

There are three industrial spaces at the subject for which KCIA owns the improvements and rents them. The first two we have considered are accessed via Ellis Avenue on the northwest side of the airport. This part of the airport has good neighborhood access via Ellis Avenue, which runs between Airport Way S and E Marginal Way. The third is shop space within the larger UPS lease area near the main terminal and fronting Perimeter Rd S on the east side of the airport. The buildings are of older construction and have minimal office contribution; we conclude to prospective market rents toward the low end of the range. Please see the chart below for a brief synopsis of the industrial spaces and their appropriate rents.

Lease No.	Subject Industrial Spaces	Size (sf)	Use	Current Rent	Market Rent	Comments, Description
7236	KC DFM	2,561	Storage	\$6.00	\$7.00	Wood frame, built in 1999; 13' ceilings.
7165	KC Safety & Claims	836	Shop	\$6.00	\$7.00	Older industrial building
7303	UPS	3,000	Shop	\$4.00	\$7.00	Older industrial building

Rental Comparison Approach - Hangars & Tie Downs

KCIA rents several types of hangars on an annual basis, including t-hangars and executive (box) hangars. The airport also has monthly rentals of tie down spaces. In the following section, we will discuss each type of improvement, existing rents, comparable rents from the market, and ultimately assign current prospective market rents to each type of hangar, the tie downs, and storage space.

T-Hangars

There are four sizes of T-Hangars at the subject. They are located across the airport and are the sole improvement or land type that has varying rents based on location across KCIA. While we did identify some examples of varying hangar rates based on location within the airport in our research, it does not appear to be common airport practice as our survey indicates and is not consistent with prospective market rent assignment for the other property types at KCIA. Considering the data and the specific characteristics of the subject, we have assigned prospective market rent on a price/sf basis for the T-Hangars and have arrived at total month rent accordingly.

The chart below shows the primary comparisons we considered in our analysis. KCIA is a very high demand airport given its excellent proximity to downtown Seattle and the affluent population base in the area. In our research, we identified no airports with T-Hangar asking rates as high as those at the subject. However, the KCIA T-Hangars are all occupied, with waitlists of one to three years depending on size.

T Hangar Rent Comparisons					
	Rent/Month (excluding taxes)	Size	Price/sf	Availability	Comments
Current KCIA - Large T Hangars: SW & Midfield	\$733-\$895	1,710-2,162	\$4.07-\$6.28	Waitlist, 2-3 yrs	
Current KCIA - Small T Hangars: Midfield & NE	\$753-\$784	1,303-1,335	\$6.77-\$7.18	Waitlist, 1-2 yrs	
Current KCIA - Smallest T Hangars: NE Airpark	\$760	1,038	\$8.79	Waitlist, 1-2 yrs	
Mineta San Jose (SJC)	\$528				
Paine Field	\$466	1,092	\$5.12	Waitlist est at 2 yrs	New: have sprinklers and H5 occupancy rating
	\$301	1,040	\$3.47	Waitlist est at 6 yrs	Old: 1,040 sf, there are larger and smaller ones that vary in rental rate from here.
Tacoma Narrows	\$379.65/\$426.28			Available	Without Office/With Office
Thun Field	\$224			No vacancy	
Bellingham	\$200			No Vacancy, waitlist	
Pearson Field	\$323-\$491			Available	Rate varies based on size, ranges from 1,056-1,638 sf
Olympia	\$258.80/\$374.55			Waitlist	Lower price is for 32' deep and 12' door, higher is for 14' high door and 40' deep
Arlington	\$220			Waitlist at 1yr	single T-Hangar
	\$219			Waitlist	single T-Hangar
	\$352			Waitlist	double T-Hangar

The T-Hangars at the subject vary in size from 1,038 sf to 2,162 sf, with the largest T-Hangars being end units in the Southwest buildings with extra space that is less usable than a pure T-Hangar. Current rents for these units range from \$4.07/sf to \$8.79/sf/yr. The best data we have to assign prospective market rent is the data provided by the existing rents. The units are

already achieving high rents, and the extended waitlists reflect that demand far exceeds supply. Therefore, we conclude that these units can achieve higher rents in the local market. We have concluded to a prospective market rent for the T-Hangars at KCIA of approximately **\$9/sf/yr** for most of the T-Hangars. However, the T-Hangars within the SW Airpark are 20 years older than the rest and have older doors that are harder to move. We have discounted these T-Hangar spaces to roughly **\$8.50/sf/yr**. However, the larger end units in the Southwest Airpark are less efficient and have a lower rate per square foot, although a larger total dollar rate than the rest. Additionally, Southwest Airpark Bay 8 is an end unit but has an office space carved out, so it is essentially the same as the remaining Middle T units, and has the same market rent.

Therefore, prospective market rents for the various size T-Hangars at the subject are:

Location	Type	Market Rent
Southwest	Large Middle T (plus Bay 8)	\$1,200
Southwest	Large End T	\$1,250
Midfield	Large T	\$1,300
Midfield	Small T	\$980
Northeast A & B	Small T	\$980
Northeast C	Small T	\$780

Executive Hangars

KCIA has 11 Executive Hangars, six of which measure 3,168 to 3,490 sf and five of which are smaller, measuring 2,351 to 2,363 sf. The large hangars have door heights of 19' and the smaller ones have door heights of 17'. All were constructed in 2002. In order to assign prospective market rent to the Executive Hangars at KCIA, we have considered the existing rents as well as comparisons from competitive airports. Please see the chart below with the data we have compiled.

Executive Hangars/Rectangular				
	Monthly Rent (excludes LET)	Size	\$/sf/yr	Percent Office
<i>Current KCIA - Large Ex. Hangars</i>	\$2,303	3,168-3,490	\$7.92-\$8.72	Waitlist, 10-15 years
<i>Current KCIA - Small Ex. Hangars</i>	\$1,483	2,351-2,363	\$7.53-\$7.57	Waitlist, 10-15 years
Recent Sublease at KCIA	\$7,000	3,565	\$23.56	14%
Recent Renton Municipal Airport Lease	\$4,500	3,600	\$15.00	No vacancy, Waitlist
John Wayne Orange County	\$8,624	5,600	\$18.48	
	\$6,649	6,100	\$13.08	
Van Nuys Airport (L.A.)	\$1,780	1,470	\$14.53	
	\$4,370	3,600	\$14.57	with office
	\$3,780	3,600	\$12.60	without office
	\$1,005	1,428	\$8.45	
Paine Field	\$1,094	2,250	\$5.84	
	\$691	1,620	\$5.12	
	\$1,751	3,600	\$5.84	
Arlington Listings		4,800-9,600	\$7.80	
	\$1,550	3,000	\$6.20	
	\$1,650	3,000	\$6.60	
Olympia Listings	\$3,500	5,850	\$7.18	
	\$1,000	1,575	\$7.62	
Olympia Airport - Municipal Hangars	\$642	2,760	\$2.79	
Hayward Executive Airport (SF)	\$815	2,401	\$4.07	Aiport listing
	\$1,076	3,300	\$3.91	Aiport listing
	\$1,174	3,600	\$3.91	Aiport listing
	\$4,085	7,350	\$6.67	2011 lease to FBO
Tacoma Narrows Airport (Corporate Hangars)	\$1,798	3,510	\$6.15	without restroom - No vacancy
	\$2,331	3,510	\$7.97	with restroom - No Vacancy
	\$1,016	3,600	\$3.39	available

In our analysis, we have placed weight on the indications provided by the recent sublease at KCIA and the recent lease for a hangar at Renton Municipal Airport. These higher rates are supported by executive hangar rents at several California airports with similar market positioning as the subject. The executive hangars at the subject have a wait list of ten to fifteen years, which clearly demonstrates that demand far exceeds supply.

