PACIFIC POWER
A DIVISION OF PACIFICORP

825 NE Multnomah, Suite 2000
Portland, Oregon 97232

March 28, 2018

VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398

Attn: Filing Center

RE: UP ___ —PacifiCorp's Application for Approval of an Asset Exchange Agreement

PacifiCorp d/b/a Pacific Power encloses for filing with the Public Utility Commission of Oregon (Commission) its Application for Approval of an Asset Exchange Agreement with AAT Lloyd District, LLC.

As described in the enclosed application, PacifiCorp respectfully requests Commission approval by May 31, 2018, to accommodate the terms of the proposed agreement.

PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By E-Mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, Oregon, 97232

Please direct any informal inquiries regarding this filing to me at (503) 813-6583.

Sincerely,

Natasha Siores
Manager, Regulatory Affairs

Enclosure

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UP ____

In the Matter of PACIFICORP d/b/a PACIFIC POWER Application for Approval of Asset Exchange Agreement with AAT Lloyd District, LLC.	**PACIFICORP'S APPLICATION FOR APPROVAL**

Under ORS 757.480(1)(a) and in accordance with OAR 860-027-0025, PacifiCorp d/b/a Pacific Power seeks approval from the Public Utility Commission of Oregon (Commission) of the disposition of the 15th floor of the Lloyd Center Tower (LCT), located in Portland, Oregon. The disposition is a part of a floor Exchange Agreement (Agreement) between PacifiCorp and AAT Lloyd District, LLC (AAT), a Delaware limited liability company.

Under the proposed Agreement, PacifiCorp intends to convey to AAT the 15th floor of the Lloyd Center Tower (LCT 15) and, in exchange, acquire the AAT-owned 3rd floor (LCT 3). PacifiCorp will also be paid a cash amount to account for the difference in market value between the floors. Market value was established by an appraisal performed in November 2017. At the closing of the exchange, AAT's lease of LCT 3 to PacifiCorp will be terminated, saving more than $548,000 per year in rent cost.

PacifiCorp is currently leasing LCT 3 for the company's Portland call center operations. AAT has indicated that a new tenant is currently interested in leasing LCT 15. This provides PacifiCorp the opportunity to own LCT 3 and terminate the lease. In order to accommodate the new tenant, AAT has indicated that it will need to own and take possession of LCT 15 by July 1, 2018, so that tenant improvements can be completed by the tenant's required October 1, 2018 move-in date.

Therefore, to provide confidence to AAT and its tenant that the necessary renovations will be able to be completed in time for its tenant's October 1, 2018 move-in date, it is respectfully requested that the Commission approve the transaction by May 31, 2018.

I. BACKGROUND

AAT is a full service, vertically integrated and self-administered real estate investment trust, headquartered in San Diego, California. PacifiCorp and AAT co-own the 20-floor LCT property located at 825 NE Multnomah in Portland, Oregon, via a condominium agreement. PacifiCorp owns 10 of the floors in the LCT. AAT owns the other 10 floors and is the management company for the LCT. PacifiCorp has been leasing LCT 3, which houses PacifiCorp's Portland Customer Contact Center, from AAT since October 1, 2014. The lease term is through September 30, 2024. The current annual rent is approximately $548,000 and increases approximately three percent per year.

AAT approached PacifiCorp about the floor exchange, indicating that AAT had a potential tenant for LCT 15 if the space can be made move-in ready within a firm schedule. The Agreement anticipates the grant of AAT-owned LCT 3, together with $410,000 in cash, to PacifiCorp in exchange for the grant of PacifiCorp-owned LCT 15. At the close of this exchange PacifiCorp's lease of LCT 3 will be terminated.

Included with this Application as Attachment A is a draft copy of the Agreement between PacifiCorp and AAT, which is intended to be executed by the parties as soon as possible. It is expected that the terms of the draft Agreement will not change in substance, although minor edits are anticipated before ultimately being executed.

The payment by AAT to PacifiCorp of $410,000 in cash represents the difference in market value between LCT 3 and LCT 15. Colliers International Valuation and Advisory Services (Colliers International) conducted an appraisal of LCT 3 and LCT 15 in November 2017, which determined the fair market value of LCT 15 is $7,290,000 and the fair market value of LCT 3 is $6,880,000. A copy of the appraisal is included in this application as Attachment B.

The termination of the LCT 3 lease will save PacifiCorp approximately $3.1 million from 2019 through term of the lease ending September 30, 2024. LCT 15 is classified as Building Structures and is system-allocated. The value of the Agreement to Oregon will be approximately $112,000 for the floor exchange and more than $149,000 annually in savings for the terminated LCT 3 lease. No proceeds will flow through the Oregon property sales balancing account because no gain will be recognized for book purposes. The proceeds and cost of removal along with legal and sales costs will be recorded against the depreciation reserve for general plant. As more fully explained below, this transaction will not affect PacifiCorp's ability to perform its public duties, will not harm customers, and is consistent with the public interest.

II. COMPLIANCE WITH OAR 860-027-0025(1) FILING REQUIREMENTS

A. Name and Address

PacifiCorp's exact name and address of its principal business office are:

PacifiCorp
825 NE Multnomah Street
Portland, OR 97232

B. State in which incorporated; date of incorporation; other states in which authorized to transact utility business

PacifiCorp is a corporation organized and existing under and by the laws of the State of Oregon. PacifiCorp's date of incorporation is August 11, 1987. PacifiCorp is authorized to provide retail electric service in Oregon, California, Idaho, Utah, Washington, and Wyoming.

C. Communications and notices

All notices and communications with respect to this application should be addressed to:

Robert Betcone Jr.
Senior Attorney
PacifiCorp
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
Telephone: 503.813.5620
Email: bob.betconejr@pacificorp.com

PacifiCorp Oregon Dockets
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email:
OregonDockets@pacificorp.com

Additionally, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By e-mail (**preferred**)	datarequest@pacificorp.com
By regular mail	Data Request Response Center PacifiCorp 825 NE Multnomah St., Suite 2000 Portland, OR 97232

Informal inquiries should also be directed to Natasha Siores, Manager, Regulatory Affairs at (503) 813-6583.

D. Principal officers

NAME	TITLE
William H. Fehrman	Chairman of the Board & Chief Executive Officer of PacifiCorp
Cindy A. Crane	President & Chief Executive Officer, Rocky Mountain Power
Stefan Bird	President & Chief Executive Officer, Pacific Power
Nikki L. Kobliha	Vice President, Chief Financial Officer & Treasurer

E. Description of business; designation of territories served

PacifiCorp engages in the generation, purchase, transmission, distribution, and sale of electric energy in Benton, Clackamas, Clatsop, Coos, Crook, Deschutes, Douglas, Gilliam, Hood River, Jackson, Jefferson, Josephine, Klamath, Lake, Lane, Lincoln, Linn, Marion, Morrow, Multnomah, Polk, Sherman, Tillamook, Umatilla, Wallowa, Wasco, and Washington Counties in Oregon. PacifiCorp also engages in the generation, purchase, transmission, distribution, and sale of electric energy in the states of California, Idaho, Utah, Washington, and Wyoming.

F. Statement showing for each class and series of capital stock: brief description; amount authorized; amount outstanding; amount held as required securities; amount pledged; amount owned by affiliated interests; amount held in any fund

Not applicable. This transaction does not involve the sale of financial instruments or PacifiCorp capital stock.

G. Statement showing for each class and series of long-term debt and notes: brief description of amount authorized; amount outstanding; amount held as required securities; amount pledged; amount held by affiliated interests; amount in sinking and other funds

Not applicable. This transaction does not involve the sale of long-term debt or notes.

H. Purpose of application; description of consideration and method of arriving at amount thereof

The purpose of this application is to satisfy ORS 757.480 and OAR 860-027-0025. AAT approached PacifiCorp in May 2015 about acquiring an interest in PacifiCorp's LCT assets, with an exchange for the third floor included in such a transaction. PacifiCorp ultimately concluded it would consider a floor exchange for LCT 15 and LCT 3 and notified AAT of this in summer 2017. LCT 15 was chosen because it would retain other PacifiCorp-owned floors together and had the least amount of technology infrastructure that would need to be moved. As PacifiCorp and AAT continued discussions, PacifiCorp hired Colliers International to complete an appraisal that included LCT 3 and LCT 15. In February 2018, AAT indicated they had a tenant interested in leasing LCT 15 and wanted to proceed with the floor exchange as soon as possible to accommodate the tenant.

PacifiCorp has drafted an Agreement contingent, in part, upon regulatory approval to exchange LCT 3 for LCT 15. Under the terms of the Agreement, PacifiCorp will convey LCT 15 to AAT in exchange for LCT 3 plus a cash payment of $410,000, which represents the difference in market value of the floors. At the close of this exchange PacifiCorp's lease of LCT 3 will be terminated. The company files this Application to obtain Commission approval of the Agreement.

PacifiCorp seeks approval of this application by May 31, 2018, to allow the company to terminate the lease of LCT 3 while AAT has an interested tenant for LCT 15. Delay in regulatory approval of the transaction that generates a delay in delivery of LCT 15 to the tenant may cause the interested tenant to find another location. AAT has stated that it cannot move forward with a transaction without providing certainty to its potential tenant that LCT 15 will be available by October 2018. AAT indicates that it needs to close with the new tenant by June 1, 2018, and begin tenant improvements on LCT 15 by July 1, 2018.

I. Statement of facilities to be disposed of; description of present use and proposed use; inclusion of all operating facilities of parties to the transaction

As described above, this transaction involves the exchange of PacifiCorp real property located in Portland, Oregon. PacifiCorp uses LCT 15 as part of its Portland headquarters offices and houses various staff on this floor, including transmission and distribution engineering, hydro engineering and operations, and transmission. This use will not interfere with PacifiCorp's business operations or ability to provide reliable service to its customers. PacifiCorp employees currently located on LCT 15 will relocate to other PacifiCorp-owned floors at LCT. The move from LCT 15 will be performed in a manner that minimizes the impact to the departments and ultimately better aligns the workgroups. PacifiCorp will continue to occupy LCT 3 post-exchange and continue to use the space for a call center.

J. Statement by primary account of cost of the facilities and applicable depreciation reserve

The applicable book value of LCT 15, included in Federal Energy Regulatory Commission (FERC) Account 101/390 (Building Structures), is $116,183.38.

K. Required filings with other state or federal regulatory bodies

In addition to this filing, this transaction requires approval from the California Public Utilities Commission.

L. Facts relied upon by applicant to show transaction is in the public interest

ORS 757.480 requires Commission pre-approval for dispositions of property necessary and useful in the performance of a utility's duties to the public with a value in excess of $100,000. OAR 860-027-0025(1)(l) requires PacifiCorp to show that such a proposed disposition is "consistent with the public interest." The Commission has previously held that this standard requires a "no harm" showing.[1] The proposed transaction will not harm customers. PacifiCorp intends to convey LCT 15 to AAT in exchange for LCT 3 plus $410,000 in cash. Further, PacifiCorp's ownership of LCT 3 will save the company more than $3.1 million for the remaining term of the existing lease, through September 30, 2024. This transaction will not interfere with PacifiCorp's ability to provide safe, reliable electric service to its customers.

M. Reasons relied upon for entering into the proposed transaction; benefits to customers

Please refer to sections H. and L. above, as well as the Background section.

N. Amount of stock, bonds, or other securities, now owned, held or controlled by applicant, of the utility from which stock or bonds are proposed to be acquired

Not applicable. This transaction does not involve the sale of stock or other financial instruments.

O. Statement of franchises held; date of expiration; facilities of transferees

Not applicable. The transaction will not affect PacifiCorp's Oregon service territory in any way.

III. COMPLIANCE WITH OAR 860-027-0025(2) FILING REQUIREMENTS

A. Exhibit A—Articles of Incorporation

Not applicable. Review of the Articles of Incorporation would not advance the

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[1] *See, e.g., In the Matter of a Legal Standard for Approval of Mergers*, Docket No. UM 1011, Order No. 01-778 (Sept. 4, 2001) ("The remainder of the statutory scheme, those statutes governing transfer, sale, affiliated interest transactions, and contracts, either expresses no standard (for instance, ORS 757.480, .485) *and has been read to require a no harm standard*, or contains a 'not contrary to the public interest' standard (ORS 757.490, .495.)") (emphasis added); *In the Matter of the Application of PacifiCorp*, Docket No. UP 168, Order No. 00-112, at 6 (Feb. 29, 2000) (regarding the sale of the Centralia generating plant); *In the Matter of Portland General Electric*, Docket No. UP 158, Order No. 00-111, at 2 (Feb. 29, 2000) (regarding the sale of the Colstrip generating units); *In the Matter of the Application of Portland General Electric*, Docket Nos. UP 165/UP 170, Order No. 99-730, at 7(Nov. 29, 1999) (regarding the sale of the Centralia generating plant).

Commission's analysis of this Application because the subject transaction involves the conveyance of utility property and does not affect PacifiCorp's corporate structure or governance.

B. Exhibit B—Bylaws

Not applicable. Review of PacifiCorp's bylaws would not advance the Commission's analysis of this application because the subject transaction involves the conveyance of utility property and does not affect PacifiCorp's corporate structure or governance.

C. Exhibit C—Resolution of directors authorizing transaction

Not applicable. This transaction did not require approval from the company's board of directors.

D. Exhibit D—Mortgages, trust, deeds or indentures securing obligation of each party

The majority of PacifiCorp's real property is subject to a lien under the Mortgage and Deed of Trust, dates as of January 9, 1989, from PacifiCorp to The Bank of New York Mellon Trust Company, N.A. (as successor to The Bank of New York Mellon) as Trustee, as amended and supplemented. PacifiCorp will request a partial release of mortgage instrument for the property to record at closing.

E. Exhibit E—Balance sheet showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the forms in the annual report

Not applicable. The transaction will not materially affect PacifiCorp's balance sheet.

F. Exhibit F—Known contingent liabilities

There are no known material or likely contingent liabilities associated with this transaction.

G. Exhibit G—Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report

Not applicable. The transaction will not materially affect the company's income statement.

H. Exhibit H—Analysis of surplus for the period covered by income statements referred to in G

Not applicable. The transaction will not materially affect the company's income statement.

I. Exhibit I—Copy of contract for transaction and other written instruments

Copies of the Agreement and the Appraisals are provided as Attachment A and Attachment B, respectively.

J. Exhibit J—Copy of each proposed journal entry to be used to record the transaction

Please see Attachment C to this Application for the proposed journal entries to be used to record this transaction.

K. Exhibit K—Copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts required by (1)(l) of this rule and reasons as required by (1)(m)

This application and attachments contain the necessary information to demonstrate the benefits of this transaction and for the Commission to base its decision. However, PacifiCorp is prepared to provide additional information as requested by the Commission.

IV. PRAYER FOR RELIEF

PacifiCorp respectfully requests a Commission order (1) finding that the Agreement, as described herein, will not harm the company's customers and is consistent with the public interest; and (2) granting other such relief as the Commission deems necessary and proper. Approval of this transaction is respectfully requested by May 31, 2018.

Respectfully submitted this 28th day of March 2018,

By: ______________________________
Robert Betcone Jr.
Senior Attorney
PacifiCorp

ATTACHMENT A

Asset Exchange Agreement

**AGREEMENT FOR THE EXCHANGE OF CONDOMINIUM UNITS
LLOYD CENTER TOWER**

This agreement for the exchange of condominium units (this "**Exchange Agreement**"), including all attached exhibits, is made by and between PACIFICORP, an Oregon corporation ("**PAC**"), and AAT LLOYD DISTRICT LLC, a Delaware limited liability company ("**AAT**"), successor in interest to LLOYD DISTRICT PROPERTIES LIMITED PARTNERSHIP, an Oregon limited partnership, ("**LDP**"), each sometimes referred to herein individually as a "**Party**" and together as the "**Parties**".

RECITALS

A. The Lloyd Center Tower ("**LCT**") is located at 825 N.E. Multnomah Street, Portland, Oregon, 97232.

B. AAT is the successor in interest to LDP, as of AAT's purchase of Unit 2 of the Lloyd Center Tower Condominium as of June 23, 2011.

C. LCT is subject to that Declaration of Lloyd Center Tower Condominium, executed September 25, 1995 (the "**Declaration**") a copy of which is attached hereto as Exhibit X.

D. The Declaration is supported by the plat of the Lloyd Center Tower Condominium recorded in the plat records of Multnomah County as Book 1129, Pages 95-104 (the "**Plat**"), a copy of which is attached as Exhibit X.

E. The Declaration and Plat establish units, common and limited common areas and other rights and obligations of the owners. Altogether the building, in its divided state, pursuant to the Declaration and Plat is the Lloyd Center Tower Condominium ("**LCTC**").

F. The Declaration and Plat units consist of two, non-contiguous units.

G. Unit 1 consists of floors 5, 6, 7, 8 and 15, 16, 17, 18, 19 and 20.

H. Unit 2 consists of parts of floor 1 and parts of floor 2, and floor 3, 4, 9, 10, 11, 12, 13 and 14.

I. PAC is the owner of Unit 1.

J. AAT is the owner of Unit 2.

K. The 15th floor of LCT, owned by PAC, is the "**Exchange Property 1500**".

L. The 3rd floor of LCT, owned by AAT, is the "**Exchange Property 300**".

M. Together, for purposes of this Exchange Agreement, the Exchange Property 1500 and the Exchange Property 300 may each be referred to as an "**Exchange Property**" or collectively the "**Exchange Properties**."

N. PAC leases Exchange Property 300 from AAT pursuant to that Lease dated September 29, 1995, as amended by that certain First Amendment to Lease dated as of June 16, 1997, as further amended by that certain Amendment to Lease dated as of June 8, 1998, as further amended by that certain Third Amendment to Lease dated as of September 19, 2001, as further amended by that by that certain Fourth Amendment to Lease dated as of May 20, 2002, as further amended by that certain Fifth Amendment to Lease dated as of September 12, 2006, as further amended by that certain Sixth Amendment to Lease dated as of June 29, 2007, as further amended by that certain Seventh Amendment to Lease dated as of June 30, 2010, as further amended by that certain Eighth Amendment to Lease dated as of May 9, 2013, as further amended by that certain Ninth Amendment to Lease dated as of October 10, 2013, (the "Ninth Amendment") (collectively, as amended, the "Lease") for that certain premises designated as Suite 300 of the building located at 825 NE Multnomah Street, Portland, Oregon (altogether the "**300 Lease**"), a copy of which is attached hereto as Exhibit X.

O. Pursuant to bylaws (the "**Bylaws**"**)**, the LCTC Owners' Association is governed by Directors representing the Parties. The Directors appoint officers which are also employees of or agents of the Parties.

P. It is the desire of PAC to acquire the 3rd floor of LCTC from AAT and, in exchange, to convey the 15th floor of LCTC to AAT. It is the desire of AAT to acquire the 15th floor of LCTC from PAC and, in exchange, to convey the 3rd floor of LCTC to PAC. This desire of the Parties is the "**Exchange**".

Q. At Closing (as defined below), the Parties desire to terminate the 300 Lease.

The "**Effective Date**" means the last date this Exchange Agreement has been fully executed by each Party and an original, fully executed copy has been received by the other Party.

ARTICLE 1.
AGREEMENT TO EXCHANGE

1.1 Agreement. For good and valuable consideration, including the mutual promises made, the Parties agree to fulfill an Exchange in accord with the provisions herein.

1.2 Exchange. Subject to the other terms and conditions set forth in this Exchange Agreement, PAC agrees to convey to AAT the Exchange Property 1500 and AAT agrees to convey to PAC the Exchange Property 300. The obligation of a Party to convey the Exchange Property owned by that Party is dependent upon a simultaneous performance on the part of the other Party to convey the Exchange Property owned by that other Party.

1.3 Cash Adjustment. In addition to the simultaneous exchange of Exchange Properties, the obligation of PAC to convey Exchange property 1500 is dependent upon, and AAT agrees to make, a cash payment to PAC at Closing in the amount of Four Hundred Ten Thousand Dollars ($410,000) ("Cash Adjustment"), to reflect the disparity in market value between the Exchange Properties. AAT shall pay PAC the Cash Adjustment in immediately available funds, through escrow, at Closing.

1.4 Lease Termination. At Closing the Parties shall terminate the 300 Lease. Any rent due shall be prorated to the date of Closing and paid at Closing. No other fees, adjustment or offsets will be incurred by either Party in association with the termination of the 300 Lease.

ARTICLE 2
PRELIMINARY MEASURES NECESSARY

2.1 The Parties agree to cooperate and to take all Preliminary Measures Necessary (defined below) to prepare for an Exchange of Exchange Property 1500 and Exchange Property 300. This provision establishes a material obligation of this Exchange Agreement and each Party shall exercise due diligence in support of the other Party and in support of the mutual goal of attainment of the Preliminary Measures Necessary so that the intended Closing of the Exchange may take place in as expeditious manner as is reasonably possible.

2.1.1 Preliminary Measures Necessary. For purposes of this section, the phrase "**Preliminary Measures Necessary**" includes, but is not limited to, cooperating to prepare for the Exchange by amending the Plat of the LCTC to create discrete condominium units for Exchange Property 1500 and for Exchange Property 300, amending the Declaration to reflect the new units reflecting the Exchange Properties and making other amendments to the Plat, Declaration, Articles, Bylaws and other associated instruments or actions as required to comply with the intent of this Exchange Agreement and the law.

2.1.2 Direction to Association Representatives. In order to effect the Amended Plat, Amended Declaration and any other Preliminary Measures Necessary, the Parties mutually agree to cooperate and to direct their respective representatives, acting as Directors of the LCTC, to take such actions as may be necessary to approve the Amended Plat, Amended Declaration and other Preliminary Measures Necessary needed to support the intent of this Exchange Agreement. The Parties, through their respective Directors, shall further direct the officers of the LCTC to certify and approve as necessary all instruments associated with the Exchange including but not limited to the Amended Plat and Amended Declaration and other Preliminary Measures Necessary.

2.2 Outside Process Costs. PAC agrees to contract for and initially pay for the survey services necessary to amend the Plat. PAC also agrees to initially incur any fees or charges necessarily associated with approvals required from the Oregon State Real Estate Board or Commissioner, County Assessor, County or City Surveyor and any other approval bodies. Altogether the costs in this section are the "**Outside Process Costs**." PAC shall provide AAT copies of all scopes of work and invoices or records of cost incurred and paid under this section. AAT agrees to reimburse PAC one-half of the total Outside Process Costs incurred by PAC. Said reimbursement shall be made at Closing but also shall be required despite any termination of this Exchange Agreement for any reason and such reimbursement shall be paid within thirty (30) days of any such termination.

2.3 Oregon Condominium Act. The Parties further agree to abide by all requirements and processes associated with condominium unit division, and amendment of condominium plats and declarations as those requirements and processes are proscribed under the Oregon Condominium Act, ORS sections 100.005 to 10.910 and 100.990.

ARTICLE 3
CLOSING CONDITIONS

3.1 Regulatory Approvals. PAC's obligation to perform under this Exchange Agreement is expressly conditioned upon PAC obtaining all required regulatory approvals to PAC's sole satisfaction. Within thirty (30) days of the date the Parties execute this Exchange Agreement PAC will diligently seek any public utility commission approvals required for the Exchange. In the event that commission approvals are not granted, PAC deems any approval unsatisfactory, or the approvals include a condition or limitation of any type then PAC shall notify AAT and this Exchange Agreement may be terminated in PAC's sole discretion. Once PAC is satisfied with all regulatory approvals required, PAC may issue a written "**Notice of Regulatory Satisfaction**" to AAT.

3.2 Vacation of Exchange Property 1500. PAC shall remove from Exchange Property 1500 all staff, agents, trade fixtures, equipment, movable furniture, and computer, data, telephone and security equipment, or as the Parties otherwise mutually agree. ("**Vacation**") from Exchange Property 1500 within a period not to exceed seven (7) months of the Execution Date. PAC will provide written notice to AAT at the completion of the Vacation ("Vacation Notice").

3.3 PAC's Satisfaction with the Condition of Exchange Property 300. PAC's obligation to convey Exchange Property 1500 is expressly subject to and contingent upon PAC's review, satisfaction and approval of the following conditions, each included for the sole benefit of PAC, and each shall be satisfied or waived in the sole discretion of PAC:

3.3.1 The continuing accuracy of all of AAT's representations and warranties in this Exchange Agreement in all material respects;

3.3.2 PAC's satisfaction with the Floor Documents which shall be deemed satisfactory following the process set forth under section 4.5 below unless a material change in the Floor Documents is identified prior to Closing;

3.3.3 PAC obtaining and approving any desired inspections or assessments of the physical condition of Exchange Property 300 which shall be deemed satisfactory following the process set forth under section 4.4 below unless a material change in the physical condition of Exchange Property 300 takes place prior to Closing.

3.3.4 PAC's satisfaction with the condition of title of Exchange Property 300 which shall be deemed satisfactory following the process and conditions set forth under section 4.6 below; and

The Title Company (as defined herein) being committed to issue a standard Owner's Title Policy (as defined herein) for Exchange Property 300.

3.4 <u>AAT's Satisfaction with the Condition of Exchange Property 1500</u>. AAT's obligation to convey Exchange Property 300 is expressly subject to and contingent upon AAT's review, satisfaction and approval of the following conditions, each included for the sole benefit of AAT, and shall be satisfied or waived in the sole discretion, of AAT:

3.4.1 The continuing accuracy of all of PAC's representations and warranties in this Exchange Agreement in all material respects;

3.4.2 AAT's satisfaction with the Floor Documents which shall be deemed satisfactory following the process set forth under section 4.5 below unless a material change in the Floor Documents is identified prior to Closing;

3.4.3 AAT obtaining and approving any desired inspections or assessment of the physical condition of Exchange Property 1500 which shall be deemed satisfactory following the process set forth under section 4.4 below unless a material change in the physical condition of Exchange Property 1500 takes place prior to Closing. AAT acknowledges that the Vacation will create a physical change in the condition of Exchange Property 1500. AAT shall not object to a change in the physical condition as a result of the Vacation of Exchange Property 1500. Notwithstanding section 4.4 below, AAT shall have the additional right to inspect Exchange Property between the Vacation Notice and the Closing Date.

3.4.4 AAT's satisfaction with the condition of title of Exchange Property 1500 which shall be deemed satisfactory following the process and conditions set forth under section 4.6 below; and

3.4.5 The Title Company being committed to issue a Standard Owner's Title Policy for Exchange Property 300.

3.5 Mortgage Release. PAC shall obtain release of that security interest held by Morgan Guaranty Trust Company of New York ("Morgan Mortgage") which is recorded against Exchange Property 1500 and PAC agrees to pay for the actual costs incurred to obtain the release of said Morgan Mortgage

ARTICLE 4.
THE PARTIES' DUE DILIGENCE

4.1 Physical Inspections and Assessments. Each Party shall be entitled to conduct inspections and assessment on the Exchange Property of the other after the Effective Date and up to Closing. Any such entry for such purpose shall be preceded by written notice to the other Party and written approval by the other Party of the timing and extent of the entry and associated inspection and assessment scope and any required conditions of entry. Inspections and assessments shall be coordinated so as to be least impactful to tenants, staff and the business activity taking place on each of the Exchange Properties. All such inspections and assessments shall be made at the sole cost of the Party initiating such action. Any desired inspection or assessment under this section shall be made, if at all, within fifteen (15) days of the Effective Date. The physical condition of an Exchange Property shall be deemed satisfactory if the inspecting Party does not object by providing written notice to the other Party within thirty (30) days of the Effective Date.

4.2 Floor Documents. Within ten (10) days of the Effective Date, each Party shall deliver to the other Party or make available at a convenient location copies of any leases (except the 300 Lease), licenses, permits or other contracts or documents or service agreements pertaining to or burdening or benefitting, in whole or in part, the Exchange Property owned by that Party ("**Floor Documents**"). Floor Documents do not include the Plat, Declaration, Articles, Bylaws of LCTC Owner's Association, or other documents managed by the LCTC Owners' Association. Disclosure of documents under this section shall include but is not limited to maintenance logs and repair records that reflect particular activity, improvements or conditions or repairs to the Exchange Property owned by the Party. Each party shall have ten (10) days from receipt of or access to Floor Documents to give written notice to the other Party that any of the Floor Documents are unacceptable ("Floor Document Objection").

4.3 Title Condition. The Parties shall order from the Title Company a preliminary report of condition of title ("**PTR**") for each of the Exchange Properties. (The

Parties shall direct the Title Company to assume the perfection of the intended Plat amendment, Declaration amendment and removal of the Morgan Mortgage.)

4.3.1 If, within ten (10) days of the Effective Date, either Party objects to a condition of title reflected in the PTR then that objecting Party shall provide written title objection notice to the other Party ("**Title Objection**").

4.3.2 Those conditions of title appearing on the PTR and to which a Party does not provide a Title Objection within the period established in this section shall be deemed "**Permitted Exceptions**".

4.3.3 The Party to which a Title Objection is directed shall have ten (10) days from receipt of the Title Objection to respond in writing that the objectionable condition will be cured by Closing ("**Cure Respons**e"). If a Cure Response is not received by the Party that provided a Title Objection within ten (10) days of the date the Title Objection was received by the Party to which a Title Objection was directed then this Exchange Agreement may be terminated by the Party that provided the Title Objection.

4.3.4 Either Party may order an updated PTR ("**UPTR**") at any time but shall order that a copy of the UPTR and any supporting material be delivered to the other Party at the same time as the UPTR is delivered to the Party ordering the UPTR. If the UPTR reflects a new title condition not included on the PTR or a modification of a title condition that appeared on the PTR (not including a simple reordering or formatting of the conditions) then either Party may, within ten (10) days of receipt of the UPTR, provide a Title Objection to the other Party as to that new or modified condition. The other Party shall have the same Cure Response period as is afforded for a PTR Title Objection and the objecting Party may terminate for failure to receive a Cure Response in the same period as for a PTR Title Objection Cure Response.

4.3.5 Neither Party shall provide a Title Objection to the other Party based on a new title condition to the PTR or UPTR that is solely to effect the Preliminary Measures Necessary.

ARTICLE 5
GENERAL INSURANCE REQUIREMENTS

5.1. Proof of Insurance; Indemnification by Buyer. AAT shall provide proof of insurance coverage meeting the requirements of this section prior to entering upon Exchange property 1500. AAT shall indemnify, hold harmless and defend PAC from and against any claims, costs (including reasonable attorneys' fees), losses, liabilities, damages, liens, penalties, demands, causes of action and suits of any nature arising out of the inspections of and/or entry onto the Property by AAT, its agents, employees or contractors, unless caused by PAC's gross negligence or willful misconduct.

5.2. Required Insurance Coverages. Without limiting any liabilities or any other obligations of AAT or its contractors, AAT and its contractors shall procure and continuously maintain through the Closing Date or longer as specified, with insurers having an A.M. Best's rating of A-VII or better, insurance against claims for injury to persons or damage to Exchange property 1500 which may arise from or in connection with this Exchange Agreement or AAT's use or inspection of Exchange Property 1500 as follows:

i. Workers' Compensation. AAT shall comply with all applicable workers' compensation laws and AAT shall furnish proof thereof satisfactory to PAC prior to entering on the Exchange property 1500 for the purposes physical inspection or assessment.

ii. Employers' Liability. AAT shall maintain employers' liability insurance with a minimum single limit of $250,000 each accident, $500,000 disease each employee, and $500,000 disease policy limit.

iii. Commercial General Liability. AAT shall maintain commercial general liability insurance on the most recently approved ISO (Insurance Services Office) policy, or its equivalent, written on an occurrence basis, with limits not less than $1,000,000 per occurrence and $2,000,000 general aggregate (on a per location basis) to protect against and from any and all loss by reason of bodily injury or property damage on or about Exchange Property 1500, including the following coverages:

a. Bodily injury, property damage, and personal injury coverage, including damage to Seller's facilities or improvements to Exchange Property 1500 as a result of AAT's, its contractors', subcontractors' or agents' negligence.
b. Contractual liability
c. Premises and Products/Completed Operations
d. Independent Contractors

v. Umbrella Liability. AAT shall maintain umbrella liability insurance with a minimum limit of $5,000,000 each occurrence/aggregate where applicable to the excess of the coverages and limits required in Employers' Liability and Commercial General Liability insurance referenced above.

vi. Certificate of Insurance. AAT shall provide to PAC a certificate of insurance evidencing its insurance coverage. The policies required herein, except Workers' Compensation and Employers' Liability, shall include provisions or endorsements naming PAC, its parent, affiliates, subsidiaries, their officers, directors, agents, employees or servants as additional insured.

vii. AAT Insurance Primary. With respect to AAT's negligent acts or omissions, all policies required under this Exchange Agreement shall include provisions that such insurance is primary with respect to the interest of PAC and that any other insurance or self-insurance maintained by PAC is excess and noncontributory insurance with the insurance required hereunder, and provisions that the policy contain a cross liability or severability of interest clause or endorsement.

viii. No Right of Recovery or Subrogation. Unless prohibited by applicable law, all required insurance policies shall contain provisions that the insurer will have no right of recovery or subrogation against PAC, its parent, affiliates, subsidiaries, divisions, co-lessees, or co-venturers, agents, their directors, officers, employees, servants, and insurers, it being the intention of PAC and AAT that the insurance as affected shall protect all parties.

ix. Notice Prior to Change or Cancellation. AAT's insurance required under this Section shall contain provisions that such policies cannot be cancelled or their limits of liability reduced without 1) ten (10) calendar days' prior written notice to PAC if cancelled for nonpayment of premium, or 2) thirty (30) calendar days' prior written notice to PAC if cancelled for any other reason.

