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Appraisal Report

Clackamas County Correctional Facility

Owner-occupied group facility
9200 Southeast McBrod Avenue
Milwaukie, Oregon 97222
Latitude, Longitude: 45.45774, -122.64256

BBG File #0120019258

Prepared For

Mr. Kevin Schneider
Oregon Liquor and Cannabis Commission
9079 SE McLoughlin Blvd.,
Portland, OR 97222
Oregon Liquor and Cannabis Commission

Report Date

February 10, 2022

Prepared By

BBG, Inc., Portland Office
1220 SW Morrison
Portland, OR 97205
Ph: 503-478-1000
Client Manager: Owen Bartels, MAI
obartels@bbgres.com

VALUATION ADVISORY ASSESSMENT ZONING

BBG

February 10, 2022

Mr. Kevin Schneider
Oregon Liquor and Cannabis Commission
9079 SE McLoughlin Blvd.,
Portland, OR 97222

Re: Appraisal of Real Property
Clackamas County Correctional Facility
9200 Southeast McBrod Avenue
Milwaukie, Oregon 97222
BBG File #0120019258

Dear Mr. Schneider,

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

The subject property is a single-story, wood-frame structure built in 1952 that contains 5,792 square feet of building area. The subject is 100% leased to Clackamas County, a related entity with the owner, as Community Correction Center. The building features multiple private staff offices, dorms, a full commercial kitchen, a conference room and a multi-purpose area. The overall site area is 617,245 square feet or 14.17 acres. While there are three building improvements located on the site, the subject only includes the improvements situated southwest of Johnson Creek. For this analysis, a site size of 30,600 square feet will be utilized (see Site Description).

This property is one of two detention facilities on the property. The larger overall site also includes the other detention facility and the OLCC headquarters and primary distribution building. This report addresses only the 9000 McBrod building as a separate economic component.

As of the valuation date of this report, Oregon Liquor and Cannabis Commission owns the subject's underlying site and Clackamas County owns the improvements. The subject is not currently listed for sale, nor is it under a sales contract.

This appraisal report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). This report has been written in accordance with the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute. In addition, this report is intended to be in compliance with additional requirements of Oregon Liquor and Cannabis Commission (client). The intended user of this appraisal report is Oregon Liquor and Cannabis Commission. It is the understanding of the appraisers that the report will be used by the client for asset valuation for planning and potential disposition.

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

The goal is to encourage "social distancing," which health experts have stressed can slow the spread of the disease and keep health systems from being overwhelmed. The order will almost certainly help in

mitigating the impact of the virus, particularly for the most vulnerable populations. However, while the economic effects of this order are currently unclear, the impact on the regional and state economy could be considerable.

The impact of the virus has created near-term instability in the capital and real estate markets. It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy and the market in which the subject property is located. As such, the associated risk may not yet be priced into the real estate market. The reader should note the data and comparables used in this report are data points that occurred in the past and there is projection risk associated with using lagging indicators. The opinion of value is as of a specific point in time and the value may change.

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

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

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)	
The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards Rule 2-2(a)(xi), it is stated here that the use of any extraordinary assumptions might have affected the assignment results.	
Extraordinary Assumption(s)	This report is predicated on the extraoridnary assumption that the subject property on its own exonocmic site could be elgally segregated from the overall larger tax lot to facilitate a tansfer of this building as a seprate legal lot of record. If it is found that this partition cannot take place, a value adjustment will be required.
Hypothetical Condition(s)	This appraisal employs no hypothetical conditions.

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

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	**Interest Appraised**	**Date of Value**	**Value Conclusion**
Market Value - As Is	Fee Simple	January 21, 2021	$720,000

This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinion set forth to be considered valid.

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

Sincerely,
BBG, Inc.

Owen Bartels, MAI
OR Certified General Appraiser
License #: C000870
503-478-1016
obartels@bbgres.com

Chris Hartman, MAI
OR Certified General Appraiser
License #: C000935
503-478-1005
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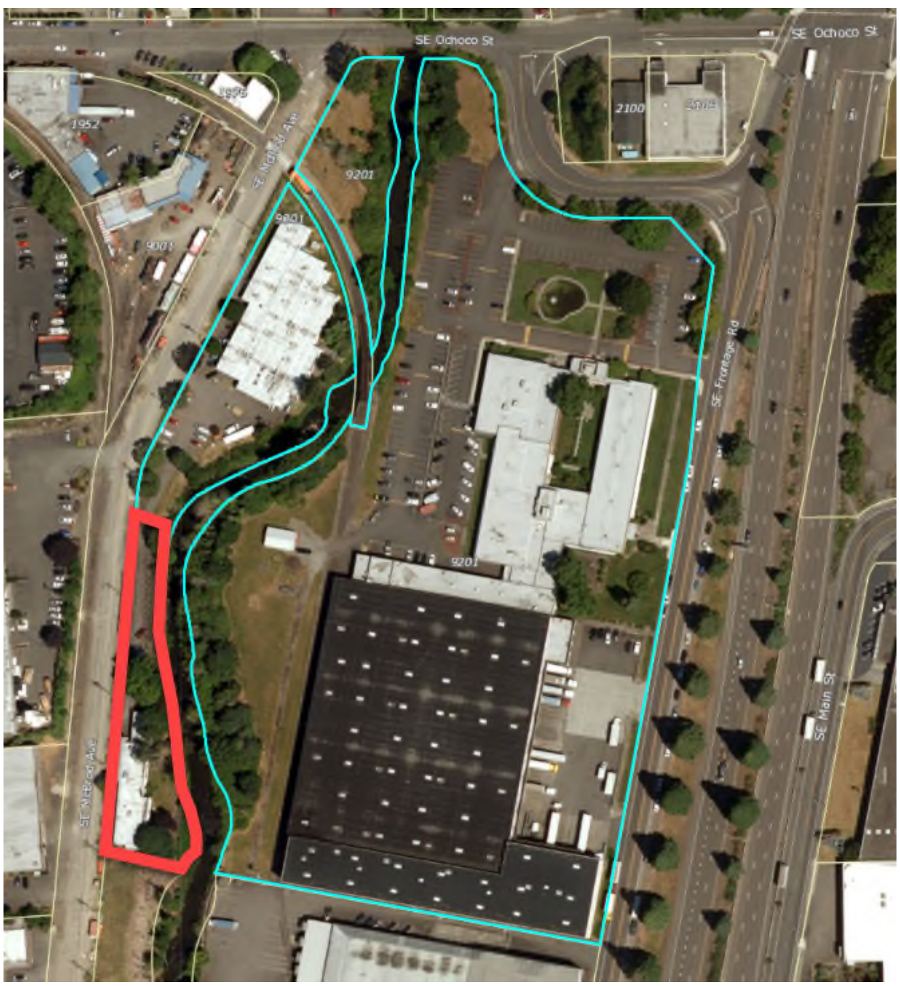
SUBJECT PROPERTY

AERIAL MAP



SUMMARY OF SALIENT FACTS

APPRAISAL INFORMATION	
Client	Oregon Liquor and Cannabis Commission 9079 SE McLoughlin Blvd., Portland, OR 97222
Intended User(s)	This appraisal report may only be relied upon by the client and intended user(s) named herein Oregon Liquor and Cannabis Commission.
Intended Use	This appraisal is to be used for asset valuation for planning and potential disposition
Property Rights Appraised / Premise	•Market Value of the Fee Simple interest in the subject property, As Is as of January 21, 2021
Date of Inspection	January 21, 2021
Marketing Time	12-15 months
Exposure Time	6-9 months
Owner of Record	State of Oregon/Oregon Liquor Control Commission
Property Contact(s)	Kevin Schneider
Most Probable Purchaser	Owner-User
Highest and Best Use	
If Vacant	Hold for flex/industrial development
As Improved	As currently developed

PROPERTY DATA	
Property Name	Clackamas County Correctional Facility
Address	9200 Southeast McBrod Avenue Milwaukie, Oregon 97222
Location	The subject is located on the western side of SE McLoughlin Blvd and south to SE Ochoco St in the North Milwaukie Industrial Area of the City of Milwaukie. While there are three building improvements located on the site, the subject only includes the improvements
Property Description	Office Building (Governmental/Institutional) Owner-occupied group facility
County	Clackamas
Parcel Number	00016155, 01517228
Census Tract No.	208.00
Legal Description	Section 26 Township 1S Range 1E Quarter AA Tax Lot 00100 Section 26 Township 1S Range 1E Quarter AA Tax Lot 00100E1
Site Area	
Primary Site	30,600 square feet (0.7025 acres)
Zoning	NME; North Milwaukie Employment Zone
Flood Status	Zone AE is a Special Flood Hazard Area (SFHA) where base flood elevations are provided. AE Zones are now used on new format Flood Insurance Rate Maps (FIRM) instead of A1-A30 Zones. In communities that participate in the National Flood Insurance Program (NFIP), mandatory flood insurance purchase requirements apply to
Year Built	1952
Year Renovated	N/A
Type of Construction	The building is modular construction on a permanent foundation.
Number of Buildings	1
Gross Building Area	5,792 square feet
Total Number of Tenants	1
Occupancy	100.0%
Overall Condition	Average
Overall Quality	Average
Overall Design/Functionality	Average

RISK SUMMARY	
Advantages	The subject's layout and design can accommodate a variety of uses such as daycare, group living, rehabilitation, and religious congregations.
Challenges	A small portion of the subject site lies within the 100-year floodplain. The subject property is of older construction and may require more ongoing upkeep to maintain its economic life. The COVID-19 pandemic has created near-term risk that may not be priced into the real estate market. The reader should note: we are making every effort to obtain the most current market information; however, the majority of the data and comparables used in this report are data points that occurred in the past and there is projection risk associated with using lagging indicators. The opinion of value is as of a specific point in time and the value may change.

VALUE INDICATIONS			
As Is as of January 21, 2021			
Cost Approach	$570,000	$98.41	Per Square Foot (GBA)
Land Value	$140,000	$8.00	Per Square Foot of Land
Sales Comparison Approach	$720,000	$124.31	Per Square Foot (GBA)
Income Capitalization Approach			
Approach Reliance	**Sales Comparison**		
Value Conclusion - As Is	**$720,000**	**$124.31**	**Per Square Foot (GBA)**
Exposure Time	6-9 months		
Marketing Time	12-15 months		

PROPERTY HISTORY

The current owner of the subject is State of Oregon or Oregon Liquor and Cannabis Commission, a long-term owner of the subject property. The following is some background/historic information as provided by the client:

March 15, 1970 – OLCC leases west side Johnson Creek property to City of Milwaukie

July 1, 1979 – City of Milwaukie subleases OLCC west side Johnson Creek property to Clackamas County

March 9, 1992 – OLCC entered into land lease directly with Clackamas County for all west side Johnson Creek property – 30 year lease of land at $1 per year. CC owns the two CC buildings situated on OLCC owned land.

August 5, 1992 – OLCC/CC Lease amendment – This amendment, among other things, reduced the leased land to only the west side Johnson Creek land south of the railroad spur.

March 8, 2023 – OLCC/CC 30 year lease scheduled to end barring any further amendment or resolution.

- Termination or end of lease has following disposition options:
  - OLCC pay CC for the value of the CC's two buildings, or
  - CC remove the buildings and restore the OLCC land to original condition

It is our understanding that the OLCC intends to declare the property (underlying site) surplus for potential sale. Clackamas County has reportedly expressed interest in purchasing the subject property, but a price has not yet been discussed or reached.

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

SCOPE OF WORK

APPRAISAL INFORMATION	
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Property Contact(s)	Kevin Schneider
Most Probable Purchaser	Owner-User
Highest and Best Use	
If Vacant	Hold for flex/industrial development
As Improved	As currently developed

SCOPE OF THE INVESTIGATION

General and Market Data Analyzed

- Regional economic data and trends
- Market analysis data specific to the subject property type
- Published survey data
- Neighborhood demographic data
- Comparable cost, sale, rental, expense, and capitalization rate data
- Floodplain status
- Zoning information
- Assessor's information
- Interviewed professionals knowledgeable about the subject's property type and market

Inspection Details

Owen Bartels, MAI conducted an interior and exterior inspection of the subject property on **January 21, 2021**. Chris Hartman, MAI, did not inspect the subject property, but is familiar with the market for similar assets and participated in the valuation process, analysis, and conclusions in this report.

All comparables were inspected by a signing appraiser or authorized employee.

Property Specific Data Requested and Received

PROPERTY DATA RECEIVED
Floor plans

Data Requested, but not Provided

DATA REQUESTED, BUT NOT PROVIDED
Site plan
Phase 1 ESA
Title report

Data Sources

DATA SOURCES	
Site Size	Assessor's Records
Building Size	Assessor's Records
Tax Data	Assessor's Records
Zoning Information	Planning Dept
Flood Status	FEMA
Demographics Reports	Spotlight
Comparable Improved Sales	Appraiser's file, CoStar, brokers
Comparable Improved Leases	Appraiser's file, CoStar, brokers

VALUATION METHODOLOGY

Most Probable Purchaser

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

The most probable purchaser of the subject "As Is" is an owner-user.

Valuation Methods Utilized

This appraisal employs the Cost Approach and the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. Because the subject property is a specialized use, it is not typically marketed, purchased or sold on the basis of anticipated lease income. Lease comparables are rare and generally do not reflect market transactions. Therefore, we have not employed the Income Capitalization Approach to develop an opinion of market value.

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

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

Extraordinary Assumption(s)

This report is predicated on the extraoridnary assumption that the subject property on its own exonocmic site could be elgally segregated from the overall larger tax lot to facilitate a tansfer of this building as a seprate legal lot of record. If it is found that this partition cannot take place, a value adjustment will be required.

Hypothetical Condition(s)

This appraisal employs no hypothetical conditions.