Considering the specific characteristics of the subject and the data provided by the comparisons, we have concluded to a prospective market rent for the executive hangars at the subject of roughly **\$16/sf/yr**. Therefore prospective market rents by unit type are:

Location	Type	Market Rent
Midfield	Small Executive	\$3,100
Midfield	Large Executive	\$4,300

Tie Downs

KCIA also rents tie down spaces on a monthly basis. Tie downs are comparatively plentiful relative to the number of T-Hangars and Executive Hangars available at the airport and in the region. Again, we have considered a number of comparisons in order to assign appropriate monthly rent at the subject.

Tie Down Rent Comparisons			
	Rent/Month (including taxes)	Occupancy	Comments
Current KCIA	\$100		
Van Nuys Airport (near LA).	\$175	30% pre-leased	
Mineta San Jose	\$184		
John Wayne Airport, Orange Cty	\$140-\$169	Available	Rates range from 40' spaces to 50' spaces
Hayward Executive Airport (near SF)	\$70/\$108/\$161/\$216		Single engine/twin engine/over 50' & under 25,000 lbs/25,000-75,000lbs, over 75,000 lbs
Renton	\$120	Available	
Thun Field	\$62	Available	
Auburn	\$78	N/A	
Tacoma Narrows	\$56	Available	
Bellingham	\$40/\$50/\$100	Available	\$40 single engine, \$50/mth twin engine, \$100/mo jet
Paine Field	N/A	Available	Privately managed, no information available online
Olympia	\$50.80/\$82.35	Available	Two rates reflect "small" and "large" tie downs
Arlington	\$40	Available	
Port Angeles	\$51	N/A	

As you can see, at comparable airports in California, tie down rates are higher than at the local airports in Washington. This may have to do with demand generated by vacationers. The subject's current rent for monthly tie downs is \$100/month, which is less than Renton Municipal Airfield charges. Vacancy for tie-downs at the subject is about 30%, which indicates that supply exceeds demand. As there does not appear to be a scarcity of tie downs spaces locally or regionally, there appears to be less evidence to support rates significantly higher than the rates being charged at regional Washington state airports. KCIA, however, does represent the most central, highly trafficked general aviation airport in the region, and therefore we conclude to a market for the tie downs slightly above the local rates, though not as high as those seen in California. We conclude to a prospective market rent of **\$125/month** for the tie downs at the subject.

Storage

There is also storage space available to rent at KCIA. The storage areas are comprised of the hangar building area that is not suitable for aircraft storage. At present, there is no assigned prospective market rent for these spaces and no existing users. It is reasonable to assume that there must be a rent level that would induce users to lease the storage space. We have considered the following comparisons in order to assign an appropriate prospective market rent.

Storage			
	Unit Size (sf)	Monthly Rent	Rent/sf/mo
<i>Current KCIA</i>			All vacant
Paine Field	80-390		\$0.3279 waiting list, about 6 mos
Auburn Units	192	\$128	\$0.67
	185	\$115	\$0.62
	298	\$137	\$0.46
	380	\$174	\$0.46
Thun Field	144	\$85	\$0.59 waiting list

As demand appears to be very minimal at Boeing Field, we estimate a rent below the range of the comparisons. We estimate a prospective market rent for storage space at KCIA of **\$0.25/sf/mo**.

Rental Comparison Approach – Retail

The subject includes a single retail space leased to CAVU Café: Jai H. Choi. This is a small café in the main terminal building, which supports airport workers and any passengers coming through. The café is beneficial for the airport; it is the only public purveyor of food and beverages at KCIA and is an amenity.

Current rent for this space is \$2.11/sf/yr NNN, and the unit measures 770 sf. The space is in good condition and appears to be fully functional for its use. Given the small size of the airport and limited passenger service from the main terminal, we would expect sales volume at this location to be minimal, which is further supported by the current low rent being paid.

A key metric often referred to in market rents for restaurant spaces is the rent to sales ratio. In general, a ratio of rent to sales over 7% starts to become unsustainable. Occupancy costs, defined as rent plus taxes and insurance, tend to be about five to six percent of revenue industry wide. Locally, we have reviewed a number of confidential comparisons of cafes in low volume situations. The indications range from 6% to 13% of gross sales. The subject's location suggests very low volumes, and we conclude to the bottom of the range, which is in line with national averages. We conclude to a prospective market rent for the café at KCIA of 6% of gross sales plus expenses.

Individual Property Valuations

Prospective market rent estimates are provided for each subject parcel individually, based on the conclusions above. We have concluded to a highest and best use for each property after considering its location, height restrictions, size, and other physical characteristics. In the case of ground lease properties, we considered adjustments for highest-and-best-use-impacting factors, and have added apron premiums where necessary. Please refer to the individual property description and valuation sheets in the Addenda.

ADDENDA

Property Valuations Appraisers' Experience & Qualifications

PROPERTY VALUATIONS



Property Description

Tenant	Airpac Airlines
Address	7277 Perimeter Rd S
Lease No.	7007
Property Type	Office
Building Area (sf)	1,300
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial/Office
<i>Physical</i>	Industrial/Office
<i>Financial</i>	Aviation-related
<i>Maximally Productive</i>	Aviation-related office

Building Valuation

		Total
Area (sf)	1,300	1,300
Market Rent	\$15.00/sf/yr	\$19,506



Property Description

Tenant	Ameriflight
Address	n/a
Lease No.	7234
Property Type	Apron
Site Size (sf)	71,463
Shape	Generally rectangular
Topography	Flat
Apron Capacity	Heavy
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation parking and maneuvering

Site Valuation

Area (sf)	71,463
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.50
Total Market Rent \$/sf/yr	\$2.40



Property Description

Tenant	7023 LLC
Address	7023 Perimeter Rd S
Lease No.	7144
Property Type	Improved site
Site Size (sf)	84,805
Shape	Generally rectangular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Narrow but buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	84,805
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90