ARTICLE 6
TITLE INSURANCE

6.1. Title Insurance. At Closing (as defined herein), each Party shall convey its respective Exchange Property to the other Party by Statutory Special Warranty Deed and by recording an amended Plat and Declaration subject to the Permitted Exceptions.

6.2. Delivery of Title Insurance. On the Closing Date (as defined herein) the Title Company will issue to and in favor of each Party a standard coverage owner's policy of title insurance with respect to the Exchange Property that is conveyed to that Party in an amount in accord with the associated Floor Value, effective as of the Closing Date, containing no exceptions other than the Permitted Exceptions (the "Title Policy") and containing such title policy extensions, endorsements that may be obtained in Oregon as the Party may require.

ARTICLE 7.
REPRESENTATIONS

7.1. Representations of PAC. PAC makes the following representations to AAT, as of the Effective Date through and including the Closing Date (as defined herein), each representation shall also survive the conveyance of title to the Exchange Property 1500 to AAT:

7.1.1. PAC is the owner of Exchange Property 1500;

7.1.2. PAC has the right, power and authority to execute, deliver, and perform this Exchange Agreement and to consummate the transaction provided for herein;

7.1.3. To PAC's actual knowledge, as of the Closing Date, except for Approved Floor Documents, there will be no contracts, leases, licenses, commitments or undertakings, to which PAC is a party, existing and relating to the Exchange Property 1500;

7.1.4. To PAC's actual knowledge, PAC has not received any notices, demands or deficiency statements from any mortgagee of the Exchange Property 1500 or from any state, municipal or county government or agency or any insurer relating to the Exchange Property 1500 which have not been cured or remedied except property valuation and tax notices issued by Multnomah County.

7.1.5. No person, broker or entity, whether or not affiliated with PAC, is entitled to a commission, finder's fee or other compensation arising from this Exchange Agreement.

7.1.6. To PAC's actual knowledge, the Exchange Property 1500 is not in violation of building, health, safety, environmental, fire, land use, zoning, or other such regulations, ordinances, or statutes of any governmental entities having jurisdiction over the Exchange Property 1500, or of any restrictive covenants (except at reflected on the Plat or of record) relating to the Exchange Property 1500, and no private person or government entity has provided written notice to PAC claiming that PAC may be in violation of such requirements.

7.2. Representations of AAT. AAT makes the following representations to AAT, as of the Effective Date through and including the Closing Date, each representation shall also survive the conveyance of title to the Exchange Property 300 to PAC:

7.2.1. AAT is the owner of Exchange Property 300;

7.2.2. AAT has the right, power and authority to execute, deliver, and perform this Exchange Agreement and to consummate the transaction provided for herein;

7.2.3. To AAT's actual knowledge, as of the Closing Date, except for Approved Floor Documents and the lease to PAC, there will be no contracts, leases, licenses, commitments or undertakings, to which AAT is a party, existing and relating to the Exchange Property 300;

7.2.4. To AAT's actual knowledge, AAT has not received any notices, demands or deficiency statements from any mortgagee of the Exchange Property 300 or from any state, municipal or county government or agency or any insurer relating to the Exchange Property 300 which have not been cured or remedied except property valuation and tax notices issued by Multnomah County.

7.2.5. No person, broker or entity, whether or not affiliated with AAT, is entitled to a commission, finder's fee or other compensation arising from this Exchange Agreement.

7.2.6. To AAT's actual knowledge, the Exchange Property 300 is not in violation of building, health, safety, environmental, fire, land use, zoning, or other such regulations, ordinances, or statutes of any governmental entities having jurisdiction over the Exchange Property 300, or of any restrictive covenants (except at reflected on the Plat or of record) relating to the Exchange Property 300, and no private person or government entity has provided written notice to AAT claiming that AAT may be in violation of such requirements.

7.3. The representations made in this section shall survive Closing.

ARTICLE 8.
USE OF THE EXCHANGE PROPERTY BEFORE CLOSING

From and after execution of this Exchange Agreement, neither Party shall grant or convey any easement, lease, license, permit or any other legal or beneficial interest in or to the Exchange Property owned by that Party or engage in any contract with any party other than the other party hereto regarding the conveyance of the Exchange Property owned by that Party, without the prior written consent of the other Party hereto, which consent may be withheld by the other Party in its sole discretion. Further, except as otherwise provided for herein, each party agrees to pay, as and when the same are due, all payments on any encumbrances presently affecting the respective Exchange Property owned by each Party and any and all taxes, assessments and levies in respect of the that respective Exchange Property through the Closing Date.

ARTICLE 9.
CLOSING

9.1. Closing. "**Closing**" or "**Close**" of the Exchange under this Exchange Agreement shall consist of the "**Closing Actions**" taking place on the "**Closing Date**" at the "**Title Company**" (all as defined below).

9.2. Title Company. PAC shall, within ten (10) business days of the Effective Date, deliver this fully executed Exchange Agreement to an escrow account with Fidelity National Title, 900 SW 5th Avenue, Lobby Level, Portland, OR 97204, phone (503) 222-2424, (the "Title Company"). The Closing shall occur at the offices of the Title Company, or as may be convenient by way of fax, email or deposit to same. In addition, PAC and AAT agree to execute, deliver and be bound by any reasonable or customary supplemental escrow instructions of Title Company, or other instruments that may be required by Title Company in order to consummate the Exchange. Any such supplemental escrow instructions shall not conflict with, amend, or supersede any portion of this Exchange Agreement. If there is inconsistency between such supplemental escrow instructions and this Exchange Agreement, this Exchange Agreement shall control.

9.3. Closing Date. The Closing shall be a date that is not later than thirty (30) days following the last to occur as between 1) the Notice of Regulatory Satisfaction, 2) completion of the Preliminary Measures Necessary or 3) receipt of Vacation Notice (the "**Closing Date**").

9.4. Closing Actions. On the Closing Date at the Title Company, the following will occur, each being a "**Closing Action**" or collectively the "**Closing Actions**" and each declared to have occurred simultaneously with the other:

9.4.1. All documents to be recorded and funds to be delivered hereunder shall be delivered to the Title Company in escrow, to hold, deliver, record, file and disburse.

9.4.2. At the Closing, the following shall occur:

9.4.3. PAC shall deliver:

9.4.3.1. PAC's approval (which shall include the approval of PAC's interest in the LCTC Association) of an Amended Plat, Amended Declaration and other condominium documents as necessary to effect the Exchange;

9.4.3.2. A statutory special warranty deed ("Deed") shall be generated by Title Company to convey the Exchange Property 1500 to AAT subject only to the Permitted Exceptions, duly executed by an authorized representative of PAC, notarized and in proper form for recording;

9.4.3.3. PAC's executed evidence of termination of the 300 Lease;

9.4.3.4. Release of Morgan Mortgage, which shall operate as a full release of the Exchange Property 1500 from the lien of such mortgage;

9.4.3.5. An affidavit in form and content satisfactory to AAT and Title Company stating that neither PAC nor, if PAC is a disregarded entity for federal income tax purposes, the owner(s) of PAC are a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code;

9.4.3.6. A certificate to the effect that the representations of PAC contained in this Exchange Agreement are true, correct and complete in all material respects as of the Closing Date, duly executed by an authorized representative of PAC;

9.4.3.7. Two (2) executed copies of such PAC's statement of settlement setting forth all (i) prorations and credits, if any, provided for in this Exchange Agreement, (ii) disbursements of the Cash Adjustment, and (iii) expenses of the Closing;

9.4.3.8. Any other funds, instruments or documents as are required from PAC hereunder or which are reasonably necessary to effect or carry out the purposes of this Exchange Agreement;

9.4.3.9. A certificate from the county assessor attesting to the payment of all charges against the Exchange Property 1500 have been paid as of the Closing Date, which certificate shall be recorded with the Deed, as provided in Chapter 96, Oregon Laws 2015;

9.4.4. AAT shall deliver:

9.4.4.1. AAT's approval (which shall include the approval of AAT's interest in the LCTC Association) of an Amended Plat, Amended Declaration and other condominium documents as necessary to effect the Exchange;

9.4.4.2. The Cash Adjustment and AAT's share of Outside Process Costs;

9.4.4.3. A statutory special warranty deed ("Deed") shall be generated by Title Company to convey the Exchange Property 300 to PAC subject only to the Permitted Exceptions, duly executed by an authorized representative of AAT, notarized and in proper form for recording;

9.4.4.4. AAT's executed evidence of termination of the 300 Lease.

9.4.4.5. Two (2) executed copies of such AAT's statement of settlement setting forth all (i) prorations and credits, if any, provided for in this Exchange Agreement, (iii) expenses of the Closing;

9.4.4.6. A certificate to the effect that the representations of AAT contained in this Exchange Agreement are true, correct and complete in all material respects as of the Closing Date, duly executed by an authorized representative of AAT; and

9.4.4.7. Any other funds, instruments or documents as are required from Buyer hereunder or which are reasonably necessary to effect or carry out the purposes of this Exchange Agreement.

9.4.4.8. The parties shall cooperate to deliver to escrow the original Amended Plat and original Amended Declaration for recording and filing as required.

9.5. The Title Company shall deliver, record, file and disburse the deposits at the direction of the Parties in accordance with the written instructions received from each of them.

9.6. Closing Costs.

9.6.1. AAT shall pay:

9.6.1.1. AAT's own attorneys' fees;

9.6.1.2. One half the cost of closing fees charges by the Title Company;

9.6.1.3. Premium for standard title insurance on Exchange Property 300;

9.6.1.4. Premium for any extended title insurance coverage or endorsements on Exchange Property 1500 as requested by AAT;

9.6.1.5. One half the Outside Process Costs and any other costs necessary to attain the Preliminary Measures Necessary. (PAC shall have previously deposited all invoices and evidence of Outside Process Costs to escrow for a summation and calculation of the share attributable to each Party.);

9.6.1.6. The amount of Four Hundred Ten Thousand Dollars ($410,000) reflecting the Cash Adjustment.

9.6.2. PAC shall pay:

9.6.2.1. PAC's own attorneys' fees;

9.6.2.2. One half the cost of closing fees charged by the Title Company;

9.6.2.3. The premium for standard title insurance on the Exchange Property 1500;

9.6.2.4. Premium for any extended title insurance coverage or endorsements on Exchange Property 300 as requested by PAC;

9.6.2.5. One half the cost Outside Process Costs any other costs necessary to attain the Preliminary Measures Necessary.

9.7. Any other necessary closing costs of Closing and expenses shall be divided evenly between the Parties.

ARTICLE 10.
DEFAULT AND REMEDIES

10.1. Default Condition. It shall be deemed a "**Default Condition**" under this Exchange Agreement if either Party fails to perform a material obligation under this Exchange Agreement and fails to cure such Default Condition to the satisfaction of the non-defaulting Party within twenty (20) days of receipt of written notice of such failure from the non-defaulting party.

10.2. Default Condition Effect: If the non-defaulting Party does not waive a Default Condition the non-defaulting Party shall be entitled to any Remedy as proscribed below.

10.3. Remedy. A non-defaulting Party may bring any action at law or equity seeking any remedies available, including but not limited to specific performance of this Exchange Agreement, against a defaulting Party if the defaulting Party has not cured a Default Condition in accordance with section 10.1 above. No claim for damages shall exceed One Hundred Thousand Dollars ($100,000) in the aggregate.

10.4. Forum. Any legal action, including an action to obtain a Remedy, that is brought by one Party and include the other Party and that is related to this Exchange Agreement shall be brought exclusively in the Multnomah County Circuit Court located in Portland, Oregon.

10.5. Exceptions to Default Condition. The following shall not be deemed Default Conditions:

10.5.1. PAC's failure to obtain regulatory approval following PAC's reasonable efforts.

10.5.2. A regulatory approval that includes conditions or costs not anticipated in this Exchange Agreement.

10.6. Failure due to Force Majeure Event. A "Force Majeure Event" is one caused by any national or general strikes (but excluding strikes relating solely to the work force of the Party), fires, riots, acts of God, acts of the public enemy, floods, acts of terrorism, unavoidable transportation accidents or embargoes, or other events: (i) which are not reasonably foreseeable; (ii) which are attributable to a cause beyond the control and without the fault or negligence of the Party incurring such delay; and (iii) the effects of which cannot be avoided or mitigated by the Party claiming such Force Majeure Event through the use of commercially reasonable efforts. The term Force Majeure Event does not include a delay caused by seasonal weather conditions, general economic conditions, or changes real estate market conditions.

10.7. Escrow Cancellation Charges. If the escrow established in connection with this Agreement fails to close because of a Default Condition attributable to a Party then that same Party shall be liable for any cancellation or other charges by the Title Company. If the Exchange fails to Close for any other reason, the parties will split any cancellation or other Title Company charges equally, except that a party ordering title extensions or endorsements must bear the entire cost of the those cancellations.

ARTICLE 11.
TAX PRORATIONS

Real property taxes and assessments on each of the Exchange Properties for the tax year of Closing shall be prorated between Seller and Buyer based on the number of days each owned or will own the Exchange Property. Because the Exchange Properties are each a subset of a larger interest held by each Party and subject to taxation, (i) the amount subject to proration of real property taxes and assessments shall be based upon the square feet attributable to a Party's Exchange Property divided by the total square feet of each Party's ownership interest in LCTC expressed as a percentage and (ii) the Parties shall enter into a mutually acceptable agreement regarding the Parties' responsibilities for timely paying such property taxes and assessments. If, as of the Closing Date, the actual tax bills for the year or years in question are not available and the amount of taxes to be prorated cannot be ascertained, then the most recent known rates, millages and assessed valuations (which amounts shall relate to the same tax year) shall be used, and such proration shall be repeated when the final tax bill is available and either Buyer and Seller, as the case may be, shall promptly pay to the other the net amount owing as a result of such redetermination.

ARTICLE 12.
INDEMNITY

12.1. Indemnification by Parties. To the fullest extent permitted by law, each Party shall indemnify, hold harmless and defend the other Party, its parent, its affiliates and their employees, officers, directors, representatives and agents ("Indemnified Entities") from and against any and all claims, demands, suits, losses, costs and damages of every kind and description, including attorneys' fees and/or litigation expenses, brought, made against or incurred by any of the Indemnified Entities, relating to (i) any material inaccuracy in any representation made by Seller contained in this Exchange Agreement; and (ii) any material breach of any covenant of a Party under this Exchange Agreement. No indemnification obligation on the part of either Party under this provision shall exceed One Hundred Thousand Dollars ($100,000).

12.2. Survival. The terms of this Article shall survive the Closing hereunder but shall not survive any termination of this Exchange Agreement or failure to consummate the transaction contemplated hereunder.

ARTICLE 13.
MISCELLANEOUS

13.1. "AS IS" CONVEYANCE. THE PARTIES AGREE, SUBJECT TO THE REPRESENTATIONS SET FORTH HEREIN OR IN ANY CONVEYANCE DOCUMENTS OR CERTIFICATIONS, THAT THEY SHALL TAKE THE EXCHANGE PROPERTIES "AS-IS," "WHERE-IS," AND WITH ALL FAULTS AND CONDITIONS THEREON. ANY INFORMATION, REPORTS, STATEMENTS, DOCUMENTS OR RECORDS (COLLECTIVELY, THE "DISCLOSURES") PROVIDED OR MADE TO BUYER OR ITS CONSTITUENTS BY SELLER OR ANY OF SELLER'S AFFILIATES OR REPRESENTATIVES CONCERNING THE CONDITION OF THE PROPERTY SHALL NOT BE REPRESENTATIONS OR WARRANTIES, EXCEPT TO THE EXTENT EXPRESSLY SET FORTH HEREIN OR IN ANY CONVEYANCE DOCUMENTS OR CERTIFICATIONS. NEITHER PARTY SHALL RELY ON SUCH DISCLOSURES, BUT RATHER, EACH PARTY SHALL RELY ONLY ON ITS OWN INSPECTION OF THE PROPERTY AND THE REPRESENTATIONS SET FORTH HEREIN AND IN ANY CONVEYANCE DOCUMENT OR CERTIFICATION.

13.2. THE PROVISIONS OF THIS SECTION 13.1 SHALL SURVIVE THE CLOSING AND ANY TERMINATION OF THIS EXCHANGE AGREEMENT.

13.3. STATUTORY DISCLOSURE. THE PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS THAT, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND THAT LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO VERIFY THE EXISTENCE OF FIRE PROTECTION FOR STRUCTURES AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

13.4. Entire Agreement. This Exchange Agreement contains the entire agreement between the Parties respecting the matters herein set forth and supersedes all prior agreements, whether written or oral, between the Parties respecting such matters.

13.5. Amendments. This Exchange Agreement may be amended or modified only by written mutual agreement, executed by both Parties.

13.6. Survival. All warranties, representations, covenants and agreements contained in this Exchange Agreement and all documents delivered in connection with this Exchange Agreement, in each case, that by their nature are intended to survive the Closing will survive the Closing.

13.7. Successors and Assigns. This Exchange Agreement is binding upon and inures to the benefit of the Parties and their respective successors, heirs, administrators, and assigns; provided, however, that notwithstanding the foregoing, neither Party's interest under this Exchange Agreement may be assigned, encumbered, or otherwise transferred, whether voluntarily, involuntarily, by operation of law or otherwise without the prior written consent of the other Party.

13.8. Notices. Any notice, demand or document which either Party is required or any Party desires to give or deliver to or make upon any other party shall be in writing, and may be personally delivered or given or made by recognized overnight courier service or by United States registered or certified mail, return receipt requested, with postage prepaid, addressed as follows:

To PAC:

Transaction Services
825 NE Multnomah, LCT 1700
Portland, OR 97232
E-mail:

With a copy to:

PacifiCorp
Legal Department
825 NE Multnomah, LCT 1800
Portland, OR 97232
E-mail:

To AAT:
____

With a copy to:
____

A Party may designate a different address for itself by notice similarly given. Unless otherwise provided in this Exchange Agreement, notices delivered by mail shall be effective three (3) business days after the deposit in a post office or other depository under the care of custody of the United States Postal Service, enclosed in wrapper with proper postage affixed. Notices delivered personally shall be effective when actually received by the party to whom notice is sent. Notices delivered via overnight courier shall be effective the first business day after delivery to the overnight courier for next business day delivery.

13.9. Time of Essence. Time is of the essence in the performance of each and every term, condition, and covenant of this Exchange Agreement.

13.10. Execution in Counterparts; Electronic Transmittal. This Exchange Agreement may be executed in counterparts, each of which is deemed an original, but all of which constitutes one and the same instrument. Any counterparts may be transmitted by one Party to the other by electronic mail, and a counterpart so executed shall be deemed an original for all purposes.

13.11. Incorporation of Recitals. The Recital section is incorporated and made a part of this Exchange Agreement.

13.12. Paragraph Headings. The paragraph headings contained in this Exchange Agreement are for purposes of identification only and will not be considered in construing this Exchange Agreement.

13.13. Waiver. Except as expressly provided in this Exchange Agreement, no waiver by a Party of any breach of this Exchange Agreement or any warranty or representation under this Exchange Agreement by another Party will be deemed to be a waiver of any other breach of any kind or nature (whether preceding or succeeding and whether or not of the same or similar nature) and no acceptance of payment or performance by a Party after any such breach by another Party will be deemed to be a waiver of any further breach of this Exchange Agreement or of any representation or warranty by such other Party whether or not the first Party knows of such a breach at the time it accepts such payment or performance. No failure on the part of a Party to exercise any right it may have by the terms of this Exchange Agreement or by law upon the default of another Party, and no delay in the exercise of any such right by the first Party at any time when such other Party may be in default, will operate as a waiver of any default, or as a modification in any respect of the provision of this Exchange Agreement.

13.14. Jury Trial Waiver. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS EXCHANGE AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE, OR TO REQUEST THE CONSOLIDATION OF, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

13.15. Governing Law. This Exchange Agreement shall be governed and construed in accordance with the laws of the State of Oregon.

13.16. No Recording. This Exchange Agreement shall not be recorded in the real property records.

13.17. Further Instruments. Each Party hereto shall from time to time execute and deliver such further documents or instruments as the other Party, its counsel or the Title Company may reasonably request to effectuate the intent of this Exchange Agreement, including without limitation, documents necessary for compliance with the laws, ordinances, rules and regulations of any applicable governmental authorities.

13.18. Calculation of Time Periods. Unless otherwise specified, in computing any period of time described in this Exchange Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday under the laws of the State of Oregon, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday or legal holiday.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the Parties have executed this Exchange Agreement effective as of the date and year last below written.

PACIFICORP, an Oregon corporation

By: ________________________________
Print: ________________________________
Its: ________________________________
Date Signed: ________________________________

AAT LLOYD DISTRICT LLC, a Delaware limited liability company

By: ________________________________

Date Signed: ________________________

EXHIBITS

ATTACHMENT B

Appraisal

LLOYD CENTER TOWER & PARKING COMPONENTS

825 NE Multnomah Street
Portland, Oregon 97232

APPRAISAL REPORT

Date of Report: November 13, 2017

Colliers File #: PDX170771

PREPARED FOR
Maggie Hodny
Manager, Real Estate Management Transactions
PacifiCorp
825 NE Multnomah Street, Suite 1800
Portland, OR 97232

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

851 SW 6th Avenue, Suite 1200
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MAIN+1 503 226 0983
FAX +1 503 273 4273
WEB www.colliers.com/valuationadvisory

November 13, 2017

Maggie Hodny
Manager, Real Estate Management Transactions
PacifiCorp
825 NE Multnomah Street, Suite 1800
Portland, OR 97232

RE: Lloyd Center Tower & Parking Components
825 NE Multnomah Street
Portland, Oregon 97232

Colliers File #: PDX170771

Ms. Hodny:

This appraisal report satisfies the scope of work and requirements agreed upon by PacifiCorp and Colliers International Valuation & Advisory Services. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). My appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest. Given that the third floor of the property is encumbered by a lease that runs for over 7 years from the date of value at a below market rent, the appraisal also develops an opinion of the leased fee interest of the third floor. The appraisal provides value opinions of PacifiCorp's ownership interest in the parking components of the property. The following table conveys the final opinion of market value of the subject property that is developed within this appraisal report:

VALUE TYPE	COMPONENT	INTEREST APPRAISED	DATE OF VALUE	VALUE
As-Is Market Value	3rd Floor Office	Leased Fee	October 26, 2017	$6,140,000
As-Is Market Value	3rd Floor Office	Fee Simple	October 26, 2017	$6,880,000
As-Is Market Value	8th Floor Office	Fee Simple	October 26, 2017	$6,940,000
As-Is Market Value	15th Floor Office	Fee Simple	October 26, 2017	$7,290,000
OTHER CONCLUSIONS		**AS OF OCTOBER 26, 2017**		
As-Is Market Value	Surface Parking Lot	51.64% PacifiCorp Ownership	October 26, 2017	$11,290,000
As-Is Market Value	Parking Garage	51.64% PacifiCorp Ownership	October 26, 2017	$11,220,000

The subject of this appraisal includes the third, eighth and fifteenth floors of the Lloyd Center Tower (totaling 66,781 SF NRA) as well as a surface parking lot and parking garage. The components being appraised are all within the larger Lloyd Center Tower Condominium property, which totals 421,921 SF of NRA located on a 7.07-acre site at 825 NE Multnomah Street in Portland, Oregon. The improvements were built in 1981 and are in good condition. In this valuation, separate values are concluded for the surface parking lot, parking garage, and office floors, assuming they could be independently marketed and separately sold.

It should be noted that the Lloyd Center Tower is under duel ownership where American Assets Trust (AAT) owns floors 1-4 and 9-14 and PacifiCorp owns the remaining floors (5-8 and 15-20). In addition the subject's surface parking lot and parking garage are under duel ownership where AAT owns 48.36% and PacifiCorp owns the remaining 51.64%.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions". *USPAP* defines a Hypothetical Condition as, "that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis".

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at my opinion of value are fully discussed below. I advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

- In analyzing the surface lot component of the subject property, the valuation is based on the base zoning and FAR allowances of the site. Specific density and development potential of the site is unknown due to the existing improvements and condominium configuration of the large overall site. The analysis within the valuation assumes that the surface lot could be developed as vacant land without atypical encumbrances or prior FAR transfers. If questions arise, further research is recommended.
- This analysis develops an opinion of PacificCorp's ownership interest in the surface lot and parking garage components of the overall property. These ownership interests were by the client reported at 51.64%. A title report was not provided for review and the ownership structure and condominium agreements were not reviewed by the appraiser. It is assumed the information provided by the client is correct.
- The parking lot component value conclusions are completed with the extraordinary assumption that both would be marketed and sold as whole components only, and that no partial interest deduction would be required.

HYPOTHETICAL CONDITIONS

- The subject property operates as an office condominium with the third floor being owned by AAT and currently leased by PacifiCorp. The 8th and the 15th floors are owned and occupied by PacifiCorp. The client has requested individual values for these three floors. In order to develop opinions of the As-Is Market Value of these floors, the analysis is conducted as if each of the floors (3rd, 8th and 15th floors, independently) is a separate condo that could be marketed and bought/sold independently. This constitutes a Hypothetical Condition required for developing opinions of value requested by the client.

- A similar Hypothetical Condition is required in developing opinions of value of the surface parking lot and parking garage components of the subject property. These are currently components of the larger Lloyd Center Tower condominium project that would not be independently marketable for sale (fee simple interest) currently. The independent value conclusions for the parking garage and surface lot components are developed as though these are independently marketable.

RELIANCE LANGUAGE

My opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The signature below indicates my assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES**

Jeff Buono, MAI
Senior Valuation Services Director
Certified General Real Estate Appraiser
State of Oregon License #C001055
+1 503 542 5414
jeff.buono@colliers.com

GENERAL INFORMATION	
Property Name	Lloyd Center Tower & Parking Components
Property Type	Office - Office Building
Address	825 NE Multnomah Street
City	Portland
State	Oregon
Zip Code	97232
County	Multnomah
Core Based Statistical Area (CBSA)	Portland-Vancouver-Beaverton, OR-WA
Market	Portland MSA
Submarket	Lloyd District
Latitude	45.532054
Longitude	-122.657110
Number Of Parcels	1
Assessor Parcel	R207932, R207933, R207934
Census Tract Number	23.03

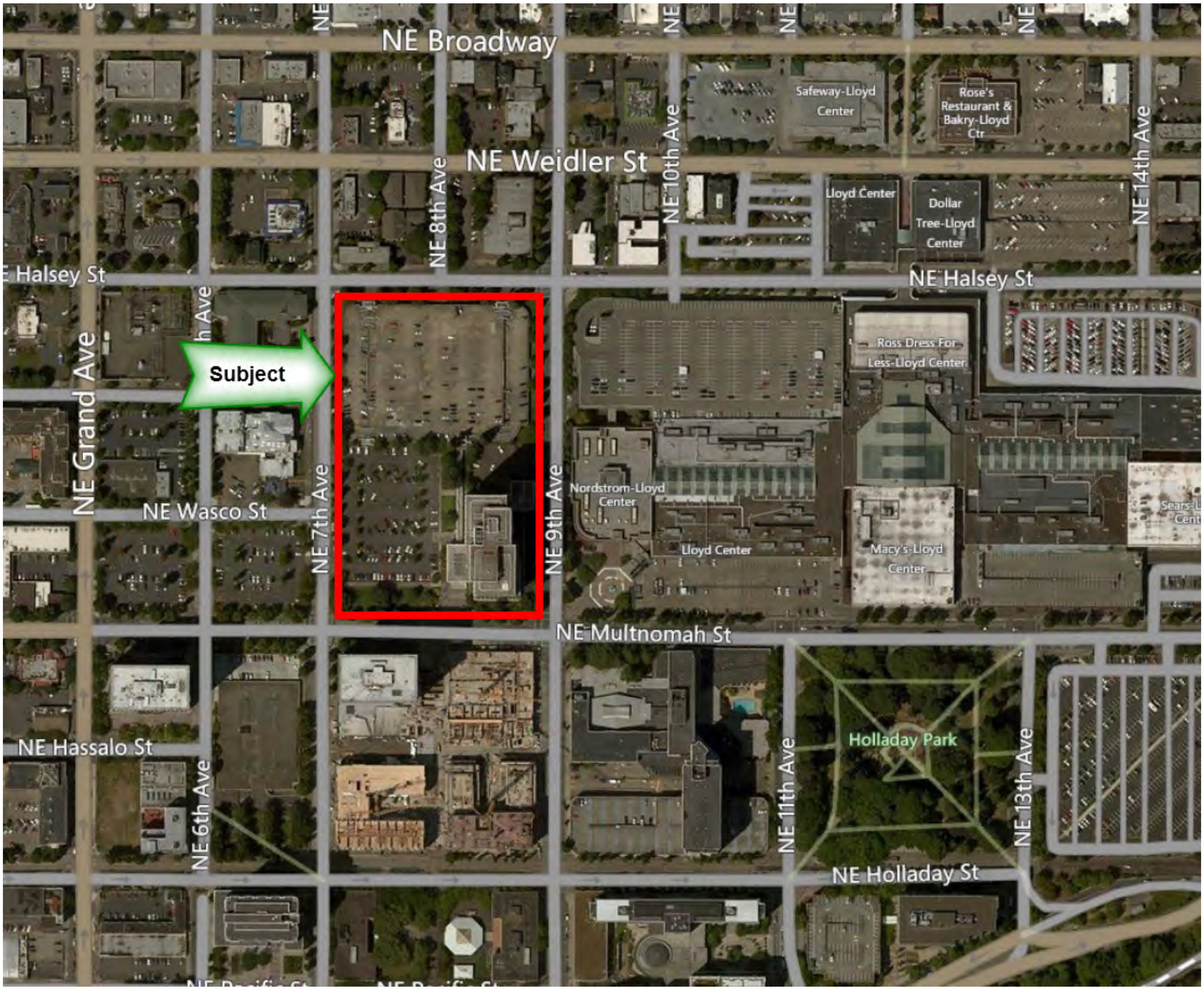
SITE INFORMATION		
Land Area	**Acres**	**Square Feet**
Usable	7.07	307,969
Unusable	0.00	0
Excess	0.00	0
Surplus	0.00	0
Total	**7.07**	**307,969**
Topography	Level at street grade	
Shape	Rectangular	
Current Zoning	Central Commercial (CX)	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	High Risk	

IMPROVEMENT INFORMATION - Larger Office Tower	
Net Rentable Area (NRA)	421,921 SF
Gross Building Area SF (GBA)	428,325 SF
Floor Plate SF	34,103 SF
Total Number Of Stories	20
Year Built	1981
Type Of Construction	Steel Frame
Land To Building Ratio	0.7 : 1
Site Coverage Ratio	11.1%

IMPROVEMENT INFORMATION - Parking Components	
Parking Type	Surface and Garage
Number of Parking Spaces - Total	1258
Parking Garage (3 levels) spaces	1058
Surface Lot Spaces	200
Parking Ratio (Spaces/1,000 SF NRA; total spaces)	3.0/1,000 SF NRA

HIGHEST & BEST USE	
As Vacant	Commercial Development
As Improved	Continued Use As-Is Of Office Tower And Parking Garage. HBU Of Surface Parking Lot Is For Commercial Or Multi-Family Development
EXPOSURE TIME & MARKETING PERIOD	
Exposure Time	Six Months or Less
Marketing Period	Six Months or Less
TENANCY INFORMATION	
Tenancy	Multi-Tenant Partially Owner-Occupied
Occupancy	100.0%