DEFINITIONS

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

Market Value

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

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

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

As Is Market Value

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

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

Definition of Property Rights Appraised

Fee simple estate is defined as, "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

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

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

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

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

Applicable Requirements

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

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

LEVEL OF REPORTING DETAIL

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

This report is prepared as an **Appraisal Report.** USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

COVID-19 DISEASE; SARS-COV-2 VIRUS

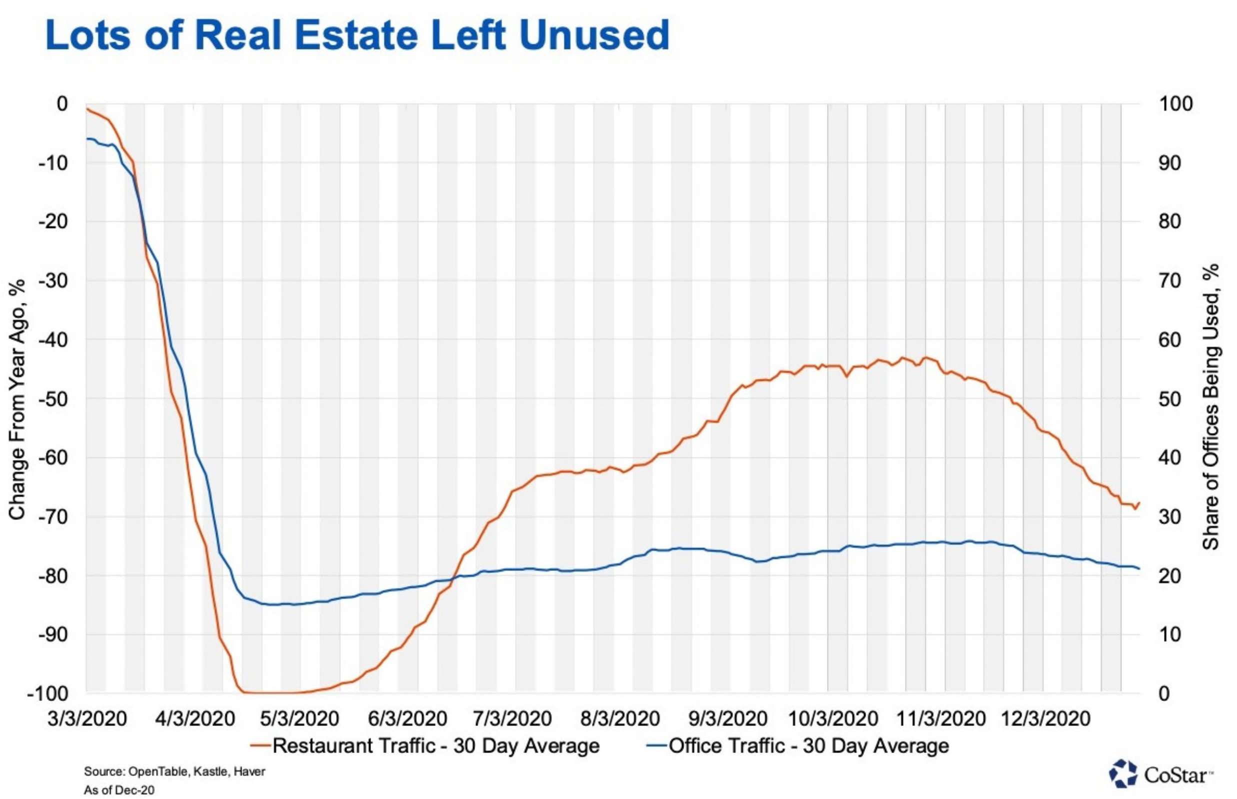
CDC

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

COSTAR | JANUARY 4, 2021

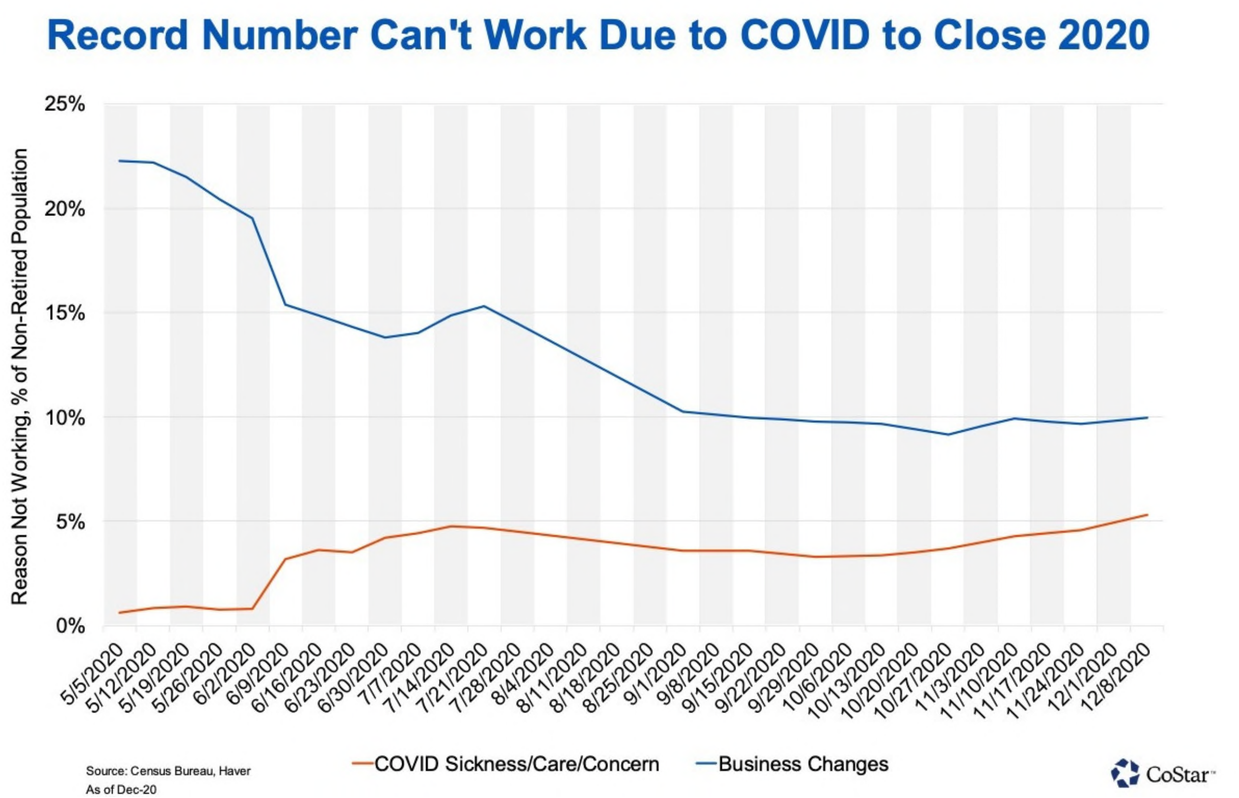
We wrote a lot of words last year. Words about COVID and lost jobs and recession. Hopefully most of those will be words left in last year. If we had to make one prediction about 2021, it would be that more real estate will be used. After a year of uncertainties, we feel comfortable saying that, and it should be just that: a comfort. We'll take the easy shots so we can get on the board.

More utilization of real estate is a pretty low bar. At year-end, restaurants were seeing 70% less traffic than a year ago and office usage was only a little better at 20% capacity.



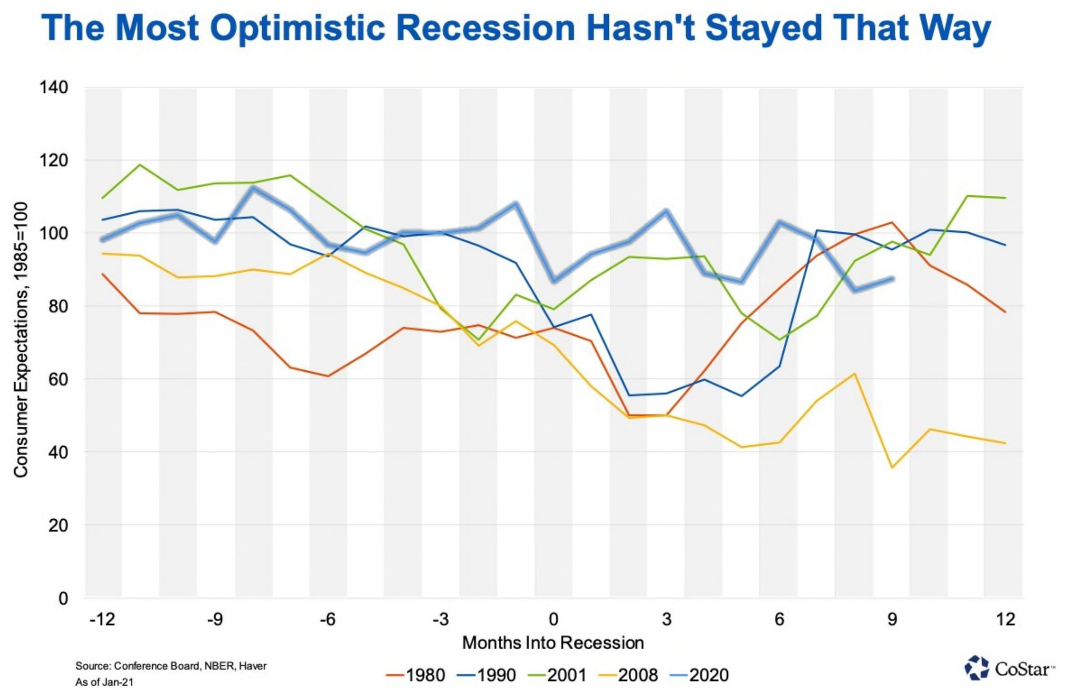
We'll avoid hemming and hawing about societal implications around working from home, increased gig economy reliance and other trends that have been accelerated by the pandemic. But simply put, capacity utilization is important to the structure of the U.S. economy. Using all our resources to the fullest again, in a safe manner, is hope No. 1 for the new year.

When exactly we'll all feel comfortable enough to do so depends on the efficacy of the vaccine rollout, a prediction we'll leave for others. But it can't come soon enough: After a slowing of cases in the third quarter of 2020, hospitalizations and deaths surged to close the year. The effect on the economy is clear. As of the second week in December, an astounding 5-plus% of the nonretired population wasn't able to work due to either having COVID, fears of getting it or caring for someone who has it (the red line below). The number of people who can't work due to weak business conditions or other changes not necessarily related to the virus (the blue line) is also creeping higher.



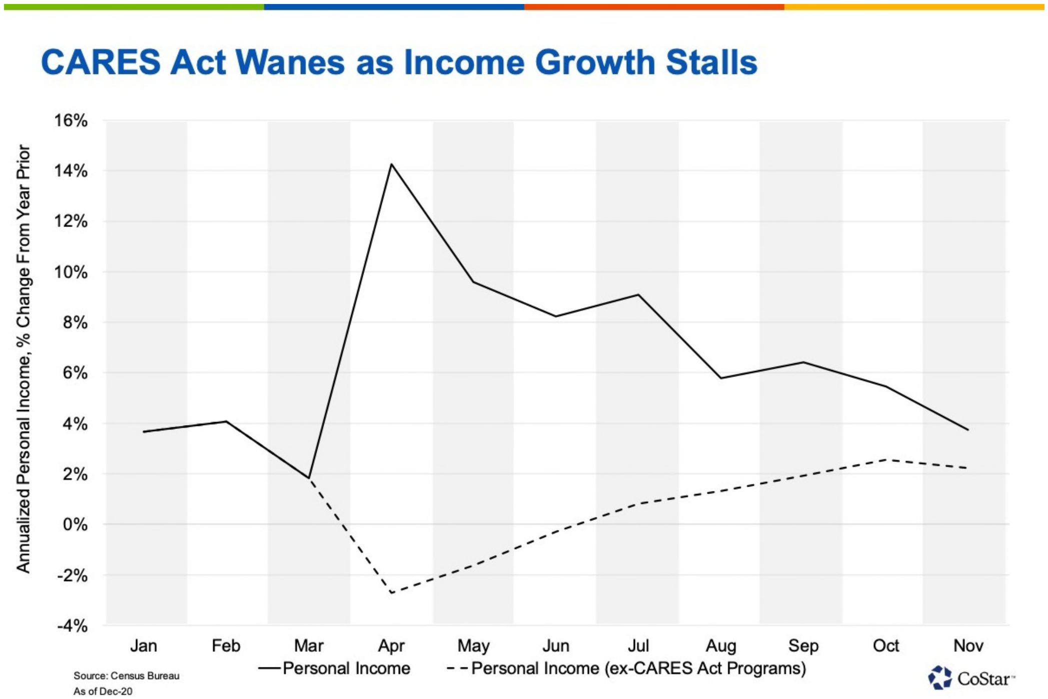
This surge in cases has impacted consumer expectations for how the rest of the recovery will play out, even in spite of an accelerated vaccine timeline — more recent delays in rollout notwithstanding. We called 2020's downturn "The Most Hopeful Recession" on June 1. Comparing the current recession to the previous four, from March through September, consumer expectations for the recovery were much better than at the same point in any of these prior downturns. Unfortunately, it has not stayed that way.

In the fourth quarter, with cases roaring back, optimism was unable to bounce back as we've seen in previous recoveries. While the level of optimism is higher than 2008, the sideways, downward-tilting trend through 2020 resembles that most recent prior recession.



A consumer expectations index provided by the Conference Board correlates strongly with future spending patterns. It's perhaps no surprise either that optimism faded as Coronavirus Aid, Relief, & Economic Security Act stimulus waned, providing next to zero boost by November 2020 as income growth has been falling since September.

The chart below is one we've been tracking for some time showing how personal income has been helped tremendously by the CARES Act. You can see that personal income growth moved back to positive year-over-year growth even without the CARES Act as the economy reopened during the summer and fall. But the pace of growth is certainly slowing.



The passage of new stimulus, albeit smaller than the CARES Act, will provide a significant boost to the economy entering 2021. We've been concerned for months about the expiration of CARES Act jobless claims programs, such as the Pandemic Unemployment Assistance, or PUA, for self-employed and gig workers, Pandemic Emergency Unemployment Compensation, or PEUC program for those who have seen claim eligibility expire, and the Federal Pandemic Unemployment Compensation boost to unemployment. The former two represented a staggering 13.5 million unemployment claims as of the last week in 2020, almost double the number of traditional jobless claims for the same period. The expiration of FPUC by August, unofficially extended for 1.5 months by the Lost Wages Assistance program, meant a loss of significant income for unemployed families.

Taking it a step further, the gradual withdrawal of stimulus throughout the year likely motivated some to take risks they didn't need to by the end of 2020 as income stalled, in turn making it more difficult to contain the virus. New fiscal support should not only mean more income for households but more facility for managing the unexpected toils of the virus. The continuation of these programs, all renewed in the new package to some extent, along with $600 checks and another round of Payroll Protection Program funding could mean a return of the optimism that made this "the most hopeful recession."

That's certainly what this economy needs. As it stands, 57.3% of the U.S. population is employed as of November, still at a low not seen since the 1970s and 1980s, when less the half of the female population participated in the labor force.

The hiring slowdown we saw in November is likely to be followed by an even worse December. New stimulus is clearly good, but it is late. There are likely more months of labor market weakness ahead as it kicks in, an unpleasant reminder of the lost year we just left behind.

We have high hopes for 2021. Last year got off to a pretty good start before everything fell apart in March. Let’s hope this year does the opposite.

The Week Ahead …

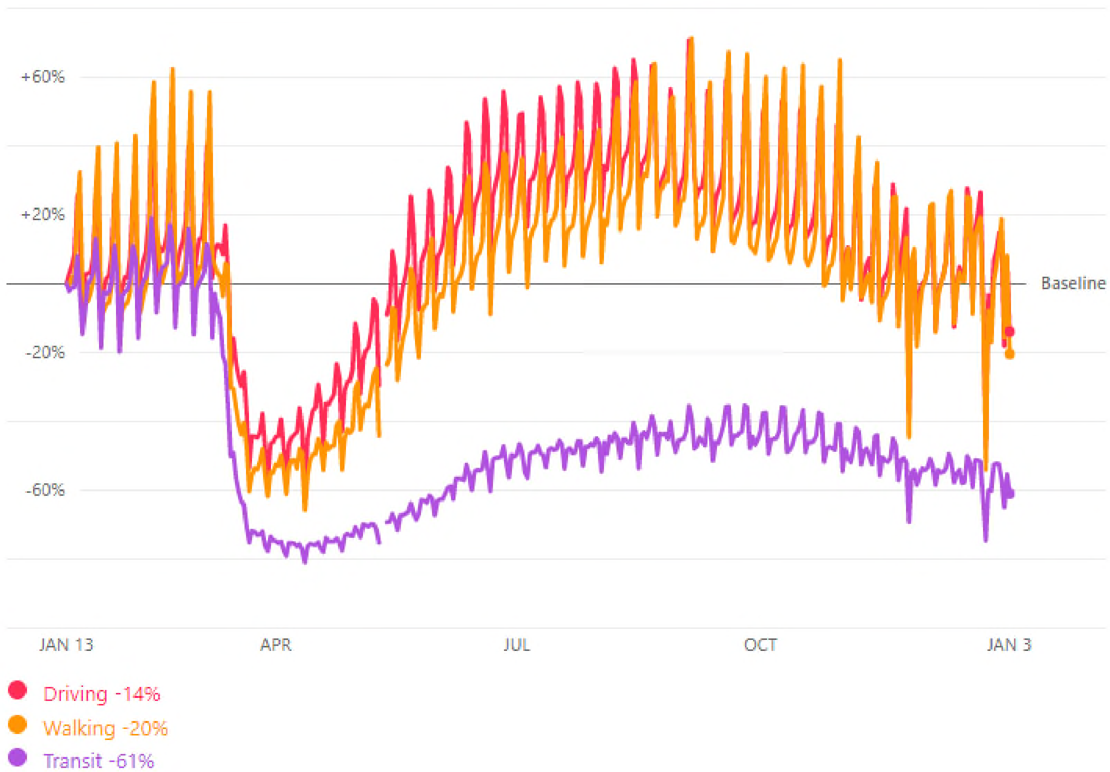
The first full week of 2021 catches us up with quite a bit of economic data. The highlight is the December 2020 employment report to be released on Friday, facing downside risks as cases hit record highs in the month. The pace of hiring clearly slowed into the winter months with heightened COVID risks as people moved activities indoors as the cold set in and holiday spending appears to have lagged.