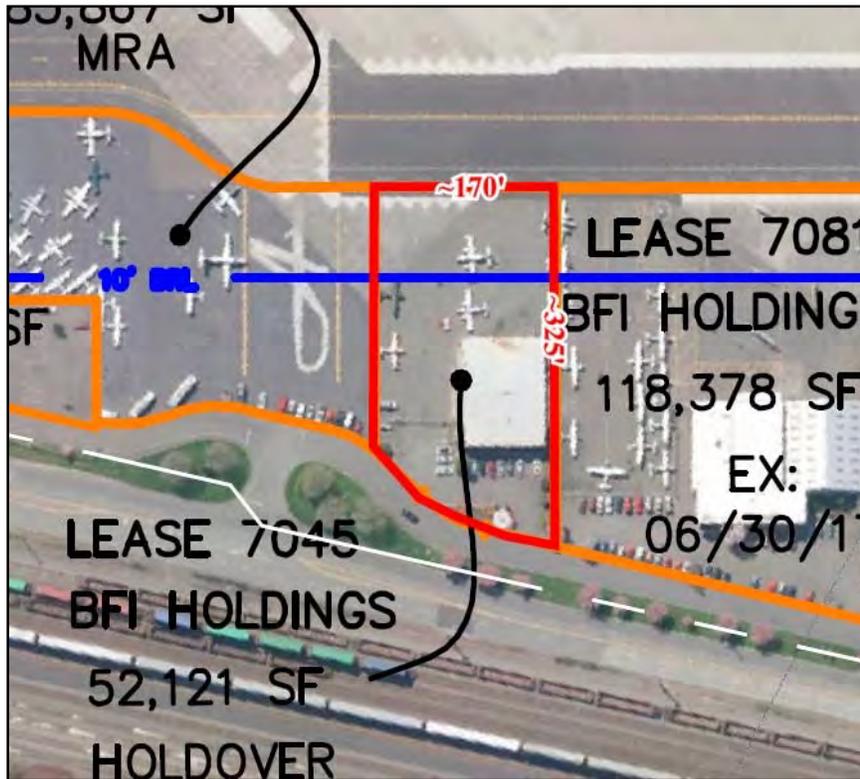


Property Description

Tenant	Aviation Partners
Address	7299 Perimeter Rd S
Lease No.	7290
Property Type	Office
Building Area (sf)	8,218
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial/Office
<i>Physical</i>	Industrial/Office
<i>Financial</i>	Aviation-related
<i>Maximally Productive</i>	Aviation-related office

Building Valuation

		Total
Area (sf)	8,218	8,218
Market Rent	\$15.00/sf/yr	\$123,270



Property Description

Tenant	BFI Holdings (Aeroflight)
Address	8555 Perimeter Rd S
Lease No.	7045
Property Type	FBO Building
Site Size (sf)	52,121
Building Area (sf)	10,360
Shape	Generally rectangular
Topography	Flat
Utilities	All available
Zoning	MIC/H and IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Valuation

Land Area	52,121
Land Market Rent	\$ 1.90
Land Total Rent	\$ 99,030
Building Area	10,360
Depreciated Improvement Value/sf	\$ 60.00
Depreciated Total Improvement Value	\$ 621,600
Improvement Rate of Return	8.0%
Improvement Rent, NNN	\$ 49,728
Total Rent	\$ 148,758



Property Description

Tenant	BFI Holdings (Aeroflight)
Address	8535 Perimeter Rd S
Lease No.	7081
Property Type	Improved Site
Site Size (sf)	118,378
Shape	Trapezoid
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Flat & narrow but buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	118,378
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	BFI Holdings (Aeroflight)
Address	8555 Perimeter Rd S
Lease No.	7298
Property Type	Apron
Site Size (sf)	83,867
Shape	Irregular
Topography	Flat
Apron Capacity	Light
Utilities	All available
Zoning	MIC/H
BRL Limitation	44,000 sf
Bld. Height Limitation	HBU-Impacting
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Irregular but buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	83,867
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	-20%
Land Rent Conclusion	\$1.52
Apron Premium	\$0.15
Total Market Rent \$/sf/yr	\$1.67



Property Description

Tenant	Cavu Café
Address	7277 Perimeter Rd S, Room 107
Lease No.	7222
Property Type	Retail
Building Area (sf)	770
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial/Office/Airport service
<i>Physical</i>	Industrial/Office/Airport service
<i>Financial</i>	Not financially feasible to construct new
<i>Maximally Productive</i>	Airport guest service

Building Valuation

		Total
Area (sf)	770	770
Market Rent	6% of gross sales	



Property Description

Tenant	CharlesAir, LLC
Address	9010 East Marginal Way S
Lease No.	7297
Property Type	Improved Site
Site Size (sf)	210,928
Shape	Trapezoid
Topography	Flat
Utilities	All available
Zoning	MIC/H
BRL Limitation	76,000 sf
Bld. Height Limitation	HBU-Impacting
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	210,928
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90

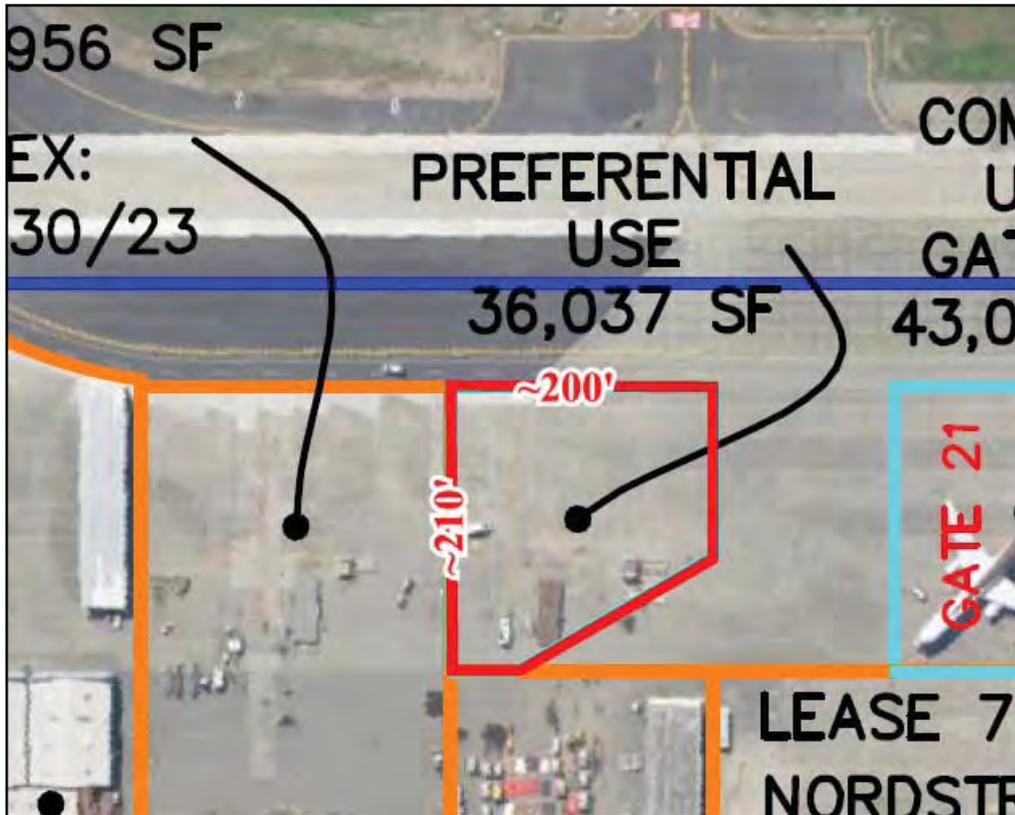


Property Description

Tenant	Doug Davis (Flightways)
Address	9220 East Marginal Way S, D-8
Lease No.	7233
Property Type	Office
Building Area (sf)	270
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial/Office
<i>Physical</i>	Industrial/Office
<i>Financial</i>	Aviation-related
<i>Maximally Productive</i>	Aviation-related office

Building Valuation

		Total
Area (sf)	270	270
Market Rent	\$10.50/sf/yr	\$2,835



Property Description

Tenant	DHL Express (USA), Inc.
Address	Gate 24
Lease No.	7300
Property Type	Apron
Site Size (sf)	36,037
Shape	Irregular
Topography	Flat
Apron Capacity	Medium Heavy
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	36,037
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.50
Preferential Use Discount	5%
Total Market Rent \$/sf/yr	\$2.28