AERIAL PHOTOGRAPH



SUBJECT PHOTOGRAPHS

FACING EAST

FACING SOUTHEAST

FACING NORTHEAST

FACING NORTHWEST

PARKING GARAGE FACING NORTHEAST

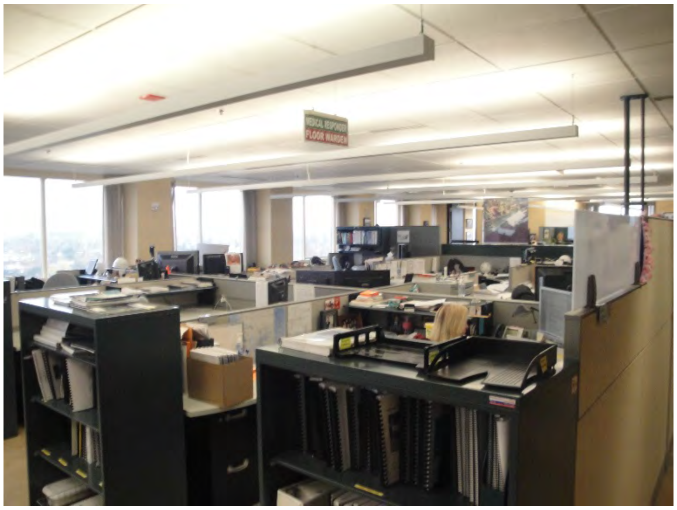
FACING WEST

FACING NORTH ON NE 9TH AVE

FACING NORTH ON NE 7TH AVE

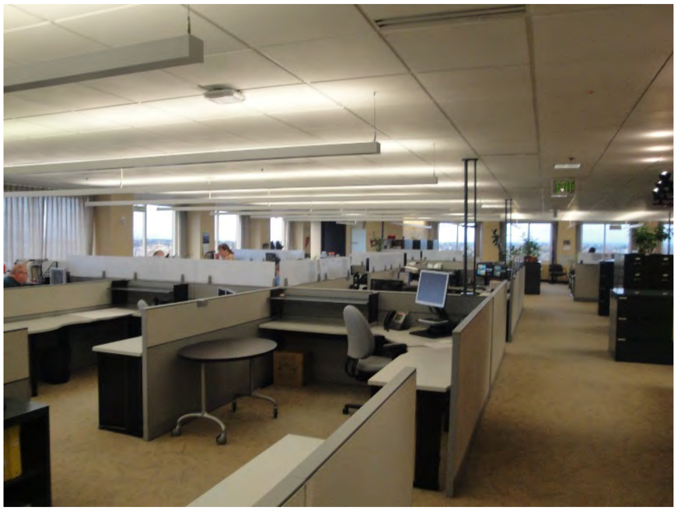
FACING WEST ON NE MULTNOMAH STREET

FACING EAST ON NE HALSEY STREET



15TH FLOOR OPEN OFFICE SPACE

15TH FLOOR OPEN OFFICE SPACE

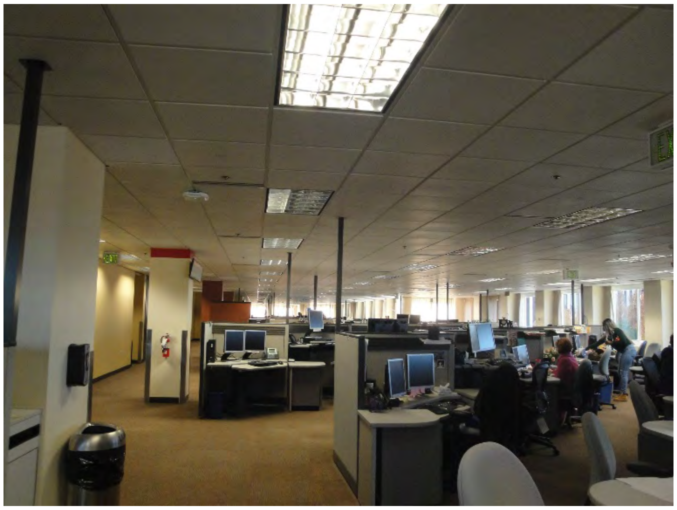


15TH FLOOR OPEN OFFICE SPACE

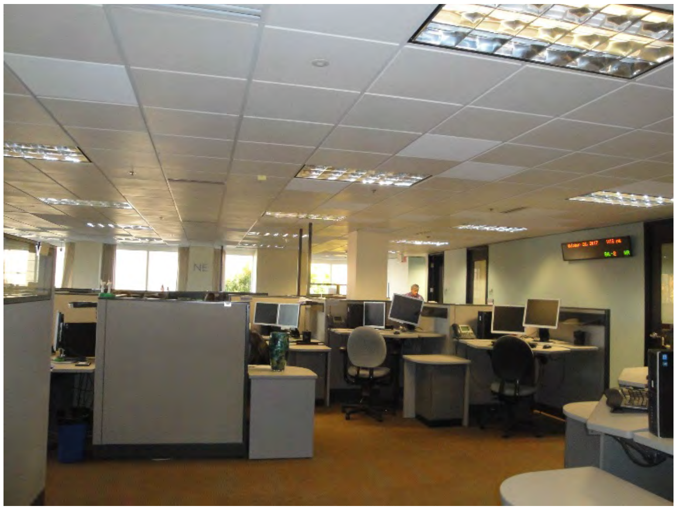
15TH FLOOR CONFERENCE ROOM

15TH FLOOR PRIVATE OFFICE SPACE

15TH FLOOR KITCHEN/BREAK ROOM



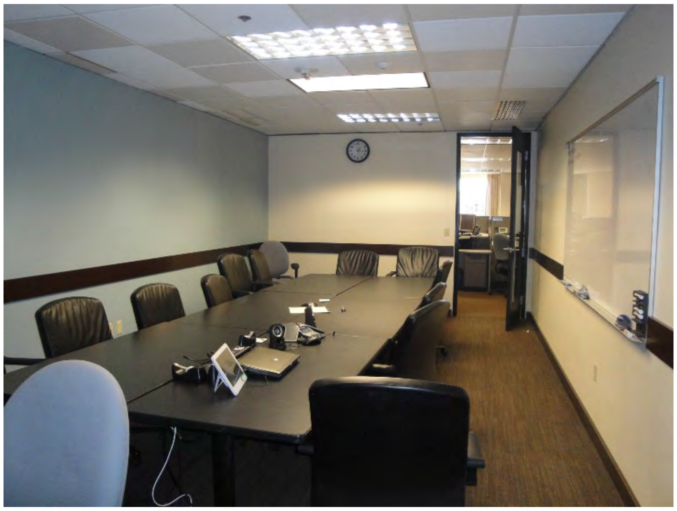
3RD FLOOR OPEN OFFICE SPACE



3RD FLOOR OPEN OFFICE SPACE


3RD FLOOR OPEN OFFICE SPACE


3RD FLOOR COMPUTER ROOM


3RD FLOOR CONFERENCE ROOM

PROPERTY IDENTIFICATION

The subject consists of portions of a high-rise office condominium project with surface and garage parking. The subject of this appraisal is identified as the following in the letter of engagement with the client:

This property consists of:

1. Three levels (floors 300, 800 and 1500) in the 825 NE Multnomah Building also known as the "Lloyd Center Tower". PacifiCorp currently leases floor 300 from AAT and owner occupies floors 800, and 1500.
2. A 90,000 square foot commercial site west of Lloyd Center Tower, (the "Surface Lot"). PacifiCorp's ownership interest is 51.64% of this property.
3. A 140,000 square foot site north of Lloyd Center Tower (the "Garage") presently improved with a parking structure PacifiCorp's ownership interest is 51.64% in this property.

The property is located on a 7.07-acre site at 825 NE Multnomah Street in Portland, Multnomah County, Oregon. The legal description of the subject's site is as follows (via client):

Legal Description

A portion of Blocks 94, 95, 96, 97, 98 and 99 and portions of vacated N.E. Clackamas Street, N.E. Wasco Street and N.E. 8th Avenue, HOLLADAY'S ADDITION TO EAST PORTLAND, in the City of Portland, County of Multnomah and State of Oregon, described as follows:

Beginning at a 5/8" x 30" iron rod with yellow plastic cap marked "Chase, Jones & Assoc." said beginning point being 10 feet North and 10 feet West of the Southeast corner of Block 99, HOLLADAY'S ADDITION, and witnessed by a brass screw 5 feet South and 5 feet East; thence from said initial point North parallel with the centerline of N.E. 9th Avenue, 699.95 feet; thence West, parallel with the centerline of N.E. Halsey Street, 440.00 feet; thence South parallel with the centerline of N.E. 7th Avenue, 699.95 feet; thence East, parallel with the centerline of N.E. Multnomah Street, 440.00 feet to the point of beginning.

SCOPE OF WORK

The scope of work for this appraisal assignment is outlined below:

- The appraiser analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends.
- The appraiser confirmed and analyzed legal and physical features of the subject, and how they impact the functionality and overall competitive position of the property.
- The appraiser completed an office supply/demand market analysis of the Portland MSA market and Lloyd District sub-market. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- The appraiser conducted Highest and Best Use analysis and conclusions were drawn for the highest and best use of the subject property As-Vacant and As-Improved.
- The appraiser confirmed and analyzed financial features of the subject property. This information, as well as trends established by confirmed market indicators, was used to forecast performance of the subject property.
- Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment

conditions. This appraisal developed the Income (Direct Capitalization) and Sales Comparison approaches to value, which were adjusted and reconciled as appropriate.

- Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are summarized within this document.
- I understand the Competency Rule of USPAP and the author of this report meets the standards.
- Jake Kelley provided significant real property appraisal assistance to the appraisers signing the certification.

(A) Define the appraisal problem;
(B) Conduct preliminary analysis, select and collect applicable data;
(C) Conduct an analysis of the subject property;
(D) Conduct highest and best use analysis;
(F) Estimate value of the property using the income and sales comparison approaches;
(G) Reconcile the value indication and reconcile the final value estimate; and
(H) Report estimate(s) of value(s) as defined.

This assistance falls under categories A-E; G-H as defined by OAR 161-025-0025(2)(a)(A-H)

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	Multnomah County Tax Assessor
Zoning Information	City of Portland Zoning Code
Site Size Information	Multnomah County Tax Assessor
Building Size Information	Multnomah County Tax Assessor, Ow ner
New Construction	CoStar
Flood Map	Interflood
Demographics	Pitney Bow es/Gadberry Group - GroundView ®
Comparable Information	See Comparable Charts for details
Legal Description	Grant Deed from RealQuest
Other Property Data	RealQuest
Tenant Leases	Ow ner
Income/Expense Statements	Ow ner

SUBJECT PROPERTY INSPECTION

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Jeff Buono, MAI	Yes	Interior/Exterior	October 26, 2017

Please note, only the 3rd and 15th floors were inspected. Ownership indicated that the quality and condition of the build out of the 8th floor is identical to the 15th floor. It should also be noted that the 15th floor was inspected on November 13, 2017 however October 26, 2017 will be used as the As-Is valuation date.

CLIENT IDENTIFICATION

The client of this specific assignment is PacifiCorp.

PURPOSE

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's leased fee and fee simple interests.

INTENDED USE

The intended use of this appraisal is to assist the client in making internal business decisions related to this asset. No other uses are intended.

INTENDED USERS

PacifiCorp is the only intended user of this report. Use of this report by Third-Parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	November 13, 2017
Date of Inspection	October 26, 2017
Valuation Date - As-Is	October 26, 2017

PERSONAL AND INTANGIBLE PROPERTY

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

PROPERTY AND SALES HISTORY

Current Owner
The property valued in this report is part of a larger condominium development with Multnomah County assessor records showing ownership from PacifiCorp, American Assets Trust (as AAT Lloyd District LLC) and Lloyd Center Tower Condominium Owners Association.

It should be noted that the Lloyd Center Tower is under dual ownership where American Assets Trust (AAT) owns floors 1-4 and 9-14 and PacifiCorp owns the remaining floors (5-8 and 15-20). In addition the subject's surface parking lot and parking garage are under dual ownership where AAT owns 48.36% and PacifiCorp owns the remaining 51.64%.

Three-Year Sales History
The subject has not sold in the last three years.

Subject Sale Status
The subject is not currently listed for sale.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the definition of Market Value is applicable.

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;

3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.[1]

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the leased fee and fee simple interests.

Fee Simple Estate
Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.[2]

Leased Fee Interest
The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.[3]

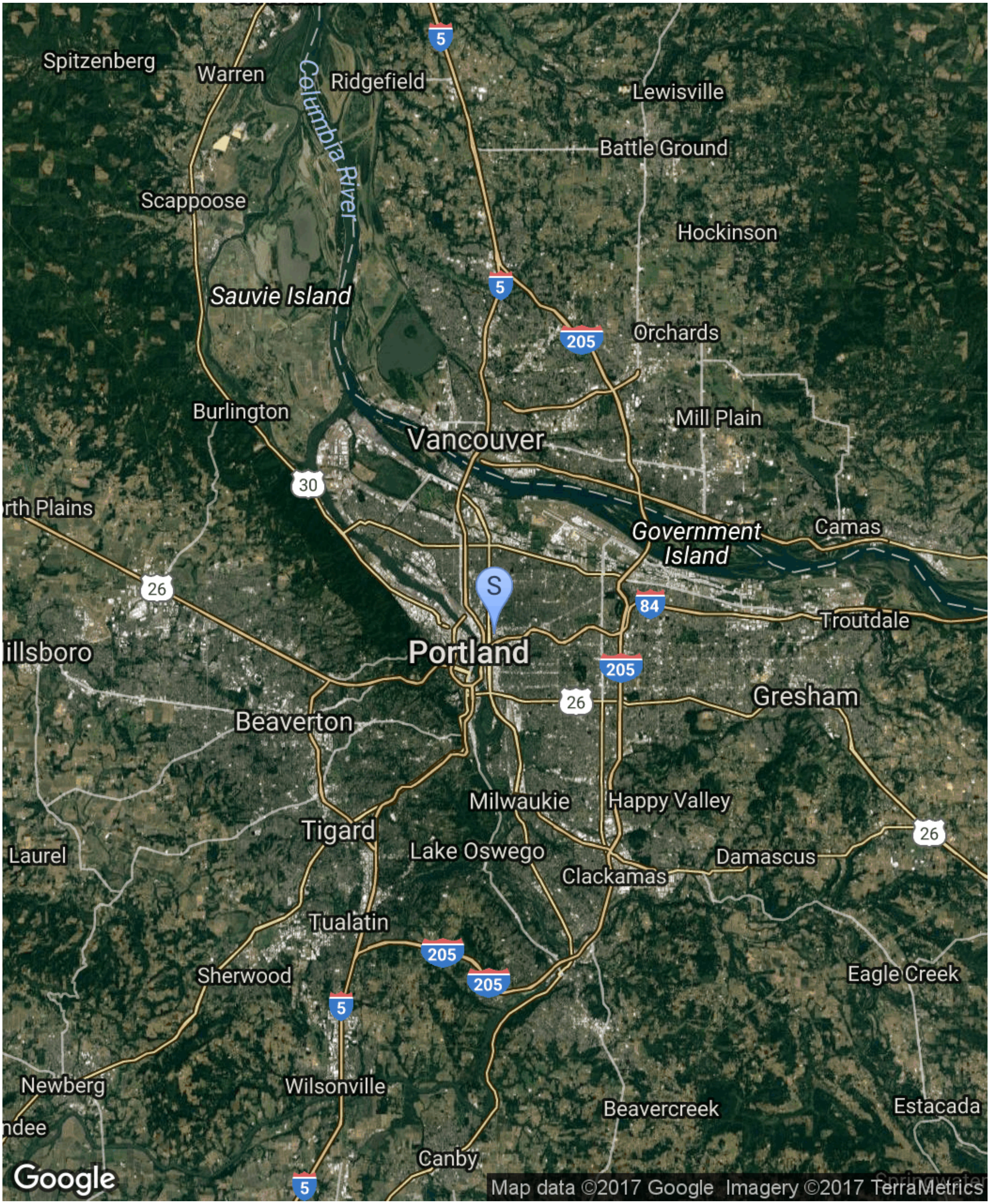
VALUE SCENARIOS

The valuation scenarios developed in this appraisal report include the As-Is Market Value of the subject property's leased fee and fee simple interests.

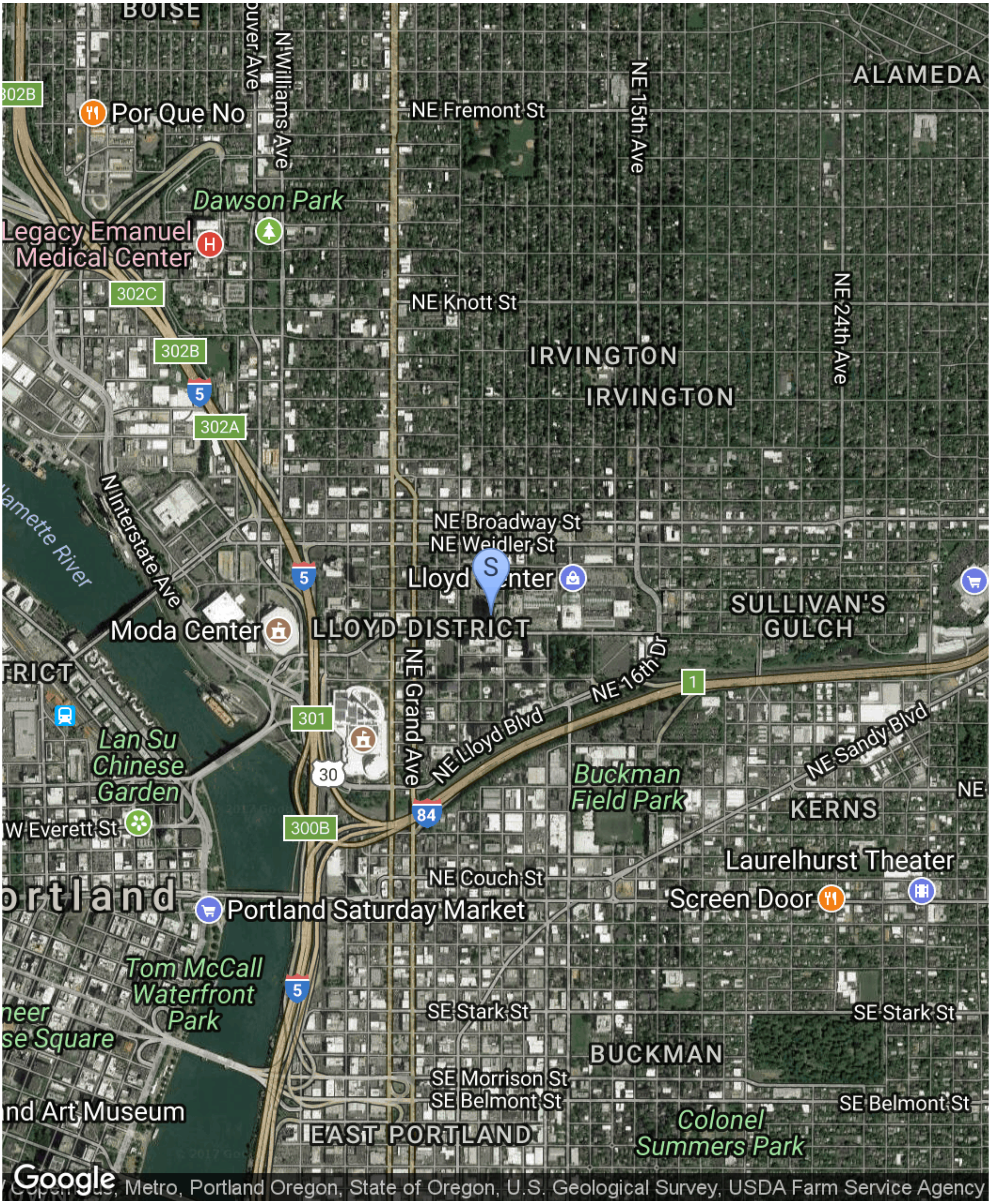
As-Is Value
The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.[4]

[1] Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C - Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.
[2] The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015
[3] The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015
[4] The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

REGIONAL MAP



LOCAL AREA MAP



REGIONAL ANALYSIS

The Portland – Vancouver - Hillsboro Metropolitan Statistical Area (MSA) is located in the northwestern section of Oregon along the banks of the Willamette River and its confluence with the Columbia River. Numerous Freeway systems intersect near Portland including Interstates 5, 84, and 205. The Portland MSA consists of Clackamas, Columbia, Multnomah, Washington, and Yamhill Counties in Oregon; as well as Clark and Skamania Counties in Washington. Portland is the state's largest city and its two main counties (Multnomah & Washington) account for one-third of the state's population.

DEMOGRAPHIC ANALYSIS

Based on regional data provided by Pitney Bowes/Gadberry Group – Groundview ®,[1] the Portland MSA comprises over half of the total population and households for the state and is projected to continue grow at a faster rate than the rest of Oregon. Supported by a growing younger population, the Portland MSA is the most densely populated region in the state with a large proportion of renter-occupied units. The larger renter population is also a product of comparatively high home values in the region; however, the median household income is much higher in the Portland region in comparison to the rest of the state and is slightly higher than the national average. Overall, the area has a growing population achieving higher than average wages.

REGIONAL AREA DEMOGRAPHICS

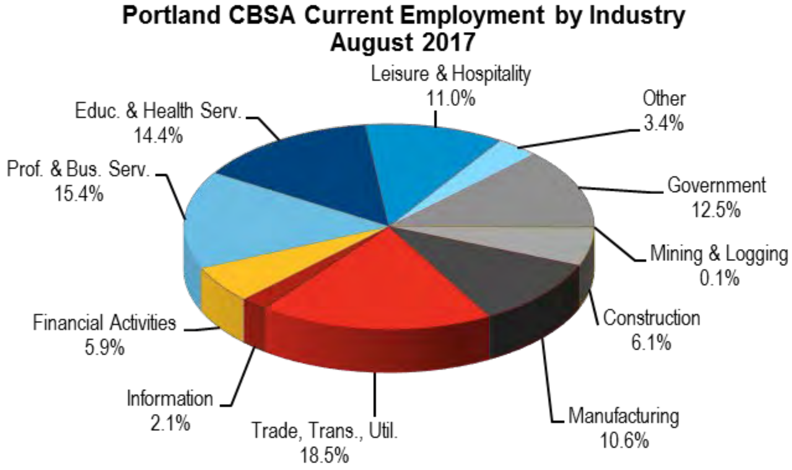
YEAR	US	OR	CBSA	YEAR	US	OR	CBSA
POPULATION				**NUMBER OF HOUSEHOLDS**			
2010 Total Population	308,745,538	3,831,074	2,226,009	2016	120,355,207	1,574,386	914,797
2016 Total Population	324,035,643	4,091,776	2,432,462	2021	124,475,498	1,641,245	964,920
2021 Total Population	337,543,660	4,352,040	2,628,422	CAGR	0.7%	0.8%	1.1%
2010 - 2016 CAGR	0.8%	1.1%	1.5%	**AVERAGE HOUSEHOLD SIZE**			
2016 - 2021 CAGR	0.8%	1.2%	1.6%	2016	2.63	2.54	2.62
POPULATION DENSITY				2021	2.65	2.60	2.68
2016 Per Square Mile	90	42	358	CAGR	0.16%	0.42%	0.50%
2021 Per Square Mile	94	45	386	**HOUSING UNITS**			
MEDIAN AGE				Owner Occupied	78,448,660	977,220	562,673
2016	37.72	39.24	37.87	Renter Occupied	41,906,547	597,166	352,124
2021	38.74	40.63	39.51	**AVERAGE HOUSEHOLD INCOME**			
CAGR	0.54%	0.70%	0.86%	2016	$78,307	$71,184	$82,206
MEDIAN HOME VALUE				2021	$82,265	$74,492	$85,579
2016	$175,546	$233,686	$262,738	CAGR	1.0%	0.9%	0.8%
PER CAPITA INCOME				**MEDIAN HOUSEHOLD INCOME**			
2016	$29,828	$27,984	$31,424	2016	$55,497	$52,297	$61,510
2021	$31,085	$28,670	$31,910	2021	$59,208	$55,730	$64,741
CAGR	0.8%	0.5%	0.3%	CAGR	1.3%	1.3%	1.0%

Source: Pitney Bowes/Gadberry Group - GroundView ®

Our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

ECONOMY

The Portland region benefits from a diversified economy that historically has been less dependent upon the lumber and wood products industry and more so reflects national business trends. Numerous large corporations, universities, hospitals and public sector (government) employers are located in Portland and are an integral part of the state and regional economies. Strategically in its favor are the Ports of Portland and Vancouver serving as a West Coast hub for trade, commerce and travel. Also under the authority of the Port of Portland is the Portland International Airport (PDX), which accounts for the vast majority of passenger travel and air cargo in the state. The following chart displays the current sector employment for the Portland MSA through August 2017:



The Portland region serves as headquarters for two Fortune 500 companies including Nike (sportswear and equipment supplier) and Precision Castparts (manufacturer of cast metal parts). The high-tech, healthcare, and education industries are all integral parts of the regional economy as shown on the following chart of regional top employers:

TOP EMPLOYERS		
EMPLOYER NAME	EMPLOYEES	INDUSTRY
Intel	19,500	Technology
Providence Health System	17,378	Healthcare
Oregon Health & Science University	15,424	Health & Education
Fred Meyer	11,200	Retail
Kaiser Permanente Northwest	10,269	Healthcare
Legacy Health Systems	9,300	Healthcare
Nike Inc.	8,500	Clothing & Apparel
Portland Public Schools	7,678	Education
Multnomah County	6,189	Government
City of Portland	5,667	Government

Source: Portland Business Journal

Intel, the world's largest semiconductor chip maker employed 112,000 people worldwide in 2016, and is one of the region's top employers employing over 19,000 people locally; however, this year Intel cut 12,000 positions nationwide, with 784 layoffs locally. In early September 2017 Amazon announced its plan to open a third fulfillment center in Portland by 2018 set to create 3,500 full time positions across all Amazon's Oregon facilities. Among the top tech companies expanding in the Portland MSA are, Ebay, Mozilla, Airbnb and Salesforce.com. Outside of Intel, the importance of healthcare systems within the Portland MSA is well defined with several healthcare providers listed in the top employers chart above.

It is also evident that government and education-related industries comprise a large proportion of the regional employment base. Portland State University (PSU) is the largest and fastest growing school in the Oregon University System boasting an enrollment of nearly 29,057 students (2016-2017). PSU had previously been ranked #11 on the top employers list but has since moved down to #14. Also, not shown on the list above but yet another of the largest post-secondary institutions in Oregon is the Portland Community College with 2,001 staff (2015-2017), Furthermore, Oregon Health & Science University (OHSU) is a nationally renowned public university with its main campus and two hospitals located in Portland and #2 on the list.

EMPLOYMENT

Historically, Oregon and the Portland MSA experienced employment gains in the first half of the decade, followed by a steep decline in 2009 corresponding with the recession. Following the recession there were two years of strong employment gains followed by two years of modest declines, followed by three years of gains in both the State and MSA. Despite total employment fluctuations over the last six years, the region's annual unemployment rate has been decreasing year-over-year. The annual 2016 unemployment rate in the MSA sits at 4.7% which is below both the Nation and State, however the YTD unemployment rate for the county sits at 4.2% as of August 2017, which gives more indication that the region has recovered from the recession.

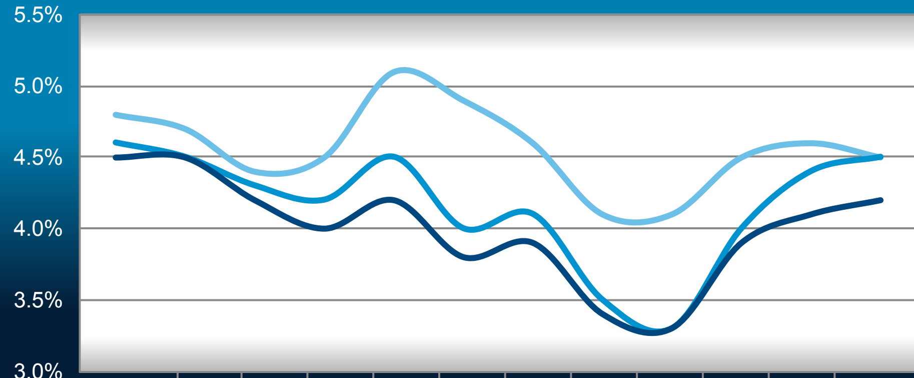
EMPLOYMENT & UNEMPLOYMENT STATISTICS 2007 - 2016

	TOTAL EMPLOYMENT				UNEMPLOYMENT RATE		
	Oregon		Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area				
Year	Total	% Δ Yr Ago	Total	% Δ Yr Ago	United States*	Oregon	Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area
2007	1,822,772	2.1%	1,087,984	2.5%	4.6%	5.2%	5.0%
2008	1,827,352	0.3%	1,099,219	1.0%	5.8%	6.5%	6.1%
2009	1,753,682	(4.0%)	1,055,193	(4.0%)	9.3%	11.3%	10.9%
2010	1,773,076	1.1%	1,084,124	2.7%	9.6%	10.6%	10.2%
2011	1,804,320	1.8%	1,105,837	2.0%	8.9%	9.5%	9.0%
2012	1,780,790	(1.3%)	1,103,184	(0.2%)	8.1%	8.8%	8.0%
2013	1,756,494	(1.4%)	1,094,329	(0.8%)	7.4%	7.9%	7.1%
2014	1,805,955	2.8%	1,125,803	2.9%	6.2%	6.8%	6.2%
2015	1,867,187	3.4%	1,164,832	3.5%	5.3%	5.6%	5.2%
2016	1,954,821	4.7%	1,215,888	4.4%	4.9%	4.9%	4.7%
CAGR	**0.8%**	-	**1.2%**	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate

The Portland MSA's not-seasonally adjusted month to month unemployment rate slightly wavered through the course of the last 12 months, but there has been an overall decline. The current unemployment rate (August 2017) for the Portland MSA sits at 4.2%, which is the lower than both the state and National average. As seen on the graph below, the unemployment rate for the MSA has been lower than the state average for the past twelve months.

UNEMPLOYMENT RATES



	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017
USA	4.8%	4.7%	4.4%	4.5%	5.1%	4.9%	4.6%	4.1%	4.1%	4.5%	4.6%	4.5%
Oregon	4.6%	4.5%	4.3%	4.2%	4.5%	4.0%	4.1%	3.5%	3.3%	4.0%	4.4%	4.5%
Area	4.5%	4.5%	4.2%	4.0%	4.2%	3.8%	3.9%	3.4%	3.3%	3.9%	4.1%	4.2%

LABOR

Industry employment information from the Oregon Employment Department's (OED) Current Employment Statistics (CES) program provides one of the best measures of state and local economic trends. Over the last year (August 2016 to August 2017), the Portland MSA gained a total of +35,300 jobs. Year-over-year growth occurred in 7 out of the 11 employment sectors, with notable gains in the 4 following sectors: Education and health services (+9,900 jobs or +6.2%); Trade, Transportation and Utilities (+7,300 jobs or +3.5%); Construction (+6,900 jobs or +10.6%); and Leisure and Hospitality (+6,700 jobs or (+5.5%). There were either modest gains or generally flat to very slight declines in employment levels in all but one of the remaining job sectors with Other Services losing (-2,000 jobs or -4.7%). Overall, the Portland MSA's private-sector growth indicates a broad-based and healthy continued growth.

SUMMARY

Employment gains since 2014 are noteworthy as evidenced by the highest employed levels in the history of the MSA and the lowest unemployment rates since the recession. This trend of an increasing employed level and a decreasing unemployment rate has continued so far in 2017 and is expected to continue over the near term, as job growth is expected to follow or outpace national growth trends. It is noteworthy that most Portland MSA private-sector industries gained jobs over the year, indicating broad-based and healthy employment gains. Overall, the Portland market is experiencing strong employment indicators, which should bolster the real estate market.

LOCAL AREA PROFILE

The subject property is located in Portland, Oregon, within Multnomah County. The subject is located just north of Interstate 84 in the Lloyd District submarket. Neighborhood boundaries are generally defined as NE Broadway on the north, NE 20th Avenue on the east, SE Hawthorne Boulevard on the south and the Willamette River on the west. The neighborhood is primarily commercial/industrial (anchored by the Lloyd Center Regional Mall which is immediately east of the subject property), but has two notable public facilities: the Oregon Convention Center and the Rose Quarter, which includes the Moda Center Arena (formerly the Rose Garden Arena) and the Memorial Coliseum.

The Lloyd District area is located just across the Willamette River to the east of Portland's Central Business District. Portland's close-in eastside has seen a wide range of new development and redevelopment as a variety of users have shown increased demand for space in the inner eastside area.

Demographics

The demographics for the subject's local area are provided by Pitney Bowes/Gadberry Group, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas.

LOCAL AREA DEMOGRAPHICS

DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				**AVERAGE HOUSEHOLD INCOME**			
2000 Population	19,361	184,102	353,899	2016	$67,443	$86,530	$84,081
2010 Population	21,513	201,238	380,076	2021	$69,743	$90,737	$87,831
2016 Population	23,627	224,723	418,534	Change 2016-2021	3.41%	4.86%	4.46%
2021 Population	25,437	243,711	450,621	**MEDIAN HOUSEHOLD INCOME**			
Change 2000-2010	11.12%	9.31%	7.40%	2016	$45,400	$57,570	$57,707
Change 2010-2016	9.83%	11.67%	10.12%	2021	$49,377	$60,932	$60,720
Change 2016-2021	7.66%	8.45%	7.67%	Change 2016-2021	8.76%	5.84%	5.22%
POPULATION 65+				**PER CAPITA INCOME**			
2010 Population	2,129	18,501	38,305	2016	$37,564	$42,918	$38,630
2016 Population	2,720	24,242	48,922	2021	$37,996	$44,031	$39,423
2021 Population	3,539	32,619	64,677	Change 2016-2021	1.15%	2.59%	2.05%
Change 2010-2016	27.76%	31.03%	27.72%	**2016 HOUSEHOLDS BY INCOME**			
Change 2016-2021	30.11%	34.56%	32.20%	<$15,000	18.0%	15.5%	14.2%
NUMBER OF HOUSEHOLDS				$15,000-$24,999	13.0%	9.2%	9.1%
2000 Households	9,979	88,178	157,586	$25,000-$34,999	9.6%	8.7%	8.6%
2010 Households	11,101	98,724	173,172	$35,000-$49,999	12.6%	11.7%	12.4%
2016 Households	11,985	107,943	186,598	$50,000-$74,999	16.6%	15.7%	17.2%
2021 Households	12,683	114,843	196,724	$75,000-$99,999	10.4%	11.2%	11.5%
Change 2000-2010	11.24%	11.96%	9.89%	$100,000-$149,999	11.7%	13.8%	14.0%
Change 2010-2016	7.96%	9.34%	7.75%	$150,000-$199,999	3.8%	5.8%	5.4%
Change 2016-2021	5.82%	6.39%	5.43%	$200,000 or greater	4.4%	8.5%	7.5%
HOUSING UNITS (2016)				**MEDIAN HOME VALUE**	$415,088	$373,944	$328,490
Owner Occupied	3,236	47,190	94,531	**AVERAGE HOME VALUE**	$479,823	$439,532	$388,851
Renter Occupied	8,753	60,780	92,073	**HOUSING UNITS BY UNITS IN STRUCTURE**			
HOUSING UNITS BY YEAR BUILT				1, detached	2,829	46,626	99,910
Built 2010 or later	131	1,199	1,863	1, attached	476	3,736	6,581
Built 2000 to 2009	1,222	11,638	18,981	2	514	4,780	8,143
Built 1990 to 1999	1,058	6,349	11,781	3 or 4	1,115	6,272	10,161
Built 1980 to 1989	350	4,282	8,427	5 to 9	1,147	6,170	9,569
Built 1970 to 1979	1,081	7,790	16,920	10 to 19	1,222	7,350	10,792
Built 1960 to 1969	1,222	7,176	14,781	20 to 49	1,313	10,293	12,950
Built 1950 to 1959	640	8,480	21,202	50 or more	3,350	22,284	26,841
Built 1940 to 1949	608	8,256	17,768	Mobile home	23	426	1,403
Built 1939 or earlier	5,672	52,773	74,875	Boat, RV, van, etc.	0	34	254

Source: Pitney Bowes/Gadberry Group - GroundView®

As noted in the table above, moderate population growth is anticipated to occur in the subject's market area (3-mile radius) over the next few years. There is a strong concentration of renters in the market and the 1 mile radius is about 73% renter occupied.