We’ll get insight into how firms viewed trends to close the year in the Institute for Supply Management reports, covering manufacturing sector insights on Tuesday, service sector on Thursday.

The Federal Reserve releases its minutes for their December meeting on Wednesday, describing in more detail their thought process behind expanding their quantitative easing guidance at that juncture. Fed members appear excited to get out their thoughts for the new year: Atlanta Fed President Raphael Bostic, Chicago Fed President Charles Evans, Cleveland Fed President Loretta Mester, New York Fed President John Williams, Philadelphia Fed President Patrick Harker and St. Louis Fed President James Bullard will all be giving speeches over the week.

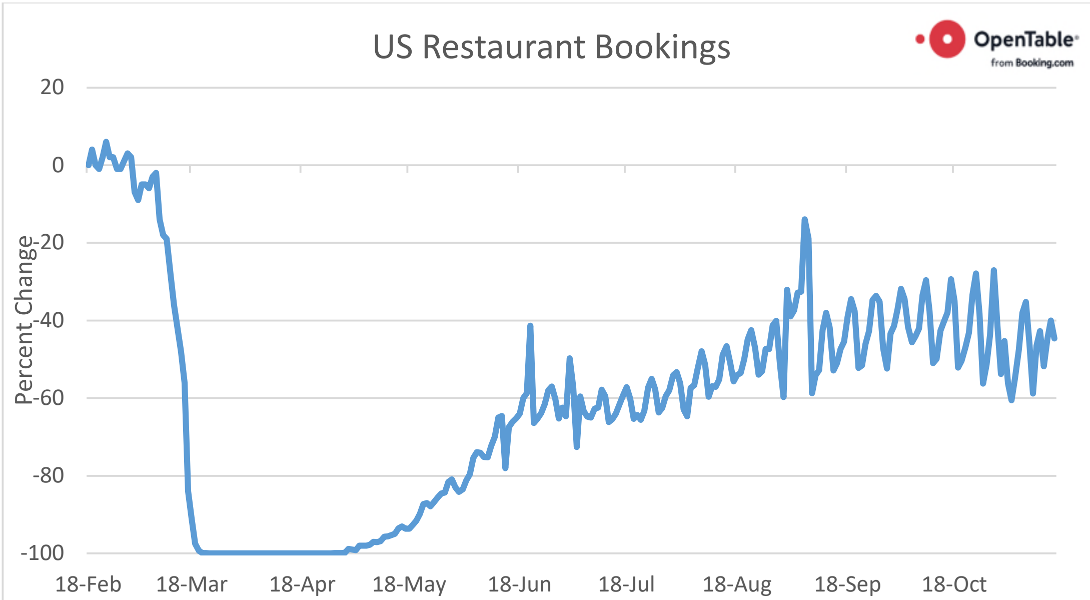
APPLE: DIRECTION REQUESTS | JANUARY 3, 2021

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



OPENTABLE: RESTAURANT BOOKINGS | NOVEMBER 12, 2020

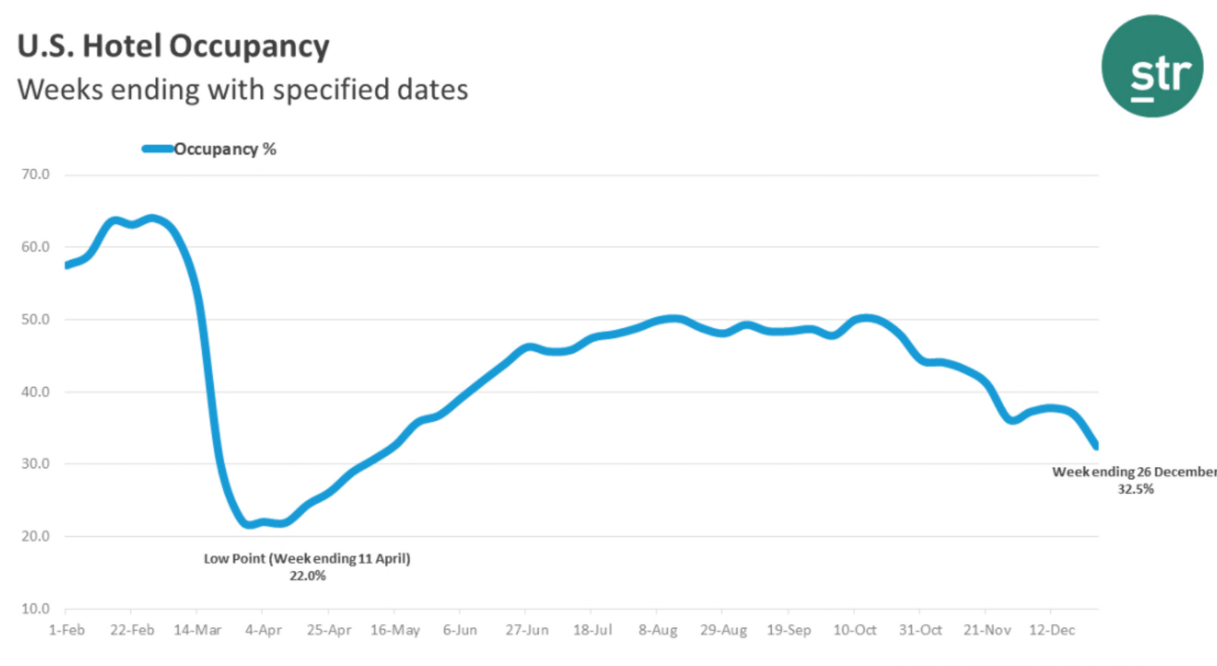
U.S. restaurant bookings have increased off the April lows but remain much lower than pre-covid. There are some signs of weakness in recent weeks.



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

STR: HOTEL OCCUPANCY | DECEMBER 31, 2020

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

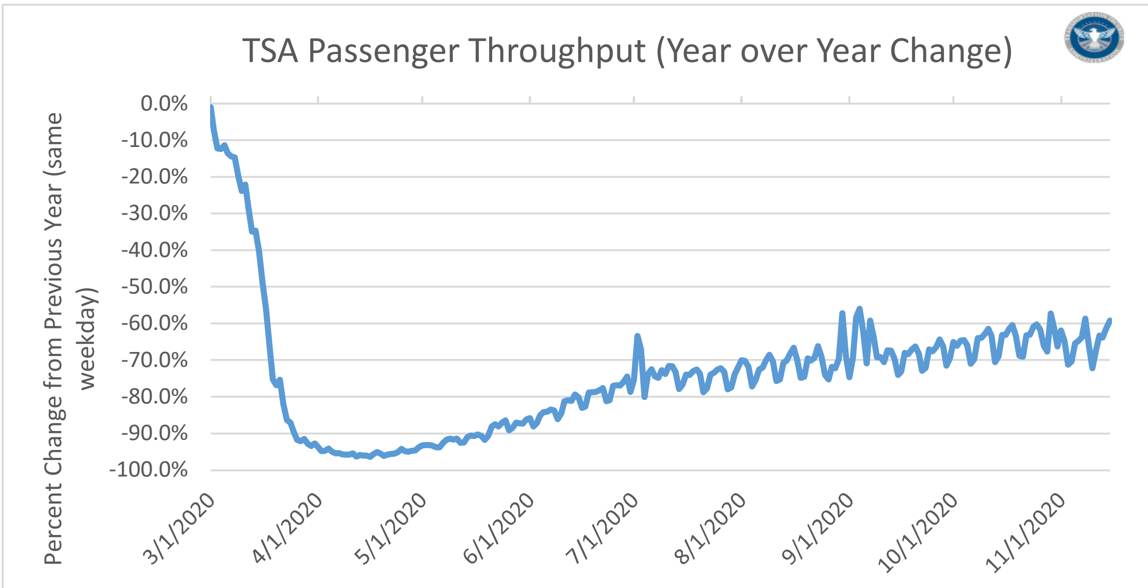


Aggregate data for the Top 25 Markets showed identical occupancy (32.5%) but higher ADR (US$94.36) than all other markets. Among the Top 25 Markets, Miami/Hialeah, Florida (47.5%) saw the highest occupancy level. Top 25

Markets with the lowest occupancy levels for the week included Minneapolis/St. Paul, Minnesota-Wisconsin (22.3%), and Boston, Massachusetts (23.5%).

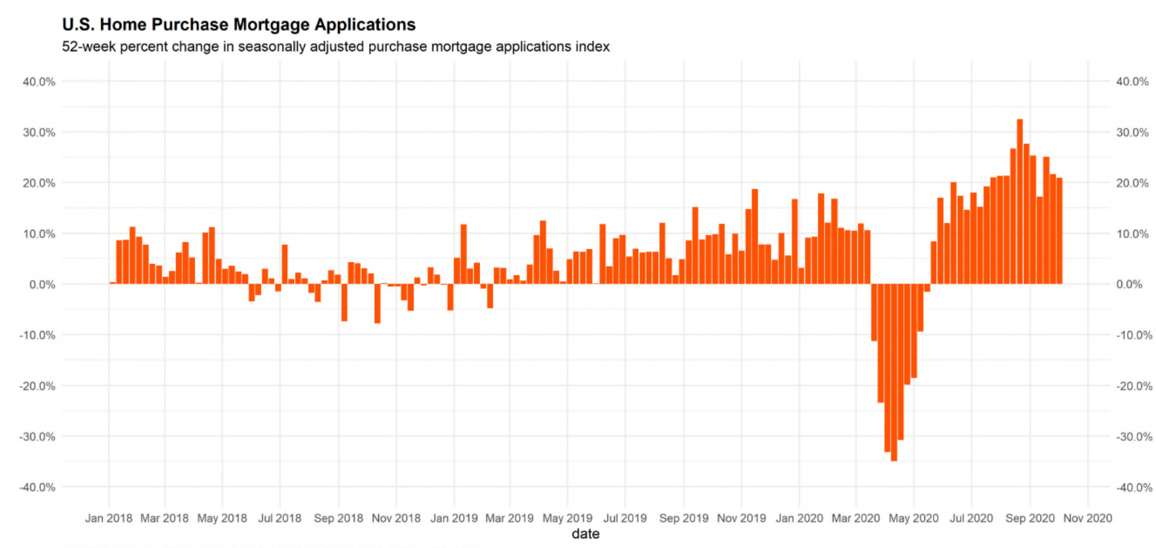
TSA: AIR TRAVEL | JANUARY 3, 2021

According to data from the Transportation Security Administration, air travel is down about 53% from the same period a year ago.



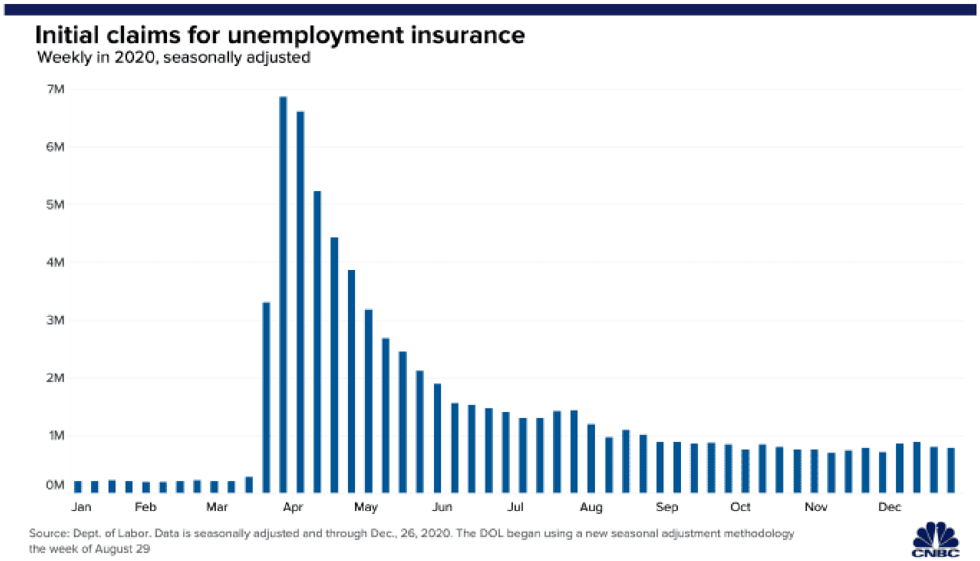
MORTGAGE BANKERS ASSOCIATION: HOME PURCHASES | DECEMBER 15, 2020

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



INITIAL JOBLESS CLAIMS | DECEMBER 31, 2020

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



The number of people filing for unemployment benefits for the first time unexpectedly fell last week, marking its second straight decline. Initial jobless claims declined by 19,000 to 787,000 in the week ended Dec. 26, the Labor Department said Thursday. Economists polled by Dow Jones expected initial jobless claims to rise to 828,000. The previous week's total for initial claims was upwardly revised by 3,000 to 806,000.

Continuing claims, which include those who have received unemployment benefits for at least two straight weeks, fell by 103,000 to 5.219 million for the week of Dec. 19. Data on continuing claims runs on a one-week lag to the initial claims numbers. The number of people receiving benefits across all unemployment programs dropped by 800,000 to 19.6 million. The four-week moving average for first-time filers rose by 17,750 to 836,750, signaling the labor market is still under pressure as the coronavirus pandemic rages on.

BUREAU OF LABOR AND STATISTICS | DECEMBER 4, 2020

The US unemployment rate (U-3) has declined to 6.7% in October from an April 2020 high of 14.7%. These improvements in the labor market reflected the continued resumption of economic activity that had been curtailed in March and April due to the coronavirus (COVID-19) pandemic and efforts to contain it. In November, notable job gains occurred in transportation and warehousing, professional and business services, and health care. Employment declined in government and retail trade.

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

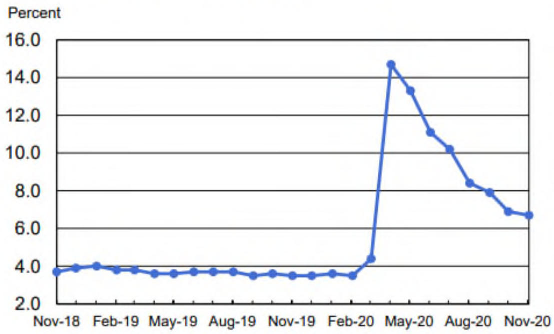
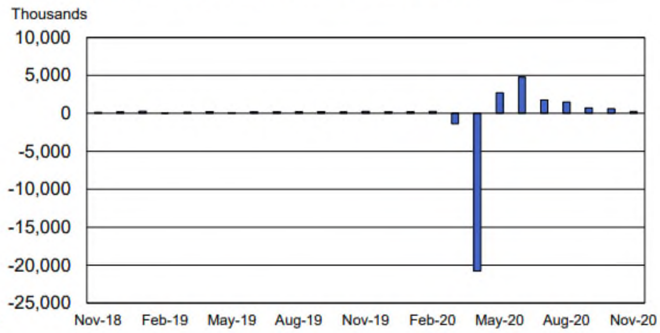


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, November 2018 – November 2020



GDP FORECASTS

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

		2020 GDP Forecasts Annualized					2021 GDP Forecasts Annualized				
Source	**Date**	**Q1**	**Q2**	**Q3**	**Q4**	**Full Year**	**Q1**	**Q2**	**Q3**	**Q4**	**Full Year**
CNBC/Moody's Consensus	**1/4**	--	--	--	4.5%	-3.5%	3.0%	4.6%	5.2%	--	4.5%
Mortgage Bankers Association	**12/21**	--	--	--	3.6%	-3.1%	3.0%	2.6%	4.6%	3.9%	3.5%
Goldman Sachs	**12/8**	--	--	--	5.0%	-3.5%	3.0%	8.5%	5.0%	4.0%	5.3%
Atlanta Fed GDP Now	**1/4**	--	--	--	8.6%	--	--	--	--	--	--
Actual		**-5.0%**	**-32.8%**	**38.3%**			--	--	--	--	
					Change from Previous Quarter						
CNBC/Moody's Consensus		--	--	--	1.1%		0.8%	1.2%	1.3%	--	
Mortgage Bankers Association		--	--	--	0.9%		0.8%	0.7%	1.2%	1.0%	
Goldman Sachs		--	--	--	1.3%		0.8%	2.1%	1.3%	1.0%	
Atlanta Fed GDP Now		--	--	--	2.2%		--	--	--	--	
Actual		**-1.3%**	**-8.2%**	**9.6%**			--	--	--		

While Q2 was beyond painful, the worst is behind us and Q3 was outstanding. The fourth quarter was strong and the outlook for 2020 is much improved despite spiking coronavirus cases.