Property Description

Tenant	DHL Express (USA), Inc.
Address	8013 Perimeter Rd S
Lease No.	7289
Property Type	Improved Site
Site Size (sf)	60,415
Shape	Trapezoid
Topography	Flat
Apron Capacity	Light and in poor condition
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	60,415
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	FAA Flight Service Station
Address	6610 Ellis Ave S
Lease No.	7255
Property Type	Improved Site
Site Size (sf)	55,051
Shape	Generally Rectangular - 2 sites
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Rectangular with good access
<i>Financial</i>	Feasible for small office or industrial
<i>Maximally Productive</i>	Maintenance & storage facility

Site Valuation

Area (sf)	55,051
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90

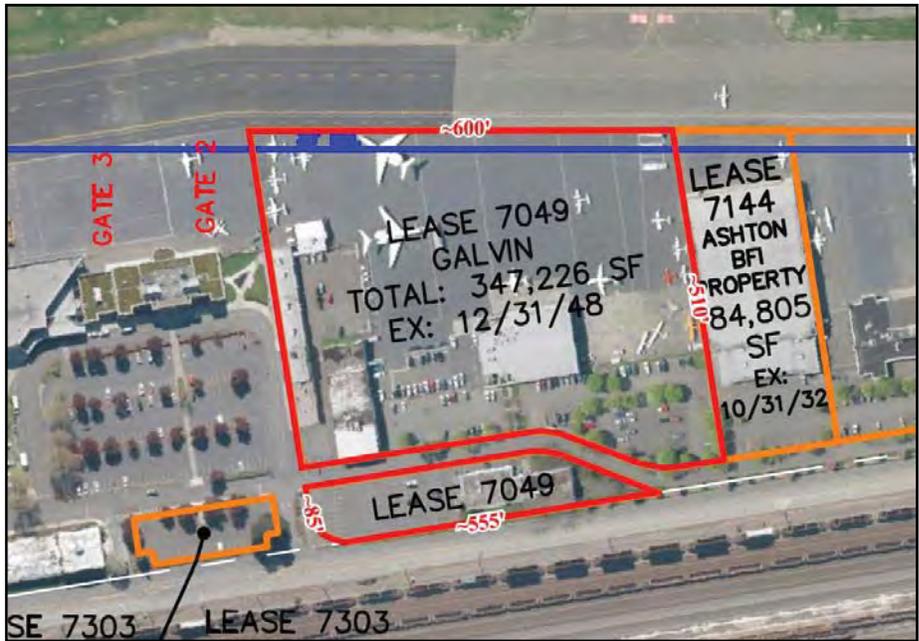


Property Description

Tenant	FAA Control Tower
Address	8200 East Marginal Way S
Lease No.	7025
Property Type	Office
Building Area (sf)	3,610
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial/Office
<i>Physical</i>	Industrial/Office
<i>Financial</i>	Aviation-related
<i>Maximally Productive</i>	Aviation-related office

Building Valuation

		Total
Area (sf)	3,610	3,610
Market Rent	\$14.50/sf/yr	\$52,345

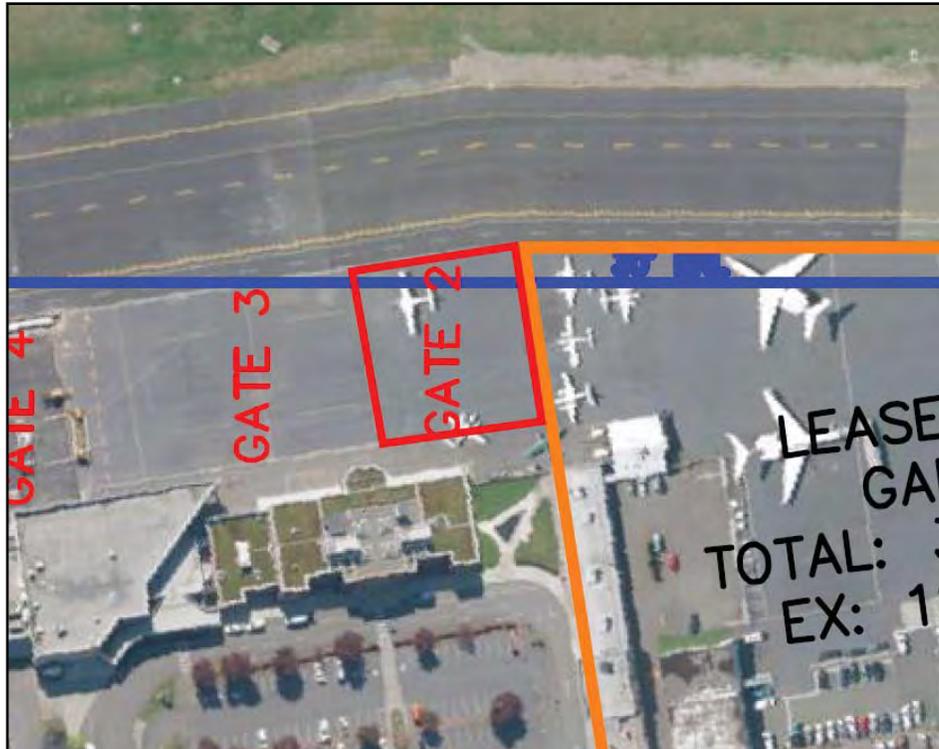


Property Description

Tenant	Galvin Flying Service
Address	7149 Perimeter Rd S
Lease No.	7049
Property Type	Improved Site
Site Size (sf)	347,226
Shape	Irregular - 2 adjacent sites
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	347,226
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	Galvin Flying Service
Address	Gate 2
Lease No.	7217
Property Type	Apron
Site Size (sf)	19,607
Shape	Generally Rectangular
Topography	Flat
Apron Capacity	Medium Heavy
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Small but buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	19,607
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.50
Total Market Rent \$/sf/yr	\$2.40



Property Description

Tenant	Galvin Flying Service
Address	6987 Perimeter Rd S
Lease No.	7218
Property Type	Improved Site
Site Size (sf)	292,690
Shape	Irregular - 2 adjacent sites
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	292,690
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90