Residential Development

Residential development in the market area is a mix of single family to the north and southeast beyond Interstate 84. There is substantial multi-family development closer in, particularly to the northwest and southwest of the subject. Most homes in the local area were generally built between 1900 and 1960 on lots ranging in size from 5,000 to 12,000 square feet. Single family homes primarily consist of older homes and large substantial buildings with period charm and detail. Some homes are listed on the national historic register. Considerable in-fill and redevelopment has occurred within the market area in recent years. Newer residential development has generally occurred in conjunction with commercial and public projects.

Multi-family projects are interspersed throughout the Kerns neighborhood to the south and were generally built from the 1920's through the 1970's. Development ranges from vintage "bricker" apartment buildings built in the earlier half of the century to small one and two-story, garden-court apartments built in the 60's and 70's.

Recent significant revitalization has occurred in the greater eastside market area with the construction (recently completed or under development) of numerous apartment buildings with some featuring ground floor retail space and limited parking. This new development is typically limited to major arterials in areas where walkability is an important feature. The Central Eastside Lofts and Linden Apartments are two notable examples of mixed-use projects in the close-in Eastside/southwest Lloyd District node.

The existing supply in the subject's Lloyd District is primarily north of Interstate 84 and includes recently built, large-scale, condo-quality projects, small historic apartment buildings (some of which are renovated), and mixed-use projects with ground floor commercial uses and residential uses above. The general area has strong appeal due to its good access to nearby employment in the downtown core, supporting commercial uses and transportation systems. There are several new projects underway and proposed in the Lloyd District, as will be discussed further below.

Commercial Development

Commercial development within the subject's local area is primarily along arterials such as nearby NE Broadway Boulevard, NE Wiedler Steet, NE MLK Jr. Bouleverd, NE Grand Avenue, NE Sandy Boulevard and E Burnside Street. Development includes storefront commercial buildings, anchored and unanchored neighborhood shopping centers, small office buildings and owner/user type commercial buildings. Commercial buildings range from new to 80 years old and can range in condition from below average to good (new).

The Lloyd Center, a 1.5 million SF regional mall, is located in the immediate area. This shopping center was built in 1960 and remodeled in 1991 and 2015. The mall is seeking to rebrand itself with a mix of local and neighborhood-friendly tenants to capitalize on the dynamic changes in the immediate area. The tenant mix has traditionally been dominated by large, national retailers but the owners and leasing brokers are seeking more local-friendly tenants such as boutique stores, restaurants, brewpubs, exercise studios and possibly a grocery store. The former movie theater component of the mall has been reimagined as creative style office space.

There is limited commercially zoned land available for development in the market area. The recent trend has been the redevelopment of many underutilized properties in the market area and the revitalization of older commercial areas.

Office space in the neighborhood is primarily mid and high-rise oriented north of Interstate 84, with smaller office buildings interspersed and south of Interstate 84. A total of three towers (totaling nearly 1,000,000 SF) were built between 1970 and 1981 on NE Multnomah Street in proximity to the Lloyd Center. Lloyd Five Hundred is a 16-story office building that was purchased by Kaiser Permanente for partial use as their corporate headquarters. The former Port of Portland building has 16 stories, and Lloyd Center Tower has 20 stories.

There are several government-occupied buildings in the local area including BPA Headquarters, 911 Federal Building, and Oregon State Office Building. Other newer built office buildings include Liberty Centre, Lloyd 700 Building and the 1201 Lloyd.

Lloyd District Projects

Recently the Burnside Bridgehead has become an area of revitalization and appeal within the neighborhood. The area consists of several blocks along East Burnside Street at the entrance of the Burnside Bridge, and is approximately four blocks to the west of the subject. The first property to be completed in this area was the Eastside Exchange Building, which was the renovation of an existing vacant historic office building to 100,000 SF of creative office space. Shortly after completion of this project, construction began on the YARD, which is a

230,000 SF mixed use retail and apartment building. This development is completed and lease up of the apartment and retail space is currently occurring. Construction is currently underway on several additional projects in this area including the Slate Building, which is a 63,750 SF mixed use retail, office, and apartment building, and the Fair-Haired Dumbbell, a 25,000 SF office building, and Eastside Burnside Apartments (130,000 SF apartment building currently under construction).

The biggest project recently in the Lloyd District is the Hassalo on Eighth project which will house 657 apartments in three buildings that includes 60,000 SF of retail and office space. The project was reported at $250 million total cost. The developers were anticipating demand from the district's estimated 25,000 office workers, given that only 1,100 people live in the immediate area.

According to the Oregonian, the Hassalo development was poised to effectively double the population residing in the Lloyd District and together with other new and proposed project, the population could triple. While new developments will be focused on residential projects, these are anticipated to have positive impacts on the appeal and demand for retail and office space in the neighborhood.

Community Services/Transportation

Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, hospitals, police stations, and schools (all ages). The area is served by Tri-Met public bus and MAX light rail system. There is a Portland Streetcar stop adjacent to the subject property a MAX light rail service within a few blocks. This light rail provides a link to the rest of the region with enhanced connections to regional employment centers and is a positive influence on development in the area. The Streetcar system loops into downtown Portland. The Portland International Airport (PDX) is about 10 miles away.

SUBJECT PROPERTY ANALYSIS

The following discussion draws context and analysis on how the subject property is influenced by the local and immediate areas.

Subject Property Analysis

The uses adjacent to the property are noted below:

- **North**: NE Halsey Street with low rise commercial and multi-family developments beyond
- **South**: NE Multnomah Street with Lloyd 700 office tower and Hassalo on Eighth multi-family project
- **East**: NE 9th Avenue with Lloyd Center Mall beyond
- **West**: NE 7th Avenue with multi-family development, religious facility and surface parking beyond

Local Area Summary

The market area is primarily residential with supporting commercial uses, and benefits from its convenient access to commercial services, thoroughfares, public transportation, and community services. Commercial development is generally located along the major arterials and the immediate area has experienced revitalization in recent years. Overall the condition and appeal of the area is generally good. Growth is physically restricted by the Willamette River to the west and by the lack of undeveloped sites. New projects will be accomplished by redevelopment of under-improved properties such as the subject site. As demand continues to increase for close-in properties, property values are expected to appreciate in the subject's immediate neighborhood.

PLAT MAP


N.W.1/4 N.W.1/4 SEC.35 T.1N. R.1E. W.M.
MULTNOMAH COUNTY
1N 1E 35BB
PORTLAND
SEE MAP 1N 1E 26CC
SEE MAP 1N 1E 26CD
N.E. HALSEY ST.
N.E. CLACKAMAS ST.
N.E. WASCO ST.
N.E. MULTNOMAH ST.
N.E. HASSALO ST.
N.E. HOLLADAY ST.
BANFIELD LIGHT RAIL
GRAND AVE.
6TH AVE.
7TH AVE.
9TH AVE.
N.E. 7TH AVE.
MARTIN LUTHER KING, JR. BLVD.
(PACIFIC HWY EAST)
(4TH ST.)
(N.E. UNION AVE.)
U.S. HWY 99E
SEE MAP 1N 1E 34AA
SEE MAP 1N 1E 35BA
SEE MAP 1N 1E 35BC
883
LLOYD CENTER TOWER CONDOMINIUM
90000
HOLLADAY'S ADD. TO
LLOYD BLOCKS
2601
2602
2603
2604
CASCADIAN COURT CONDO
80000
ASSESSED BY D.O.R.
P.P. 1992-20
JACOB WHEELER D.L.C.
APPROX. 1/16 COR.
69
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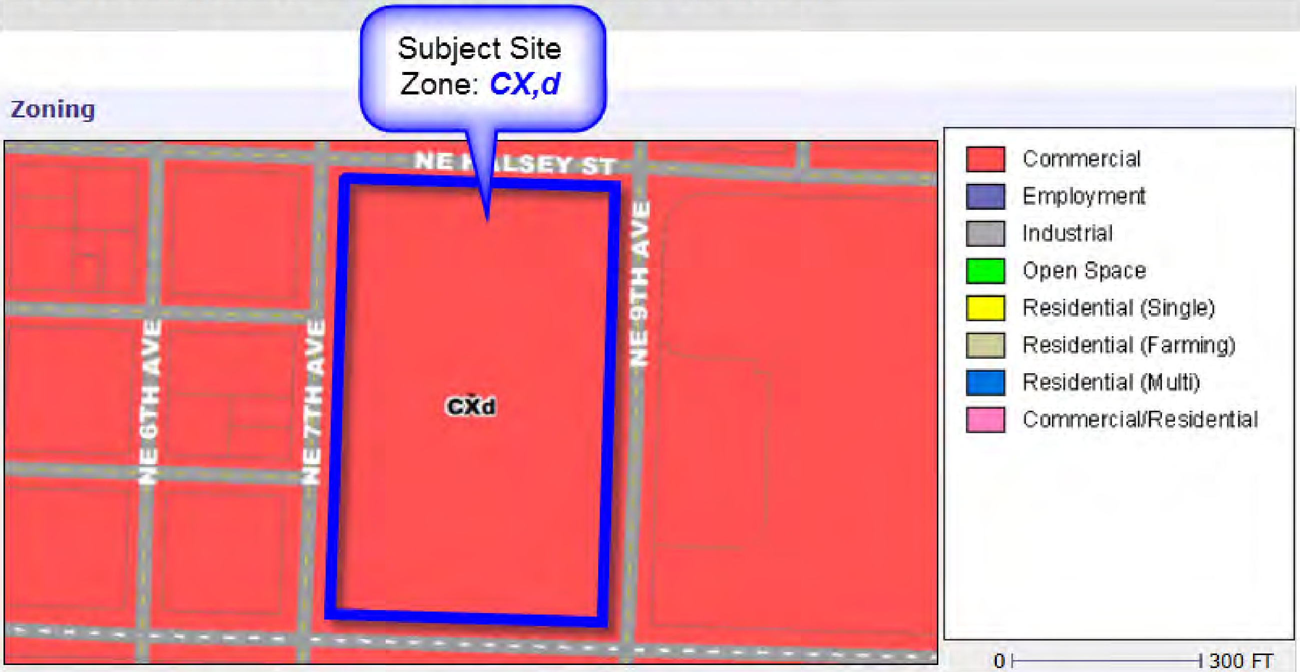
46

ZONING MAP

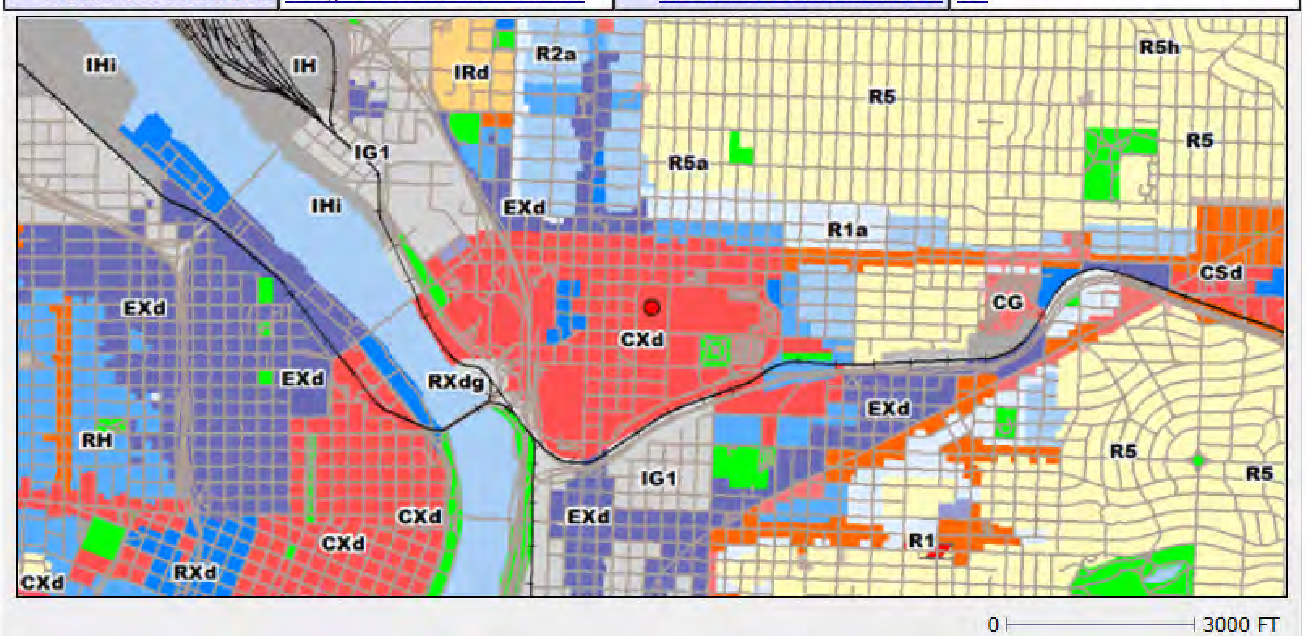
PortlandMaps

825 NE MULTNOMAH ST - LLOYD DISTRICT - PORTLAND

Zoning



Zone	CX (Central Commercial)	Plan District	Central City
Overlay	d	NRMP District	
Comp Plan	CX	Historical Resource Type	
Comp Plan Overlay		Historic District	
Zoning Map	2931	Conservation District	
Urban Renewal Area	Oregon Convention Center	Wellhead Protection Area	No



FLOOD MAP

InterFlood by a la mode

Prepared for: Colliers International
825 NE Multnomah St
Portland, OR 97232-2135

Powered by CoreLogic©

MAP DATA

FEMA Special Flood Hazard Area: **No**
Map Number: **4101830091E**
Zone: **X**
Map Date: **October 19, 2004**
FIPS: **41051**

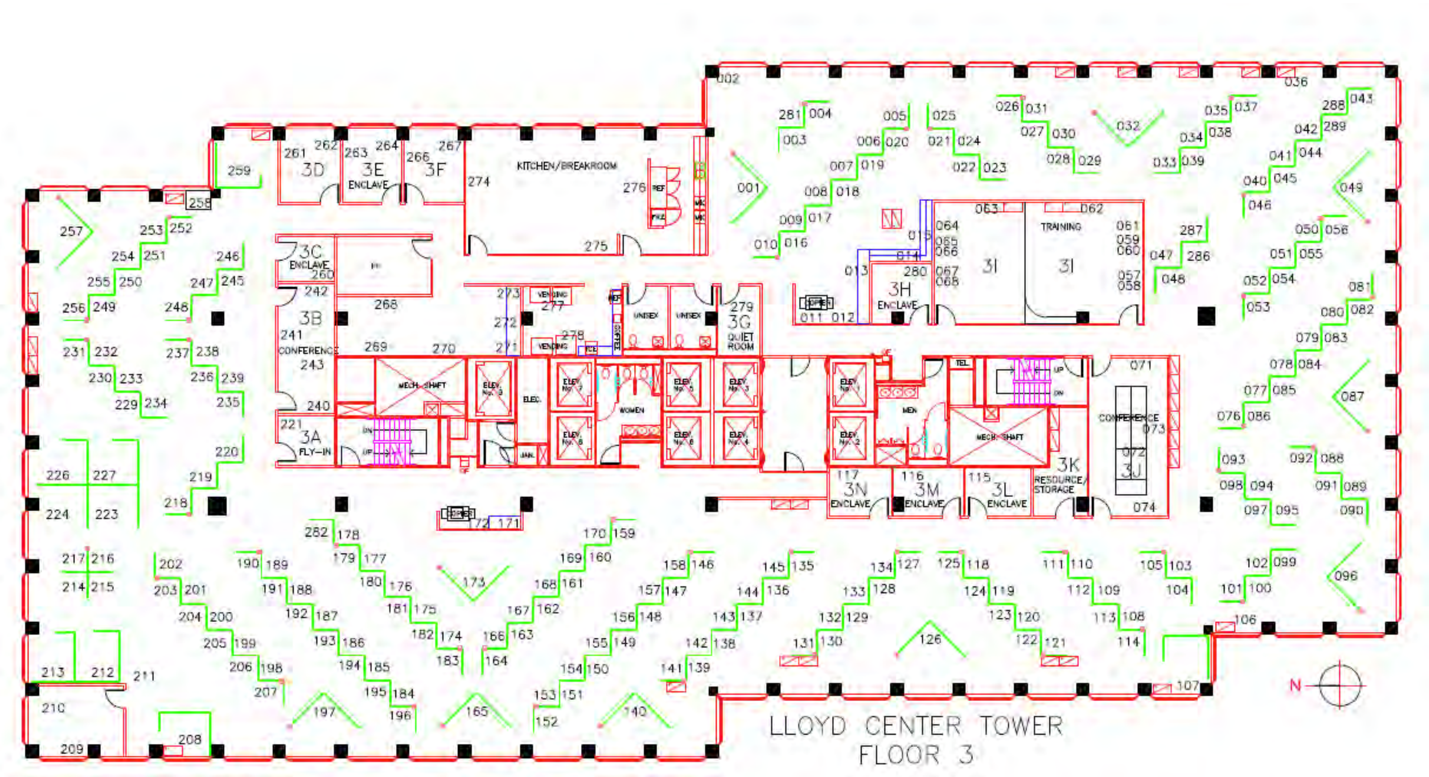
MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard
- Protected Areas
- Floodway
- Subject Area

SITE PLAN

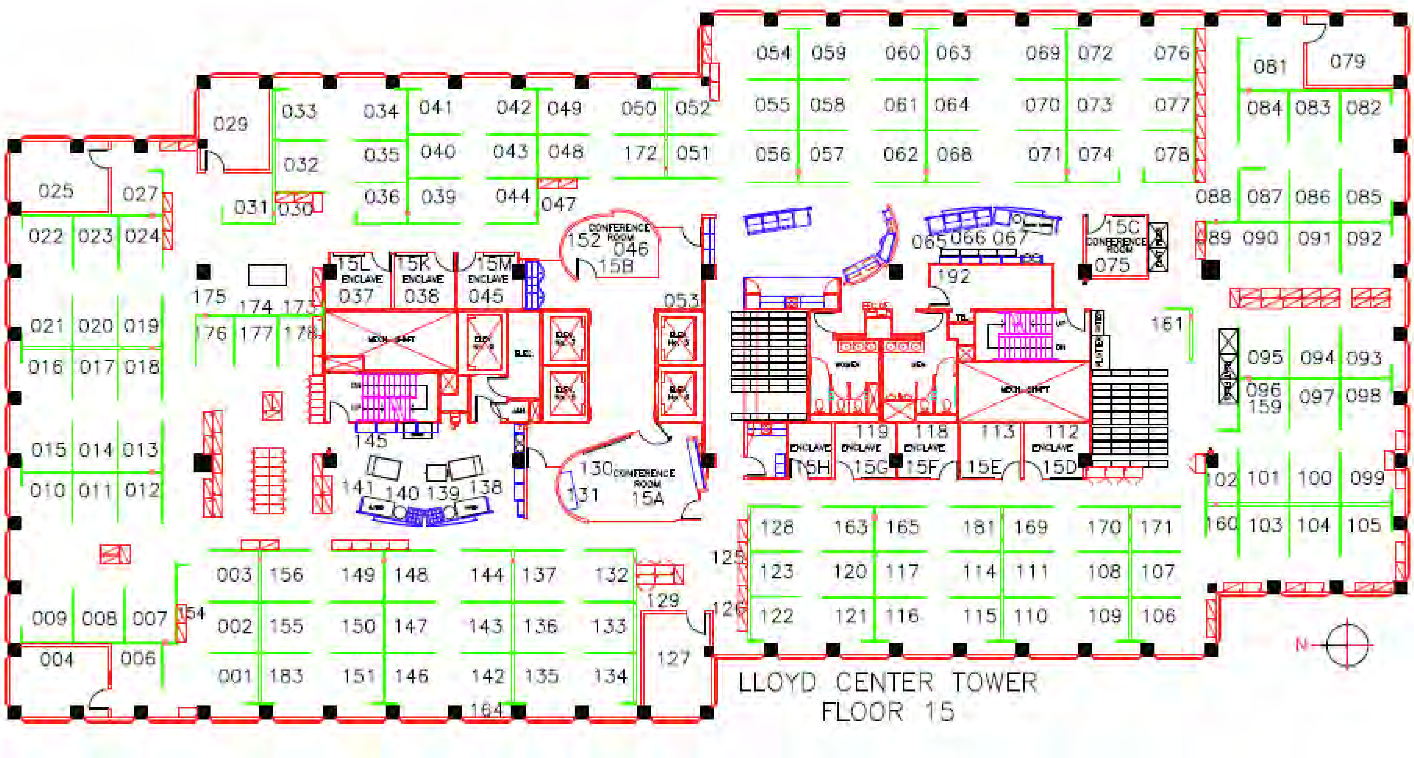

NE Halsey St
NE
NE 8th
Garage
Surface Lot
Lloyd Center Tower
NE 7th Ave
NE 9th Ave
Nordstrom-Lloyd Center
NE Multnomah St

3RD FLOOR LAYOUT



8TH FLOOR LAYOUT

15TH FLOOR LAYOUT



SITE DESCRIPTION

General Description The subject consists of a portion of a larger condominium development known as the Lloyd Center Tower Condominium. The larger development consists of a “superblock” (larger than typical and adjacent city blocks). The condominium includes the 20-floor office tower, a surface lot and a parking garage. The subject site has 307,978 SF (7.07 AC) of land area. The surface parking lot totals 90,000 SF and the parking garage site area consists of 140,000 SF of land area. The area is estimated based on the assessor's parcel map and legal description shown earlier in the report, and may change if a professional survey determines more precise measurements. The site description provides an overview of the overall site that includes the subject property. Please note that only portions of this site are valued ahead.

Assessor Parcel R207932, R207933, R207934

Number Of Parcels 1

Land Area	Acres	Square Feet
Primary Parcel	7.07	307,969
Unusable Land	0.00	0
Excess Land	0.00	0
Surplus Land	0.00	0
Total Land Area	**7.07**	**307,969**

Shape Rectangular - See Plat Map For Exact Shape

Topography Level at street grade

Drainage Assumed Adequate

Utilities All available to the site

Street Improvements	Street	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetlights	Center Lane	Gutters
NE Multnomah Street	Primary Street	two-way	two-lane	minor arterial	✓	✓	✓	✓	✓
NE Halsey St.	Primary Street	two-way	two-lane	minor arterial	✓	✓	✓		✓
NE 7th Ave.	Secondary Street	two-way	two-lane	minor arterial	✓	✓	✓		✓
NE 9th Ave	Secondary Street	two-way	four-lane	minor arterial	✓	✓	✓		✓

Accessibility Average/Good noting the subject's access from four arterials and overall access to I-84, and I-5.

Exposure Good noting the subject's full block exposure along four arterials.

Seismic High Risk

Flood Zone Zone X (Unshaded). This is referenced by Community Number 410183, Panel Number 4101830091E, dated October 19, 2004. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

Site Rating Overall, the subject site is considered a good commercial site in terms of its location, exposure, and access within NE Portland.

Easements A preliminary title report was not available for review. During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.

Soils A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

Hazardous Waste We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

IMPROVEMENT DESCRIPTION

The information presented below is a basic description of the existing improvements using sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted.

The description below includes the entire office tower; however, it should be noted that only the 3rd, 8th and 15th floors totaling 66,781 SF will be valued.

Property Type	Office condominium w/ surface and garage parking
Design	Multi-tenant
Number of Buildings	1
Number of Stories	20
Net Rentable Area (NRA)	421,921 SF
Gross Building Area (GBA)	428,325 SF
Occupancy	100% occupied by a third party tenants
Construction	Steel frame
Site Coverage	11.1% (34,103 SF building footprint / 307,969 SF site area)
Land to Building Ratio	0.72:1
Year Built	1981, with periodic renovations
Age/Life Analysis	
Actual Age	36 Years
Effective Age	15 Years
Economic Life	50 Years
Remaining Life	35 Years
Quality & Condition	The subject improvements are of average/good quality and condition
Foundation	Reinforced concrete
Roof	Flat roof with composition cover; the roof was not inspected
Insulation	Assumed to be standard and to code for both walls and ceilings
HVAC	The building is served by electric HVAC systems located on the penthouse level of the office tower (21st floor).
Lighting	Primarily fluorescent fixtures
Interior Walls	Primarily painted sheetrock
Electrical	Assumed to be standard and to code for office use
Ceilings	Typically suspended acoustic ceiling panels and painted and textured sheetrock.
Windows	Fixed glass in metal frame; reflective glass exterior
Doors	Glass storefront entries; there is a pedestrian bridge over NE 9th Ave. that connects to Lloyd Center Mall.

Flooring A mix of commercial grade carpet, ceramic tile, and vinyl.

Plumbing Each floor is adequately served with restrooms. Overall, there is adequate access to plumbing/restroom facilities in the subject.

Fire Protection The subject has a fire sprinkler system.

Elevators Nine elevators with one freight elevator; the parking garage is also elevator served.

Landscaping Asphalt paving, concrete sidewalks, concrete curbing, pole mounted lights and low maintenance sprinklered landscaping.

Signage Monument signage along NE Multnomah Street.

Parking The subject property has a surface parking lot to the west of the office tower and a parking garage to the north of the office tower. The subject's parking areas combine to provide a ratio of 3 spaces per 1,000 SF, which is high for downtown and close-in office properties. The following chart summarizes the spaces per area of parking.

IMPROVEMENT INFORMATION - Parking Components	
Parking Type	Surface And Garage
Number of Parking Spaces - Total	1258
Parking Garage (3 levels) Spaces	1058
Surface Lot Spaces	200
Parking Ratio (Spaces/1,000SF NRA; total spaces)	3.0/1,000 SF NRA

Deferred Maintenance No deferred maintenance was reported or noted on the inspection. Ownership indicated the overall tower has undergone several renovations/upgrades over the past five years including renovation of the lobby, upgrades to the elevators etc.

Functional Design The subject improvements offer average to good utility to the tenants. The property has good on-site amenities, noting its Class A 1980s construction and configuration. The building has a fitness center, loading dock/receiving area, bicycle parking, conference rooms, and lower level storage. Overall, the subject has a functional design considering the site and building configurations.

ASSESSMENT & TAXATION

The subject property is located within the Multnomah County municipality. As a condominium property, there are three accounts. The first account, R207932, includes the condo association common elements and area and no value is assessed and there are no taxes charged to this account. The second account reflects "Unit 1" of the condo which is owned by PacifiCorp. As a regional utility provider, PacifiCorp is centrally assessed by the Department of Revenue. No assessment or taxes are applied by the Multnomah County Assessor. The third tax account, R207934, reflects "Unit 2" of the condo which is owned by AAT. This account reflects AAT's interest in the office tower and parking components (all assessed as improvement value with no land value assessment). The assessed value and property tax for the current year are summarized in the following table.

The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES						
Tax Year	2017/2018				Tax Rate	2.3565%
Tax Rate Area	883				Taxes Current	Yes
Taxes SF Basis	Net Rentable Area					
APN	**LAND**	**IMPV**	**TOTAL**	**EXEMPTIONS**	**TAXABLE**	**BASE TAX**
R207934 - "Unit 2" owned by AAT	$0	$45,335,600	$45,335,600	$0	$32,848,760	$774,083
R207933 - "Unit 1" owned by PacifiCorp	$0	$0	$0	$0	$0	$0
R207932 - Condo common elements	$0	$0	$0	$0	$0	$0
Totals	**$0**	**$45,335,600**	**$45,335,600**	**$0**	**$32,848,760**	**$774,083**
Total/SF (Unit 2 AAT Ownership Only)	**$0.00**	**$107.45**	**$107.45**	**$0.00**	**$77.86**	**$3.72**

Source: Multnomah County Assessment & Taxation

Subject Property Analysis

In Oregon, Measure 50 was passed in the May 20, 1997 special election. This measure establishes the maximum assessed value of property in Oregon for the 1997/1998 tax year as 90 percent of the property's real market value in the 1995/96 tax year. Any increases in assessed value for tax years following 1997/1998 are limited to 3 percent per year. Assessed value will be adjusted for new property or property improvements and certain other events. Certain local option taxes are permitted, if approved by voters. Measure 50 retains the existing total property tax rate for all property taxes, including local option taxes but excluding taxes for bonds at $5 per $1,000 of value for schools and $10 per $1,000 of value for non-school government.

A property sale does not trigger a reassessment in Oregon.

Subject Property Analysis

As noted above, the subject property is separated into three tax accounts; only the AAT-owned "Unit 2" portion is assessed by the Multnomah County Assessor. For this portion, the total real market value assessment is $45,335,600 or $165.59/SF (Unit 2 totals 208,347 SF). There are no exemptions in place. Total taxes for Unit 2 are $774,083 or $3.72/SF. In the Income Approach, this tax/SF rate will be applied for the 3rd floor. The tax rate/SF for the 8th and 15th floors will be based on expense comparables ahead.

Tax Comparables

Tax comparables are not applicable to the subject recognizing that the Multnomah County Assessor does not utilize "tax comps"; commercial properties are assessed utilizing a valuation model.

ZONING ANALYSIS

The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Portland Planning & Zoning Department
Current Zoning	Central Commercial (CX)
Permitted Uses	Office, Retail, Multi-family
Current Use	Office
Is Current Use Legally Permitted?	Yes
Zoning Change	No

ZONING REQUIREMENTS	
Conforming Use	The existing improvements represent a conforming use within this zone.
Minimum Site Area (SF)	None
Minimum Site Area (Percentage)	None
Minimum Yard Setbacks	
Front (Feet)	None
Rear (Feet)	None
Side (Feet)	None
Maximum Site Coverage	No Limit
Maximum Building Height	250 Feet
Maximum Floor Area Ratio (FAR)	9:1
Maximum Building Area	None
Parking Requirement	
Spaces Required	None
Spaces Provided	1,258

Source: City of Portland Planning & Zoning Department

Zoning Conclusions

Based on the interpretation of the zoning ordinance, the subject property is an outright permitted use that could be rebuilt if unintentionally destroyed.

It should be noted the subject is located within the Design overlay zone. According to the City of Portland zoning code "The Design (d) overlay zone promotes the conservation, enhancement, and continued vitality of areas of the City with special scenic, architectural, or cultural value. This is achieved through the creation of design districts and applying the Design overlay zone as part of community planning projects, development of design guidelines for each district, and by requiring design review or compliance with the Community Design Standards."

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of my analysis correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through my due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment. Based on the interpretation of the zoning ordinance, the subject property is an outright permitted use that could be rebuilt if unintentionally destroyed.

PORTLAND MSA OFFICE MARKET

The following is an analysis of supply/demand trends in the Portland MSA office Market using information provided by CoStar. The table below presents historical data for key market indicators.

PORTLAND MSA HISTORICAL STATISTICS (LAST TEN YEARS)					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2007	97,643,057 SF	1,060,805 SF	1,468,762 SF	9.3%	$19.11/SF
2008	98,820,052 SF	1,319,404 SF	626,077 SF	9.1%	$20.22/SF
2009	99,525,580 SF	793,994 SF	(1,021,297) SF	10.6%	$19.73/SF
2010	100,236,910 SF	861,783 SF	465,997 SF	11.5%	$19.47/SF
2011	100,384,212 SF	281,425 SF	1,021,499 SF	10.7%	$19.33/SF
2012	100,920,034 SF	557,999 SF	752,936 SF	10.4%	$19.32/SF
2013	100,797,135 SF	64,783 SF	718,024 SF	9.4%	$19.72/SF
2014	101,615,466 SF	1,247,311 SF	1,883,938 SF	8.8%	$20.75/SF
2015	101,657,243 SF	268,729 SF	446,228 SF	8.3%	$22.16/SF
2016	102,735,617 SF	1,417,757 SF	1,567,331 SF	7.4%	$23.51/SF
CAGR	0.5%	-	-	-	2.1%

*Supply numbers based on information w hich is amended/updated on an on-going basis by Costar.
Source: Costar®

Over the last ten years the Portland MSA office market saw varied conditions through the economic cycle, with most years showing some imbalance in prevailing office supply/demand conditions. During 2005 the market was still recoverying from the 2001 recession with relatively high vacancy, low asking rental rates and low net absorption. Recovery during this time is indicated by large added supply. The years that followed showed improvement as vacancy decreased 9.3% in 2007. During the period of 2007-2008, the market added new supply totaling 2.4 million SF. We note that much of the supply added in 2009-2010 was caried over by existing contracts from prior to the economic downturn. Net absortion was particularly strong during 2007-2008 which helped place downward presure on market vacancy and brought on a rise in rental rates. The economic downturn in 2008 was evident in the change of key market indicators, such as higher vacancy rates and negative net absorption in 2009. New projects were also hampered during and since downturn, with 2011-2014 showing the lowest levels of growth in the past ten years. however, 2014 supply levels are well above that of 2013 which may indicate superior growth trends moving forward. Market vacancy climbed to 11.5% in 2010, but decreased from 2011 through 2016 to 7.4%. Vacancy rates continue to decrease indicating improving conditions.