RENT COLLECTIONS

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

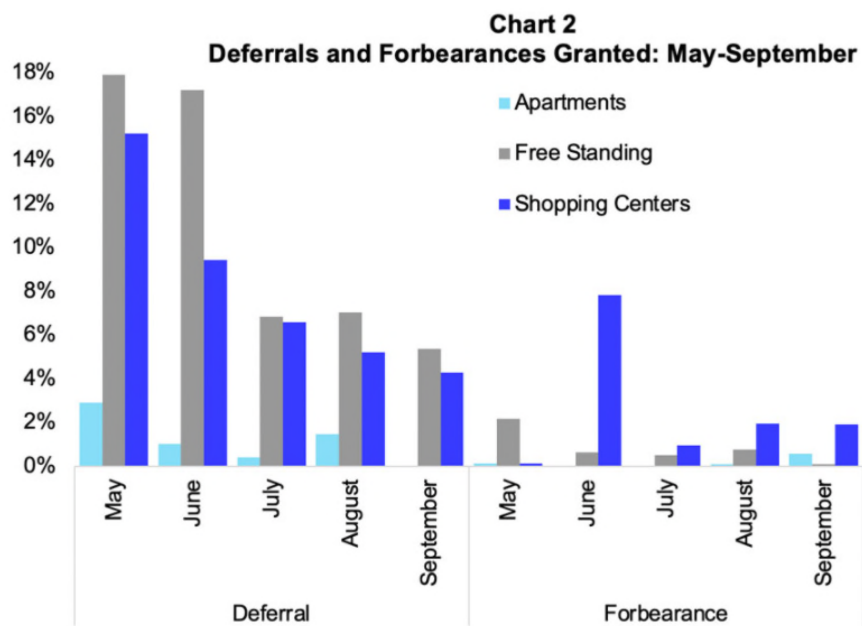
Table 1

Share of Typical Rent Received April-September

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

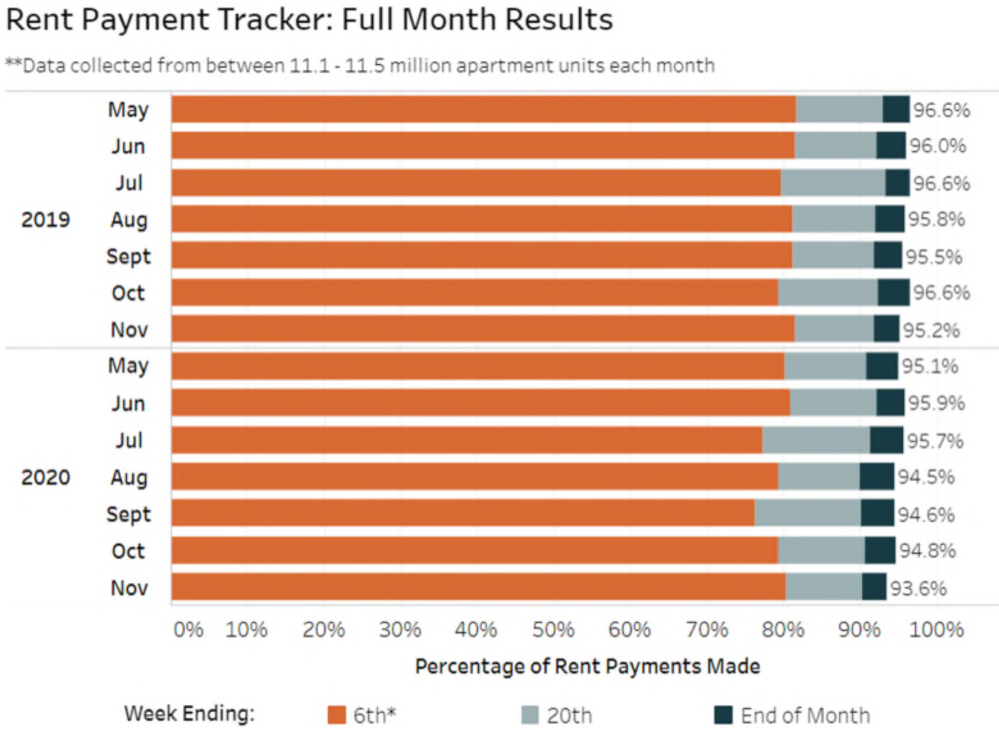
Source: Equity market capitalization weighted. Nareit survey of members, public disclosures, and FTSE Nareit All REITs Index equity market capitalization as of August 31, 2020 via FactSet.

The following chart illustrates deferrals nad forebearances granted.



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

NMHC tracks multi-family collections which are summarized in the following chart.



NAREIT/TREPP: CMBS DELINQUENCY| DECEMBER 2020

The Trepp CMBS delinquency rate logged its fifth consecutive monthly decline following two large jumps in the reading in May and June of this year. After several months of big dips, the rate fell much more modestly in November. The CMBS delinquency rate in November is 8.17%, a decline of 11 basis points from October. The percentage of loans in the 30 days delinquent bucket is 0.94%, which is down six basis points for the month.

As the Trepp team has noted before, the declines come with caveats. Some of the loans that have been identified as current came because of the granting of forbearances and the authorization of borrowers to use reserves to bring debt service payments up to date. Hotel loans were seeing steady declines in recent months due to the high number of forbearances granted in that segment of the market. That reversed course in November with the hotel delinquency rate moving up slightly. In terms of loans in grace period, 2.63% of loans by balance missed the November payment but were less than 30 days delinquent. That was down from 3.18% in October.

CHART 2: DELINQUENCY RATE BY PROPERTY TYPE (% 30 DAYS +)

	NOV-20	OCT-20	SEP-20	3 MO.	6 MO.	12 MO.
Industrial	1.10	1.53	1.07	1.20	1.82	2.00
Lodging	19.66	19.43	22.94	22.96	19.13	1.52
Multifamily	3.11	2.95	2.80	3.02	3.25	2.01
Office	2.27	2.49	2.28	2.32	2.40	1.97
Retail	14.21	14.33	14.76	14.88	10.14	4.36

Source: Trepp

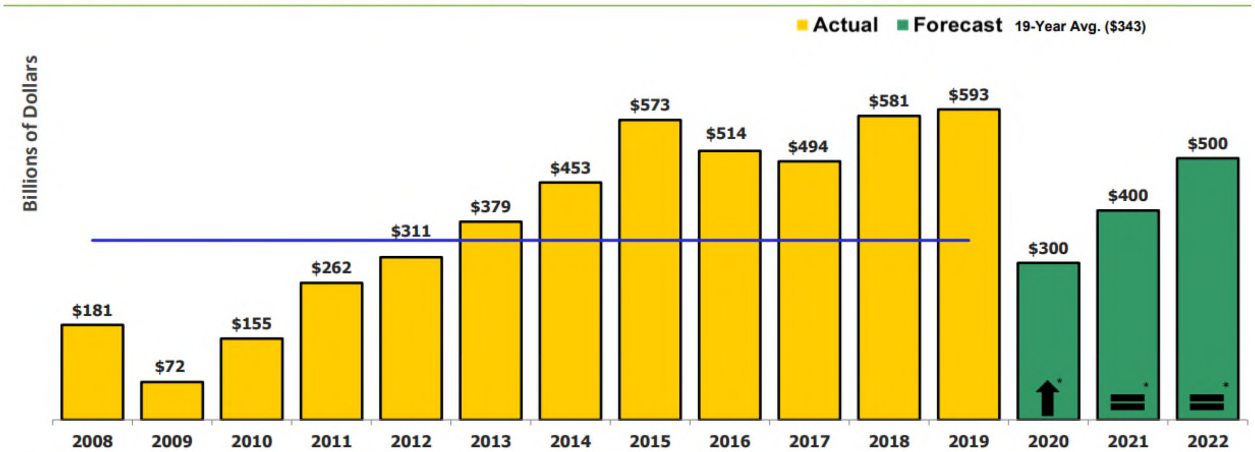
URBAN LAND INSTITUTE: REAL ESTATE ECONOMIC FORECAST| OCTOBER 2020

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

Transaction Volume

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

Commercial Real Estate Transaction Volume

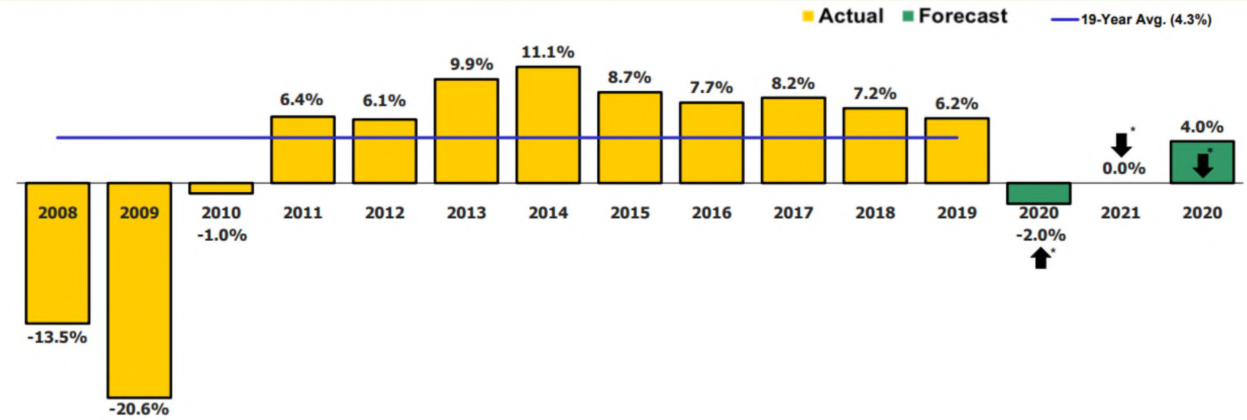


Sources: 2001-2019, Real Capital Analytics (RCA); 2020-2022, ULI Real Estate Economic Forecast.
*Indicated directions (↑ ↓ =) refer to the current forecast relative to the previous ULI Real Estate Economic Forecast. The previous forecast (released in May, 2020) projected $275B for 2020, $400B for 2021, and $500B for 2022.

CRE Pricing

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

RCA Commercial Property Price Index (annual change)



Sources: 2000-2019, Real Capital Analytics (RCA); 2020-2022, ULI Real Estate Economic Forecast.
*Indicated directions (↑ ↓ =) refer to the current forecast relative to the previous ULI Real Estate Economic Forecast. The previous forecast (released in May, 2020) projected -7.0% for 2020, 1.0% for 2021, and 5.0% for 2022.

CRE Returns

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

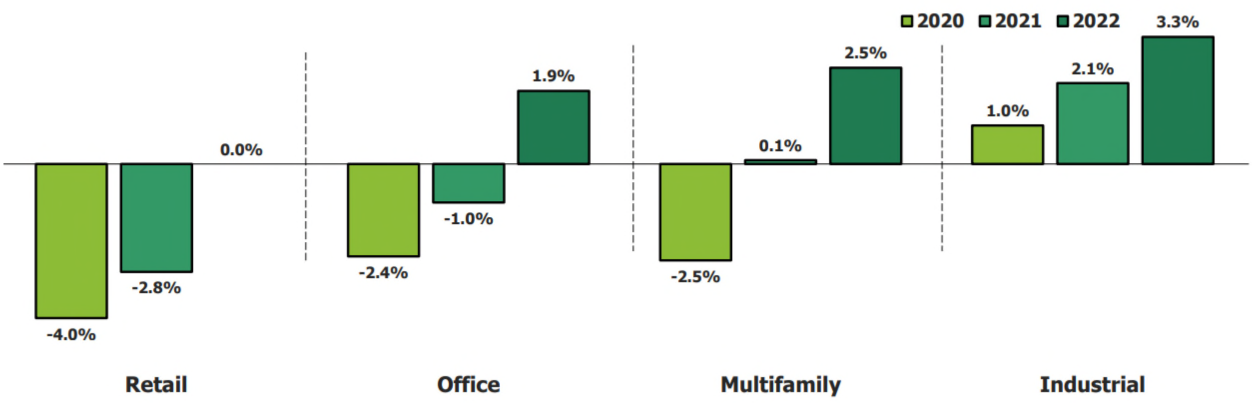
NCREIF Property Types Total Returns

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

Rent Growth

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

Rental Rate Growth 2019-2022



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

Vacancy

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

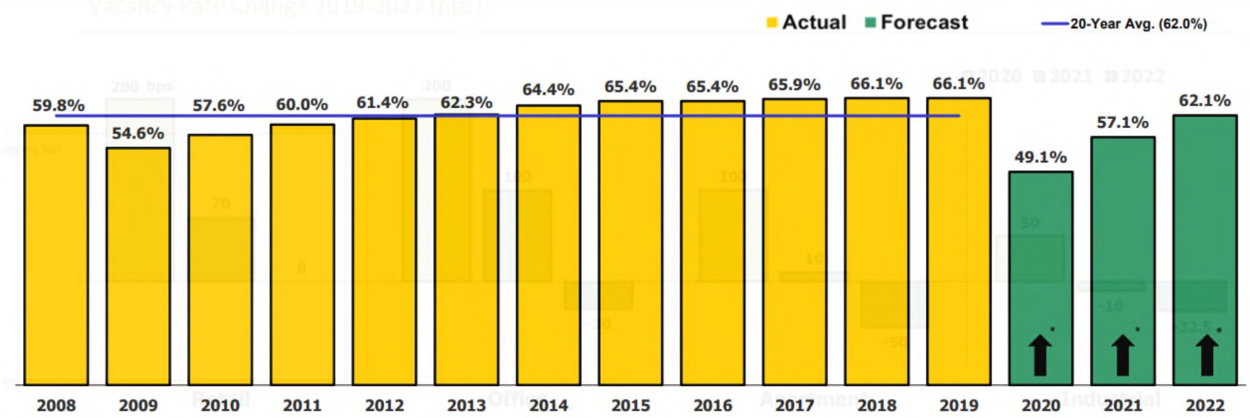
Vacancy Rate Change 2019-2022 (bps)

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

Hotel Occupancy

Hotel occupancy rates, according to STR, were steadily improving over the last ten years, coming in at 66.1% in 2019, above the twenty-year average. The occupancy forecast for the full 2020, 49.1%, reflects the sector's relative strength in the few months prior to the pandemic, the near halt during the initial phases of the pandemic, and then some level of return to travel the balance of the year. Rates are forecast to improve over subsequent forecast years, increasing to 57.1% in '21 and 62.1% in '22.