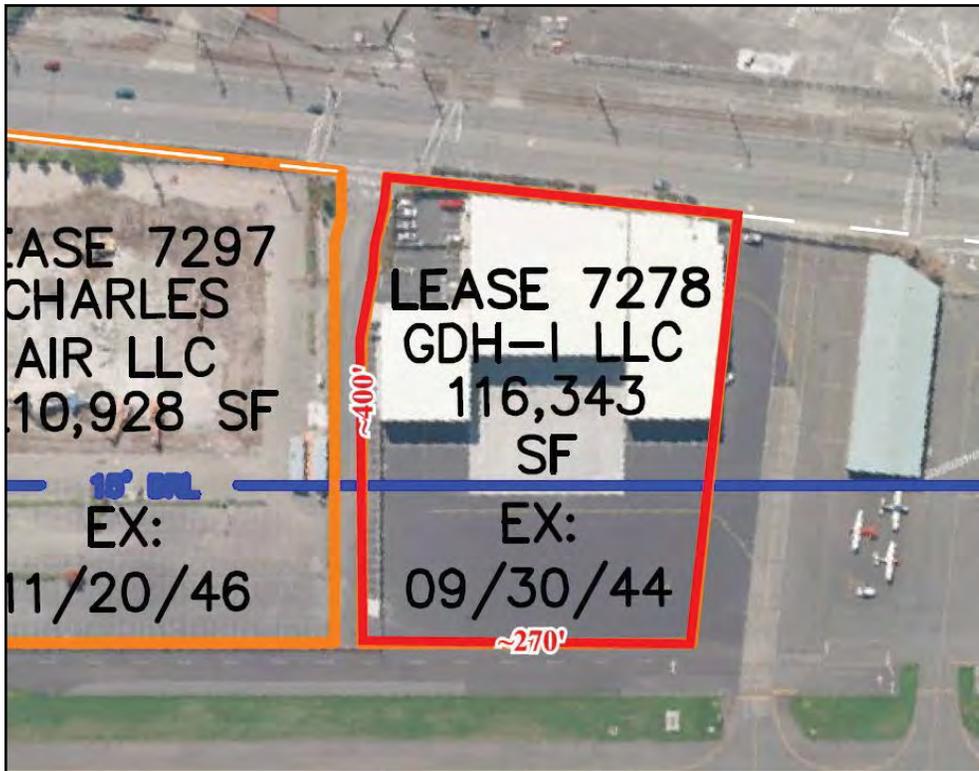


Property Description

Tenant	Gateway USA, LLC dba Clay Lacy Aviation
Address	8285 Perimeter Rd S
Lease No.	7017
Property Type	Improved Site
Site Size (sf)	424,218
Shape	Generally rectangular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	424,218
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	GDH-I, LLC
Address	8900 East Marginal Way S
Lease No.	7278
Property Type	Improved Site
Site Size (sf)	116,343
Shape	Generally rectangular
Topography	Flat
Utilities	All available
Zoning	MIC/H
BRL Limitation	36,500 sf
Bld. Height Limitation	HBU-Impacting
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	116,343
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90

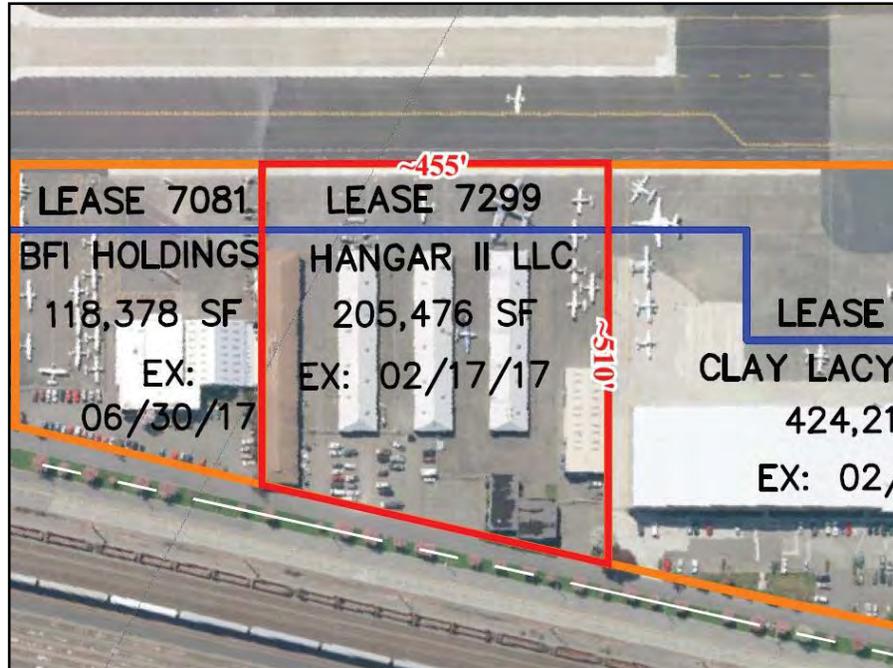


Property Description

Tenant	Hangar Holdings
Address	7675 Perimeter Rd S
Lease No.	7120
Property Type	Improved Site
Site Size (sf)	171,096
Shape	Generally rectangular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	171,096
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	Hangar II, LLC
Address	8465 Perimeter Rd S
Lease No.	7299
Property Type	Improved Site
Site Size (sf)	205,476
Shape	Trapezoid
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility
<i>As Improved</i>	Improvements do not contribute to value

Site Valuation

Area (sf)	205,476
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	J&J Airport Properties, LLC
Address	6505 Perimeter Rd S
Lease No.	7166
Property Type	Improved Site
Site Size (sf)	174,511
Shape	Generally Rectangular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	174,511
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90

Property Description

Tenant	KC DCFM
Address	6524 Ellis Ave S
Lease No.	7236
Property Type	Warehouse-Storage
Building Area (sf)	2,561
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial/Office
<i>Physical</i>	Industrial/Office
<i>Financial</i>	Feasible to construct small office/warehouse
<i>Maximally Productive</i>	Maintain existing improvements

Building Valuation

		Total
Area (sf)	2,561	2,561
Market Rent	\$7.00/sf/yr	\$17,927



Property Description

Tenant	KC E-911
Address	7300 Perimeter Rd S
Lease No.	7203
Property Type	Office
Building Area (sf)	3,076
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial/Office
<i>Physical</i>	Industrial/Office
<i>Financial</i>	Feasible to construct small office/warehouse
<i>Maximally Productive</i>	Maintain existing improvements

Building Valuation

		Total
Area (sf)	3,076	3,076
Market Rent	\$13.00/sf/yr	\$39,988

Property Description

Tenant	KC Safety & Claims
Address	6451 Ellis Ave S
Lease No.	7165
Property Type	Shop
Building Area (sf)	836
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial/Office
<i>Physical</i>	Industrial/Office
<i>Financial</i>	Feasible to construct small office/warehouse
<i>Maximally Productive</i>	Maintain existing improvements

Building Valuation

		Total
Area (sf)	836	836
Market Rent	\$7.00/sf/yr	\$5,852



Property Description

Tenant	KC Wastewater
Address	6640 Ellis Ave S
Lease No.	7237
Property Type	Improved Site
Site Size (sf)	71,627
Shape	Irregular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	71,627
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	Kenmore Air Harbor
Address	7277 Perimeter Rd S
Lease No.	7264
Property Type	Office
Building Area (sf)	608
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial/Office
<i>Physical</i>	Industrial/Office
<i>Financial</i>	Aviation-related
<i>Maximally Productive</i>	Maintain existing improvements

Building Valuation

		Total
Area (sf)	608	608
Market Rent	\$15.00/sf/yr	\$9,120



Property Description

Tenant	Kenmore Air Harbor
Address	8167 Perimeter Rd S
Lease No.	7301
Property Type	Improved Site
Site Size (sf)	63,439
Shape	Generally Rectangular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Narrow but buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	63,439
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	King County Jet Center, LLC (KCJC)
Address	6801 Perimeter Rd S
Lease No.	7164
Property Type	Improved Site
Site Size (sf)	216,922
Shape	Generally Rectangular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	216,922
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90