The following table summarizes the trailing four quarter performance of the Portland MSA market

PORTLAND MSA TRAILING FOUR QUARTER PERFORMANCE					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2016 Q4	102,735,617 SF	182,634 SF	180,951 SF	7.2%	$23.93/SF
2017 Q1	102,800,119 SF	83,386 SF	(80,308) SF	7.4%	$23.98/SF
2017 Q2	102,805,961 SF	9,000 SF	184,978 SF	7.2%	$23.90/SF
2017 Q3	103,065,418 SF	184,167 SF	586,634 SF	6.8%	$24.37/SF

Source: Costar®

Over the past four quarters market vacancy has ranged from 6.8% to 7.4%, which is lower than what was observed in the past 10 years.

Key supply/demand statistics for the most recent quarter, last year and historical averages are summarized below.

PORTLAND MSA MARKET TREND ANALYSIS	Q3 2017	2016	Last 10
Total SF	103,065,418	102,735,617	100,433,531
Vacant SF	7,051,664	7,551,068	9,584,372
Market Vacancy	6.8%	7.4%	9.5%
Construction Grow th Rate	0.2%	1.4%	0.5%
Absorption Rate	0.6%	1.5%	0.8%
Average Asking Rent/SF	$24.37	$23.51	$20.33

Source: Costar®

Supply

There are currently 22 projects under construction totaling 3,232,333 SF which is 3.0% of the supply.

PORTLAND MSA OFFICE CONSTRUCTION ACTIVITY SUMMARY			
STATUS	NO. OF PROJECTS	SIZE (SF)	% OF SUPPLY
Under Construction	22	3,232,333	3.0%

Source: Costar®

Portland MSA Market Conclusion

The Portland MSA office market demonstrates sound fundamentals and has shown considerable improvement from the 2008 economic downturn. In fact, by most metrics, the market is stronger than in the previous peak in 2007. The Portland MSA market is benefiting from an improving economy that has recovered jobs lost during the Great Recession. Many local businesses have again begun to expand their footprints and new start-ups have emerged. The growth has been met with diminishing availabilities, especially among large blocks of space.

LLOYD DISTRICT OFFICE SUBMARKET OVERVIEW

The following is an analysis of supply/demand trends in the submarket using information provided by CoStar. The table below presents historical data for key market indicators.

LLOYD DISTRICT HISTORICAL STATISTICS (LAST TEN YEARS)					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2007	5,230,030 SF	12,354 SF	139,561 SF	6.7%	$18.52/SF
2008	5,219,871 SF	0 SF	(11,971) SF	5.6%	$18.86/SF
2009	5,254,029 SF	34,158 SF	(178,781) SF	7.8%	$17.86/SF
2010	5,254,029 SF	0 SF	63,154 SF	9.2%	$18.18/SF
2011	5,254,029 SF	0 SF	19,745 SF	8.6%	$18.16/SF
2012	5,255,829 SF	1,800 SF	(31,609) SF	8.4%	$18.82/SF
2013	5,261,067 SF	5,238 SF	27,023 SF	8.8%	$18.52/SF
2014	5,232,555 SF	0 SF	114,213 SF	7.3%	$20.02/SF
2015	5,250,028 SF	19,347 SF	103,908 SF	5.2%	$22.12/SF
2016	5,274,104 SF	26,600 SF	65,327 SF	3.4%	$25.77/SF
CAGR	0.1%	-	-	-	3.4%

*Supply numbers based on information w hich is amended/updated on an on-going basis by Costar.
Source: Costar®

The following table summarizes the trailing four quarter performance of the Lloyd District Office Submarket.

LLOYD DISTRICT TRAILING FOUR QUARTER PERFORMANCE					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2016 Q4	5,274,104 SF	26,600 SF	22,279 SF	3.1%	$26.44/SF
2017 Q1	5,282,264 SF	8,160 SF	(19,801) SF	3.6%	$26.53/SF
2017 Q2	5,282,264 SF	0 SF	5,016 SF	3.6%	$27.20/SF
2017 Q3	5,437,525 SF	46,511 SF	17,678 SF	6.0%	$28.34/SF

Source: Costar®

Supply/demand statistics for the most recent quarter, last year and historical averages are summarized below.

LLOYD DISTRICT MARKET TREND ANALYSIS			
	Q3 2017	2016	Last 10
Total SF	5,437,525	5,274,104	5,248,557
Vacant SF	325,158	179,320	371,703
Market Vacancy	6.0%	3.4%	7.1%
Construction Grow th Rate	0.9%	0.5%	0.1%
Absorption Rate	0.3%	1.2%	0.6%
Average Asking Rent/SF	$28.34	$25.77	$19.68

Source: Costar®

Lloyd District Office Submarket Conclusion

Over the past decade, the Lloyd office market has been generally stable. Although inventory has increased over the past several years, it has been met with positive absorption. Unlike suburban market areas in the Portland MSA, the downturn only had a moderate softening effect. Vacancies have stayed relatively low only reaching a ten year high at 9.2% in 2010. The most recent quarter the submarket saw positive net absorption, however vacancy nearly doubled to 6.0% due to 46,511 SF of new construction. Overall with consideration to the current vacancy, positive net absorption, and increase in asking rent, the submarket appears to the stable at this time.

GENERAL VACANCY CONCLUSION

Both the market and submarket are currently considered to include low vacancy rates in comparison to typical market trends, and have been declining in the recent quarters, include positive absorption and past supply additions, and appear stable at this time. It is anticipated this will remain going forward in the near term. The subject is of good quality and condition, which will allow for a good competitive advantage in the market. Overall a vacancy conclusion at 5% has been estimated and applied.

MOST LIKELY BUYER

The subject units include a mixture of owner occupancy by PacifiCorp, and leased investment by AAT. Although the units are separate condominiums, their size would preclude a similar owner occupant. Due to this, the most likely buyer is an investor.

EXPOSURE TIME & MARKETING PERIOD

Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys. The following table summarizes the information that was taken into consideration to develop an estimate of exposure time and marketing period for the subject property:

EXPOSURE TIME & MARKETING PERIOD							
SOURCE	QUARTER	RANGE			AVG	LAST Q	LAST YR
PriceWaterhouse Coopers							
Pacific Northwest Office	3Q 17	1.0	to	12.0	4.8	4.9	4.9
Comparable Sales Dataset		0.0	to	5.0	2.5		
AVERAGE		**0.5**	**to**	**8.5**	**3.7**	**4.9**	**4.9**

The preceding information generally supports an exposure time range from 1 to 12 months for Office (Office Building) properties. The availability of acquisition financing also factors into exposure time and marketing period. My review of the local capital market indicate that adequate financing options would have been available to consummate a sale of the subject on the date of value. Based on my analysis of the subject property and investigation of substitute properties in the marketplace, the subject is considered to have average overall buyer appeal with an average competitive position if the asset was exposed to the open market.

Exposure Time Conclusion
Six Months Or Less

Marketing Period Conclusion
Six Months Or Less

HIGHEST AND BEST USE ANALYSIS

This section develops the highest and best use of the subject property as-vacant and as-improved. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

As-Vacant Analysis
Permitted uses of the subject's Central Commercial (CX) zoning were listed in the Zoning Analysis section and include office, retail and multi-family uses. Regarding physical characteristics, the subject site is rectangular in shape and has level topography with good access and good exposure. The subject site has frontage on NE Multnomah Street, NE 9th Ave, NE Halsey St and NE 7th Ave. The immediate area is developed with high intensity office, retail and mixed use development. Based on my observations of land development trends for sites with similar zoning and physical characteristics as the subject and analysis of current supply/demand trends, the highest and best use of the subject site as-vacant is commercial development.

As-Improved Analysis
The subject's Office (Office Building) use (as-improved) is permitted outright by the CX zoning. The legal factors influencing the highest and best use of the subject property support the existing use. The subject's improvements were constructed in 1981 and have a remaining economic life of 35 years based on my estimate. The project is of good quality construction and in good condition, with adequate service amenities. Legal, physical, locational and marketability factors support the existing use as the highest and best use of the subject site.

In addition to legal, physical and locational considerations, analysis of the subject property as-improved requires the treatment of alternative uses for the property. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and the subject's use "as-improved".

The subject can be analyzed as three components. First, there is an office tower. Second, a parking structure, and third, a surface parking lot. The highest and best use for the office component is continued use as is.

In regard to the parking structure component, the value indicated by the Income Approach was concluded at $3,730,000. This is well below the value of the parking garage site (140,000 SF) as vacant, developable land which was concluded at $34,020,000 in the Land Valuation section of the report. It is noted in-place lease agreements for tenants in the office tower to have access to the structure parking would not likely allow near term redevelopment. The near-term Highest and Best Use of the parking garage is continued parking use in the near- to mid-term with long-term redevelopment potential.

The surface lot does not generate adequate income to support continued use as a parking lot. The value indication via the Income Approach of the surface lot was $3,730,000. This is well below the value of the land associated with the surface lot, which was concluded to be $32,400,000. Therefore, near term redevelopment of the surface lot is supported as the highest and best use of this component.

Among the five alternative uses, continued use as-is of office tower and parking garage with the surface parking lot as commercial or multi-family development is the Highest and Best Use of the subject property as-improved.

VALUATION METHODS

The following presentation of the appraisal process deals directly with the valuation of the subject property. The paragraphs below describe the standard approaches to value that were considered for this analysis.

Income Approach
The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization.

Characteristics specific to the subject property warrant that this valuation technique is developed. Development of the Income Approach is a specific scope requirement of this assignment. The subject is an investment property; therefore, the Income Approach represents the decision making process of knowledgeable buyers and sellers of this property type. The Direct Capitalization method is used in this analysis. Discounted Cash Flow analysis does not contribute substantially to estimating value beyond the direct capitalization method and is not used in this analysis.

Sales Comparison Approach
Characteristics specific to the subject property warrant that this valuation technique to be developed. Development of the Sales Comparison Approach is a specific scope requirement of this assignment. Sufficient sales data is available to provide a credible value estimate by the Sales Comparison Approach. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal.

Land Valuation
Characteristics specific to the subject property warrant that a site value is developed. Development of the subject site value is a specific scope requirement of this assignment. Within the Site Valuation section, the 90,000 SF surface parking lot and the 140,000 SF parking garage site will be valued as separate developable sites.

Cost Approach
Characteristics specific to the subject property do not warrant that this valuation technique is developed. Development of the Cost Approach is not a specific scope requirement of this assignment. The Cost Approach has limited applicability due to the age of the improvements and lack of market based data to support an estimate of accrued depreciation. Based on the preceding information, the Cost Approach will not be presented.

Reconciliation of Value Conclusions
The Income (Direct Capitalization) and Sales Comparison approaches are used to value the subject property, which will be reconciled into the final opinion of market value in the Analysis of Value Conclusions section.

INCOME APPROACH

As previously discussed within the Valuation Methods section, the Direct Capitalization method is used in this analysis, and Discounted Cash Flow analysis is not developed.

DIRECT CAPITALIZATION

The first step in the direct capitalization method is to estimate the subject's durable rental income through reconciliation of the subject's in-place lease terms and market rent analysis. Next, I analyze other income items including reimbursements and miscellaneous revenue. Then, vacancy allowance and operating expenses are estimated based on analysis of the subject and market indicators. Finally, the resulting net operating income is capitalized at an appropriate supported rate. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

RENTAL INCOME ANALYSIS

In this section, I developed an opinion of the subject's rental income through examination of subject lease terms and market rent analysis. The rental income conclusion was reconciled taking into account such items as durability of in-place contract rents, lease escalations and market terms as measured by rent comparables.

Rent Roll

The following Rent Roll Summary reflects a breakdown of the individual tenant spaces and a snapshot of in-place contract rents including lease term, expense structure and base rent.

The tenant lease includes a full service expense structure where base rent is inclusive of all operating expenses.

LEASE ABSTRACT - 3rd FLOOR	AS OF OCTOBER 2017
Lessor	AAT Lloyd District LLC
Lessee	Pacificorp
Occupancy	100%
Lease Term	10 Years
Start Date	October 1, 2014
End Date	September 30, 2024
SF Leased	22,105
Expense Structure	Full Service - 2014 Base Year
Renewal Options	(2) 5-Year renewal options
Purchase Options	None
Current Rent $/SF	$24.60

RENT SCHEDULE	DATE	ANNUAL	$/SF/YEAR	$/SF/MONTH	%Δ
Current	October 1, 2017	$543,783	$24.60	$2.05	-
Year 5	October 1, 2018	$560,141	$25.34	$2.11	3.0%
Year 6	October 1, 2019	$576,941	$26.10	$2.18	3.0%
Year 7	October 1, 2020	$594,182	$26.88	$2.24	3.0%
Year 8	October 1, 2021	$612,087	$27.69	$2.31	3.0%
Year 9	October 1, 2022	$630,435	$28.52	$2.38	3.0%

It should be noted that the tenant lease appears to be well below market. Due to this market rent will be applied and the net present value of the below market rent will be deducted ahead.

As previously noted the 8th and 15th floors are owner occupied by PacifiCorp. Due to these spaces being unencumbered by arm's length leases, market rent will be applied ahead.

Asking Rent

Asking rent within the Lloyd Center Tower is $33.00/SF.

MARKET RENT ANALYSIS

This section examines competitive comparable properties within the marketplace to establish our opinion of market rent for the subject property. This allows for a comparison of the subject property's contract to what is attainable in the current market.

Adjustment Process

Quantitative adjustments are made to the comparable leases. The following adjustments or general market trends were considered for the basis of market rent analysis.

Transactional Adjustments	If warranted, the comparable leases were adjusted for varying lease structures, atypical concessions and market conditions.
	Comparable 1 was adjusted upward $9.30/SF (reported NNN) from NNN to Full Service expense structure.
Property Adjustments	Quantitative percentage adjustments were made for location and physical characteristics such as size, age, condition, exposure and parking ratio. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	October 2017	(As-Is)	3%

Based on research and interpretation of value trends, a flat market conditions adjustment has been applied in this analysis. The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable lease date up through the effective valuation date.

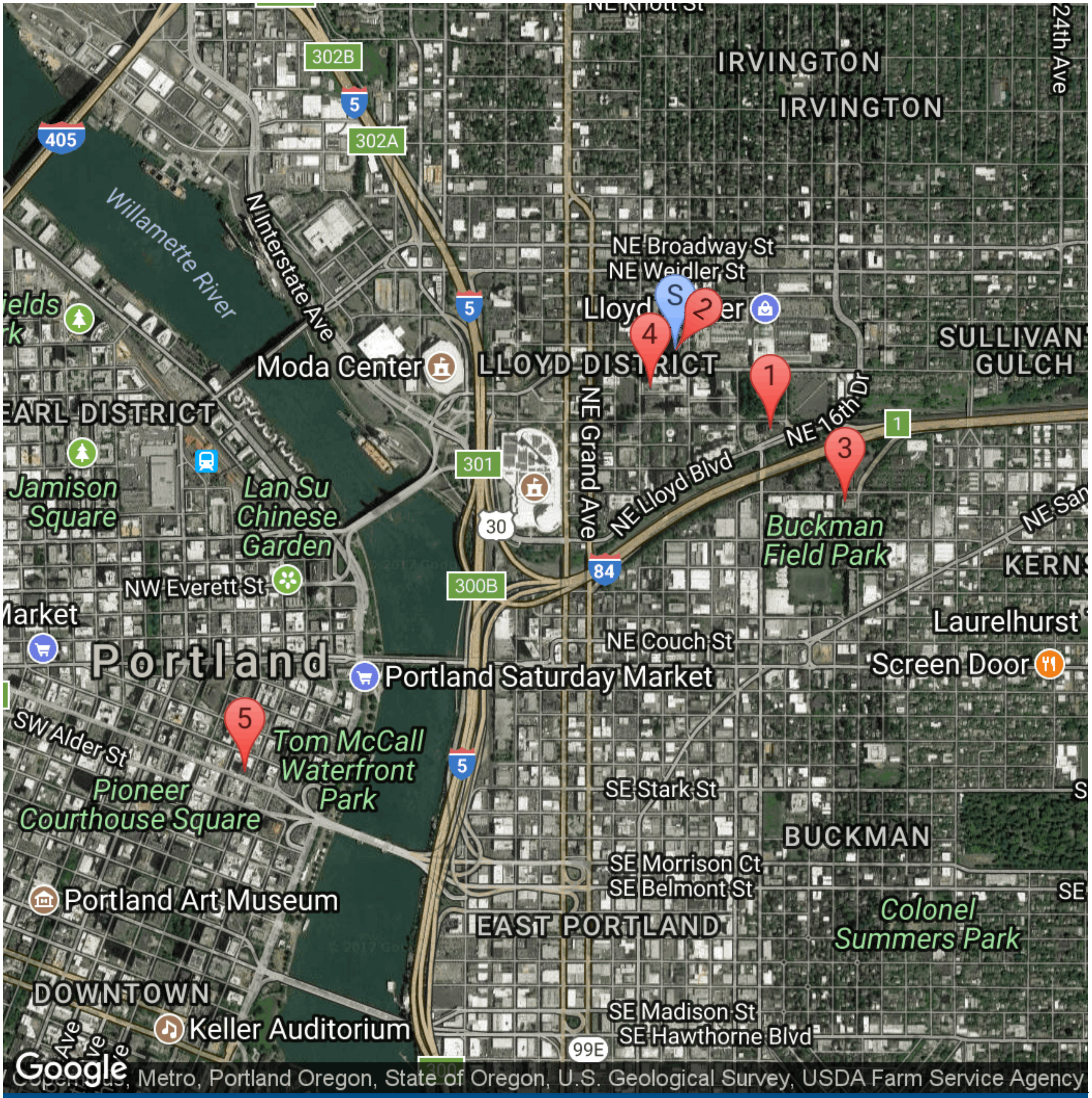
ANALYSIS OF COMPARABLE OFFICE LEASES

The Office lease analysis is used to derive an opinion of market rent and correlating leasing assumptions for the Office MLA category. The following pages present a summation table of the comparables selected for this analysis, a location map and comparable photographs, the lease comparable adjustment process and my market rent conclusion.

OFFICE LEASE SUMMATION TABLE

COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4	LEASE 5
Name	Lloyd Center Tower & Parking Components	1201 Lloyd Building	Lloyd Center Tower	1500 Plaza Building	Lloyd 700 Building	Spalding Bldg
Address	825 NE Multnomah Street	1201 NE Lloyd Blvd	825 NE Multnomah St	1500 NE Irving St	700 NE Multnomah Street	319 SW Washington St
City	Portland	Portland	Portland	Portland	Portland	Portland
State	OR	OR	OR	OR	OR	OR
Zip	97232	97232	97232	97232	97232	97204
PHYSICAL INFORMATION						
Property Type	Office	Office	Office	Office	Office	Office
NRA	421,921	226,684	428,325	65,760	241,248	116,704
Parking Ratio	3.0	1.9	2.0	2.6	2.0	0.0
Year Built	1981	2002	1981	1965	1971	1910
LEASE INFORMATION						
Tenant Name		Premiere Property Group	Social Security Administration	Office Tenant	Office Tenant	Travel Oregon
Commencement Date		4/1/2017	12/1/2017	1/1/2017	3/1/2016	5/26/2017
Lease Status		Signed	Signed	Signed	Signed	Signed
Rate Type		NNN	FSG	FSG	FSG	FSG
Size (SF)		4,827	22,338	1,657	1,749	3,153
Term (Yrs)		6	10	1	5	5
Rent ($/SF/Yr.)		$19.15	$32.00	$27.00	$31.00	$30.00
Avg. Escalation/Yr		4.5%	3.0%	3.0%	3.0%	3.0%
Concessions		3 Mos.	-	1 Mos.	2 Mos.	-
TI's ($/SF)		$35	$46	-	$5	$65

COMPARABLE OFFICE LEASE MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	TENANT	LEASE DATE	SF	$/SF
SUBJECT	-	Lloyd Center Tower & Pa	825 NE Multnomah Street, Portland, OR	-	-	-	$30.00
No. 1	0.2 Miles	1201 Lloyd Building	1201 NE Lloyd Blvd, Portland, OR	Premiere Property Grou	4/1/2017	4,827	$19.15
No. 2	0.0 Miles	Lloyd Center Tower	825 NE Multnomah St, Portland, OR	Social Security Adminis	12/1/2017	22,338	$32.00
No. 3	0.5 Miles	1500 Plaza Building	1500 NE Irving St, Portland, OR	Office Tenant	1/1/2017	1,657	$27.00
No. 4	0.1 Miles	Lloyd 700 Building	700 NE Multnomah Street, Portland, OR	Office Tenant	3/1/2016	1,749	$31.00
No. 5	1.2 Miles	Spalding Bldg	319 SW Washington St, Portland, OR	Travel Oregon	5/26/2017	3,153	$30.00

COMPARABLE OFFICE RENT PHOTOGRAPHS

COMPARABLE 1

COMPARABLE 2

COMPARABLE 3

COMPARABLE 4

COMPARABLE 5

OFFICE LEASE ADJUSTMENT TABLE						
COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4	LEASE 5
Name	Lloyd Center Tower & Parking Components	1201 Lloyd Building	Lloyd Center Tower	1500 Plaza Building	Lloyd 700 Building	Spalding Bldg
Address	825 NE Multnomah Street	1201 NE Lloyd Blvd	825 NE Multnomah St	1500 NE Irving St	700 NE Multnomah Street	319 SW Washington St
City	Portland	Portland	Portland	Portland	Portland	Portland
NRA	421,921	226,684	428,325	65,760	241,248	116,704
Parking Ratio	3.0	1.9	2.0	2.6	2.0	0.0
Year Built	1981	2002	1981	1965	1971	1910
LEASE INFORMATION						
Tenant Name		Premiere Property Group	Social Security Administration	Office Tenant	Office Tenant	Travel Oregon
Commencement Date		4/1/2017	12/1/2017	1/1/2017	3/1/2016	5/26/2017
Lease Status		Signed	Signed	Signed	Signed	Signed
Rate Type		NNN	FSG	FSG	FSG	FSG
Size (SF)		4,827	22,338	1,657	1,749	3,153
Term (Yrs)		6.3	10.0	1.1	5.0	5.4
Rent ($/SF/Yr.)		$19.15	$32.00	$27.00	$31.00	$30.00
Avg. Escalation/Yr		4.5%	3.0%	3.0%	3.0%	3.0%
Concessions		3 Mos.	-	1 Mos.	2 Mos.	-
TI's ($/SF)		$35	$46	-	$5	$65
TRANSACTIONAL ADJUSTMENTS						
Lease Type		$9.30	$0.00	$0.00	$0.00	$0.00
Market Conditions		2%	0%	2%	5%	1%
Subtotal Eff Rent		$29.02	$32.00	$27.54	$32.55	$30.30
PROPERTY ADJUSTMENTS						
Location		0%	0%	0%	0%	-5%
Size		-5%	0%	-10%	-10%	-5%
Quality		0%	0%	10%	0%	5%
Condition		0%	0%	10%	5%	0%
Exposure		0%	0%	0%	0%	0%
Access		0%	0%	0%	0%	0%
Parking Ratio		5%	0%	0%	0%	5%
Subtotal Property Adj		0%	0%	10%	-5%	0%
TOTAL ADJUSTED RENT		$29.02	$32.00	$30.29	$30.92	$30.30
STATISTICS	UNADJUSTED	ADJUSTED				
LOW	$19.15	$29.02				
HIGH	$32.00	$32.00				
MEDIAN	$30.00	$30.30				
AVERAGE	$27.83	$30.51				

² Market Conditions Adjustment - Compound annual change in market conditions: 3%
Date of Value (for adjustment calculations): 10/26/17

Office Lease Analysis

The adjusted comparables range from $29.02/SF to $32.00/SF and average $30.51/SF. Comparable 1 was adjusted upward for inferior parking ratio and adjusted downward for the smaller size placing upward pressure on the price per square foot. No adjustments were made to Comparable 2 as it is located within the same office tower as the subject. Comparable 3 was adjusted upward for inferior quality, condition and adjusted downward for the smaller size placing upward pressure on the price per square foot. Comparable 4 was adjusted upward for inferior condition and adjusted downward for the smaller size placing upward pressure on the price per square foot. Comparable 5 was adjusted upward for inferior quality, parking ratio and adjusted downward for superior location and for the smaller size placing upward pressure on the price per square foot.

OFFICE SPACE MARKET RENT CONCLUSION

With emphasis on Comparables 1, 2, 4 and 5 due to their lower overall gross adjustments, market rent for floors

3 and 8 at $30.00/SF has been concluded and applied. Due to the increased appeal of the 15 floor a higher market rent at $31.00/SF has been concluded and applied. The following table summarizes the analysis of the comparables leases and the Office market rent conclusion.

OFFICE LEASE CONCLUSION TABLE

LEASE	LEASE RATE	ADJUSTMENT TRANSACTIONAL¹	ADJUSTED	PROPERTY²	FINAL	NET ADJ %	GROSS ADJ %	OVERALL COMPARISON
1	$19.15	$9.87	$29.02	0%	**$29.02**	52%	12%	PRIMARY
2	$32.00	$0.00	$32.00	0%	**$32.00**	0%	0%	PRIMARY
3	$27.00	$0.54	$27.54	10%	**$30.29**	12%	32%	SECONDARY
4	$31.00	$1.55	$32.55	-5%	**$30.92**	-0%	20%	PRIMARY
5	$30.00	$0.30	$30.30	0%	**$30.30**	1%	21%	PRIMARY
LOW	**$29.02**					**AVERAGE**		**$30.51**
HIGH	**$32.00**					**MEDIAN**		**$30.30**
		AVERAGE CONTRACT		**ACHIEVABLE MRKT RANGE**				**CONCLUSION**
Office	**3rd Floor**	**$24.60**		**$28.00 - $32.00**				**$30.00**
Office	**8th Floor**	**-**		**$28.00 - $32.00**				**$30.00**
Office	**15th Floor**	**-**		**$29.00 - $33.00**				**$31.00**

¹Cumulative ²Additive (Includes Tenant Adjustments)

POTENTIAL GROSS RENT

My analysis and conclusions of the subject's potential gross rent are detailed as follows:

POTENTIAL GROSS RENT SUMMARY — **AS OF OCTOBER 2017**

OCCUPIED SPACE

TENANT	TOTAL NRA (SF)	% OF NRA	TENANT CATEGORY	CONTRACT RENT	MARKET RENT	CONTRACT V MARKET	BASIS FOR PROFORMA	RENT FORECAST $/SF(MO.)	$/SF(YR.)	ANNUAL
3rd Floor Space	22,105	33.1%	Office	$24.60	$30.00	82%	Contract	$2.50	$30.00	$663,150
8th Floor Space	22,338	33.4%	Office	-	$30.00	-	Market	$2.50	$30.00	$670,140
15th Floor Space	22,338	33.4%	Office	-	$31.00	-	Market	$2.58	$31.00	$692,478
TOTAL	**66,781**	**-**						**$2.53**	**$30.33**	**$2,025,768**

(1) Potential rent at current market levels, reflected on an annual basis.

As previously noted the in place lease for the 3rd floor space includes a below market lease rate, therefore market rent is applied and the net present value of the deficit rent will be deducted ahead. Market rent will also be applied to the 8th and 15th floor spaces as they are owner occupied by PacifiCorp.

INCOME & EXPENSE ANALYSIS

In this section, I estimate additional revenue sources, vacancy and credit loss, and applicable operating expenses. The following table summarizes the historical operations of the subject property, along with my estimate of income and expenses on a stabilized basis.

Please note income and expense history was requested however broken out expense history was unavailable for review. Expenses will be based on expense comparables ahead.

Expense Reimbursements

The rental income conclusion assumes a full service expense structure where base rent is inclusive of all operating expenses. It should be noted that the tenant lease includes base stop reimbursements where the tenant is responsible for paying operating expenses about the base year amount. However as market rent will be applied to all three floors, no expense reimbursements will be included ahead.

VACANCY AND CREDIT LOSS

Generally vacancy was discussed in depth in the market analysis section of this report. My general vacancy and credit loss conclusions are summarized in the following table.

VACANCY & CREDIT LOSS	
General Vacancy Rate	5.0%
Credit Loss Conclusion	0.0%
Total	5.0%

ANALYSIS OF OPERATING EXPENSES

The operating expenses for the subject property were presented previously. The following chart summarizes comparable expenses used in this analysis.

EXPENSE COMPARABLES

COMPARABLE	COMP 1		COMP 2		COMP 3		COMP 4		COMP 5		LOW	HIGH	AVG
City	Portland		Portland		Portland		Portland		Portland		-	-	-
State	OR		OR		OR		OR		OR		-	-	-
Expense Year	2015		2015		2016		2016		2015		2015	2016	-
Actual/Budget	Actual		Actual		Actual		Actual		Actual		-	-	-
Net Rentable Area	65,760		41,755		512,750		222,368		92,259		41,755	512,750	186,978
EFFECTIVE GROSS INCOME	$20.31		$26.78		$40.16		$33.54		$20.58		$20.31	$40.16	$28.27
EXPENSE ITEMS	**$/SF**	**%EGI**	**$/SF**	**%EGI**	**$/SF**	**%EGI**	**$/SF**	**%EGI**	**$/SF**	**%EGI**	**LOW**	**HIGH**	**AVG**
Real Estate Taxes	$1.65	8.1%	$2.21	8.3%	$5.10	12.7%	$3.82	11.4%	$1.78	8.6%	$1.65	$5.10	$2.91
Property Insurance	$0.63	3.1%	$0.28	1.0%	$0.46	1.1%	$0.46	1.4%	$0.15	0.7%	$0.15	$0.63	$0.40
Repairs and Maintenance	$3.02	14.9%	$2.97	11.1%	$1.04	2.6%	$1.76	5.2%	$2.47	12.0%	$1.04	$3.02	$2.25
Cleaning and Janitorial	$1.26	6.2%	$2.08	7.8%	$0.98	2.4%	$1.56	4.7%	$1.52	7.4%	$0.98	$2.08	$1.48
Utilities	$2.41	11.9%	$2.12	7.9%	$1.79	4.5%	$1.97	5.9%	$2.87	13.9%	$1.79	$2.87	$2.23
Management Fees	$0.62	3.1%	$0.82	3.1%	$1.42	3.5%	$2.34	7.0%	$0.62	3.0%	$0.62	$2.34	$1.16
%EGI	3.1%		3.1%		3.5%		7.0%		3.0%		*3.0%*	*7.0%*	*3.9%*
Administrative Fees	$0.39	1.9%	$2.09	7.8%	$0.02	0.0%	$0.35	1.0%	$1.51	7.3%	$0.02	$2.09	$0.87
Reserves	$0.00	0.0%	$0.00	0.0%	$0.00	0.0%	$0.00	0.0%	$0.00	0.0%	$0.00	$0.00	$0.00
TOTAL EXPENSES ($/SF)	$9.98	49.1%	$12.57	46.9%	$10.81	26.9%	$12.26	36.6%	$10.92	53.1%	$9.98	$12.57	$11.31

CONCLUSION OF OPERATING EXPENSES

In the following section I discuss the individual expense conclusions for the subject property.

EXPENSE ANALYSIS & CONCLUSIONS

REAL ESTATE TAXES

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$1.65	8.1%
				2	$2.21	8.3%
				3	$5.10	12.7%
				4	$3.82	11.4%
				5	$1.78	8.6%
CONCLUSION		-		AVG	$2.91	9.8%

ANALYSIS

The concluded taxes for the third floor is based on the current taxes per SF of "unit 2" owned by AAT. The concluded taxes for floors eight and fifteen are based on the expense comparable information. Please refer to the Assessments and Taxes section for additional details.

PROPERTY INSURANCE

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$0.63	3.1%
				2	$0.28	1.0%
				3	$0.46	1.1%
				4	$0.46	1.4%
				5	$0.15	0.7%
CONCLUSION		$0.35		AVG	$0.40	1.5%

ANALYSIS

This expense includes all premiums and costs incurred for insurance covering structures, public liability, rental value, equipment and bonding of employees. The conclusion is based on the expense comparable information.

REPAIRS AND MAINTENANCE

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$3.02	14.9%
				2	$2.97	11.1%
				3	$1.04	2.6%
				4	$1.76	5.2%
				5	$2.47	12.0%
CONCLUSION		$1.50		AVG	$2.25	9.2%

ANALYSIS

This expense covers the cost of all other routine maintenance and repairs including routine maintenance and repairs to the roof, pest control and equipment maintenance. The conclusion is based on expense comparable information.

CLEANING AND JANITORIAL

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$1.26	6.2%
				2	$2.08	7.8%
				3	$0.98	2.4%
				4	$1.56	4.7%
				5	$1.52	7.4%
CONCLUSION		$1.25		AVG	$1.48	5.7%

ANALYSIS

This expense includes all items related to the cleaning of offices, public areas, atriums, elevators, restrooms, and windows. The conclusion is based on the expense comparable information.

UTILITIES

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$2.41	11.9%
				2	$2.12	7.9%
				3	$1.79	4.5%
				4	$1.97	5.9%
				5	$2.87	13.9%
CONCLUSION		$2.00		AVG	$2.23	8.8%

ANALYSIS

This expense consists of the cost of all electricity, water/sewer, garbage, and gas utilities. The conclusion is based on the expense comparable information.