Hotel Occupancy Rates

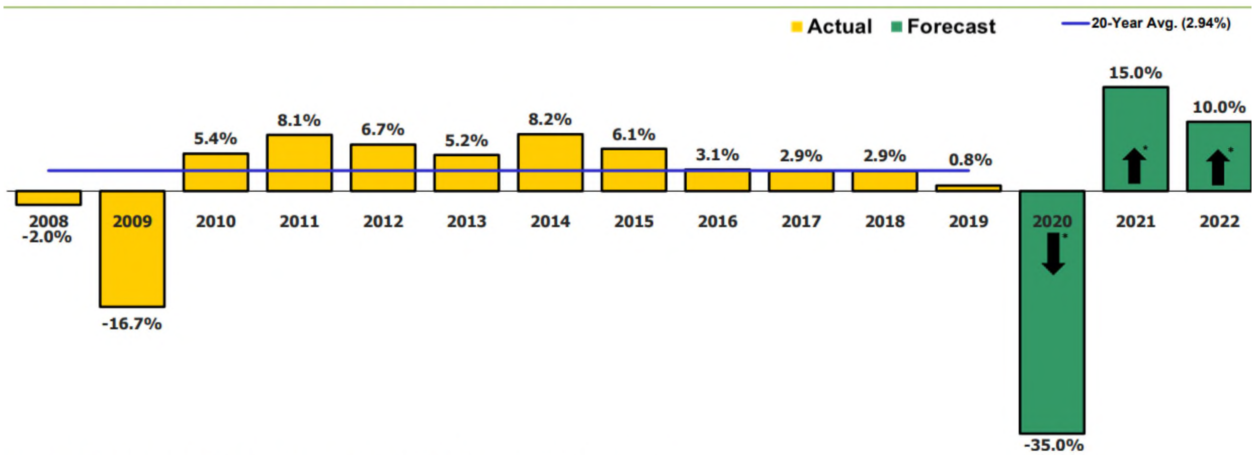


Sources: 2000-2019, (December, 12-month rolling average), STR; 2020-2022, ULI Real Estate Economic Forecast.
*Indicated directions (↑ ↓ =) refer to the current forecast relative to the previous ULI Real Estate Economic Forecast. The previous ULI Real Estate Economic Forecast (released in May, 2020) projected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

Hotel RevPar

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

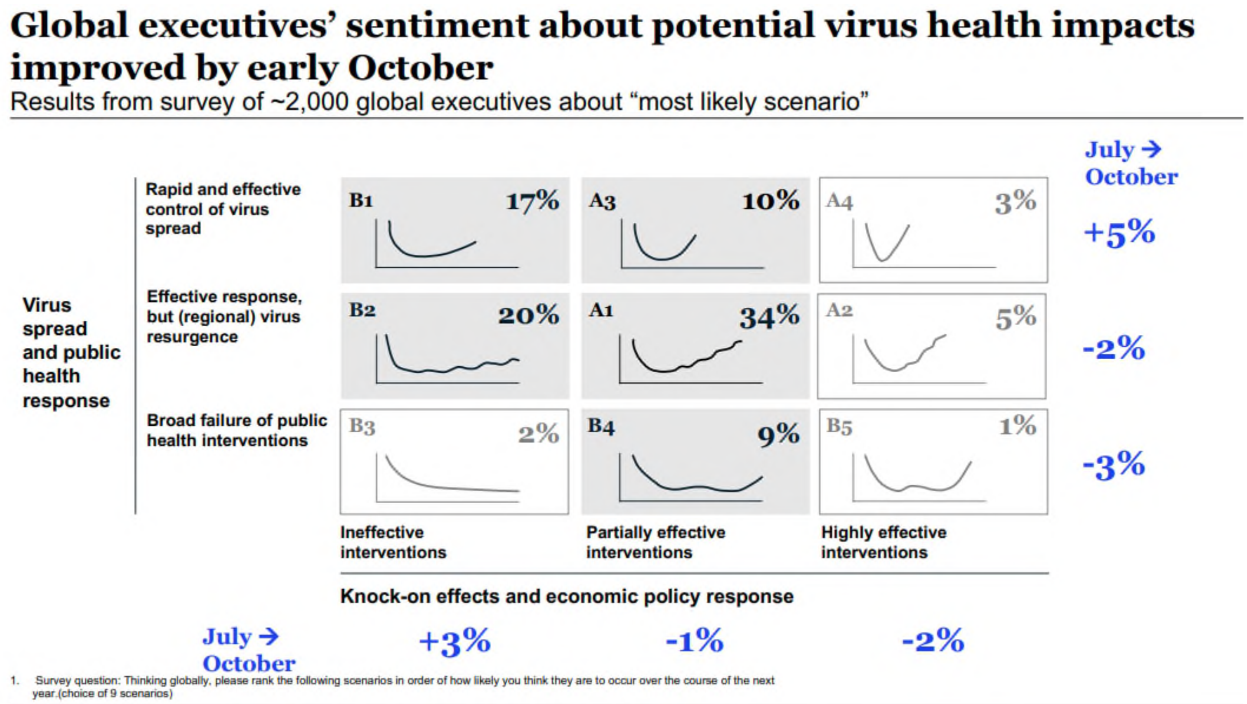
Hotel Revenue per Available Room (RevPAR) Change



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

MCKINSEY & COMPANY | OCTOBER 30, 2020

The following from McKinsey & Company illustrates the many possible scenarios for the economic impact of the COVID-19 crisis. With a strong public health response and the stimulus package the most likely scenarios are A1 through A4. Other, more extreme scenarios can also be conceived, and some of them are already being discussed (B1–B5 in Exhibit 3). One can't exclude the possibility of a "black swan of black swans": structural damage to the economy, caused by a yearlong spread of the virus until a vaccine is widely available, combined with the lack of policy response to prevent widescale bankruptcies, unemployment, and a financial crisis.



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

OTHER FEDERAL, STATE AND LOCAL CONSIDERATIONS

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

FORCE MAJEURE

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

CONCLUSION

COVID-19 infections and overall economic implications are the primary concern of US and international investors. This is an ongoing and evolving situation. Third quarter GDP growth was overwhelmingly positive as nearly all industry sectors have seen an increase in investment activity. Fourth quarter growth was strong but when reported will be well below the third quarter, which is expected given the massive rebound that occurred.

The continuing rise of national COVID-19 infections may cause economic deterioration in the first quarter as people are forced indoors due to colder temperatures; however, the death rate remains relatively low and new treatments continue to improve patient outcomes. Vaccines with 90%+ effective rates are now available for the elderly and immunocompromised; however, administration of the vaccines has slowed the response in the US.

States and cities have begun to institute new restrictions on restaurants, gyms and other businesses. These restrictions should be monitored closely as they could profoundly affect commercial real estate in some markets. While a national lockdown is unlikely a national mask mandate is possible in the first quarter of 2021.

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

REGIONAL ANALYSIS

PORTLAND-VANCOUVER-HILLSBORO MSA ANALYSIS

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

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

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

POPULATION

The Portland MSA has an estimated 2021 population of 2,540,546, which represents an average annual 1.3% increase over the 2010 census of 2,226,009. The Portland MSA added an average of 28,594 residents per year over the 2010-2021 period, and its annual growth rate exceeded the State of Oregon rate of 1.1%.

Looking forward, the Portland MSA's population is projected to increase at a 1.1% annual rate from 2021-2026, equivalent to the addition of an average of 28,300 residents per year. The Portland MSA's growth rate is expected to exceed that of Oregon, which is projected to be 1.0%.

POPULATION TRENDS					
	Population			Compound Ann. % Chng	
	2010 Census	2021 Estimate	2026 Projection	2010-2021	2021-2026
Portland-Vancouver-Hillsboro MSA	2,226,009	2,540,546	2,682,045	1.3%	1.1%
Oregon	3,831,074	4,281,747	4,491,795	1.1%	1.0%

Source: Environics Analytics

EMPLOYMENT

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

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

EMPLOYMENT TRENDS						
	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
Year	Portland-Vancouver-Hillsboro MSA	% Change	Oregon	% Change	Portland-Vancouver-Hillsboro MSA	Oregon
2009	1,052,405		1,748,959		10.8%	10.9%
2010	1,101,897	4.7%	1,794,730	2.6%	9.3%	10.1%
2011	1,115,061	1.2%	1,804,002	0.5%	8.1%	9.2%
2012	1,095,097	-1.8%	1,758,815	-2.5%	7.6%	8.6%
2013	1,107,797	1.2%	1,771,555	0.7%	6.3%	7.3%
2014	1,146,739	3.5%	1,833,334	3.5%	5.3%	6.1%
2015	1,195,200	4.2%	1,909,296	4.1%	4.6%	5.1%
2016	1,233,518	3.2%	1,975,823	3.5%	3.9%	4.3%
2017	1,262,179	2.3%	2,011,131	1.8%	3.6%	4.1%
2018	1,274,949	1.0%	2,018,316	0.4%	3.9%	4.2%
2019	1,300,008	2.0%	2,031,743	0.7%	2.8%	3.4%
Overall Change 2009-2019	247,603	23.5%	282,784	16.2%		
Avg Unemp. Rate 2009-2019					6.0%	6.7%
Unemployment Rate - November 2020					5.9%	6.0%

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

**The numbers above are based on the Bureau of Labor Statistics and December is their most recent confirmed data. Due to the COVID-19 outbreak, Oregon has experienced an increase in unemployment rates. As of November 2020 (most recent available as of January 2021), the unemployment rate for Portland metro is being reported at 6.9% down from April 2020's peak of 15.9%.*

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

EMPLOYMENT SECTORS

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

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

1. Manufacturing, representing 10.6% of Portland MSA payroll employment compared to 10.2% for Oregon as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

2. Financial Activities, representing 6.0% of Portland MSA payroll employment compared to 5.3% for Oregon as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

3. Professional and Business Services, representing 15.5% of Portland MSA payroll employment compared to 13.1% for Oregon as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.

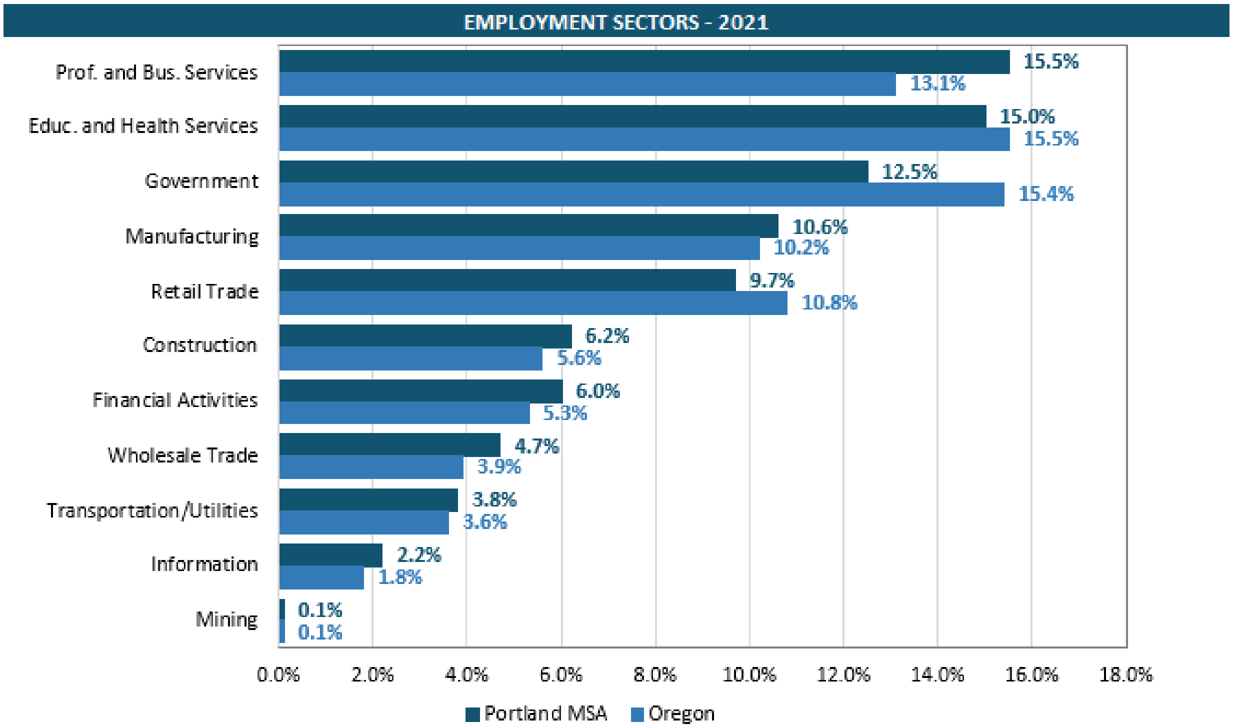
The Portland MSA is underrepresented in the following sectors:

1. Government, representing 12.5% of Portland MSA payroll employment compared to 15.4% for Oregon as a whole. This sector includes employment in local, state, and federal government agencies.

2. Leisure and Hospitality, representing 10.3% of Portland MSA payroll employment compared to 11.1% for Oregon as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.

3. Education and Health Services, representing 15.0% of Corvallis MSA payroll employment compared to 15.5% for Oregon as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.

4. Trade; Transportation; and Utilities, representing 13.5% of Corvallis MSA payroll employment compared to 14.4% for Oregon as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.



Source: Retrieved from Percent of total employment - BLS, Moody's Analytics, 2019, Average annual earnings - BEA, Moody's Analytics, 2018

MAJOR EMPLOYERS

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

MAJOR EMPLOYERS - PORTLAND-VANCOUVER-HILLSBORO MSA		
	Name	Number of Employees
1	Intel Corp.	20,600
2	Providence Health Systems	18,885
3	Oregon Health & Science University	17,556
4	Nike Inc.	12,000
5	Kaiser Foundation Health Plan of the NW	11,898
6	Legacy Health System	11,404
7	Fred Meyer Stores	10,637
8	PeaceHealth	4,445
9	US Bank	4,031
10	Prevision Castparts Corporation	3,849

Source: Retrieved from Clark County, 2018, Greater Portland, 2020, Portland Business Journal: Books of Lists, 2019

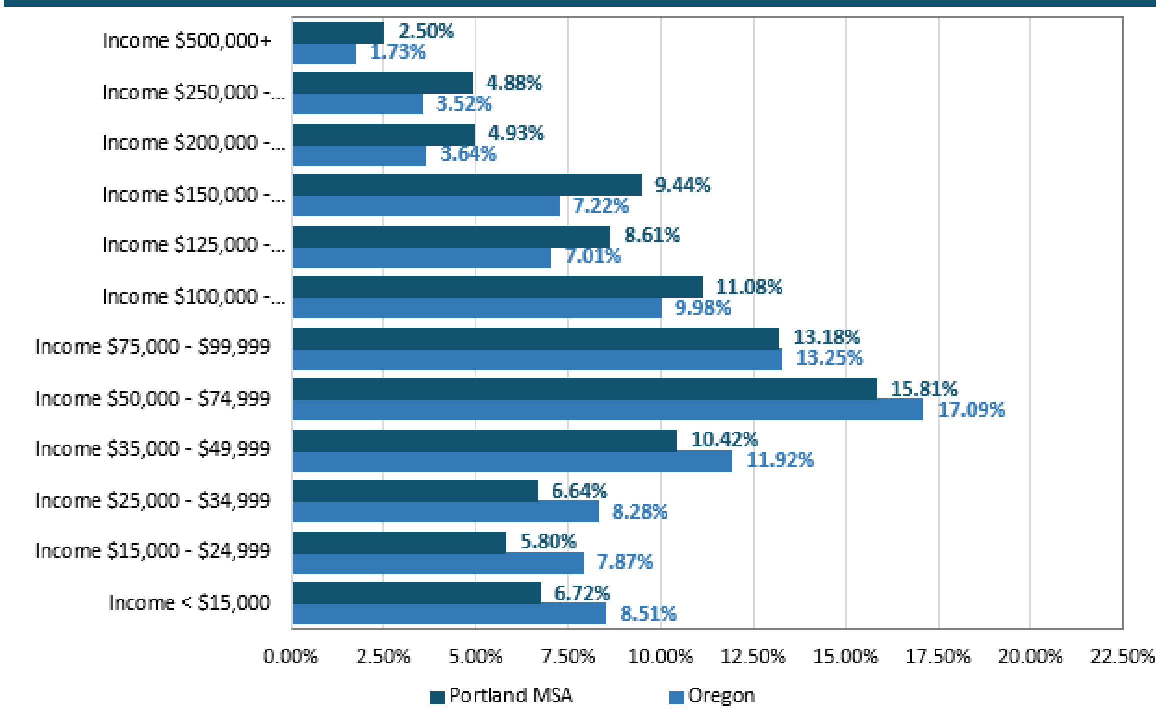
HOUSEHOLD INCOME

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

MEDIAN HOUSEHOLD INCOME - 2021		
	Average	Median
Portland MSA	$112,252	$83,238
Oregon	$95,518	$69,151
Comparison of Portland MSA to Oregon	+ 17.5%	+ 20.4%
Source: Environics Analytics		

The Portland MSA has a greater concentration of households in the higher income levels than Oregon. Specifically, 55% of Portland MSA households are at the $75,000 or greater levels in household income as compared to 46% of Oregon households. A lesser concentration of households is apparent in the lower income levels, as 19% of Portland MSA households are below the $35,000 level in household income versus 25% of Oregon households.