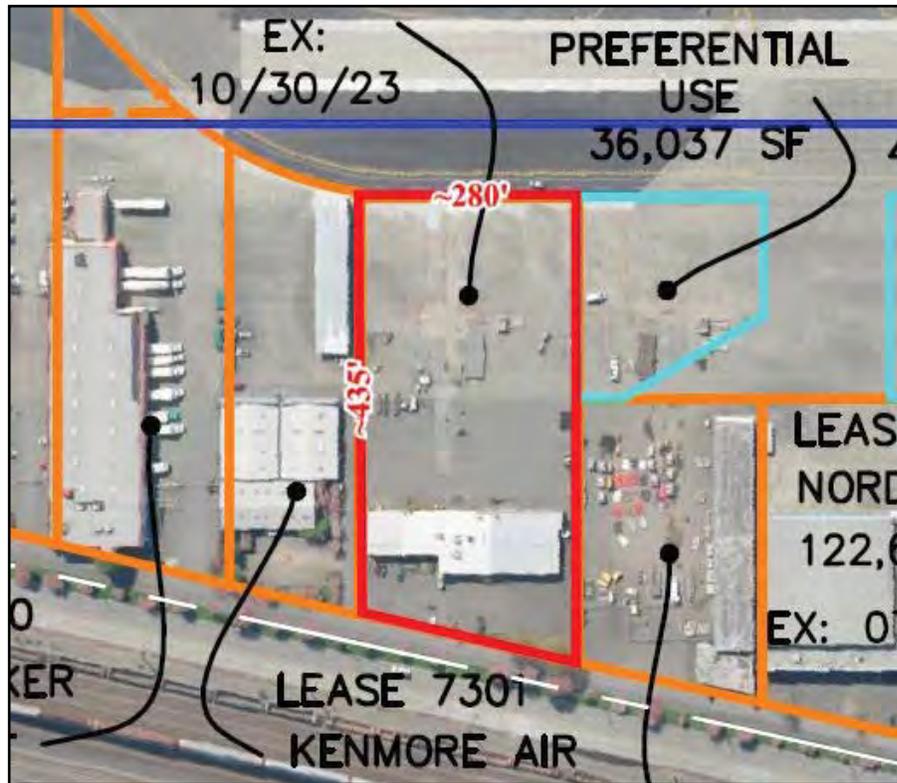


Property Description

Tenant	Nordstrom Inc
Address	7979 Perimeter Rd S
Lease No.	7133
Property Type	Improved Site
Site Size (sf)	122,698
Shape	Trapezoid
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	122,698
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	Pajaro, LLC
Address	8075 Perimeter Rd S
Lease No.	7072
Property Type	Improved Site
Site Size (sf)	109,956
Shape	Trapezoid
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	109,956
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90

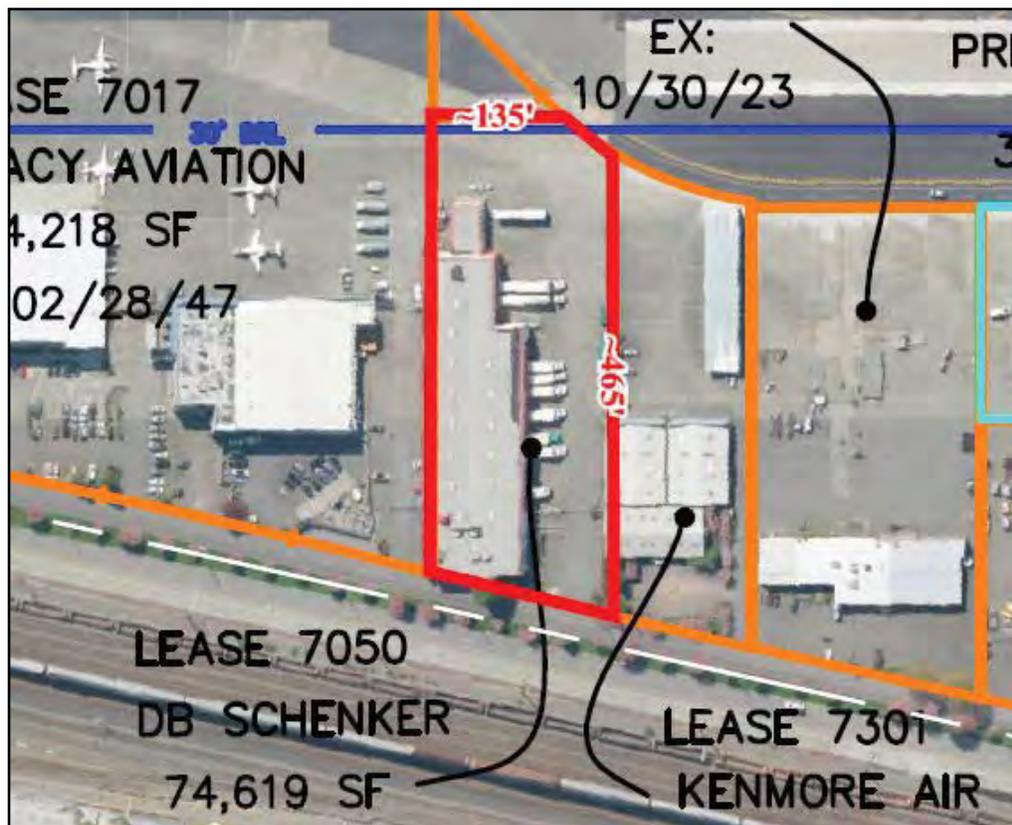


Property Description

Tenant	Quad 7 Development, LLC
Address	7777 Perimeter Rd S
Lease No.	7052
Property Type	Improved Site
Site Size (sf)	402,490
Shape	Generally Rectangular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	402,490
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



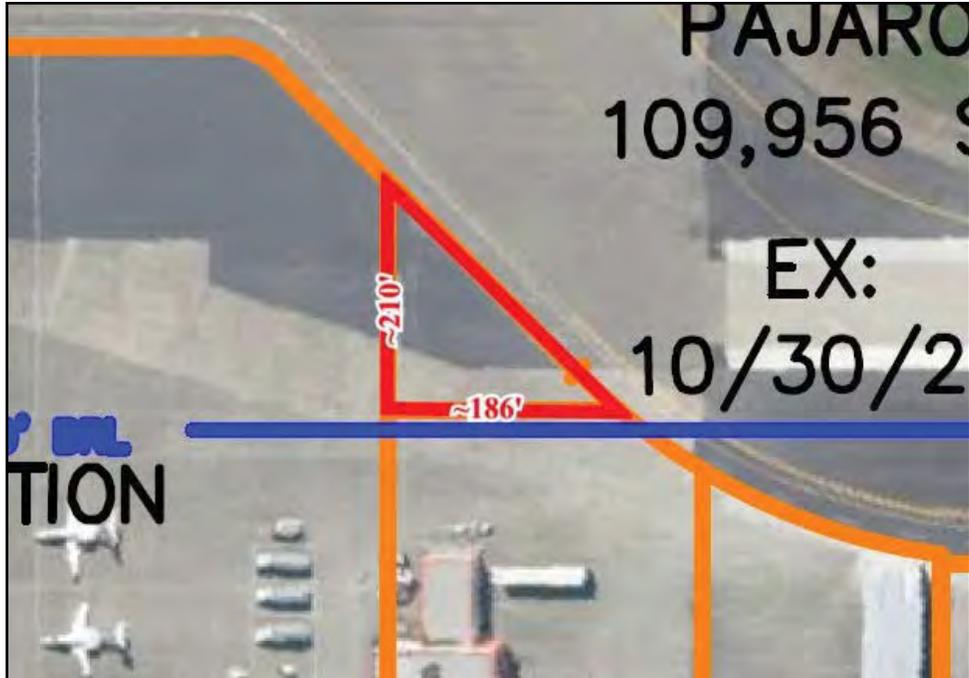
Property Description

Tenant	Schenker, Inc.
Address	8201 Perimeter Rd S
Lease No.	7050
Property Type	Improved Site
Site Size (sf)	74,619
Shape	Generally Rectangular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Bld area 36,072
 LTB 2.07