MANAGEMENT FEES

	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$0.62	3.1%
				2	$0.82	3.1%
				3	$1.42	3.5%
				4	$2.34	7.0%
				5	$0.62	3.0%
CONCLUSION			4.0%	AVG	$1.16	3.9%

ANALYSIS

Management companies typically charge 3.0% to 5.0% to manage properties similar to the subject and 4.0% has been concluded and applied.

ADMINISTRATIVE FEES						
	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	$0.39	1.9%
				2	$2.09	7.8%
				3	$0.02	0.0%
				4	$0.35	1.0%
				5	$1.51	7.3%
CONCLUSION		$0.50		AVG	$0.87	3.6%

ANALYSIS

This expense covers all expenses related to staff, office supplies, office equipment rental expenses, and professional services. The conclusion is based on the historical expenses and the expense comparable information.

RESERVES						
	SUBJECT			EXPENSE COMPS		
YEAR	TOTAL	$/SF	%EGI	COMP	$/SF	%EGI
				1	-	-
				2	-	-
				3	-	-
				4	-	-
				5	-	-
CONCLUSION		$0.15		AVG	-	-

ANALYSIS

Reserves are not a typical yearly expenditure, rather the annualized cost of major future replacement items such as HVAC replacement, roof replacement or parking lot resurfacing.

DEVELOPMENT OF CAPITALIZATION RATE

In developing my opinion of the capitalization rate, also known as overall rate (OAR), the following techniques were used:

- Comparable Sales
- Investor Surveys
- Band of Investment Technique

Comparable Sales

The following table presents a summary of the comparable sales used ahead in the Sales Comparison Approach, and the capitalization rates from each of those sales. I have included additional sales (Comparables 6 through 10) to further support capitalization rate trends for the subject property.

CAPITALIZATION RATE COMPARABLES (OAR)										
	NAME	ADDRESS	CITY	ST	SALE DATE	YR BLT	NRA	$/SF	SALE PRICE	CAP RATE
1	Umpqua Bank Plaza	1 SW Columbia St	Portland	OR	January 9, 2017	1974	284,337	$317	$90,000,000	5.57%
2	Commonwealth Building	421 SW Sixth Ave	Portland	OR	June 30, 2016	1947	216,099	$319	$69,000,000	5.28%
3	The 811 Building	811 SW Naito Pkwy	Portland	OR	February 1, 2016	1985	49,496	$271	$13,425,694	6.87%
4	One Pacific Square	220 NW Second Avenue	Portland	OR	January 20, 2015	1983	240,338	$202	$48,500,000	6.24%
5	Pioneer Tower	888 SW 5th Ave	Portland	OR	June 30, 2016	1989	296,329	$411	$121,750,000	4.98%
ADDITIONAL COMPS										
6	CDK Plaza	2525 SW 1st Avenue	Portland	OR	December 7, 2016	1981	190,926	$175	$33,368,000	7.20%
7	Fremont Place I & II	1650 NW Naito Pkwy	Portland	OR	August 1, 2016	1986	121,506	$273	$33,217,172	6.15%
8	Riverside Centre	5100 SW Macadam Ave	Portland	OR	February 2, 2017	1945	99,205	$218	$21,632,042	5.95%
9	1500 Plaza Building	1500 NE Irving St	Portland	OR	December 2, 2016	1965	65,760	$222	$14,575,000	6.84%
10	5550 Macadam Office Building	5550 SW Macadam Ave	Portland	OR	February 2, 2017	1980	41,755	$269	$11,245,683	6.48%
LOW					January 20, 2015					4.98%
HIGH					February 2, 2017					7.20%
AVERAGE					July 29, 2016					6.16%
MEDIAN					October 1, 2016					6.20%
CONCLUDED CAPITALIZATION RATE (OAR)										5.75%

Capitalization rates had been generally declining over the past several years; however, have leveled off recently. The comparables indicate a range from 4.98% to 7.20% and average 6.16%. The primary factors influencing overall capitalization rates are location, age, quality, condition, appeal, occupancy rates, rental rates (with respect to market levels), and the perceived risk in the property. Overall with consideration to the subject's quality and condition, a capitalization rate at 5.75% is concluded for the subject through market extraction.

Investor Surveys

The following table provides capitalization rate statistics as surveyed by investors that I considered to be relevant to the subject property.

CAPITALIZATION RATE SURVEYS (OAR)							
SOURCE	QUARTER	RANGE			AVG	LAST Q	LAST YR
PriceWaterhouse Coopers							
Pacific Northwest Office	3Q 17	4.25%	to	8.00%	5.99%	6.01%	6.01%
Real Capital Analytics							
Portland (Office)	2Q 17				4.90%	5.18%	5.61%
AVERAGE		**4.25%**	**to**	**8.00%**	**5.45%**	**5.59%**	**5.81%**

Band of Investment Technique

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. Available financing information from lenders and the sales comparables indicates the following terms:

BAND OF INVESTMENT ASSUMPTIONS	
Loan Amortization Period	30 Years
Interest Rate	4.38%
Loan-to-Value (LTV) Ratio	65%
Mortgage Constant	5.99%

Equity dividend rates vary depending upon motivations of buyers and financing terms. The previous terms and an appropriate equity dividend rate are used in the Band of Investments calculations, which are presented on the following chart.

BAND OF INVESTMENT CALCULATION					
Mortgage Component	65%	x	5.99%	=	3.894%
Equity Component	35%	x	6.00%	=	2.100%
Indicated Capitalization Rate					5.994%
INDICATED CAPITALIZATION RATE					**5.99%**

Capitalization Rate Conclusion

For investments of the subject's general size and price, and when sales activity is brisk with relative market stability, the Market Extraction Method is most often relied upon by buyers and sellers to develop capitalization rate decisions. In this analysis, recent sales data was available in a regional area, and are considered good indicators for a capitalization rate range. National Survey data has limited direct application for the subject property; however, helps establish general macro trends for this type of property. The Band of Investments Technique has limitations as it is difficult to confirm expected equity rates of return.

Emphasis is placed on comparable sales with support from both the PWC Investor Survey and Band of Investment.

CAPITALIZATION RATE CONCLUSION (OAR)							
SOURCE	QUARTER	RANGE			AVG	LAST Q	LAST YR
Comparable Sales		4.98%	to	6.87%	5.79%	-	-
Supplemental Comparable Sales		5.95%	to	7.20%	6.52%	-	-
Investor Surveys	3Q 17	4.25%	to	8.00%	5.45%	5.59%	5.81%
Band of Investment Technique					5.99%	-	-
AVERAGE		5.06%	to	7.36%	5.94%	5.59%	5.81%
CAPITALIZATION CONCLUSION					**5.75%**		

DIRECT CAPITALIZATION CONCLUSION – 3RD FLOOR

The table below summarizes the direct capitalization method and the Income Approach Value conclusion.

3rd FLOOR DIRECT CAPITALIZATION SUMMATION TABLE					
INCOME ITEMS	**%PGI**	**%EGI**	**$/SF(MO.)**	**$/SF(YR.)**	**TOTAL**
Market Rent			$2.53	$30.00	$663,150
TOTAL RENTAL INCOME			$2.53	$30.00	$663,150
POTENTIAL GROSS INCOME (PGI)	**100.0%**	**105.3%**	**$2.50**	**$30.00**	**$663,150**
VACANCY & CREDIT LOSS					
Rental Income		(5.0%)	($0.13)	($1.50)	($33,158)
TOTAL VACANCY & CREDIT LOSS		(5.0%)	($0.01)	($0.08)	($33,158)
EFFECTIVE GROSS INCOME (EGI)	**95.0%**	**100.0%**	**$2.38**	**$28.50**	**$629,993**
EXPENSE ITEMS					
Real Estate Taxes	(12.4%)	(13.0%)	($0.31)	($3.72)	($82,128)
Property Insurance	(1.2%)	(1.2%)	($0.03)	($0.35)	($7,737)
Repairs and Maintenance	(5.0%)	(5.3%)	($0.13)	($1.50)	($33,158)
Cleaning and Janitorial	(4.2%)	(4.4%)	($0.10)	($1.25)	($27,631)
Utilities	(6.7%)	(7.0%)	($0.17)	($2.00)	($44,210)
Management Fees	(3.8%)	(4.0%)	($0.10)	($1.14)	($25,200)
Administrative Fees	(1.7%)	(1.8%)	($0.04)	($0.50)	($11,053)
Reserves	(0.5%)	(0.5%)	($0.01)	($0.15)	($3,316)
TOTAL EXPENSES	(35.4%)	(37.2%)	($0.88)	($10.61)	($234,431)
NET OPERATING INCOME (NOI)	**59.6%**	**62.8%**	**$1.49**	**$17.89**	**$395,561**
Capitalization Rate					5.75%
Capitalized Value					$6,879,324
AS-IS FEE SIMPLE MARKET VALUE				**$311/SF**	**$6,880,000**
NPV of the the below market rent					($735,645)
AS-IS LEASED FEE MARKET VALUE				**$278/SF**	**$6,140,000**
					Rounded to nearest $10,000

Leasehold value

As previously noted the 3rd floor space is fully occupied by PacifiCorp. The tenant lease runs through September 30, 2024 and includes a lease rate well below market (approximately 82% of market). Therefore market rent has been applied and the Net Present Value of the below market rent has been estimated in the table below. The following chart presented the estimated leasehold value, with market rent applied, 3.00% yearly escalations, and a 5.00% discount rate reflecting the lower overall risk the tenant would vacate. Please note the final year reflects the remaining months within the lease.

NET PRESENT VALUE OF CONTRACT RENT									
	RENTAL INCOME					PV FACTOR		PRESENT	
YEAR	CONTRACT	-	MARKET	=	DIFFERENCE	x	@ 5.00%	=	VALUE
1	$545,146		$663,150		($118,004)		0.9524		($112,385)
2	$561,541		$683,045		($121,504)		0.9070		($110,208)
3	$578,377		$703,536		($125,158)		0.8638		($108,117)
4	$595,674		$724,642		($128,967)		0.8227		($106,102)
5	$613,616		$746,381		($132,765)		0.7835		($104,025)
6	$632,019		$768,773		($136,754)		0.7462		($102,048)
7	$595,325		$725,849		($130,525)		0.7107		($92,762)
NET PRESENT VALUE									($735,645)
NET PRESENT VALUE OF CONTRACT RENT (ROUNDED)									($740,000)

Rounded to nearest $10,000

DIRECT CAPITALIZATION CONCLUSION – 8TH FLOOR

The table below summarizes the direct capitalization method and the Income Approach Value conclusion.

8th FLOOR DIRECT CAPITALIZATION SUMMATION TABLE					
INCOME ITEMS	**%PGI**	**%EGI**	**$/SF(MO.)**	**$/SF(YR.)**	**TOTAL**
Base Contract Income			$2.53	$30.00	$670,140
TOTAL RENTAL INCOME			$2.53	$30.00	$670,140
POTENTIAL GROSS INCOME (PGI)	**100.0%**	**105.3%**	**$2.50**	**$30.00**	**$670,140**
VACANCY & CREDIT LOSS					
Rental Income		(5.0%)	($0.13)	($1.50)	($33,507)
TOTAL VACANCY & CREDIT LOSS		(5.0%)	($0.13)	($1.50)	($33,507)
EFFECTIVE GROSS INCOME (EGI)	**95.0%**	**100.0%**	**$2.38**	**$28.50**	**$636,633**
EXPENSE ITEMS					
Real Estate Taxes	(12.5%)	(13.2%)	($0.31)	($3.75)	($83,768)
Property Insurance	(1.2%)	(1.2%)	($0.03)	($0.35)	($7,818)
Repairs and Maintenance	(5.0%)	(5.3%)	($0.13)	($1.50)	($33,507)
Cleaning and Janitorial	(4.2%)	(4.4%)	($0.10)	($1.25)	($27,923)
Utilities	(6.7%)	(7.0%)	($0.17)	($2.00)	($44,676)
Management Fees	(3.8%)	(4.0%)	($0.10)	($1.14)	($25,465)
Administrative Fees	(1.7%)	(1.8%)	($0.04)	($0.50)	($11,169)
Reserves	(0.5%)	(0.5%)	($0.01)	($0.15)	($3,351)
TOTAL EXPENSES	(35.5%)	(37.3%)	($0.89)	($10.64)	($237,676)
NET OPERATING INCOME (NOI)	**59.5%**	**62.7%**	**$1.49**	**$17.86**	**$398,957**
Capitalization Rate					5.75%
Capitalized Value					$6,938,377
AS-IS MARKET VALUE				**$311/SF**	**$6,940,000**

Rounded to nearest $10,000

DIRECT CAPITALIZATION CONCLUSION – 15TH FLOOR

The table below summarizes the direct capitalization method and the Income Approach Value conclusion.

15th FLOOR DIRECT CAPITALIZATION SUMMATION TABLE					
INCOME ITEMS	**%PGI**	**%EGI**	**$/SF(MO.)**	**$/SF(YR.)**	**TOTAL**
Base Contract Income			$2.53	$31.00	$692,478
TOTAL RENTAL INCOME			$2.53	$31.00	$692,478
POTENTIAL GROSS INCOME (PGI)	**100.0%**	**105.3%**	**$2.58**	**$31.00**	**$692,478**
VACANCY & CREDIT LOSS					
Rental Income		(5.0%)	($0.13)	($1.55)	($34,624)
TOTAL VACANCY & CREDIT LOSS		(5.0%)	($0.13)	($1.55)	($34,624)
EFFECTIVE GROSS INCOME (EGI)	**95.0%**	**100.0%**	**$2.45**	**$29.45**	**$657,854**
EXPENSE ITEMS					
Real Estate Taxes	(12.1%)	(12.7%)	($0.31)	($3.75)	($83,768)
Property Insurance	(1.1%)	(1.2%)	($0.03)	($0.35)	($7,818)
Repairs and Maintenance	(4.8%)	(5.1%)	($0.13)	($1.50)	($33,507)
Cleaning and Janitorial	(4.0%)	(4.2%)	($0.10)	($1.25)	($27,923)
Utilities	(6.5%)	(6.8%)	($0.17)	($2.00)	($44,676)
Management Fees	(3.8%)	(4.0%)	($0.10)	($1.18)	($26,314)
Administrative Fees	(1.6%)	(1.7%)	($0.04)	($0.50)	($11,169)
Reserves	(0.5%)	(0.5%)	($0.01)	($0.15)	($3,351)
TOTAL EXPENSES	(34.4%)	(36.3%)	($0.89)	($10.68)	($238,525)
NET OPERATING INCOME (NOI)	**60.6%**	**63.7%**	**$1.56**	**$18.77**	**$419,329**
Capitalization Rate					5.75%
Capitalized Value					$7,292,677
AS-IS MARKET VALUE				**$326/SF**	**$7,290,000**
					Rounded to nearest $10,000

INCOME APPROACH – PARKING COMPONENTS

The following analysis develops opinions of market value of the subject's parking garage and surface lot components independently via the Income Approach. In the analysis that follows, I will present and consider the subject's in-place parking income, expenses and net operating income as well as estimate market income, expenses and net operating income. Both approaches will be presented in developing an opinion of the parking components via the Income Approach. For presentation purposes, I will refer to these as the "in place" and "market based" approaches.

Income & Expense Analysis

The following charts summarizes operating income and expenses for the Lloyd Center Tower's parking components combined and separated out between the surface lot and parking garage. Expenses were allocated between the surface lot and garage as noted in the chart. This information was provided by the client and not independently verified. Ahead, market data is presented for additional consideration in developing stabilized income and expense estimates for the parking components.

Parking Income/Expense Summary - 2015										
	Surface & Garage Combined			Surface Lot			Parking Garage			
	Total	$/Yr/Space	$/Mo/Space	Total	$/Yr/Space	$/Mo/Space	Total	$/Yr/Space	$/Mo/Space	Notes
Spaces	**1258**			**200**			**1058**			
Income										
Transient Revenue	$174,276	$139	$12	$174,276	$871	$73	$0	$0	$0	Surface Lot
Monthly Revenue	$1,559,678	$1,240	$103	$66,888	$334	$28	$1,492,790	$1,411	$118	Annualized most recent month
Coupon	$93,337	$74	$6	$93,337	$467	$39	$0	$0	$0	Surface Lot
Key Card	$700	$1	$0	$0	$0	$0	$700	$1	$0	
Gear Lockers	$3,944	$3	$0	$0	$0	$0	$3,944	$3.73	$0	
Late Fee	$1,000	$1	$0	$0	$0	$0	$1,000	$1	$0	
Total Revenue	**$1,832,935**	**$1,457**	**$121**	**$334,501**	**$1,673**	**$139**	**$1,498,434**	**$1,416**	**$118**	
Operating Expenses										
Wages and Salaries	$111,932	$89	$7	$67,159	$336	$28	$44,773	$42	$4	60% Allocated to surface lot, 40%
Payroll Overhead	$13,611	$11	$1	$8,167	$41	$3	$5,444	$5	$0	60% Allocated to surface lot, 40%
Clerical Fees	$5,597	$4	$0	$3,358	$17	$1	$2,239	$2	$0	60% Allocated to surface lot, 40%
Health and Welfare	$29,040	$23	$2	$17,424	$87	$7	$11,616	$11	$1	60% Allocated to surface lot, 40%
Payroll Processing Fees	$544	$0	$0	$326	$2	$0	$218	$0	$0	60% Allocated to surface lot, 40%
Shopping Tests	$686	$1	$0		$0	$0	$686	$1	$0	Allocated to surface lot
Professional Security	$78,139	$62	$5	$12,423	$62	$5	$65,716	$62	$5	Allocated per parking space
Outside Services	$2,117	$2	$0	$337	$2	$0	$1,780	$2	$0	Allocated per parking space
Supplies	$22	$0	$0	$3	$0	$0	$18	$0	$0	Allocated per parking space
Uniforms	$866	$1	$0	$866	$4	$0		$0	$0	Allocated to surface lot
Tickets and Decals	$1,204	$1	$0	$191	$1	$0	$1,012	$1	$0	Allocated per parking space
Sweeping	$10,715	$9	$1	$1,703	$9	$1	$9,012	$9	$1	Allocated per parking space
Equipment Repairs	$3,739	$3	$0	$594	$3	$0	$3,144	$3	$0	Allocated per parking space
Cleaning and Maintenance	$0	$0	$0	$0	$0.00	$0	$0	$0	$0	Allocated per parking space
Insurance-Liability	$23,641	$19	$2	$3,759	$19	$2	$19,883	$19	$2	Allocated per parking space
Office Supplies	$203	$0	$0	$32	$0	$0	$171	$0	$0	Allocated per parking space
Xerox and Printing	$66	$0	$0	$11	$0	$0	$56	$0	$0	Allocated per parking space
Postage	$0	$0	$0	$0	$0	$0	$0	$0	$0	Allocated per parking space
Telephone	$4,468	$4	$0	$710	$4	$0	$3,758	$4	$0	Allocated per parking space
Bank Service Charge	$3,510	$3	$0	$558	$3	$0	$2,952	$3	$0	Allocated per parking space
Credit Card Charges	$12,383	$10	$1	$1,969	$10	$1	$10,415	$10	$1	Allocated per parking space
Misc Expense	$440	$0	$0	$70	$0	$0	$370	$0	$0	Allocated per parking space
Customer Service	$0	$0	$0	$0	$0	$0	$0	$0	$0	Allocated per parking space
Base Management Fee	$8,100	$6	$1	$1,288	$6	$1	$6,812	$6	$1	Allocated per parking space
Total Expenses	**$311,021**	**$247**	**$21**	**$120,948**	**$605**	**$50**	**$190,074**	**$180**	**$15**	
Net Income (Loss)	**$1,521,913**	**$1,210**	**$101**	**$213,553**	**$1,068**	**$89**	**$1,308,360**	**$1,237**	**$103**	

Parking Income/Expense Summary - 2016	Surface & Garage Combined			Surface Lot			Parking Garage			
	Total	**$/Yr/Space**	**$/Mo/Space**	**Total**	**$/Yr/Space**	**$/Mo/Space**	**Total**	**$/Yr/Space**	**$/Mo/Space**	**Notes**
Spaces	**1258**			**200**			**1058**			
Income										
Transient Revenue	$163,431	$130	$11	$163,431	$817	$68	$0	$0	$0	Surface Lot
Monthly Revenue	$1,460,245	$1,161	$97	$62,624	$313	$26	$1,397,621	$1,321	$110	Annualized most recent month
Coupon	$69,615	$55	$5	$69,615	$348	$29	$0	$0	$0	Surface Lot
Key Card	$6,580	$5	$0	$0	$0	$0	$6,580	$6	$1	
Gear Lockers	$2,402	$2	$0	$0	$0	$0	$2,402			
Late Fee	$1,016	$1	$0	$0	$0	$0	$1,016	$1	$0	
Total Revenue	**$1,703,290**	**$1,354**	**$113**	**$295,670**	**$1,478**	**$123**	**$1,407,619**	**$1,330**	**$111**	
Operating Expenses										
Wages and Salaries	$99,042	$79	$7	$59,425	$297	$25	$39,617	$37	$3	60% Allocated to surface lot, 40%
Payroll Overhead	$11,875	$9	$1	$7,125	$36	$3	$4,750	$4	$0	60% Allocated to surface lot, 40%
Clerical Fees	$4,952	$4	$0	$2,971	$15	$1	$1,981	$2	$0	60% Allocated to surface lot, 40%
Health and Welfare	$21,888	$17	$1	$13,133	$66	$5	$8,755	$8	$1	60% Allocated to surface lot, 40%
Payroll Processing Fees	$425	$0	$0	$255	$1	$0	$170	$0	$0	60% Allocated to surface lot, 40%
Shopping Tests	$758	$1	$0		$0	$0	$758	$1	$0	Allocated to surface lot
Professional Security	$63,517	$50	$4	$10,098	$50	$4	$53,419	$50	$4	Allocated per parking space
Outside Services	$2,611	$2	$0	$415	$2	$0	$2,196	$2	$0	Allocated per parking space
Supplies	$14	$0	$0	$2	$0	$0	$12	$0	$0	Allocated per parking space
Uniforms	$234	$0	$0	$234	$1	$0		$0	$0	Allocated to surface lot
Tickets and Decals	$394	$0	$0	$63	$0	$0	$331	$0	$0	Allocated per parking space
Sweeping	$10,080	$8	$1	$1,603	$8	$1	$8,477	$8	$1	Allocated per parking space
Equipment Repairs	$369	$0	$0	$59	$0	$0	$310	$0	$0	Allocated per parking space
Cleaning and Maintenance	$0	$0	$0	$0	$0.00	$0	$0	$0	$0	Allocated per parking space
Insurance-Liability	$26,418	$21	$2	$4,200	$21	$2	$22,218	$21	$2	Allocated per parking space
Office Supplies	$1,068	$1	$0	$170	$1	$0	$898	$1	$0	Allocated per parking space
Xerox and Printing	$588	$0	$0	$93	$0	$0	$494	$0	$0	Allocated per parking space
Postage	$0	$0	$0	$0	$0	$0	$0	$0	$0	Allocated per parking space
Telephone	$2,510	$2	$0	$399	$2	$0	$2,111	$2	$0	Allocated per parking space
Bank Service Charge	$2,596	$2	$0	$413	$2	$0	$2,183	$2	$0	Allocated per parking space
Credit Card Charges	$6,051	$5	$0	$962	$5	$0	$5,089	$5	$0	Allocated per parking space
Misc Expense	$173	$0	$0	$27	$0	$0	$145	$0	$0	Allocated per parking space
Customer Service	$0	$0	$0	$0	$0	$0	$0	$0	$0	Allocated per parking space
Base Management Fee	$8,100	$6	$1	$1,288	$6	$1	$6,812	$6	$1	Allocated per parking space
Total Expenses	**$263,664**	**$210**	**$17**	**$102,936**	**$515**	**$43**	**$160,729**	**$152**	**$13**	
Net Income (Loss)	**$1,439,625**	**$1,144**	**$95**	**$192,734**	**$964**	**$80**	**$1,246,891**	**$1,179**	**$98**	

As noted in the charts, the parking garage operates with only monthly parkers whereas the surface lot receives a majority of income through daily parking (transient revenue) and validations/coupons. The most recent (2016) total revenue equates to $123/space for the surface lot and $111/space for the parking garage on a monthly basis. Based on the expense allocations shown above, the expenses are higher for the surface lot. This is in large part due to the overhead and operations of this lot (daily parking, open to public, etc.) relative to the garage component. As a result, the net income is $80/space per month for the surface lot compared to $98/space for the garage.

Income/Expense Analysis

The following chart presents net parking revenue for a selection of properties in downtown and close-in Portland. As the chart indicates, there is a wide range of achievable income per space. This is due to a number of factors including achievable monthly rates (highest in the Pearl District and CBD), competition from nearby lots, and potential for daily parking (highest near CBD core and retail locations). For example, the low end of the range is the 1500 Plaza, which is located south of I-84 with a large surface parking lot and little to no demand from off-site users. The high end of the range is marked by properties with high demand for monthly parking and hourly/daily/weekend parking demand.

Parking Income Comparables

Property	Location	Net Parking Revenue	Parking Spaces	$/Space/Year	$/Space/Month	Note
1000 Broadway	CBD	$1,049,367	315	$3,331	**$278**	2016 gross income less estimated expenses
Fox Tower	CBD	$2,698,119	1123	$2,403	**$200**	2016 Gross Income less estimated expenses
1515 Market Square	CBD	$482,097	200	$2,410	**$201**	2015 Net Parking Income
Union Bank of California Tower	CBD	$1,415,791	339	$4,176	**$348**	2015 Net Parking Income
Parkside (CH2M)	South CBD	$198,042	225	$880	**$73**	2015 Income
Harrison Square	South CBD	$367,187	276	$1,330	**$111**	2013 net income less estimated expenses
1201 Lloyd	Lloyd District	$546,474	475	$1,150	**$96**	2013 net income
The Overton	Pearl District	$115,241	121	$952	**$79**	2015 proforma income; spaces are on leased land (included in operating costs)
1500 Plaza	Lloyd District	$86,833	154	$564	**$47**	2014-15 proforma income; all surface spaces leased monthly to tenants; market rate of $60/space

For garages and lots that are operated by a third-party operator, the typical expense rate is 25-30%. One operator reported a flat 30% rate. A downtown office building comparable with detailed income and expense information indicates a 27% operating expense ratio. In the “in-place approach,” the current reported income and expenses will be analyzed. In the market based approach, an operating expense ratio of 27% will be applied.

On a monthly basis, the subject property is currently charging $130/space. Competing properties in the immediate area were investigated and the going rates are generally between $95 and $130 per space. The Liberty Centre building is currently charging $130/space. This rate appears achievable moving forward for the subject property. For the “market based approach,” a monthly rate of $130/space is considered achievable for the subject. However, there is additional potential income from transient daily/hourly parking. The overall income is estimated at $135/space per month. The calculations for the garage and surface lot revenue estimates in the “market based approach” are shown below:

Parking Garage $/Space		$135
Spaces	x	1,058
Parking Garage Revenue		$1,713,960

Surface Lot $/Space		$135
Spaces	x	200
Surface Lot Revenue		$324,000

Capitalization Rate

Comparable sales of parking structures are limited. In general, capitalization rates for parking structures follow similar trends as CBD office buildings. Office sales in the Portland CBD with large office components have also been analyzed.

Parking demand generally follows demand for office space in the area. In addition, further demand is generated by retail and multi-family development. Parking lot income is less variable than office space, as there are not roll-over costs such as TI’s, leasing commissions, free rents, and downtime between tenants. Based on analysis of sales data, a capitalization rate similar to that of CBD office buildings is supported.

Another factor impacting capitalization rates for the subject parking areas is the diminished risk profile given the underlying land value. The parking structure and surface parking lot would represent an attractive investment that would generate cash flow in the short term and also allow for future redevelopment. This places downward pressure on the capitalization rate.

Overall based on all investment considerations, market participant interviews, and the preceding discussed items, a capitalization rate of 5.75% is concluded.

Parking Garage Value Conclusion via Income Approach

The following chart develops a value indication of the parking garage component by analyzing in-place income and expenses:

Parking Garage - In-Place Approach		
Parking Garage Revenue		$1,407,619
Operating Expenses	-	-$160,729
Net Parking Garage Income		$1,246,891
Net Income/Space/Year		$1,178.54
Net Income/Space/Month		$98.21
Cap Rate		5.75%
Indicated Value (Rounded)		**$21,690,000**
PacifiCorp Ownership Interest		51.64%
Discounts/Adjustments		0
Parking Garage Interest Value Conclusion		**$11,200,000**

The following table calculates the net income projection based on the market based approach and capitalizes the value:

Parking Garage - Market Based Approach		
Parking Garage $/Space		$135
Spaces	x	1058
Parking Garage Revenue	=	$1,713,960
Operating Expenses at 27%		-$462,769
Net Parking Garage Income		$1,251,191
Net Income/Space/Year		$1,183
Net Income/Space/Month		$98.55
Cap Rate		5.75%
Indicated Value (Rounded)		**$21,760,000**
PacifiCorp Ownership Interest		51.64%
Discounts/Adjustments		0
Parking Garage Interest Value Conclusion		**$11,240,000**

Noting that these approaches indicate generally similar values for the parking garage component via the Income Approach, a value of **$21,730,000** ($21,690,000 + $21,760,000 / 2) is concluded for the parking garage component of the overall subject property. As noted in the Highest and Best Use analysis, this value is below the value of the garage lot area as a development site, which is estimated **$34,020,000.**

Surface Lot Value Conclusion via Income Approach

The following chart develops a value indication of the surface lot component by analyzing in-place income and expenses:

Surface Lot - In-Place Approach		
Suface Lot Revenue		$295,670
Operating Expenses	-	$102,936
Net Surface Lot Income		$192,734
Net Income/Space/Year		$963.67
Net Income/Space/Month		$80.31
Cap Rate		5.75%
Indicated Value (Rounded)		**$3,350,000**
PacifiCorp Ownership Interest		51.64%
Discounts/Adjustments		0
Surface Lot Interest Value Conclusion		**$1,730,000**

The following table calculates the net income projection based on the market based approach and capitalizes the value:

Surface Lot - Market Based Approach		
Surface Lot $/Space		$135
Spaces	x	200
Surface Lot Revenue	=	$324,000
Operating Expenses at 30%		-$87,480
Net Parking Surface Lot Income		$236,520
Net Income/Space/Year		$1,183
Net Income/Space/Month		$98.55
Cap Rate		5.75%
Indicated Value		**$4,113,391**
PacifiCorp Ownership Interest		51.64%
Discounts/Adjustments		0
Surface Lot Interest Value Conclusion		$2,120,000

Noting that these approaches indicate generally similar values for the surface lot component via the Income Approach, a value of **$3,730,000** ($3,350,000 + $4,113,391 / 2) is concluded for the surface lot component of the overall subject property. As noted in the Highest and Best Use analysis, this value is below the value of the surface lot area as a development site, which is estimated at **$21,870,000**.

SALES APPROACH

The Sales Comparison Approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison. The most relevant unit of comparison is the price per square foot of NRA, as it best reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility. I completed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale. Overall, the sales selected represent the best comparables available for this analysis.

The following sections provide a Sales Comparison Approach analysis to develop opinions of the third, eighth, and fifteenth floors of the Lloyd Center Tower. As has been noted, this analysis is developed as if these floors were independent units that were marketable and available for sale/purchase as of the date of value (see Hypothetical Conditions outlined in the Letter of Transmittal). As was discussed in the Income Approach, the third floor is currently in the third year of a ten-year lease whereas the eighth and fifteenth floors are owner occupied by PacifiCorp. As a result, the following analysis develops an opinion of the leased fee interest of the third floor and the fee simple value of each floor.

It is noted that as valued, each floor is considered effectively as an independent condo unit that could be leased to one or more tenants. The comparables considered in this section include non-condo/full building properties as no similar condominium units are available in Portland. Based on the analysis conducted in this report and my experience with similar commercial (retail and/or office condo units), there may be perceptible increase applied by buyers and sellers of condo units. This is largely attributable the smaller size and larger buyer pool available to purchase a smaller asset. This increased pricing is considered in the conclusions ahead.

Adjustment Process

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase and market conditions.

The analysis price for Comparable 3 was adjusted upward $825,694 for lease up costs.