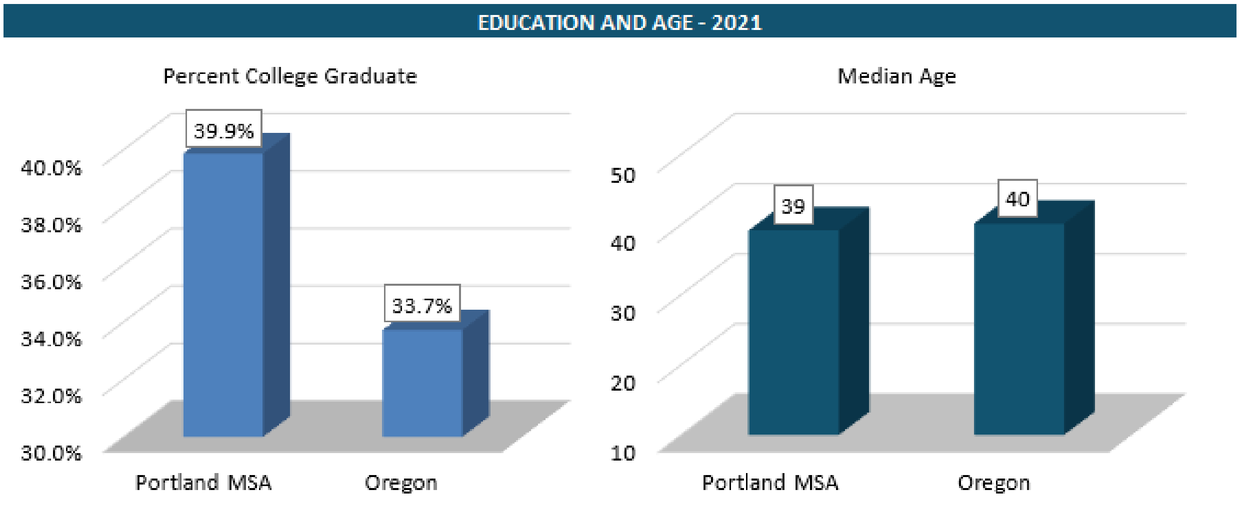
HOUSEHOLD INCOME DISTRIBUTION - 2021



Source: Environics Analytics

EDUCATION AND AGE

Residents of the Portland MSA have a higher level of educational attainment than those of Oregon. An estimated 39.9% of Portland MSA residents are college graduates with four-year degrees, versus 33.7% of Oregon residents. People in the Portland MSA are slightly younger than their Oregon counterparts. The median age for the Portland MSA is 39 years, while the median age for Oregon is 40 years.



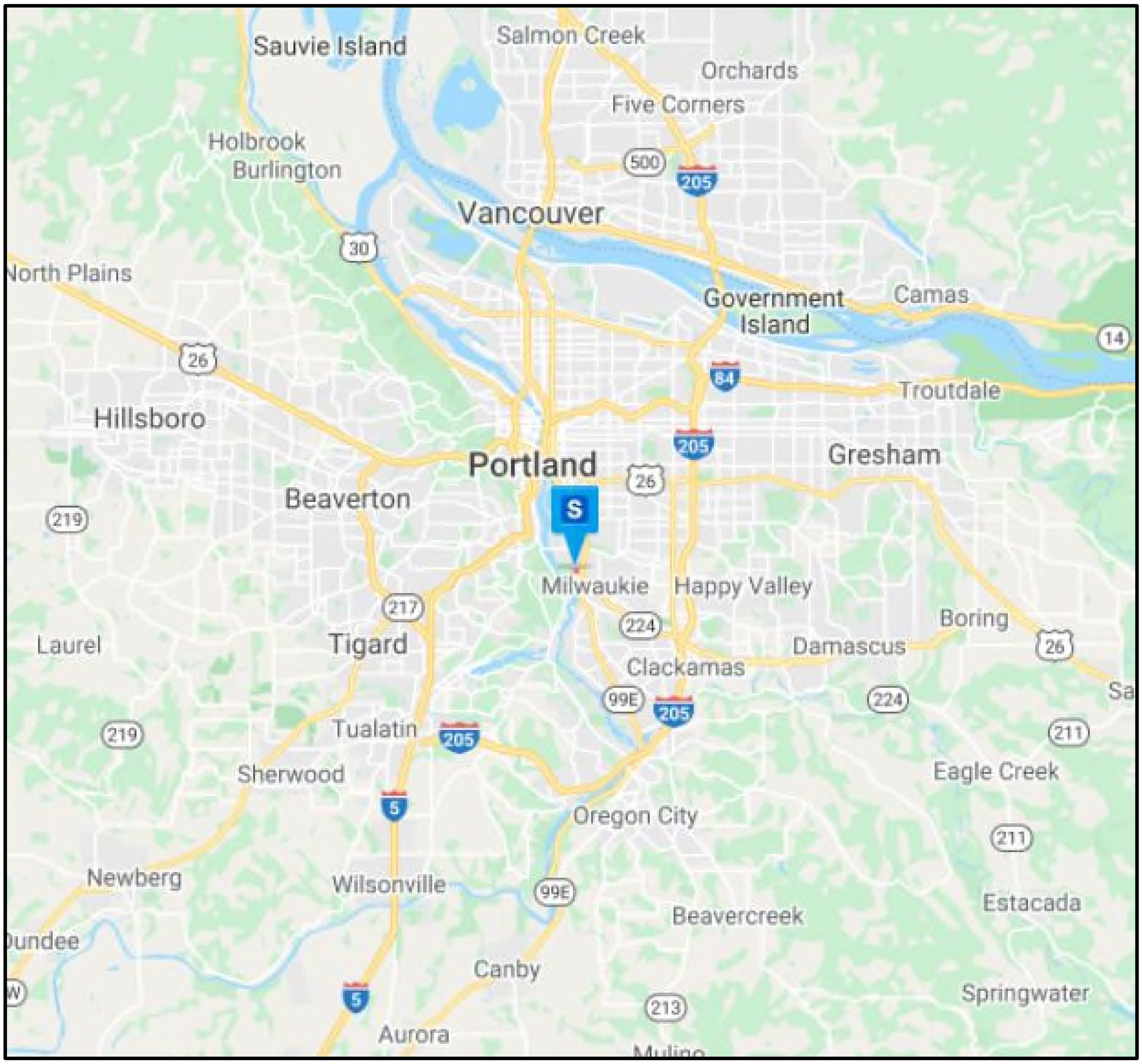
Source: Environics Analytics

CONCLUSION

As the economic center of the state, the metropolitan area continues to retain and attract high tech industry, which is a significant component of the regional GDP. Moreover, the Portland MSA exhibits both a higher rate of GDP growth and a higher level of GDP per capita than Oregon overall. Other positive factors include increases in real income and stability brought to the Metro Area by the high level of economic diversity.

Portland-Vancouver-Hillsboro will muddle through the next few quarters but begin to outperform as the recovery accelerates with the vaccine rollout, reaching pre-pandemic employment in mid-2023, ahead of the U.S. Lockdowns will hold back struggling leisure/hospitality, but gains in tech, finance, business/professional services, education/healthcare, and retail will more than offset this weakness. In the long run, a highly educated workforce, attractive quality of life, and lucrative mix of high-skill industries will attract migrants and contribute to superior performance.

REGIONAL MAP



BBG

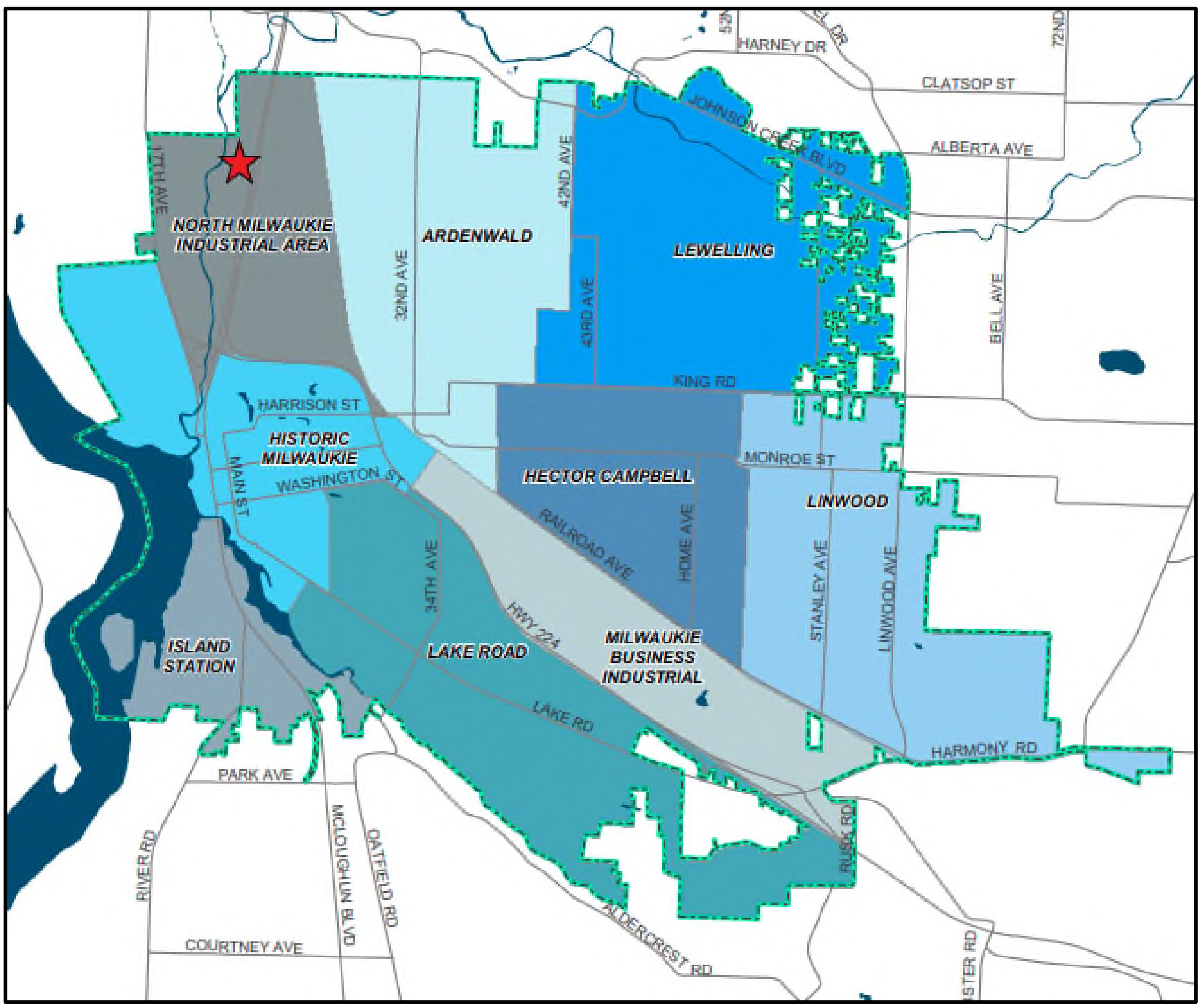
SURROUNDING AREA ANALYSIS

BOUNDARIES

The subject is located in the North Milwaukie Industrial Area in northwestern area of the City of Milwaukie, Oregon. Milwaukie is a small city of about 20,500 people located on the shores of the Willamette River in the northwestern corner of Clackamas County, just south of Portland. This area is part of the Milwaukie submarket and is generally delineated as follows:

North	SE Ochoco Street
South	Milwaukie Express Highway (SR 224) – SE Harrison Street
East	Railroad
West	SE 17th Avenue

A map identifying the location of the property is provided below. The subject is pointed with a RED Star.



ACCESS AND LINKAGES

Primary access to the area is provided by Oregon Route 99E (locally known as SE McLoughlin Boulevard) and Oregon Route 224 (locally known as Milwaukie Expressway). Oregon Route 99E is a major arterial that crosses the Portland Metro area in a north/south direction generally along the eastern bank of the Willamette River. The subject is located immediately west of Oregon Route 99E and access to the subject from Oregon Route 99E is provided by Southeast Frontage Road. Oregon Route 224 crosses the Milwaukie area in northwest/southeast direction and connects with Oregon Route 213 and Interstate 205 southeast of the subject outside the City of Milwaukie. Access to the subject from Oregon Route 213 is provided through Oregon Route 99E or a combination of Southeast Frontage Road, Southeast Milport Road and Southeast 17^{th} Avenue. Travel time from the Oregon Route 213 to the subject is within three minutes. Overall, vehicular access is above average.

Public transportation is provided by TriMet and provides access to the greater Portland Metro area. The closest bus stop is located at the intersection of Southeast Frontage Road and Ochoco Street, less than one minute travel time from the subject. The stop is served by bus route 34 and 99, which connects the subject with SE Tacoma Street/Johnson Creek Max Station, Oak Grove, Oregon City, as well as Clackamas Town Center Transit Center and Portland City Center, leading to more transportation options. The city of Milwaukie is served by Max Oregon Line, a Light Rail connecting the Portland City Center and to surrounding suburbs of the city. As mentioned above, the bus route located on the Southeast Frontage Road can provide access to the closest Max Station, which is location approximately 0.9 miles north of the subject. However, the primary mode of transportation in this area is the automobile.

The Portland International Airport is located about 18 miles from the property; travel time is about 25-40 minutes, depending on traffic conditions. The Portland CBD, the economic and cultural center of the region, is approximately 6 miles from the property. The Milwaukie city center is approximately one mile southeast of the property.

DEMAND GENERATORS

The city boasts a dynamic economy, with over 1,000 businesses employing approximately 13,000 people in a wide variety of industries. The subject is located in the North Milwaukie Industrial Area (NMIA), also known as Mcloughlin Industrial, is a major local and regional asset for manufacturing and transportation jobs. It is one of Milwaukie’s major industrial corridors, comprised of 200 acres and occupied by over 85 distinct businesses. The area employs approximately 2,000 employees. Additionally, there are a significant number of businesses ranging from light industrial to office space along SE International Way.

South to the subject cross the State Route 224 is Downtown Milwaukie. Dark Horse Comics is one of the major employers in the area, owning several properties within the downtown corridor. The majority of the main center is occupied by local businesses, including small scale retailers and restaurants. SE McLoughlin Blvd, which is located immediately to the west of the subject, is a commercial arterial developed with a wide variety of commercial properties. These businesses range from big box retailers to light industrial and automotive users.

However, the subject area is primarily characterized as a bedroom community to the City of Portland, where many of its resident’s work.