Site Valuation

Area (sf)	74,619
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	Gateway LLC
Address	8201 Perimeter Rd S
Lease No.	7305
Property Type	Ramp
Site Size (sf)	22,388
Shape	Triangular
Topography	Flat
Apron Capacity	Medium Heavy
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	Entire Site is within BRL
Bld. Height Limitation	Limited to apron use
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Unbuildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation parking/storage

Site Valuation

Area (sf)	22,388
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.50
Total Market Rent \$/sf/yr	\$2.40



Property Description

Tenant	Shultz Distributing
Address	1495 S Hardy St
Lease No.	7088
Property Type	Improved Site
Site Size (sf)	24,058
Shape	Generally Rectangular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Fuel farm

Site Valuation

Area (sf)	24,058
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	United Parcel Service
Address	none
Lease No.	7282
Property Type	Apron
Site Size (sf)	239,208
Shape	Irregular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	239,208
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.50
Total Market Rent \$/sf/yr	\$2.40



Property Description

Tenant	United Parcel Service
Address	none
Lease No.	7303 A
Property Type	Improved site
Site Size (sf)	42,462
Shape	Generally Rectangular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	42,462
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	United Parcel Service
Address	none
Lease No.	7303 D
Property Type	Vacant land
Site Size (sf)	32,618
Shape	Irregular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Parking

Site Valuation

Area (sf)	32,618
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Light Paving Premium	\$0.15
Total Market Rent \$/sf/yr	\$2.05



Property Description

Tenant	United Parcel Service
Address	
Lease No.	7303 Office
Property Type	Office
Building Area (sf)	7,595
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial/Office
<i>Physical</i>	Industrial/Office
<i>Financial</i>	Aviation-related
<i>Maximally Productive</i>	Aviation-related office

Building Valuation

		Total
Area (sf)	7,595	7,595
Market Rent *	\$13.00/sf/yr	\$98,735

* assumes parking area used by UPS in lots 7303b and c is non-exclusive

Property Description

Tenant	United Parcel Service
Address	
Lease No.	7303 Shop
Property Type	Shop
Building Area (sf)	3,000
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial/Office
<i>Physical</i>	Industrial/Office
<i>Financial</i>	Aviation-related
<i>Maximally Productive</i>	Aviation-related shop

Building Valuation

		Total
Area (sf)	3,000	3,000
Market Rent *	\$7.00/sf/yr	\$21,000

* assumes parking area used by UPS in lot 7303e is non-exclusive



Property Description

Tenant	WA Air National Guard
Address	636 Ellis Ave S
Lease No.	7137
Property Type	Improved Site
Site Size (sf)	333,160
Shape	Irregular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial/Office
<i>Physical</i>	Industrial/Office
<i>Financial</i>	Feasible to construct small office/warehouse
<i>Maximally Productive</i>	Construct small office/warehouse

Site Valuation

Area (sf)	333,160
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	Vacant
Address	Gate 15
Lease No.	n/a
Property Type	Apron
Site Size (sf)	30,193
Shape	Generally Rectangular
Topography	Flat
Apron Capacity	Heavy
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	30,193
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.50
Total Market Rent \$/sf/yr	\$2.40

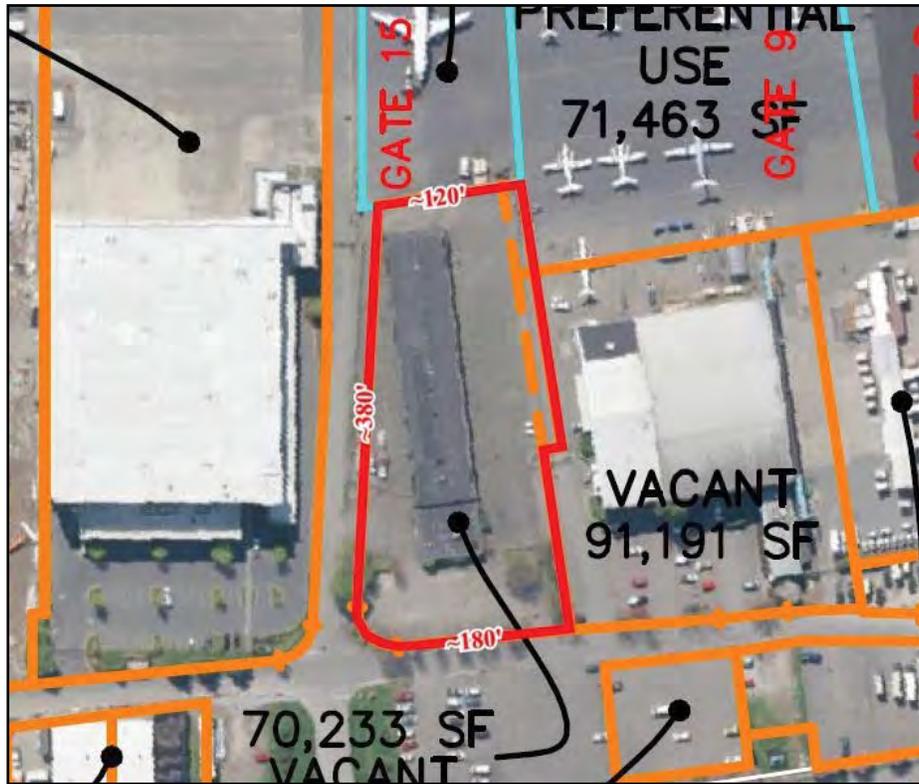


Property Description

Tenant	VACANT
Address	n/a
Lease No.	n/a
Property Type	FBO building
Site Size (sf)	55,614
Building Area (sf)	6,150
Shape	Irregular
Topography	Flat
Utilities	All available
Zoning	MIC/H
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use - As Improved	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Valuation

Land Area	55,614
Land Market Rent	\$ 1.90
Land Total Rent	\$ 105,667
Building Area	6,150
Depreciated Improvement Value/sf	\$ 10.00
Depreciated Total Improvement Value	\$ 61,500
Improvement Rate of Return	8.0%
Improvement Rent	\$ 4,920
Total Rent	\$ 110,587



Property Description

Tenant	VACANT
Address	n/a
Lease No.	n/a
Property Type	Improved Site
Site Size (sf)	55,614
Shape	Irregular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	55,614
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	VACANT
Address	n/a
Lease No.	n/a
Property Type	Improved Site
Site Size (sf)	91,191
Shape	Generally Rectangular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	91,191
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	VACANT
Address	n/a
Lease No.	n/a
Property Type	Vacant Site
Site Size (sf)	158,499
Shape	Irregular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	158,499
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	VACANT
Address	n/a
Lease No.	n/a
Property Type	Improved Site
Site Size (sf)	128,734
Shape	Generally Rectangular
Topography	Flat
Utilities	All available
Zoning	MIC/H
BRL Limitation	120,000 sf
Bld. Height Limitation	HBU-impacted. Use limited to tie-downs
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Airplane tie-downs