The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	October 2017	(As-Is)	3%

Based on research and interpretation of value trends, a flat market conditions adjustment has been applied in this analysis. The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Property Adjustments

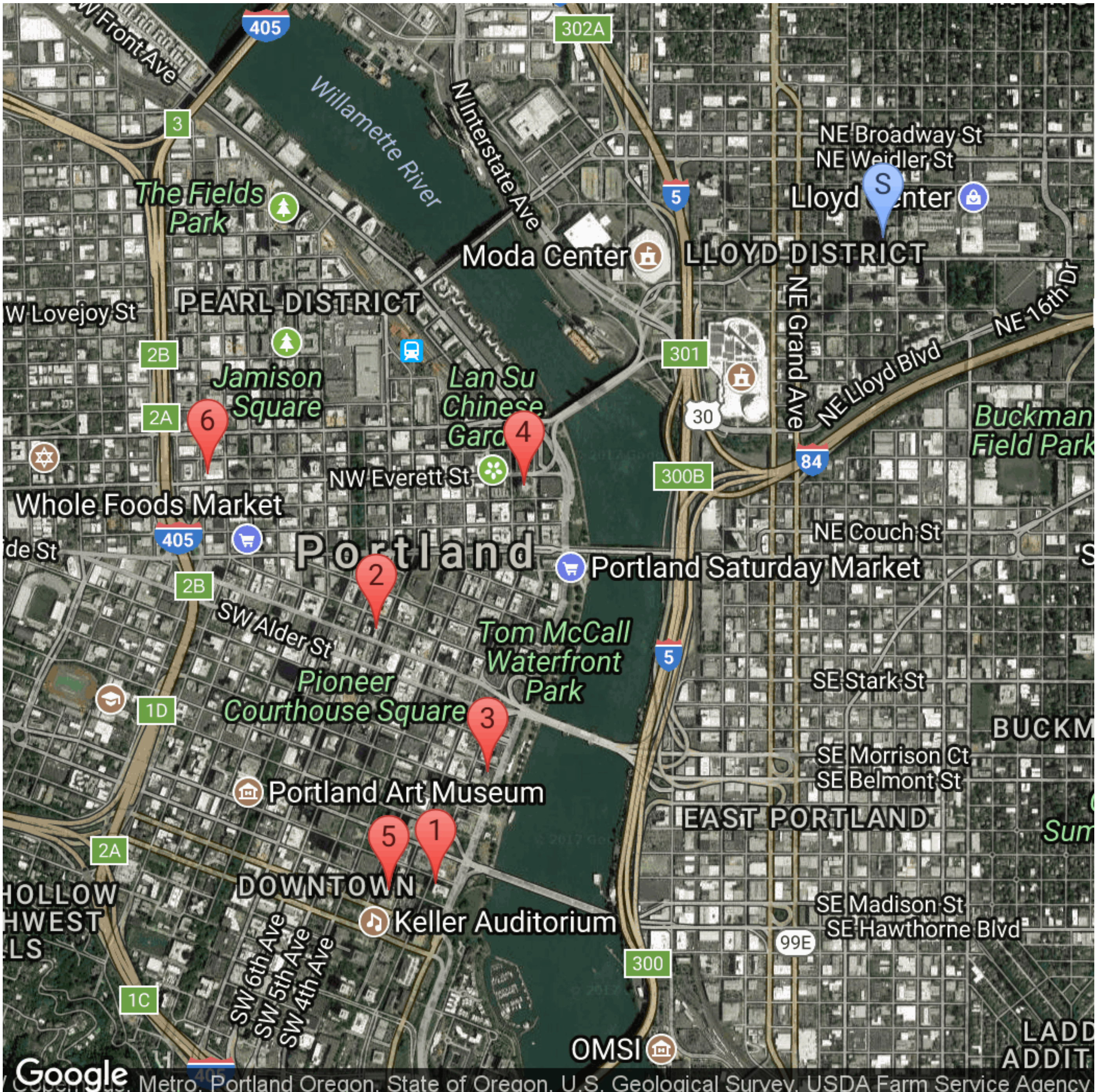
Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site and parking ratios, access, exposure, quality and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate my logic in deriving a value opinion for the subject site.

Presentation

The following Sales Summation Table, Location Map and photographs summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

IMPROVED SALES SUMMATION TABLE							
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Lloyd Center Tower & Parking Components	Umpqua Bank Plaza	Commonwealth Building	The 811 Building	One Pacific Square	KOIN Center	Pioneer Tower
Address	825 NE Multnomah Street	1 SW Columbia St	421 SW Sixth Ave	811 SW Naito Pkwy	220 NW Second Avenue	222 SW Columbia St	888 SW 5th Ave
City	Portland	Portland	Portland	Portland	Portland	Portland	Portland
State	OR	OR	OR	OR	OR	OR	OR
Zip	97232	97258	97204	97204	97209	97201	97204
County	Multnomah	Multnomah	Multnomah	Multnomah	Multnomah	Multnomah	Multnomah
PHYSICAL INFORMATION							
Property Type	Office	Office	Office	Office	Office	Office	Office
GBA (SF)	428,325	284,337	216,099	49,496	240,338	351,191	296,329
NRA (SF)	421,921	284,337	216,099	49,496	240,338	351,191	296,329
Land Area (AC)	7.1	0.9	0.5	0.3	0.9	0.9	0.4
Land Area (SF)	307,969	40,000	20,000	13,939	37,897	40,075	17,600
Parking Ratio	0.0	1.1	0.7	1.4	0.7	0.7	0.6
Year Built	1981	1974	1947	1985	1983	1984	1989
Site Coverage	100%	50%	100%	100%	100%	100%	100%
SALE INFORMATION							
Date		1/9/2017	6/30/2016	2/1/2016	1/20/2015	1/23/2015	6/30/2016
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Transaction Price		$90,000,000	$69,000,000	$12,600,000	$48,500,000	$88,000,000	$121,750,000
Analysis Price		$90,000,000	$69,000,000	$13,425,694	$48,500,000	$88,000,000	$121,750,000
$/SF NRA		**$317**	**$319**	**$271**	**$202**	**$251**	**$411**
NOI/SF NRA	**$17.89**	**$17.63**	**$16.86**	**$18.63**	**$12.58**	**N/A**	**$20.46**
Occupancy	100.0%	95.0%	96.2%	91.0%	94.8%	92.0%	100.0%
Capitalization Rate		**5.57%**	**5.28%**	**6.87%**	**6.24%**	**N/A**	**4.98%**
Confirmation Source		Offering Memorandum / Press Release	Offering Memorandum / Press Release	Buyer's Broker	Buyer	CoStar/Press Release	CoStar / Press Release

SALES LOCATION MAP



COMPARABLE KEY							
COMP	**DISTANCE**	**NAME**	**ADDRESS**	**OCC.**	**SALE DATE**	**OAR**	**$/SF**
SUBJECT	-	Lloyd Center Tower & Parking Cor	825 NE Multnomah Street, Portland, OR	100.0%	-	-	$290
No. 1	1.6 Miles	Umpqua Bank Plaza	1 SW Columbia St, Portland, OR	95.0%	1/9/2017	5.57%	$317
No. 2	1.3 Miles	Commonwealth Building	421 SW Sixth Ave, Portland, OR	96.2%	6/30/2016	5.28%	$319
No. 3	1.3 Miles	The 811 Building	811 SW Naito Pkwy, Portland, OR	91.0%	2/1/2016	6.87%	$271
No. 4	0.9 Miles	One Pacific Square	220 NW Second Avenue, Portland, OR	94.8%	1/20/2015	6.24%	$202
No. 5	1.6 Miles	KOIN Center	222 SW Columbia St, Portland, OR	92.0%	1/23/2015	N/A	$251
No. 6	1.4 Miles	Pioneer Tower	888 SW 5th Ave, Portland, OR	100.0%	6/30/2016	4.98%	$411

COMPARABLE SALES PHOTOGRAPHS

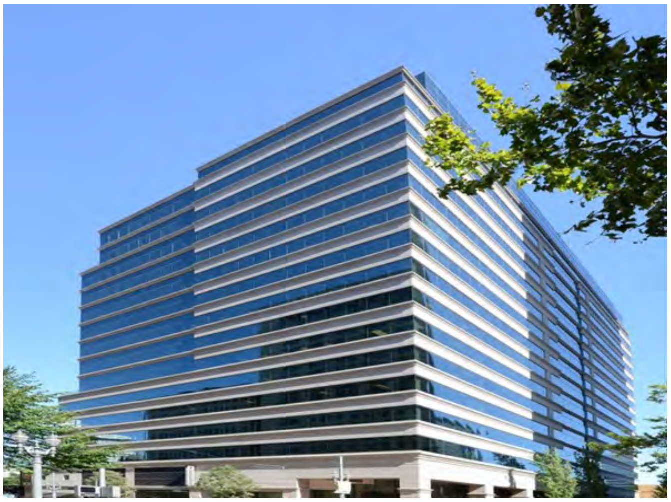

COMPARABLE 1


COMPARABLE 2


COMPARABLE 3


COMPARABLE 4


COMPARABLE 5


COMPARABLE 6

IMPROVED SALES ADJUSTMENT TABLE							
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Lloyd Center Tower & Parking Components	Umpqua Bank Plaza	Commonwealth Building	The 811 Building	One Pacific Square	KOIN Center	Pioneer Tower
Address	825 NE Multnomah Street	1 SW Columbia St	421 SW Sixth Ave	811 SW Naito Pkwy	220 NW Second Avenue	222 SW Columbia St	888 SW 5th Ave
City, State	Portland, OR	Portland, OR	Portland, OR	Portland, OR	Portland, OR	Portland, OR	Portland, OR
Zip	97232	97258	97204	97204	97209	97201	97204
GBA	428,325	284,337	216,099	49,496	240,338	351,191	296,329
NRA (SF)	421,921	284,337	216,099	49,496	240,338	351,191	296,329
Land Area (AC)	7.1	0.9	0.5	0.3	0.9	0.9	0.4
Land Area (SF)	307,969	40,000	20,000	13,939	37,897	40,075	17,600
Parking Ratio	0.0	1.1	0.7	1.4	0.7	0.7	0.6
Year Built	1981	1974	1947	1985	1983	1984	1989
Site Coverage	100%	50%	100%	100%	100%	100%	100%
SALE INFORMATION							
Date		1/9/2017	6/30/2016	2/1/2016	1/20/2015	1/23/2015	6/30/2016
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Analysis Price		$90,000,000	$69,000,000	$13,425,694	$48,500,000	$88,000,000	$121,750,000
$/SF NRA		$317	$319	$271	$202	$251	$411
NOI/SF NRA	$17.89	$17.63	$16.86	$18.63	$12.58	N/A	$20.46
Occupancy	100.0%	95.0%	96.2%	91.0%	94.8%	92.0%	100.0%
TRANSACTIONAL ADJUSTMENTS							
Property Rights		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%	0%
Market Conditions[1]		2%	4%	5%	9%	8%	4%
Subtotal Transactional Adj Price		$323	$332	$285	$220	$271	$427
PROPERTY ADJUSTMENTS							
Location		-5%	-5%	-5%	5%	-5%	-5%
Size		0%	-5%	-10%	-5%	0%	0%
Quality		0%	5%	15%	20%	10%	-5%
Condition		5%	10%	15%	20%	10%	-5%
Exposure		0%	0%	0%	0%	0%	0%
Access		0%	0%	0%	0%	0%	0%
Parking Ratio		-5%	-5%	-5%	-5%	-5%	-5%
Subtotal Property Adjustment		-5%	0%	10%	35%	10%	-20%
TOTAL ADJUSTED PRICE		**$307**	**$332**	**$314**	**$297**	**$298**	**$342**

STATISTICS	UNADJUSTED	ADJUSTED
LOW	$202	$297
HIGH	$411	$342
MEDIAN	$294	$311
AVERAGE	$295	$315

[1] Market Conditions Adjustment: 3%

Date of Value (for adjustment calculations): 10/26/17

SALES COMPARABLE ANALYSIS

The adjusted comparables range from $297/SF to $342/SF and average $315/SF. Since the subject floors are being valued without parking components, a downward adjustment was made to all comparables for superior parking ratio. Comparable 1 was adjusted downward for superior location and adjusted upward for inferior condition. Comparable 2 was adjusted upward for inferior quality, condition and was adjusted downward for superior location, and for the smaller size placing upward pressure on the price per square foot. Comparable 3 was adjusted upward for inferior quality, condition as well as adjusted downward for superior location, and for the larger size placing upward pressure on the price per square foot. Comparable 4 was adjusted upward for inferior location, quality, condition as well as adjusted downward for the smaller size placing upward pressure on the price per square foot. Comparable 5 was adjusted upward for inferior quality, condition as well as adjusted downward for superior location, and for the larger size placing upward pressure on the price per square foot. Comparable 6 was adjusted downward for superior location, quality, and condition.

SALES COMPARISON APPROACH CONCLUSION

With emphasis on Comparables 1, 2, 5 and 6 due to the lower overall gross adjustments, a value at $310/SF has been concluded for the 3rd and 8th floor spaces. Due to the higher appeal of the 15th floor space, a value at $325/SF has been concluded and applied. Similar to the Income Approach the previous estimated NPV of the rent loss on the third floor space has been deducted to conclude the As-Is Fee Simple Value. The following table summarizes the analysis of the comparables, reports the reconciled price per NRA value conclusion, and presents the concluded value of the subject property.

SALES COMPARISON APPROACH CONCLUSION (NRA)

COMP	ANALYSIS PRICE	ADJUSTMENT TRANSACTIONAL[1]	ADJUSTED	PROPERTY[2]	FINAL	NET ADJ %	GROSS ADJ %	OVERALL COMPARISON
1	$317	2%	$323	-5%	**$307**	-3%	17%	PRIMARY
2	$319	4%	$332	0%	**$332**	4%	34%	PRIMARY
3	$271	5%	$285	10%	**$314**	16%	55%	SECONDARY
4	$202	9%	$220	35%	**$297**	47%	64%	SECONDARY
5	$251	8%	$271	10%	**$298**	19%	38%	PRIMARY
6	$411	4%	$427	-20%	**$342**	-17%	24%	PRIMARY
LOW	**$297**					**AVERAGE**		**$315**
HIGH	**$342**					**MEDIAN**		**$311**

	SUBJECT SF		$/SF CONCLUSION		VALUE
AS-IS FEE SIMPLE MARKET VALUE - 3rd FLOOR	**22,105**	**x**	**$310/SF**	**=**	**$6,850,000**
NPV of the the below market rent					($735,645)
AS-IS LEASED FEE MARKET VALUE - 3rd FLOOR			**$276/SF**		**$6,110,000**
AS-IS MARKET VALUE - 8th FLOOR	**22,338**		**$310/SF**		**$6,920,000**
AS-IS MARKET VALUE - 15th FLOOR	**22,338**		**$325/SF**		**$7,260,000**

[1]Cumulative [2]Additive Rounded to nearest $10,000

LAND VALUATION

As previously discussed within the Valuation Methods section, the subject is valued as one marketable economic site in this appraisal. The most relevant unit of comparison is the price per square foot per floor-to-area ratio (FAR), as it best reflects the analysis used by buyers and sellers in this market for land with similar utility and zoning. A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. Overall, the sales selected represent the best comparables available for this analysis.

Adjustment Process
The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments
Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase such as demolition costs and market conditions.

Comparable 3 will be adjusted downward in property rights for reported entitlements in place at the time of sale.

The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	October 2017	(As-Is)	3%

Based on research and interpretation of value trends, a flat market conditions adjustment has been applied in this analysis. The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

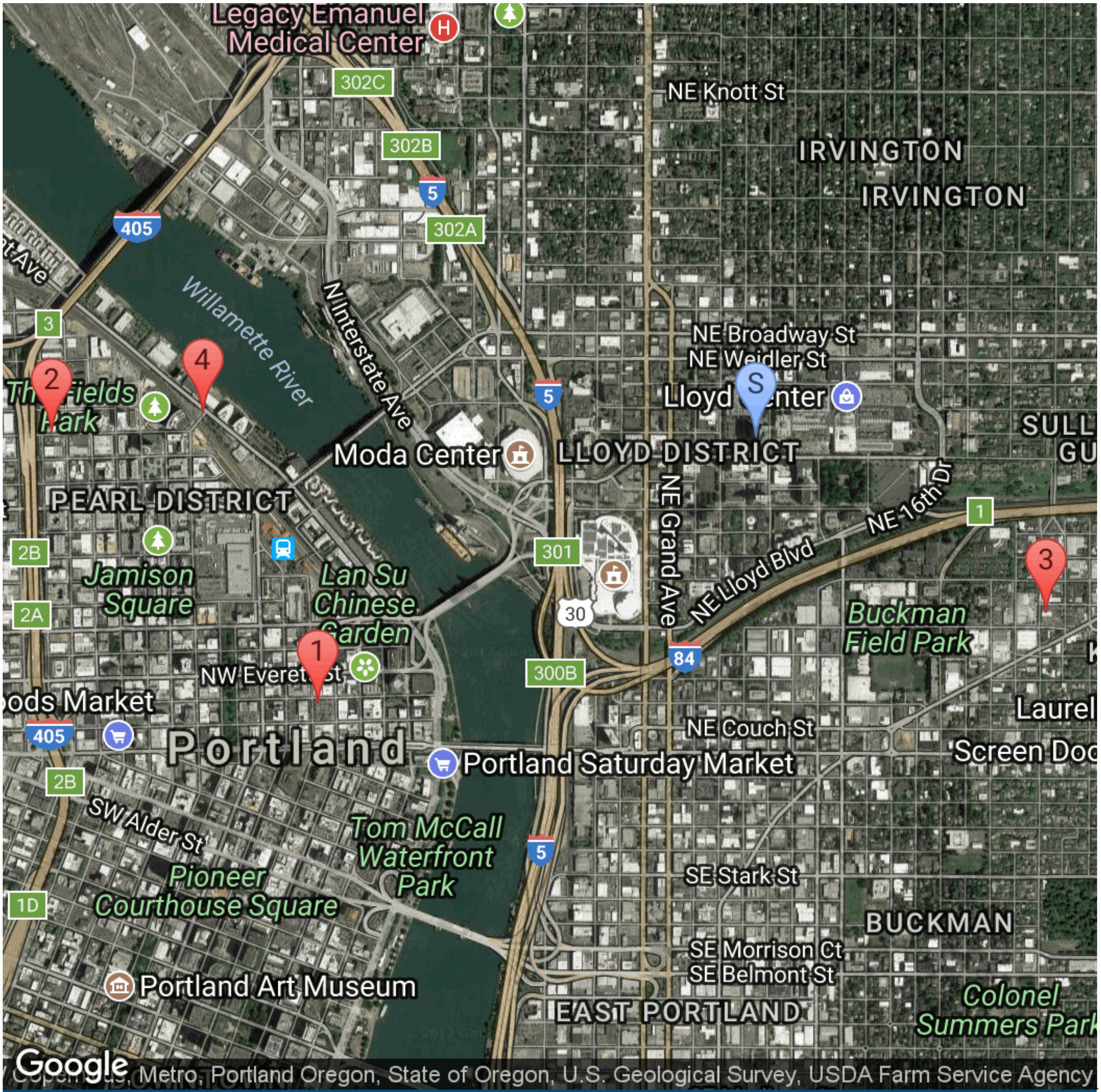
Property Adjustments
Quantitative percentage adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning and overall utility. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate my logic in deriving a value opinion for the subject site.

Presentation
The following Land Sales Summation Table, Location Map and plat maps summarize the sales data used in this analysis. Following these items, the comparable land sales are adjusted for applicable elements of comparison and the opinion of site value is concluded.

LAND SALES SUMMATION TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Name	Lloyd Center Tower & Parking Components	Block 33	Overton 15 Site	NE Land Sale	Station Place Pearl Land
Address	825 NE Multnomah Street	125 NW 4th Avenue	1440 NW Overton Street	518 NE 20th Ave	1250 NW 9th Ave
City	Portland	Portland	Portland	Portland	Portland
State	OR	OR	OR	OR	OR
Zip	97232	97209	97209	97232	97209
County	Multnomah	Multnomah	Multnomah	Multnomah	Multnomah
PHYSICAL INFORMATION					
Acres	2.07 & 3.21	0.92	0.23	0.84	0.80
SF	90,000 & 140,000	40,075	10,000	36,599	34,808
FAR	9.0 : 1	6.0 : 1	5.0 : 1	3.0 : 1	4.0 : 1
Max Bldg SF	810,000 & 1,260,000	240,450	50,000	109,797	139,232
Shape	Rectangular	Square	Square	Square	Irregular
Zoning	CX	CX	EX	EX	EX
Corner	Yes	No	No	Yes	No
Topography	Level	Flat	Level	Flat	Level
Utilities	Yes	Yes	Yes	Yes	Yes
Easements	Standard	Standard	Standard	Standard	Standard
Envrmtl Issues	None Noted	None Noted	None Noted	None Noted	None Noted
SALE INFORMATION					
Date		6/3/2016	11/30/2016	2/9/2017	9/12/2016
Status		Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		$11,180,000	$3,300,000	$7,950,000	$7,400,000
Analysis Price		$11,180,000	$3,300,000	$7,950,000	$7,400,000
$/SF/FAR		$46.50	$66.00	$72.41	$53.15
Confirmation Source		Buyer	Buyer	Seller's Broker	Internal Records

LAND SALES LOCATION MAP

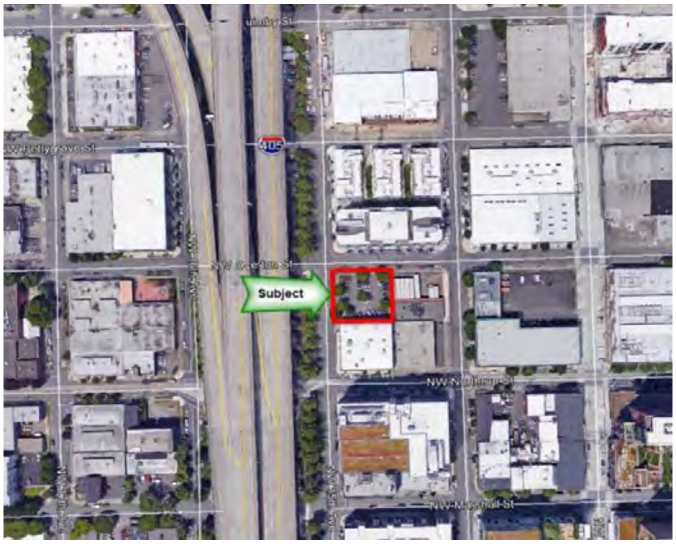


COMPARABLE KEY

COMP	DISTANCE	ADDRESS	SALE DATE	ACRES	SF	$/SF/FAR
SUBJECT	-	825 NE Multnomah Street, Portland, OR	-	7.1	307,969	$40.00
No. 1	1.0 Miles	125 NW 4th Avenue, Portland , OR	6/3/2016	0.9	40,075	$46.50
No. 2	1.4 Miles	1440 NW Overton Street, Portland, OR	11/30/2016	0.2	10,000	$66.00
No. 3	0.7 Miles	518 NE 20th Ave, Portland, OR	2/9/2017	0.8	36,599	$72.41
No. 4	1.1 Miles	1250 NW 9th Ave, Portland, OR	9/12/2016	0.8	34,808	$53.15

LAND SALES EXHIBITS

COMPARABLE 1



COMPARABLE 2

COMPARABLE 3

COMPARABLE 4

LAND SALES ADJUSTMENT TABLE					
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Name	Lloyd Center Tower & Parking Components	Block 33	Overton 15 Site	NE Land Sale	Station Place Pearl Land
Address	825 NE Multnomah Street	125 NW 4th Avenue	1440 NW Overton Street	518 NE 20th Ave	1250 NW 9th Ave
Acres	2.07 & 3.21	0.92	0.23	0.84	0.80
SF	90,000 & 140,000	40,075	10,000	36,599	34,808
FAR	9.0 : 1	6.0 : 1	5.0 : 1	3.0 : 1	4.0 : 1
Max Bldg SF	810,000 &	240,450	50,000	109,797	139,232
Shape	Rectangular	Square	Square	Square	Irregular
Zoning	CX	CX	EX	EX	EX
Corner	Yes	No	No	Yes	No
Topography	Level	Flat	Level	Flat	Level
Utilities	Yes	Yes	Yes	Yes	Yes
Easements	Standard	Standard	Standard	Standard	Standard
Envmtl Issues	None Noted	None Noted	None Noted	None Noted	None Noted
SALE INFORMATION					
Date		6/3/2016	11/30/2016	2/9/2017	9/12/2016
Status		Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Analysis Price		$11,180,000	$3,300,000	$7,950,000	$7,400,000
Price/SF/FAR		$46.50	$66.00	$72.41	$53.15
TRANSACTIONAL ADJUSTMENTS					
Property Rights		0%	0%	-15%	0%
Conditions of Sale		0%	0%	0%	0%
Financing		0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%
Market Conditions[1]		4%	3%	2%	3%
Subtotal Transactional Adj Price		$48.36	$67.98	$62.78	$54.74
PROPERTY ADJUSTMENTS					
Location		-5%	-5%	0%	-5%
Size		-40%	-50%	-45%	-45%
Exposure		0%	0%	0%	0%
Access		0%	0%	0%	0%
Shape		0%	0%	0%	0%
Site Utility Rating		0%	0%	0%	0%
Subtotal Property Adjustment		-45%	-55%	-45%	-50%
TOTAL ADJUSTED PRICE		**$26.60**	**$30.59**	**$34.53**	**$27.37**
STATISTICS	**UNADJUSTED**	**ADJUSTED**			
LOW	$46.50	$26.60			
HIGH	$72.41	$34.53			
MEDIAN	$59.58	$28.98			
AVERAGE	$59.52	$29.77			

[1] Market Conditions Adjustment: 3%

Date of Value (for adjustment calculations): 10/26/17

LAND SALES ANALYSIS

The adjusted comparables range from $26.60/SF to $34.53/SF and average $29.77/SF. It is noted although the comparables are presented on a price per square foot of FAR basis, the subject site includes a 9:1 FAR allowance, which is one of the highest base allowances within Portland, and considering the overall site size, allows for a very large total developable area well above the comparables. Due to this, all five comparables have been adjusted for the downward pressure that would be placed on the subject due to the large overall developable area. It is noted that this adjustment combines to bring the adjusted amounts below each PSF/FAR amount prior to adjustments, however is reasonable considering the subject's total allowable area well above the comparables at 810,000 SF for the surface lot site and 1,260,000 SF for the garage site. Please note limited recent sales data for larger sites were available, therefore the above comparables were chosen due to their similar locations and recent transaction dates. Comparables 1, 2, and 4 were also adjusted downward for superior location.

CALCULATION OF LAND VALUE

With emphasis on Comparables 1, 3 and 4 due to their lower overall gross adjustments, a land value at $27/SF/FAR has been concluded and applied. The following table summarizes the analysis of the comparables, reports the reconciled price per square foot per floor-to-area ratio (FAR) value conclusion, and presents the concluded value of the subject site.

CALCULATION OF LAND VALUE

COMP	ANALYSIS PRICE	ADJUSTMENT TRANSACTIONAL[1]	ADJUSTMENT ADJUSTED	ADJUSTMENT PROPERTY[2]	ADJUSTMENT FINAL	NET ADJ %	GROSS ADJ %	OVERALL COMPARISON
1	$46.50	4%	$48.36	-45%	**$26.60**	-43%	49%	PRIMARY
2	$66.00	3%	$67.98	-55%	**$30.59**	-54%	58%	SECONDARY
3	$72.41	-13%	$62.78	-45%	**$34.53**	-52%	62%	SECONDARY
4	$53.15	3%	$54.74	-50%	**$27.37**	-49%	53%	PRIMARY
LOW	**$26.60**					**AVERAGE**		**$29.77**
HIGH	**$34.53**					**MEDIAN**		**$28.98**

COMPONENT	MAX BLDG SF		$/SF/FAR CONCLUSION		VALUE
Suface Lot as Development Site	**810,000**	**x**	**$27.00**	**=**	**$21,870,000**
PacifiCorp Ownership	**$21,870,000**	**x**	**51.64%**		**$11,290,000**
Garage Site as Development Site	**1,260,000**	**x**	**$27.00**	**=**	**$34,020,000**
PacifiCorp Ownership	**$34,020,000**	**x**	**51.64%**		**$17,570,000**

[1]Cumulative [2]Additive — Rounded to nearest $10,000

RECONCILIATION OF VALUE CONCLUSIONS

The Analysis of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property.

The **Income Approach** to value is generally considered to be the best and most accurate measure of the value of income producing properties. In this analysis, the Direct Capitalization method was developed. The value estimate by this approach best reflects the analysis that knowledgeable buyers and sellers carry out in their decision making process regarding this type of property. Sufficient market data was available to reliably estimate gross income, vacancy, and expenses. A capitalization rate was estimated based on local sales, and supported by national survey data and band of investment analysis. With consideration given to the strength of the data in this section and appropriateness of this approach, primary emphasis is given to this method.

The price per square foot method has been presented in the **Sales Comparison Approach**. Recent data of similar development was available within the region, and the comparables are considered reasonable indicators for the subject. However, the comparables reflect a wide range of size and value and secondary weight is given to this method.

As previously discussed, the **Cost Approach** was not presented in this analysis. The exclusion of the Cost Approach does not diminish the credibility of the value conclusion.

After considering all factors relevant to the valuation of the subject property, with primary emphasis placed on the Income Approach, the concluded value is:

ANALYSIS OF VALUE CONCLUSIONS - 3RD FLOOR		
VALUATION INDICES	AS-IS MARKET VALUE	AS-IS MARKET VALUE
INTEREST APPRAISED	LEASED FEE	FEE SIMPLE
DATE OF VALUE	OCTOBER 26, 2017	OCTOBER 26, 2017
Sales Comparison Approach	$6,110,000	$6,850,000
Income Approach	$6,140,000	$6,880,000
FINAL VALUE CONCLUSION	$6,140,000	$6,880,000
$/SF	$278/SF	$311/SF
Exposure Time	Six Months or Less	
Marketing Period	Six Months or Less	

ANALYSIS OF VALUE CONCLUSIONS - 8TH FLOOR	
VALUATION INDICES	**AS-IS MARKET VALUE**
INTEREST APPRAISED	**FEE SIMPLE**
DATE OF VALUE	**OCTOBER 26, 2017**
Sales Comparison Approach	$6,920,000
Income Approach	$6,940,000
FINAL VALUE CONCLUSION	**$6,940,000**
$/SF	$311/SF
Implied Capitalization Rate	5.75%
Exposure Time	Six Months or Less
Marketing Period	Six Months or Less

ANALYSIS OF VALUE CONCLUSIONS - 15th FLOOR	
VALUATION INDICES	**AS-IS MARKET VALUE**
INTEREST APPRAISED	**FEE SIMPLE**
DATE OF VALUE	**OCTOBER 26, 2017**
Sales Comparison Approach	$7,260,000
Income Approach	$7,290,000
FINAL VALUE CONCLUSION	**$7,290,000**
$/SF	$17/SF
Implied Capitalization Rate	5.75%
Exposure Time	Six Months or Less
Marketing Period	Six Months or Less

Parking Lot Components Reconciliation

The subject's parking components (surface lot and parking garage) were valued using the Income Approach. In addition, the sites corresponding to these parking areas were valued in the land valuation using the Sales Comparison Approach as development land.

The value indication via the Income Approach of the surface lot was $3,730,000. This is well below the value of the land associated with the surface lot, which was concluded to be $21,870,000. The highest and best use of the surface lot component (subject to Hypothetical Conditions and Extraordinary Assumptions used to value it as an independent development site) is therefore concluded as mixed-use/multi-family land valued at **$21,870,000**. This represents a fee simple value of the 90,000 SF surface lot area; the conclusion of PacifiCorp's ownership interest in this portion of the property is shown ahead.

As for the parking garage component, the value indicated by the Income Approach was concluded at $21,730,000. This is below the value of the parking garage site (140,000 SF) as vacant, developable land which was concluded at $34,020,000 in the Land Valuation section of the report. However, as was noted in the Highest and Best Use discussion, demolition costs and in-place lease agreements that include rights to lease parking in the garage make near-term redevelopment of the parking garage component unlikely. The near-term Highest and Best Use of the parking garage is continued parking use in the near- to mid-term with long-term redevelopment potential. The fee simple value conclusion of the parking garage is therefore **$21,730,000**.

The client has requested a valuation of PacifiCorp's 51.64% ownership interest in the surface lot and parking garage components. The charts below calculate the value of this ownership interest as proportionate to the fee simple value conclusions above. No additional adjustments (enhancements or discounts) are applied.

PacifiCorp Ownership Calculation - Surface Lot	
Component	**Conclusion**
Surface Parking Lot - Fee Simple Land Value	$21,870,000
PacifiCorp Ownership	51.64%
Value Conclusion (Rounded)	**$11,290,000**

PacifiCorp Ownership Calculation - Garage	
Component	**Conclusion**
Parking Garage - Fee Simple Value	$21,730,000
PacifiCorp Ownership	51.64%
Value Conclusion (Rounded)	**$11,220,000**

Final Summary of Value Opinions

The following chart summarizes the final value opinions developed in this appraisal.

VALUE TYPE	COMPONENT	INTEREST APPRAISED	DATE OF VALUE	VALUE
As-Is Market Value	3rd Floor Office	Leased Fee	October 26, 2017	$6,140,000
As-Is Market Value	3rd Floor Office	Fee Simple	October 26, 2017	$6,880,000
As-Is Market Value	8th Floor Office	Fee Simple	October 26, 2017	$6,940,000
As-Is Market Value	15th Floor Office	Fee Simple	October 26, 2017	$7,290,000
OTHER CONCLUSIONS		**AS OF OCTOBER 26, 2017**		
As-Is Market Value	Surface Parking Lot	51.64% PacifiCorp Ownership	October 26, 2017	$11,290,000
As-Is Market Value	Parking Garage	51.64% PacifiCorp Ownership	October 26, 2017	$11,220,000

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 of the signer are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The signer of this report has 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.
- Jeff Buono, MAI has 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.
- The signer is not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The 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.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- Jeff Buono, MAI inspected the property that is the subject of this report (interior/exterior) and the comparables (exterior).
- Jake Kelley provided significant real property appraisal assistance to the appraisers signing the certification.

  (A) Define the appraisal problem;
  (B) Conduct preliminary analysis, select and collect applicable data;
  (C) Conduct an analysis of the subject property;
  (D) Conduct highest and best use analysis;
  (E) Estimate land value, including on-site improvements
  (F) Estimate value of the property using the income and sales comparison approaches;
  (G) Reconcile the value indication and reconcile the final value estimate; and
  (H) Report estimate(s) of value(s) as defined.

  This assistance falls under categories A-E; G-H as defined by OAR 161-025-0025(2)(a)(A-H).

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 Jeff Buono, MAI completed the continuing education program for Designated Members of the Appraisal Institute.