DEMOGRAPHICS

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

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA			
Description	Subject - 1 mi Radius Totals	Subject - 3 mi Radius Totals	Subject - 5 mi Radius Totals
Population			
2026 Projection	14,941	134,913	411,910
2021 Estimate	14,296	129,673	393,881
2010 Census	13,139	119,684	357,795
2000 Census	12,614	114,320	336,743
2021 Est. Median Age	42.02	40.61	40.51
2021 Est. Average Age	41.71	41.21	41.39
Households			
2026 Projection	7,017	59,142	183,805
2021 Estimate	6,683	56,560	174,895
2010 Census	6,037	51,139	155,842
2000 Census	5,756	48,430	145,388
2021 Est. Average Household Size	2.13	2.24	2.20
2021 Est. Households by Household Income			
Income < $15,000	9.9	6.6	8.3
Income $15,000 - $24,999	6.7	6.1	5.9
Income $25,000 - $34,999	6.4	6.9	6.9
Income $35,000 - $49,999	9.3	9.2	9.6
Income $50,000 - $74,999	***17.3***	***16.8***	***14.8***
Income $75,000 - $99,999	13.3	13.3	12.6
Income $100,000 - $124,999	10.5	11.0	10.4
Income $125,000 - $149,999	7.4	8.3	7.8
Income $150,000 - $199,999	7.4	8.6	9.0
Income $200,000 - $249,999	3.9	4.6	5.1
Income $250,000 - $499,999	5.3	5.4	6.1
Income $500,000+	2.7	3.2	3.8
2021 Est. Average Household Income	$107,757	$115,811	$119,889
2021 Est. Median Household Income	$75,844	$82,839	$83,700
2021 Est. Tenure of Occupied Housing Units			
Owner Occupied	50.7	57.6	54.1
Renter Occupied	49.4	42.4	45.9
2021 st. Median All Owner-Occupied Housing Value	$509,975	$476,622	$515,984
Source: 2021 Claritas, Inc.			

SERVICES AND AMENITIES

The nearest commercial area with restaurants, convenience stores and support services are located within Milwaukie city center, about two minutes driving time from the property. The closest lodging facilities are located within eight minutes of the property and include Kings Row Inn and Milwaukie Inn Portland South.

More lodging facilities can be found near Clackamas Town Center, approximately 15 minutes driving time from the property. The nearest fire and police stations are within 2.3 miles of the property.

LAND USE

The City of Milwaukie is generally a bedroom community with single-family residential neighborhoods at on the east side of the city. The housing stock that was historically produced from the 1950s to the 1970s and has seldomly been updated. Commercial uses are generally located along SE McLoughlin Blvd, with small pockets of retail and office spaces located in Milwaukie's downtown core and along King Road and Lake Road. There are two industrial corridors: SE International Way and the north end of State Highway 99E.

As mentioned above in Demand Generators, the subject is located within the North Milwaukie Innovation Area (NMIA) along Highway 99, which is one of the city's main employment areas that has identified redevelopment opportunities. In the immediate vicinity of the subject, predominant land use is industrial. Most properties within the area is related to production, manufacturing, processing, and transportation. Other land use characteristics are summarized in the following table.

SURROUNDING AREA LAND USES	
Character of Area	Suburban
Predominant Age of Improvements	40-80 years
Predominant Quality and Condition	Average
Approximate Percent Developed	95%
Infrastructure/Planning	Average
Predominant Location of Undeveloped Land	Infill/redevelopment
Prevailing Direction of Growth	Infill/redevelopment

SUBJECT'S IMMEDIATE SURROUNDINGS	
North	Industrial warehouse
South	Logistics - Cold storage facility
East	Industrial flex/warehouse/distribution/office
West	Industrial flex/warehouse

DEVELOPMENT ACTIVITY AND TRENDS

Northwestern Clackamas has seen significant development, but within the city limits of Milwaukie, development within the last five years has been sparse, largely due to the lack of developable land. Notable properties built since 2015 or under construction are as follows:

- 5704 SE Flora Drive – 2,025 square feet multifamily built in 2016
- 6430 SE Lake Road – 17,495 square feet Office built in 2017
- 16255 SE McLoughlin Boulevard –33,440 square feet retail built in 2017
- Public Storage (3260 SE Oak Grove Blvd) – 121,000 square feet self-storage built in 2017

- Axletree Apartments (11125 SE 21st St) – 78,830 square feet mid-rise apartment with 110 units built in 2019
- 6305 SE King Rd – 2,750 SF restaurant built in 2019

No industrial properties have been constructed within the three miles radius of the subject during the past five years.

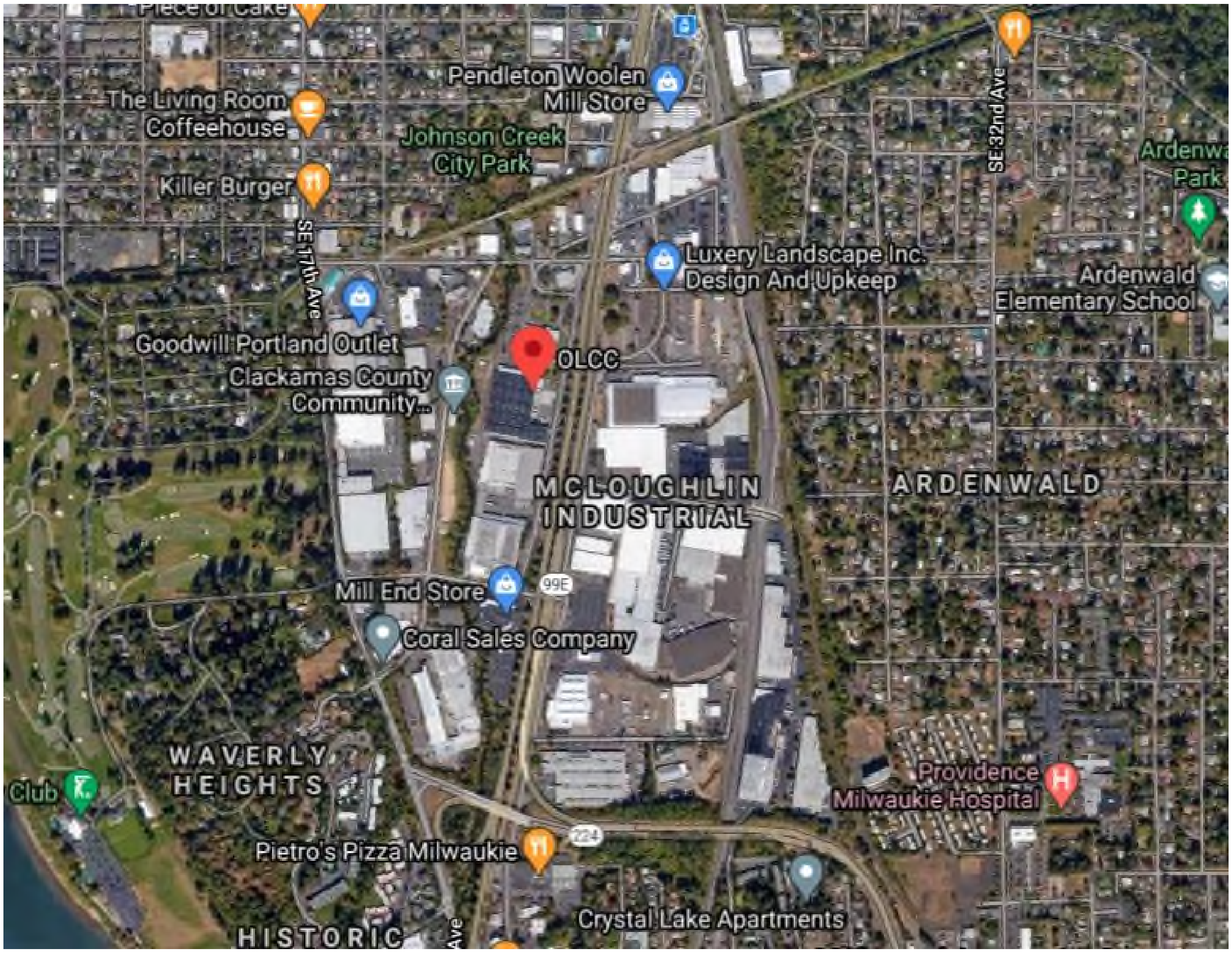
OUTLOOK AND CONCLUSIONS

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

In comparison to other areas in the region, the area is rated as follows:

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

NEIGHBORHOOD MAP



MARKET ANALYSIS

PORTLAND OFFICE MARKET

Costar is the source for the following data. The data reflects conditions of 2020 Q4, the most recent data available. The initial discussion provides information on the overall Portland Office market, followed by the subject's submarket. The subject is located within the Clackamas/Milwaukie submarket, which will be discussed later in this report.

CoStar's Daily Base Case forecast is based on the Oxford Economics Baseline scenario published in March 2020, in which just 270,000 jobs are added in 2020, followed by 1 million jobs in 2021. On average, the forecast calls for 410,000 jobs per year during 2020 through 2025, well below the 2.1 million new jobs added in 2019. The Base Case calls for BBB interest rates to rise to 5% by 2025, up from 3.4% in 2020Q1.

Costar rates office properties using a star rating, in which 1 and 2-star properties generally equate to the more traditional Class C rating; 3-star properties generally equate to Class B; and 4 and 5-star properties generally equate to Class A.

Class A – They are characterized by high quality construction and finishes, high occupancy levels, sophisticated amenities, and top rental rates. A+ properties would suggest "trophy" properties with the characteristics noted above.

Class B – These properties are regarded as modern (although not necessarily new) buildings, or old (i.e., Class C) structures recently renovated to modern standards. Good locations, reasonably high occupancy levels, and competitive rental rates characterize these buildings.

Class C – The lowest quality available in the market are found in Class C buildings. These buildings are generally old, but in fair condition. Rental rates are the lowest within the market and amenities are minimal.

KEY INDICATORS *AT A GLANCE*

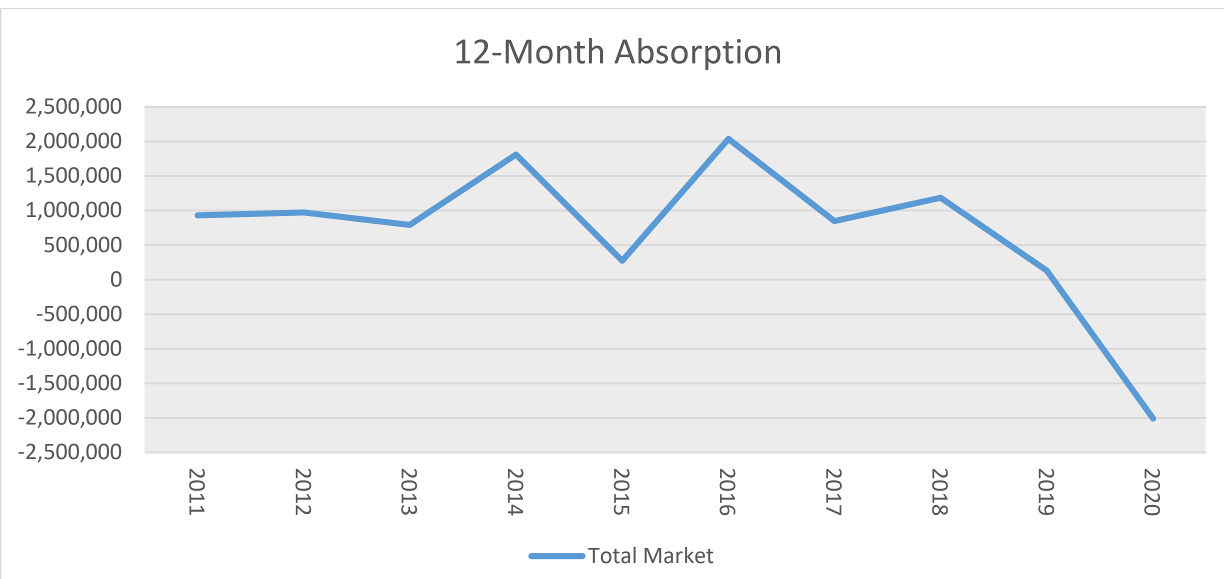
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	8.99%	9.95%	increased 96 Basis Points
Absorption (SF)	-825,761	-895,717	decreased 69,956 SF
Quoted Rental Rates ($/SF/Year)	$27.90	$27.80	decreased $0.10 PSF
Inventory (SF)	110,264,004	110,444,649	increased 180,648 SF
Net Deliveries (SF)	403,036	180,645	decreased 222,391 SF
Under Construction (SF)	1,977,661	2,156,855	increased 179,194 SF
Overall Comparison	*Office space absorption decreased massively in Portland MSA due to the impact of COVID-19 pandemic. Additionally, rental rates also decreased slightly in recent quarters.*		

PORTLAND OFFICE MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES ($/SF/YEAR)
2020 Q4	110,444,649	9.95%	-895,717	180,645	2,156,855	$27.80
2020 Q3	110,264,004	8.99%	-825,761	403,036	1,977,661	$27.90
2020 Q2	109,860,968	7.90%	-112,595	84,080	2,380,697	$28.26
2020 Q1	109,776,888	7.73%	-174,097	475,271	2,271,917	$28.20
2020	110,444,649	9.95%	-2,008,170	1,143,032	2,156,855	$27.80
2019	109,301,617	7.17%	126,836	74,067	2,673,400	$27.98
2018	109,227,550	7.22%	1,184,813	1,626,586	2,298,757	$27.03
2017	107,600,964	6.91%	846,050	457,503	2,738,060	$26.05
2016	107,143,461	7.32%	2,037,785	1,757,583	2,397,416	$24.98
2015	105,385,878	7.72%	270,004	37,816	2,505,159	$23.45
2014	105,348,062	7.94%	1,808,314	837,418	1,139,109	$22.16
2013	104,510,644	8.93%	790,303	-93,033	1,542,515	$20.91
2012	104,603,677	9.77%	971,152	569,075	94,649	$20.35

The Portland Office market ended the fourth quarter with a vacancy rate of 9.95%. The vacancy rate increased over the previous quarter, with net absorption totaling -895,717 square feet in the fourth quarter. Rental rates decreased compared to the previous quarter, ending fourth quarter at $27.80. A total of 180,645 square feet was delivered to the market, with 2,156,855 square feet still under construction at the end of the quarter.

ABSORPTION



Net absorption for the overall Portland Office market was -895,717 square feet in the fourth quarter 2020. That compares to -825,761 square feet in the third quarter 2020, -112,595 square feet in the second quarter 2020, and -174,097 square feet in the first quarter 2020. Net absorption in the market over the prior 12 months totaled -2,008,170 square feet.

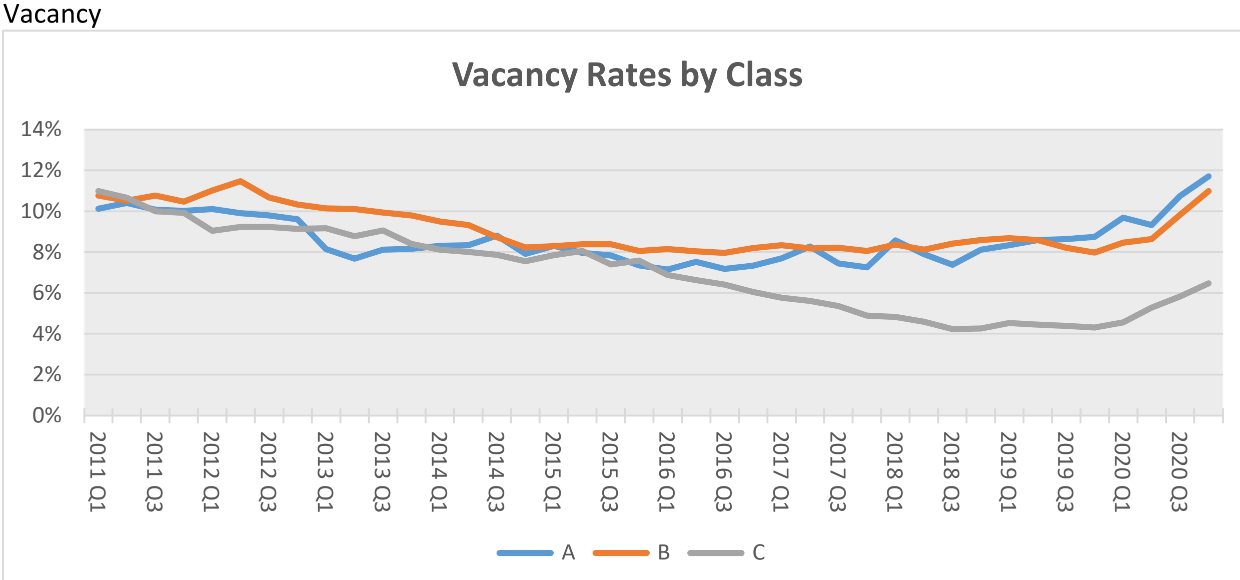
The Class A (4 & 5 Star) Office market recorded net absorption of -182,169 square feet in the fourth quarter 2020, compared to -176,511 square feet in the third quarter 2020, 182,262 square feet in the second quarter 2020, and 99,264 square feet in the first quarter 2020.