Site Valuation

Area (sf)	128,734
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	-50%
Land Rent Conclusion	\$0.95
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$0.95



Property Description

Tenant	VACANT
Address	n/a
Lease No.	n/a
Property Type	Improved Site
Site Size (sf)	91,191
Shape	Generally Rectangular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	91,191
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	VACANT
Address	n/a
Lease No.	n/a
Property Type	Vacant Site
Site Size (sf)	158,499
Shape	Irregular
Topography	Flat
Utilities	All available
Zoning	IG2 U-85
BRL Limitation	No HBU Impact
Bld. Height Limitation	No HBU Impact
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Aviation maintenance & storage facility

Site Valuation

Area (sf)	158,499
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	0%
Land Rent Conclusion	\$1.90
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$1.90



Property Description

Tenant	VACANT
Address	n/a
Lease No.	n/a
Property Type	Improved Site
Site Size (sf)	128,734
Shape	Generally Rectangular
Topography	Flat
Utilities	All available
Zoning	MIC/H
BRL Limitation	120,000 sf
Bld. Height Limitation	HBU-impacted. Use limited to tie-downs
Highest and Best Use	
<i>Legal</i>	Industrial w/ aviation overlay
<i>Physical</i>	Buildable
<i>Financial</i>	Feasible
<i>Maximally Productive</i>	Airplane tie-downs

Site Valuation

Area (sf)	128,734
Base Land Rent \$/sf/yr	\$1.90
Height Restriction Discount	-50%
Land Rent Conclusion	\$0.95
Apron Premium	\$0.00
Total Market Rent \$/sf/yr	\$0.95

APPRAISERS' EXPERIENCE AND QUALIFICATIONS

McKEE & SCHALKA

REAL ESTATE APPRAISAL SERVICES & CONSULTANTS, INC.

1200 Sixth Avenue, Suite 1805, Seattle, Washington 98101

Telephone (206) 343-8909 Fax (206) 386-5777

EXPERIENCE & QUALIFICATIONS

KENNETH A. BARNES, MAI, CRE

Mr. Barnes graduated from the University of Missouri - Columbia with a BS in Biochemistry in 1982. In 1988 Mr. Barnes received an MBA with a Finance concentration from the University of Chicago.

Mr. Barnes received the MAI (Member Appraisal Institute) designation in 1989. He also holds the CRE designation awarded by the Counselors of Real Estate. Mr. Barnes entered the real estate business in 1981, first as a principal acquiring and renovating small rental properties, and then as an appraiser in 1983 with Moore & Shryock in Columbia, Missouri. In 1984 Mr. Barnes moved to Chicago to join Real Estate Research Corporation. He joined Cushman & Wakefield in 1989 as a Senior Appraiser in Seattle. In 1990, Mr. Barnes was elected an officer of the company as a Director and Manager of the Seattle practice. In 1998 he left the company to travel and returned to CB Richard Ellis. After 18 months of corporate advisory work he joined first one, and then a second, startup in executive roles. Mr. Barnes returned to Cushman & Wakefield in 2001 as Director. Mr. Barnes joined McKee & Schalka as Principal in 2006.

Mr. Barnes has authored a number of articles in the Appraisal Journal and other real estate publications, and has been a guest speaker or panelist for real estate organizations including NAIOP, IREM and the Appraisal Institute.

Mr. Barnes is a Certified General Real Estate Appraiser (Washington State Certificate No. 1100578), and has completed the requirements of the continuing education program of the Appraisal Institute. In his appraisal experience, Mr. Barnes has appraised and analyzed a wide variety of commercial property types, and provided critical appraisal, consultation and litigation services to a diversified range of clients.

STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON NAMED HEREON IS AUTHORIZED, AS PROVIDED BY LAW, AS A



CERTIFIED GENERAL REAL ESTATE APPRAISER

**KENNETH ALAN BARNES
8316 54TH AVENUE SOUTH
SEATTLE WA 98118**

Cert/Lic No.

1100578

Issued Date

10/11/1991

Expiration Date

09/23/2015

Pat Kohler
Pat Kohler, Director

McKEE & SCHALKA

REAL ESTATE APPRAISAL SERVICES & CONSULTANTS, INC.

1200 Sixth Avenue, Suite 1805, Seattle, Washington 98101

Telephone (206) 343-8909 Fax (206) 386-5777

EXPERIENCE & QUALIFICATIONS

ALLISON ROSELLE, MAI

Ms. Roselle graduated from Vassar College with a Bachelor of the Arts Degree in Geography. She received her Master Degree in Urban Planning from New York University. Prior to joining McKee and Schalka, Ms. Roselle worked as a budget analyst for the City of New York.

In her several years of appraisal experience, Ms. Roselle has appraised a variety of property types, including retail, industrial, office, special purpose, and multi-family residential. Her appraisal experience has focused on King, Snohomish, Pierce and Kitsap Counties. Ms. Roselle also has experience with partial acquisition appraisals for public agency acquisition and worked on the appraisal of the underground interests to be acquired by Sound Transit for the Capitol Hill (downtown to UW) segment.

Ms. Roselle is a Certified General Real Estate Appraiser (Washington State Certificate No. 1102038) and received the MAI designation in May 2012.

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CERTIFIED GENERAL REAL ESTATE APPRAISER



ALLISON B ROSELLE
MCKEE & SCHALKA
1200 SIXTH AVENUE
SUITE 1805
SEATTLE WA 98101

Cert/Lic No.
1102038

Issued Date
12/21/2009

Expiration Date
04/14/2015

Al Hil
Director

McKee & Schalka

REAL ESTATE APPRAISAL SERVICES & CONSULTANTS, INC.

1200 Sixth Avenue, Suite 1805, Seattle, Washington 98101

Telephone (206) 343-8909 Fax (206) 386-5777

EXPERIENCE & QUALIFICATIONS

ROUKIATOU ABOUBACAR

Roukiatou Aboubacar graduated from Brown University with a Bachelor of Arts degree in History. She focused on the social and religious histories of Early Modern Europe. She received her Master Degree in History from the University of Washington.

Prior to joining the McKee & Schalka team, she worked for two years as AmeriCorps volunteer, tutoring and mentoring middle school students in Seattle Public Schools.

Since joining McKee & Schalka, Ms. Aboubacar has appraised a variety of property types throughout the Puget Sound Region including retail, industrial, office, and land.

Ms. Aboubacar is a State-Registered Real Estate Appraiser Trainee (Washington State Certificate No. 1001605) and a Practicing Affiliate of the Appraisal Institute. Appraisal coursework includes Basic Appraisal Principles, Basic Appraisal Procedures and USPAP.

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STATE REGISTERED REAL ESTATE APPRAISER TRAINEE

**ROUKIATOU ABOUBACAR
1200 6TH AVENUE
SUITE 1805
SEATTLE WA 98101**

Cert/Lic No.

Issued Date

Expiration Date

1001605

05/11/2012

05/07/2016

Pat Kohler
Pat Kohler, Director