November 13, 2017

Date

Jeff Buono, MAI
Senior Valuation Services Director
Certified General Real Estate Appraiser
State of Oregon License #C001055
+1 503 542 5414
jeff.buono@colliers.com

This appraisal is subject to the following assumptions and limiting conditions:

- The appraiser may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraiser which is not specifically disclosed in this report.
- Without the written consent or approval of the author neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraiser and the firm with which the appraiser is connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the author no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal

injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- The appraiser assumes no responsibility for determining if the subject property complies with the *Americans with Disabilities Act* (*ADA*). Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

10/10/2017 13:19:52
version 1

PacifiCorp Procurement
825 NE Multnomah Street, Suite 1800
Portland, Oregon 97232

Short Form Services Purchase Order

Shipping Address
PacifiCorp
Lloyd Center Tower
825 N.E. Multnomah
PORTLAND OR 97232

Vendor Address
COLLIERS INTERNATIONAL VALUATION &
ADVISORY SERVICES LLC
851 SW 6TH AVE STE 1200
PORTLAND OR 97204
Vendor Phone: (503)226-0983
Vendor Fax:

Billing Address
PacifiCorp
Accounts Payable Department
P.O. Box 3040
Portland, OR 97208 - 3040

When an alternative Billing Address is preferred, it will be noted below.

Information

Purchase Order	**3600007025**
Date	10/10/2017
Vendor No.	415426
Payment Terms Description	NET 30
Buyer	Sandra Rempel
Phone	(503) 813-5132
Fax	(503) 813-6198
Delivery Date	**12/01/2017**
Inco Terms Description	N/A
Inco Terms (Part X)	N/A

Show the Purchase Order Number on all packages, invoices, bills of lading and correspondence. Send invoices to Accounts Payable Department. Notify buyer immediately: (1) if unable to ship or deliver on dates specified below or (2) when description is incorrect or superseded. Any refund checks must be sent to the following address and not to individual employees.
PacifiCorp
PO Box 5504
Portland, OR 97208-5504

Shipping Instructions:
Currency: USD
Valid From: 10/10/2017 To: 12/31/2017

Item	Material/Description	Quantity	UM	Net Price	Per	UM	Net Amount
10	LCT Valuation/Appraisal	1.00	SVC	[redacted]	1	SVC	[redacted]

Vendor: Colliers International
851 SW Sixth Avenue, Suite 1200
Portland, OR 97204
Main Phone: 503-226-0983; FAX: 503-542-5811
Attn: Jeff Buono
Jeff's Direct Phone: 503-542-5414
Jeff's E-Mail: Jeff.Buono@colliers.com

Vendor No: 415426

Date of Svc: By 11/1/17 (within 3 weeks of PO signing)

Amount: [redacted]

Charge No: LCTTOWER GL: 530190

Invoices to be sent to: Maggie Hodny, PacifiCorp, 825 NE Multnomah, Suite 1700, Portland, OR 97232

PACIFICORP

PacifiCorp Procurement
825 NE Multnomah Street, Suite 1800
Portland, Oregon 97232

Short Form Services Purchase Order

Item	Material/Description	Quantity	UM	Net Price	Per	UM	Net Amount
	Scope of Work: Appraisal of Lloyd Center Tower in Portland, OR. See attached documentation for additional details.						
				Total Net Value			[redacted]

Vendor shall furnish the Goods and Services specified above in accordance with this Purchase Order, including the provisions set forth on the face hereof and any other provisions attached to, incorporated into, or otherwise made a part of this Purchase Order.

PACIFICORP ON-SITE SERVICES PURCHASE ORDER STANDARD TERMS & CONDITIONS
(Rev. August 2017)

1. **DEFINITIONS.** "Company" means PacifiCorp, an Oregon corporation. "Confidential Information" shall have the meaning as defined in the Contract and in addition include any information that identifies an individual or customer of Company, including but not limited to customer account numbers, customer addresses, customer energy usage information, credit or bank account numbers, social security numbers, passport or driver's license numbers, or any information not otherwise classified as public information by Company. "Contract" means the Purchase Order, these terms and conditions, all documents incorporated by reference on the face of the Purchase Order and/or attached thereto (including without limitation statements of work, specifications and/or scope documents), and all exhibits and amendments to all such documents. "Contractor" means the party identified as the vendor on the face of the purchase order to which these terms are attached ("Purchase Order"). "Data" shall mean any information, formulae, algorithms, or other content that the Company or the Company's employees, agents and end users upload, create or modify using any software provided pursuant to the Contract. Data also includes user identification information and metadata which may contain Data or from which the Company's Data may be ascertainable. "Goods" means all materials, goods, equipment, software, drawings, sketches, deliverables and other items provided by Contractor to Company under the Contract. "Price" means the consideration to be paid by Company to Contractor as specified in the Contract. "Services" means the services to be provided or performed by Contractor under the Contract. "Security Breach" shall mean any act or omission that compromises either the security, confidentiality, or integrity of Company's Confidential Information, Data, systems and facilities or Company's physical, technical, administrative or organizational safeguards and controls relating to the protection of Company's Confidential Information, Data, systems, and facilities. "Work" means all Services and Goods provided by Contractor. "Work Site" means the Company property on which the Work is performed.

2. **BLANKET ORDER.** If the Purchase Order is designated on its face as a blanket order, Company shall be obligated to purchase only such quantities of Services and Goods which it specifically requests under release orders issued by Company to Contractor. The Contract shall provide the exclusive terms and conditions governed all release orders under the Purchase Order.

3. **PAYMENT TERMS.** Company will pay all undisputed amounts within the period specified on the face of the Purchase Order following approval of properly submitted invoice(s). Unless otherwise specified on the face of the Purchase Order, no invoice shall be issued and no payments shall be made prior to the performance/delivery of the Work. All invoices shall reference the applicable Purchase Order number, be addressed as provided on the face of the Purchase Order and list applicable taxes as a separate line item. Any cash discount period allowed by Contractor will commence upon the date of Company's receipt of proper invoice and acceptance of Work. Contractor shall keep accurate and complete accounting records in support of any cost-based billings and claims to Company in accordance with generally accepted accounting principles. Company, or its audit representatives, shall have the right at any reasonable time or times to examine, audit, and copy the records, vouchers, and other source documents which relate to any claim for compensation other than pricing elements which are fixed in amount by the Contract. Such documents shall be available for examination, audit and reproduction for three (3) years after completion or termination of the Contract. Company may, without limiting any other rights or remedies Company may have, withhold from payment amounts which reflect the reasonable value of any claims Company may have against Contractor, including without limitation cost to repair or replace Work that does not conform to the Contract requirements.

4. **STATE SALES/USE TAX; DUTIES.** Unless specifically stated otherwise on the face of the Purchase Order, the Price includes all taxes and duties arising out of Contractor's performance hereunder, including without limitation sales and use taxes, all import or export duties and value-added taxes, all of which shall be paid by Contractor. Contractor shall comply with all applicable laws and regulations governing such taxes and duties. In the event Contractor fails to comply with such laws and regulations, Contractor shall indemnify Company against any liabilities including judgments, interest, penalties, costs and attorneys' fees incurred directly or indirectly by Company. Such indemnification shall exist for a period of 24 months beyond the expiration date of the applicable statute of limitations period for governmental action to recover for nonpayment of taxes.

5. **MODIFICATIONS.** No modification, alteration or change to the terms of the Contract shall be valid and enforceable against a party unless agreed in a writing executed by the authorized representatives of both parties.

6. **PUBLICITY.** Contractor shall not advertise or publish the fact that Company has contracted to purchase Work from Contractor, nor shall any information relating to the Contract be disclosed without Company's prior written permission.

7. **DELIVERY.** Contractor shall make delivery of and/or perform all Work on the date(s) specified in the Contract. If Contractor fails to make delivery of and/or perform any part of the Work on such date(s), such failure shall be a default for which Company may terminate the Work under Section 14. Unless specified otherwise on the face of the Purchase Order, all Goods to be delivered shall be F.O.B. to the destination designated by Company and risk of loss shall remain with Contractor until the Goods are received by Company, its agent or consignee.

8. **WARRANTY.** Except to the extent provided otherwise in the Contract, Contractor warrants that all Work shall conform to the specifications set forth in the Contract, be of high quality and free of defects in materials and workmanship, be fit for Company's specified purpose and comply with applicable industry/ professional standards. For a period of one (1) year from the date the applicable Work is completed by Contractor and accepted by Company, Contractor shall at its own expense promptly, repair, replace and/or re-perform any portion of the Work that is defective or in any way fails to conform to the foregoing warranty. Any such repair, replacement or re-performance shall be re-warranted hereunder for a period of one (1) additional year following the date of completion and acceptance thereof. If Contractor fails to promptly implement corrective action as required herein, Company may conduct the necessary corrective action at Contractor's expense.

9. PATENT, TRADE SECRET, AND COPYRIGHT INFRINGEMENT. Contractor shall settle or defend at its sole expense and shall indemnify and save Company harmless from any costs, expenses, losses and damages resulting from any claims, suits or proceedings brought against Company which are based upon a claim that the Work or any part thereof infringes any patent, trade secret or copyright of any third party. Further, in the case of such proceedings, Contractor shall at its sole expense either (1) procure for Company the right to continue using the Work or part thereof; (2) replace the same with substantially equal but non-infringing work, (3) modify the Work so as to become non-infringing; or (4) with the written approval of Company, remove the Work and refund the Price and transportation, installation and other related costs incurred by Company.

10. CYBER SECURITY.

10.1 SCOPE OF THIS ARTICLE. This Article applies to Contractor and its Personnel and Subcontractors that provide hardware, software, or services to the Company that may impact the confidentiality, integrity, or availability of the Company's networks, systems, software, Data, or Confidential Information for the term of the Contract.

10.2 CYBER SECURITY CONTROLS.

a. Without limiting Contractor's obligations elsewhere in this Article or the Contract, Contractor shall implement baseline security safeguards and controls to protect the Company's networks, systems, software, Confidential Information, and Data that are no less rigorous than accepted industry practices, specifically those set forth in the latest published version of ISO/IEC 27001 - *Information Security Management Systems-Requirements* and ISO/IEC 27002 - *Code of Practice for International Security Management*.

b. Contractor agrees to notify the Company of known security vulnerabilities in hardware, software, and services provided under the Contract in a timely manner.

c. Contractor warrants that the hardware, software, and patches provided under the Contract will not contain malicious code. Contractor agrees to provide a method to verify the integrity and authenticity of all software and patches provided by the Contractor.

d. Contractor shall follow all applicable Company requirements for all remote access to Company resources and systems. To the extent Contractor's Personnel will have interactive remote access to Company's networks, systems or applications, such access must be performed on a secure connection. Contractor shall utilize multi-factor authentication provided by the Company. Authentication tokens and passwords may not be shared. Upon either (i) Personnel termination actions or (ii) changes in the status of Personnel which removes their need for remote access, Contractor shall report such termination or change in status to the Company's Service Desk at 503-813-5555. In the case of Sensitive Personnel and/or involuntary termination, notification must be immediate. In all other cases, notification must be within one business day.

10.3 OVERSIGHT OF COMPLIANCE. Contractor shall either:

a. Undergo an annual Statement on Standards for Attestation Engagements (SSAE) No. 16 Service Organization Control (SOC) 2 Type II audit, ISO 27001 certification or equivalent third-party audit covering the security controls relevant to hardware, software, or services provided under this contract. Audit results and Contractor's plan to correct any negative findings shall be made available to the Company; or

b. Allow Company to conduct an assessment, audit, examination, or review of Contractor's security controls to confirm Contractor's adherence to the terms of this Article, as well as any applicable laws, regulations, and industry standards, not more than once per year or upon notification of any Security Breach or complaint regarding Contractor's privacy and security practices. Company may elect to obtain the services of a mutually-agreeable third party to conduct this assessment, audit, examination, or review on behalf of Company. Company shall give Contractor no less than thirty (30) calendar days' notice of its intent to conduct such assessment, audit, examination, or review. As part of this assessment, audit, examination, or review, Company may review all controls in Contractor's physical and/or technical environment in relation to all Confidential Information being handled and/or hardware, software, or services being provided pursuant to this Contract. Contractor shall fully cooperate with such assessment by providing access to knowledgeable personnel, physical premises, documentation, infrastructure, application software, and systems relevant to the provision of hardware, software, or services under the Contract.

10.4 SECURITY BREACH PROCEDURES; EQUITABLE RELIEF.

a. In the event of Security Breach of the contractor or subcontractor affecting the Company, the Company's networks, systems, software, Data, or the Company's Confidential Information, Contractor shall:

(i) notify the Company of a Security Breach as soon as practicable, but no later than 48 hours after Contractor becomes aware of it by telephone at the following number: [insert applicable company's Service Desk number]; and

(ii) provide the Company with the name and contact information for any Personnel who shall serve as Contractor's primary security contact and shall be available to assist the Company with security incident management, response, and recovery associated with the Security Breach;

b. Immediately following Contractor's notification to the Company of a Security Breach, the Parties shall coordinate with each other to investigate such Security Breach. Contractor agrees to coordinate with Company in Company's handling of the matter, including: (i) assisting with any investigation and (ii) making available all relevant records and other materials required to comply with applicable law, regulation, industry standards, or otherwise reasonably required by Company.

c. Contractor shall use best efforts to immediately remedy any Security Breach and prevent any further or recurrent Security Breach at Contractor's expense in accordance with applicable privacy laws, regulations, and standards. Contractor shall reimburse Company for actual reasonable costs incurred by Company in responding to, and mitigating damages caused by, any Security Breach, including all costs of notice and/or remediation pursuant to this section.

d. Contractor shall fully cooperate at its own expense with Company in any litigation or other formal action deemed reasonably necessary by Company to protect its rights relating to the use, disclosure, protection, and maintenance of its Confidential Information and Data.

e. Contractor acknowledges that any breach of Contractor's obligations set forth in this Article may cause Company substantial irreparable harm for which monetary damages would not be adequate compensation and agrees that, in the event of such a breach or threatened breach, Company is entitled to seek equitable relief, including a restraining order, injunctive relief, specific performance and any other relief that may be available from any court, in addition to any other remedy to which Company may be entitled at law or in equity. Such remedies shall not be deemed to be exclusive but shall be in addition to all other available remedies at law or in equity, subject to any express exclusions or limitations in the Contract to the contrary.

11. INSURANCE. Contractor shall, prior to commencing Work, secure and continuously carry with insurers having an A.M. Best Insurance Reports rating of A-:VII or better such insurance as will protect Contractor from liability and claims for injuries and damages which may arise out of or result from the Work and for which Contractor may be legally liable, whether such operations are by Contractor or a subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Contractor shall insure the risks associated with the Work and the Contract with the minimum coverages and limits as set forth below:

(i) Workers' Compensation - Contractor shall comply with all applicable workers' compensation laws and shall furnish proof thereof satisfactory to Company prior to commencing Work. If Work is to be performed in Washington or Wyoming, Contractor will participate in the appropriate state fund(s) to cover all eligible employees and provide a stop gap (employer's liability) endorsement;

(ii) Employers' Liability - Contractor shall maintain employers' liability insurance with limits not less than $1,000,000 each accident, $1,000,000 disease each employee, and $1,000,000 disease policy limit;

(iii) Commercial General Liability - Contractor shall maintain commercial general liability insurance on the most recently approved ISO policy form, or its equivalent, written on an occurrence basis, with limits not less than $1,000,000 per occurrence/$2,000,000 general aggregate for bodily injury and property damage (on a per location and/or per job basis) and shall include the following coverages: (a) premises and operations coverage; (b) independent contractor's coverage; (c) contractual liability; (d) products and completed operations coverage, maintained for at least **2 years** for post-completion losses; and (e) broad form property damage liability;

(iv) Business Automobile Liability - Contractor shall maintain business automobile liability insurance on the most recently approved ISO policy form, or its equivalent, with a minimum single limit of $1,000,000 each accident for bodily injury and property damage including sudden and accidental pollution liability, with respect to Contractor's vehicles whether owned, hired or non-owned, assigned to or used in the performance of the Work; and

(v) Umbrella or Excess Liability - Contractor shall maintain umbrella or excess liability insurance with a minimum limit of $1,000,000 each occurrence/aggregate where applicable on a following form basis (or with coverage at least as broad as the primary policies) to be excess of the insurance coverage and limits required in employers' liability insurance, commercial general liability insurance and business automobile liability insurance above. Contractor shall provide notice to Company, if at any time the full umbrella limit required under the Contract is not available, and will purchase additional limits, if requested by Company.

(vi) Network Security & Privacy Liability - If the Work or Services under the Contract involves the rendering of IT services including, but not limited to: software, software or hardware or systems development or consulting services; internet/application services (e.g., web hosting); providing content; connections to systems, technology or network(s); or if Contractor in any way collects, obtains, maintains or in any way accesses or uses Confidential Information, then Contractor, and its Subcontractors shall maintain Network Security & Privacy Liability coverage, including Professional Errors & Omissions, throughout the term of this Contact and for a period of two (2) years thereafter, with a minimum required limit of $5,000,000 Each Claim.

Except for workers' compensation, the policies required herein shall include provisions or endorsements naming Company, its parent, divisions, affiliates, subsidiary companies, co-lessees, co-venturers, officers, directors, agents, employees, servants and insurers as additional insureds or loss payees, as applicable to specific insurance coverage. The Commercial General Liability additional insured endorsement shall be ISO Form CG 20 10 or its equivalent. To the extent of Contractor's negligent acts or omissions, the commercial general liability and business automobile liability policies required by the Contract shall include: (i) provisions or endorsements that such insurance is primary insurance with respect to the interests of Company and that any other insurance maintained by Company (including self-insurance) is excess and not contributory insurance with the insurance required hereunder; and (ii) provisions or endorsements that the policy contain a cross liability or severability of interest clause or endorsement in the Commercial General Liability and Business Automobile Liability coverage. Unless prohibited by applicable law, all required insurance policies shall contain provisions or endorsements that the insurer will have no right of recovery or subrogation against Company, its parent, divisions, affiliates, subsidiary companies, co-lessees, or co-venturers, agents, directors, officers, employees, servants, and insurers, it being the intention of the Parties that the insurance as effected shall protect all of the above-referenced entities evidenced by waiver of subrogation wording. Contractor shall notify Company immediately if at any time any one of Contractor's insurers issues a notice of cancellation for any reason and shall provide proof of replacement insurance prior to the effective date of cancellation. In the absence of maintaining its subscription with Company's Administrator, a certificate of insurance shall be furnished to Company confirming the issuance of such insurance prior to commencement of Work.

12. INDEMNIFICATION. Contractor specifically and expressly agrees to indemnify, defend, and hold harmless Company and its officers, directors, employees and agents (hereinafter collectively "Indemnitees") against and from any and all claims, demands, suits, losses, costs and damages of every kind and description, including attorneys' fees and/or litigation expenses, brought or made against or incurred by any of the Indemnitees to the extent resulting from or arising out of the negligence or willful misconduct of Contractor, its employees, agents, representatives or subcontractors of any tier, their employees, agents or representatives (collectively, "Representatives") in the performance or nonperformance of Contractor's obligations under the Contract, including without limitation claims with respect to (i) loss of or damage to any property of Company, (ii) bodily injury to or death of any person(s), and (iii) workers' compensation, unemployment compensation, or similar such laws or obligations applicable to employees of Contractor or its subcontractors of any tier. Contractor's indemnity obligations owing to Indemnitees under this Section are not limited by any applicable insurance coverage identified in Section 10 of these terms and conditions. Contractor's indemnity obligation under this Section shall not extend to any liability to the proportionate extent it is caused by the negligence or willful misconduct of any of the Indemnitees.

13. SITE REGULATIONS. Contractor shall make itself aware of and adhere to all Company Work Site regulations. In addition, Contractor shall be solely responsible for being aware of and initiating, maintaining and supervising compliance with all laws governing health and safety (including any regulations or requirements promulgated under such laws) in connection with the performance of the Contract. In the event Contractor fails to promptly correct any violation of Company Work Site regulations or health and safety laws, Company may suspend all or any part of the Work. Contractor shall not be entitled to any extension of time or reimbursement for costs caused by any such suspension order. Failure of Company to order discontinuance of any or all of Contractor's operations shall not relieve Contractor of its responsibility for the safety of personnel and property.
As a continuing condition to performing Work under this Contract, Contractor may be required to maintain a subscription with Company's third-party safety and loss information reporting service (the "Administrator"). The Administrator manages safety ratings and insurance certificates of Company's contractors. Contractor will provide safety related information as requested by the Administrator including Contractor's safety programs, OSHA documents, experience modification rates (EMR) and an insurance and safety questionnaire. A variance or exclusion to the subscription and information requirements under this paragraph may be granted by the Company's Designated Representative.

14. LIENS. Contractor shall keep the Work Site free and clear of all liens or claims arising from the performance of any Work. If any lien arises out of the Contract, Contractor, within ten (10) calendar days after receiving from Company written notice of such lien, shall obtain release of or otherwise satisfy such lien. If any non-payment claim is made directly against Company arising out of non-payment to any subcontractor, Contractor shall assume the defense of such claim within ten (10) calendar days after receiving from Company written notice of such claim. If Contractor fails to perform any requirements under this Section, Company, at Contractor's expense, may take such steps and incur such costs as in its discretion it deems advisable to obtain release of or otherwise satisfy any such lien or liens.

15. TERM AND TERMINATION. The Contract shall continue for the term indicated on the on the face of the Purchase Order. If no term is so indicated, the Contract shall continue until the completion of all Work to be provided by Contractor hereunder. Company may terminate the Contract, in whole or in part, at any time prior to its expiration or completion, and without cause, by sending to Contractor written notice of such termination. Upon such termination, Company shall pay Contractor for all Work satisfactorily performed by Contractor as of the date of termination. Should Contractor: (a) become insolvent; (b) file a petition under any chapter of the bankruptcy laws or become the subject of an involuntary petition; (c) make a general assignment for the benefit of its creditors; (d) have a receiver appointed; or (e) fail to promptly or properly perform the Work or any part thereof in accordance with the terms of the Contract, Company may terminate the Contract in whole or in part following three (3) days written notice to Contractor and Contractor's failure to promptly cure any default identified by Company within such three (3) day period. Company will have the right, in addition to terminating the Contract and without limiting or waiving any other rights or remedies available at law, to obtain a replacement contractor to complete the un-performed portion of the Work and recover from Contractor any additional costs so incurred by Company. Neither the completion of the Work, nor the expiration nor earlier termination of Contract, shall impact any warranties, indemnity and defense obligations, insurance requirements, confidentiality obligations, termination obligations, lien provisions, or law and venue provisions.

16. COMPLIANCE WITH LAWS. Contractor warrants that all goods, services and labor provided pursuant to this Contract have been provided in compliance with all applicable laws and regulations, and all applicable executive, judicial and administrative orders, as each may be applicable to the work performed hereunder, and based on total anticipated dollar value of this Contract. Without limiting the generality of the foregoing, Contractor specifically warrants its compliance with the Foreign Corrupt Practices Act and the United Kingdom Bribery Act 2010. Contractor and any subcontractors shall also abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, national origin, or discussion of compensation. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status or disability. Contractor and any subcontractors shall also abide by the requirements of Executive Order 11246, as amended, to develop and implement a written affirmative action program (AAP) and Executive Orders 11625 and 13170 (utilization of disadvantaged business enterprises) and the Small Business Act. To the extent applicable, the employee notice requirements set forth in 29 CFR Part 471, Appendix A to Subpart A, are hereby incorporated by reference into this Contract.

17. CONFIDENTIAL INFORMATION. Contractor agrees to treat as confidential all information obtained or developed by it in the performance of the Work, as well as all materials and information provided to Contractor by Company, and not to disclose the same to any third party in any manner without Company's prior written consent. Upon Company's request, Contractor shall promptly return to Company all such materials and copies thereof. Unless otherwise agreed in writing, no commercial, financial or technical information disclosed in any manner or at any time by Contractor to Company shall be deemed confidential.

18. PERSONNEL RISK ASSESSMENT REQUIREMENTS. Contractor shall comply with any background check requirements, drug testing requirements or other access requirements that are applicable to Contractor personnel based on the scope of the Work Site access required to complete the Work. Company, or its audit representatives, shall have the right at any reasonable time or times to examine, audit and copy the records and documents pertaining to such requirements, provided Contractor may redact personal information (i.e. SSNs/birthdates) from such records.

19. DELIVERABLES. All deliverables prepared or developed hereunder by Contractor pursuant to the Contract shall become the property of Company when made except that to the extent they include any pre-existing intellectual property of Contractor, a fully paid perpetual license hereby is granted to Company to use, copy and modify such pre-existing property to the fullest extent necessary or convenient to operate, maintain and/or repair Company's facilities.

20. **APPLICABLE LAW AND VENUE.** The Contract shall be interpreted in accordance with the substantive and procedural laws of the state in which the Work Site is located. Any litigation between the Parties arising out of or relating to the Contract will be conducted exclusively in appropriate federal or state courts of such state, and Contractor consents to jurisdiction by such courts. If there is no single Work Site where Work will be performed, then law and venue shall default to the State of Oregon. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THE CONTRACT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THIS PARAGRAPH WILL SURVIVE THE EXPIRATION OR TERMINATION OF THIS CONTRACT.

21. **NOTICES.** Any notice by either party to the other shall be delivered to the office of the designated representative of the other party, or, if deposited in the mail properly stamped with the required postage and addressed to the office of such representative. The parties' designated representatives and addresses for purposes of notice shall be as set forth on the face of the Purchase Order. Either party may change the name or address of the designated recipient of notices by delivery of a notice of such change as provided for in this Section.

22. **USE OF SUBCONTRACTORS.** To the extent Contractor subcontracts any of the Work, Contractor shall be fully responsible for the acts or omissions of any subcontractors of any tier and of all persons employed by them, shall maintain complete control over all such subcontractors, and nothing contained in this Contract shall be deemed to create any contractual relation between a subcontractor of any tier and Company.

23. **ENTIRE CONTRACT; MISCELLANEOUS; EXECUTION.** The Contract (as defined herein) constitutes the complete agreement between the parties with respect to the Work and supersedes and replaces all other terms and conditions contained in any offer, quotation, proposal or other written or oral correspondence, all of which are merged herein. In case of a conflict in the provisions of the Contract, first, the provisions on the face of the Purchase Order and, second, these terms and conditions, shall control. The failure of either party to insist upon or enforce strict performance of any term shall not be construed as a waiver or relinquishment to the extent of any right to enforce such term or condition on any future occasion. Any provision of the Contract prohibited or rendered unenforceable by operation of law shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Contract. The Contract may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document. Any executed counterpart transmitted by facsimile, electronic communication in portable document format (.pdf), or similar transmission by either party shall be deemed an original and shall be binding upon such party. The Contract has been executed by duly authorized representatives of the parties and shall be effective as of date of execution by Company. Contractor shall not commence Work until the fully executed Contract is returned to the Contractor. Contractor shall not be compensated for Work performed prior to such time.

Contractor:

By: J Buono

Name: Jeff Buono

Title: Senior Valuation Services Director

Date: 10/10/2017

Company:

By: Jana Mejdell

Name: Jana Mejdell

Title: Director, Real Estate

Date: 10-10-17

Valuation Glossary

Valuation & Advisory Services

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Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015 *(Dictionary).*

Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition (USPAP).

The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013 *(14th Edition)*.

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. *(Dictionary)*

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. *(14th Edition)*

Aggregate of Retail Values (ARV)

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called *sum of the retail values*. *(Dictionary)*

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. *(Dictionary)*

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. *(Dictionary)*

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. *(14th Edition)*

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. *(Dictionary)*

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. *(Dictionary)*

Cash-Equivalent Price

The price of a property with nonmarket financing expressed as the price that would have been paid in an all-cash sale. *(Dictionary)*

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. *(Dictionary)*

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Contract Rent

The actual rental income specified in a lease. *(14th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. *(14th Edition)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.

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8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

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

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(14th Edition)*

Economic Life

The period over which improvements to real property contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The rental rate net of financial concessions such as periods of free rent during the lease term and above or below-market tenant improvements (TIs). *(14th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's profit*) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. *(Dictionary)*

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Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(14th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. *(Dictionary)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be temporary or permanent. *(Dictionary)*

Extraordinary Assumption

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. (USPAP)

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Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. (*Dictionary*)

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. *(USPAP)*

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. *(Dictionary)*

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. *(Dictionary)*

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. *(Dictionary)*

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (*Dictionary*)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. *(Dictionary)*

Going-concern

An established and operating business having an indefinite future life. *(Dictionary)*

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern or market value of the total assets of the business. (Dictionary)*

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. *(Dictionary)*

Gross Leasable Area (GLA) - Commercial

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. *(Dictionary)*

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Gross Living Area (GLA) - Residential

Total area of finished, above-grade residential area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) *(Dictionary)*

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for that asset when formulating the price that it would be willing to bid (IVS). *(Dictionary)*

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. *(USPAP)*

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. (*14th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. *(Dictionary)*

Insurable Replacement Cost

The cost estimate, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). *(Dictionary)*

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Interim Use

The temporary use to which a site or improved property is put until a different use becomes maximally productive. *(Dictionary)*

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. *(Dictionary)*

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. *(Dictionary)*

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. *(Dictionary)*

Legally Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; also known as a *grandfathered use*. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas. *(Dictionary)*

Market Rent

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). *(14th Edition)*

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Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. (*Dictionary)*

Market Value (Interagency Guidelines)

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property.*(Dictionary)*

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. *(Dictionary)*

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). *(14th Edition)*

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. *(Dictionary)*

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Off-site Costs

Costs incurred in the development of a project, excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. *(Dictionary)*

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. *(Dictionary)*

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. *(14th Edition)*

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. *(Dictionary)*

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances.*(Dictionary)*

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. *(Dictionary)*

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. *(Dictionary)*

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. *(Dictionary)*

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. *(Dictionary)*

Qualitative Adjustment

An indication that one property is superior, inferior, or the same as another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. *(Dictionary)*

Quantitative Adjustment

A numerical (dollar or percentage) adjustment to the indicated value of the comparable property to account for the effect of a difference between two properties on value. *(Dictionary)*

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. *(Dictionary)*

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Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. *(Dictionary)*

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. *(Dictionary)*

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." *(Dictionary)*

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered vacant when an adequate supply of comparable sales is available. *(Dictionary)*

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. *(USPAP)*

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

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Shopping Center Types (cont.)

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. *(14th Edition)*

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. *(Dictionary)*

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. *(Dictionary)*

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.

2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. *(Dictionary)*

Triple Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN*, *triple net lease*, or *fully net lease*. *(Dictionary)*

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. *(Dictionary)*

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. *(Dictionary)*

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income deductions due to vacancies, tenant turnover, and non-payment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. *(Dictionary)*

Yield Capitalization

A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. *(Dictionary)*

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Jeff currently manages the retail and office groups within the Portland Office of Colliers International Valuation and Advisory Services. His experience includes consultation services and valuation analysis on a variety of property types, including retail, office, multi-family, and industrial development, and he works on a wide range of commercial development, including medical office properties, mixed use projects, both suburban low and mid-rise, and high rise urban office properties, retail development ranging from small owner occupant properties to large scale investment properties, owner occupant industrial development, and small and large industrial parks. He is proficient in Argus discounted cash flow software, and has performed work on a wide range of investment properties region wide.

Jeff is currently licensed in both Oregon and Washington, and performs real estate appraisal and consulting services for many intended uses including lending, property tax appeal, estate planning, and litigation purposes.

Jeff received the Colliers International Valuation & Advisory Services Service Excellence Award in 2010, which is awarded nationally for outstanding quality and customer service.

EXPERIENCE

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Sales Comparison Approach

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Real estate valuations play a pivotal role in today's business climate. An accurate and well supported opinion of property value can mean the difference between reaching a critical goal—securing a loan, closing a sale, reporting to investors, choosing the best asset—or failing to achieve it altogether.

Colliers Valuation & Advisory Services' reports are designed to deliver insight into a property's fundamentals, its competition and the overall market dynamics affecting value. A solid valuation report can be a strategic asset for investors, lenders and owners, provided that it addresses both a property's unique characteristics and the most current market conditions.

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ATTACHMENT C

Journal Entries

Estimated Journal Entries for the Swap of Currently Owned LCT 15 for Currently Leased LCT 3
Swap of floors in Same Building with Boot

	FERC Acct	G/L Acct	G/L Acct Name	Debit	Credit
Receipt of Boot	131	105002	Cash	410,000.00	
See Note: **	108	144122	Building Structures Salvage		410,000.00
Transfer LCT 3 (Leasehold Improvement Assets) to Building Structures	101 /390	140120	Building Structures	1,317,649.19	
	108	145120	Accumulated Depreciation - Building Structures		544,656.10
	101 /390.1	140230	Buildings - Leasehold Improvements		1,317,649.19
	111	146230	Leasehold Improvements - Accumulated Amortization	544,656.10	
Transfer Lease Incentive for LCT 3 as a credit (CIAC) to Assets	253	289008	Tenent Incentive Reimbursment	432,681.75	
	101	140120	Building Structures		432,681.75
Retire Specific LCT 15 Assets	108	145120	Accumulated Depreciation - Building Structures	30,809.81	
	108.1	144121	Building Structures - Accumulated Depreciation - Over/Under	116,183.38	
	101 /390	140120	Building Structures		146,993.19
Batch Total				2,851,980.23	2,851,980.23

Note: ** Sales and legal cost will be debited as a net against salvage (108) and a credit to cash (131).
Any removal of improvements on the 15th floor will be debited against the reserve (108) as removal and as a credit to cash (131).