The Class B (3 Star) Office market recorded net absorption of -514,329 square feet in the fourth quarter 2020, compared to -476,914 square feet in the third quarter 2020, -72,140 square feet in the second quarter 2020, and -194,305 square feet in the first quarter 2020.

The Class C (1 & 2 Star) Office market recorded net absorption of -199,219 square feet in the fourth quarter 2020, compared to -172,336 square feet in the third quarter 2020, -222,717 square feet in the second quarter 2020, and -79,056 square feet in the first quarter 2020.

Net absorption for the Clackamas/Milwaukie submarket was -47,721 square feet in the fourth quarter 2020. That compares to 6,425 square feet in the third quarter 2020, -19,836 square feet in the second quarter 2020, and -41,776 square feet in the first quarter 2020.

Vacancy



Vacancy for the overall Portland Office market increased to 9.95% in the fourth quarter 2020. That compares to 8.99% in the third quarter 2020, 7.90% in the second quarter 2020, and 7.73% in the first quarter 2020.

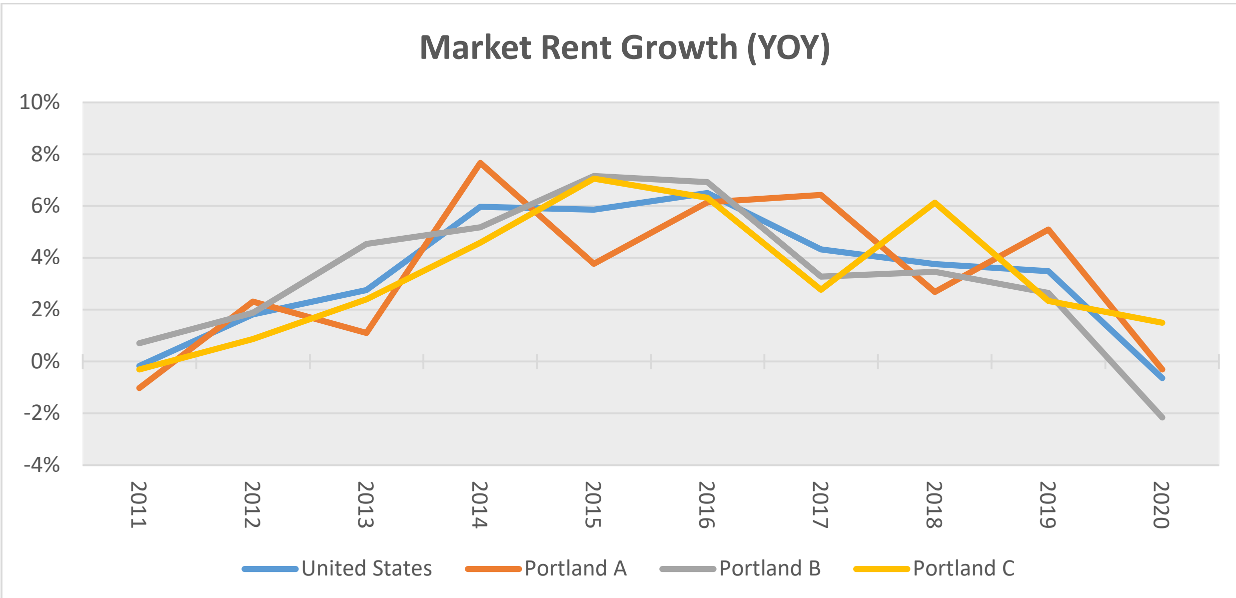
Class A (4 & 5 Star) projects reported a vacancy rate of 11.72% at the end of the fourth quarter 2020, 10.75% at the end of the third quarter 2020, 9.33% at the end of the second quarter 2020, and 9.69% at the end of the first quarter 2020.

Class B (3 Star) projects reported a vacancy rate of 10.99% at the end of the fourth quarter 2020, 9.83% at the end of the third quarter 2020, 8.64% at the end of the second quarter 2020, and 8.46% at the end of the first quarter 2020.

Class C (1 & 2 Star) projects reported a vacancy rate of 6.47% at the end of the fourth quarter 2020, 5.83% at the end of the third quarter 2020, 5.27% at the end of the second quarter 2020, and 4.55% at the end of the first quarter 2020.

The overall vacancy rate in the Portland Clackamas/Milwaukie submarket at the end of the fourth quarter 2020 was 5.38%. The vacancy rate was 3.53% at the end of the third quarter 2020, 3.71% at the end of the second quarter 2020 and 2.88% at the end of the first quarter 2020.

RENTAL RATES



The rental rates shown below are per square foot per year on a full service gross basis.

The average asking rental rate for available Office space, all classes, was $27.80 psf at the end of the fourth quarter 2020 in the Portland market area. This represented a 0.4% decrease in quoted rental rates from the end of the third quarter 2020, when rents were reported at $27.90.

The average quoted rate within the Class A (4 & 5 Star) sector was $33.49 at the end of the fourth quarter 2020, while Class B (3 Star) rates stood at $26.55, and Class C (1 & 2 Star) rates at $23.13. At the end of the third quarter 2020, Class A (4 & 5 Star) rates were $33.64 , Class-B (3 Star) rates were $26.71, and Class C (1 & 2 Star) rates were $23.07.

The average quoted asking rental rate in Portland's Clackamas/Milwaukie district was $26.12 at the end of the fourth quarter 2020. In the third quarter 2020, quoted rates were $26.15.

INVENTORY & CONSTRUCTION

During the fourth quarter 2020, a total of 180,645 square feet was completed in the Portland market area. This compares to a total of 403,036 square feet completed in the third quarter 2020, a total of 84,080 square feet completed in the second quarter 2020, and 475,271 square feet completed in the first quarter 2020.

There was 2,156,855 square feet of Office space under construction at the end of the fourth quarter 2020.

SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
Class A (4 & 5 Star)	33,871,262	1,018,879	1,620,366
Class B (3 Star)	45,606,352	124,153	536,489
Class C (1 & 2 Star)	30,967,035	0	0
Total	**110,444,649**	**1,143,032**	**2,156,855**

MARKET OUTLOOK

The Portland Office market ended the fourth quarter 2020 with a vacancy rate of 9.95%. The vacancy rate increased over the previous quarter, with net absorption totaling -895,717 square feet in the fourth quarter 2020. Rental rates decreased $0.10 PSF over the previous quarter and ended at $27.80. A total of 180,645 square feet was delivered in the quarter, with 2,156,855 square feet still under construction at the end of the quarter.

As schools, businesses, and other ventures transition to a new normal to combat the spread of the coronavirus, the immediate and longer-term impacts on the office market are not yet fully known. But in the months following Oregon's statewide stay-at-home order, it's evident that absorption has turned sharply negative, year-over-year rent growth has flatlined, and both leasing and investment have slowed.

Vacancies are escalating in 2020, exceeding Portland's historical average in 20Q4. After annual rent growth moderated over the past few years, asking rates are forecast to fall in the near term due to the pandemic. Much of Portland's ongoing office development is build-to-suit, primarily campus expansions for Nike and Adidas. The metro's ongoing supply wave has done little to aid vacancy or rent performance.

CLACKAMAS/MILWAUKIE OFFICE MARKET

KEY INDICATORS *AT A GLANCE*

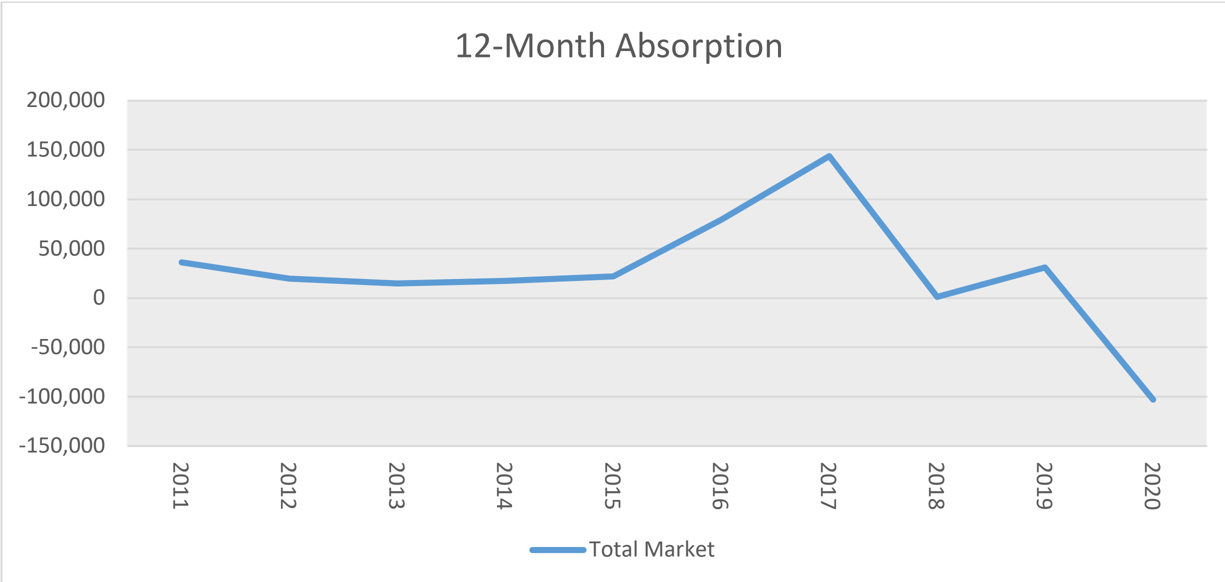
	PRIOR QUARTER	CURRENT QUARTER	COMPARISON
Vacancy (%)	3.53%	5.38%	increased 185 Basis Points
Absorption (SF)	6,425	-47,721	decreased 54,146 SF
Quoted Rental Rates ($/SF/Year)	$26.15	$26.12	decreased $0.03 PSF
Inventory (SF)	3,546,320	3,565,265	increased 18,945 SF
Net Deliveries (SF)	0	18,945	increased 18,945 SF
Under Construction (SF)	44,544	25,599	decreased 18,945 SF
Overall Comparison	*The vacancy rate in the submarket increased massively in the current quarter to 5.38% due to new completions and negative absorption. However, the current office space vacancy rate is still lower than the metro average. Same as the overall metro area, the quoted office space rental rate in the submarket also fall slightly in recent two quarters.*		

CLACKAMAS/MILWAUKIE OFFICE MARKET STATISTICS

PERIOD	EXISTING INVENTORY (SF)	VACANCY %	NET ABSORPTION (SF)	NET COMPLETIONS (SF)	UNDER CONST. (SF)	QUOTED RATES ($/SF/YEAR)
2020 Q4	3,565,265	5.38%	-47,721	18,945	25,599	$26.12
2020 Q3	3,546,320	3.53%	6,425	0	44,544	$26.15
2020 Q2	3,546,320	3.71%	-19,836	10,000	44,544	$26.22
2020 Q1	3,536,320	2.88%	-41,776	0	54,544	$26.57
2020	3,565,265	5.38%	-102,908	28,945	25,599	$26.12
2019	3,536,320	1.70%	30,727	0	19,940	$26.14
2018	3,536,320	2.57%	1,080	23,463	0	$25.25
2017	3,512,857	1.95%	143,769	17,495	25,399	$24.10
2016	3,495,362	5.57%	79,237	24,256	17,495	$23.72
2015	3,471,106	7.19%	21,900	-2,180	24,256	$22.99
2014	3,473,286	7.88%	17,262	11,744	0	$21.98
2013	3,461,542	8.07%	14,740	0	6,375	$20.68
2012	3,461,542	8.49%	19,460	0	0	$19.48

The Clackamas/Milwaukie Office market ended the fourth quarter with a vacancy rate of 5.38%. The vacancy rate increased over the previous quarter, with net absorption totaling -47,721 square feet in the fourth quarter. Rental rates decreased compared to the previous quarter, ending fourth quarter at $26.12. A total of 18,945 square feet was delivered to the market, with 25,599 square feet still under construction at the end of the quarter.

ABSORPTION



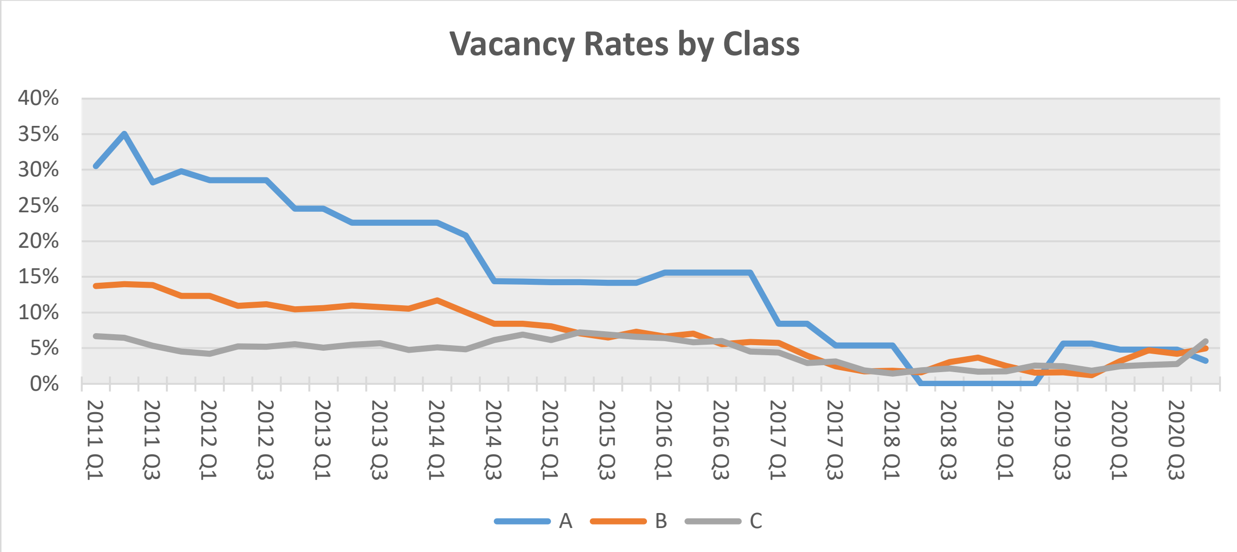
Net absorption for the overall Clackamas/Milwaukie Office market was -47,721 square feet in the fourth quarter 2020. That compares to 6,425 square feet in the third quarter 2020, -19,836 square feet in the second quarter 2020, and -41,776 square feet in the first quarter 2020. Net absorption in the market over the prior 12 months totaled -102,908 square feet.

The Class A (4 & 5 Star) Office market recorded net absorption of 2,257 square feet in the fourth quarter 2020, compared to 0 square feet in the third quarter 2020, 0 square feet in the second quarter 2020, and 1,202 square feet in the first quarter 2020.

The Class B (3 Star) Office market recorded net absorption of 4,575 square feet in the fourth quarter 2020, compared to 8,240 square feet in the third quarter 2020, -16,173 square feet in the second quarter 2020, and -32,796 square feet in the first quarter 2020.

The Class C (1 & 2 Star) Office market recorded net absorption of -54,553 square feet in the fourth quarter 2020, compared to -1,815 square feet in the third quarter 2020, -3,663 square feet in the second quarter 2020, and -10,182 square feet in the first quarter 2020.

VACANCY



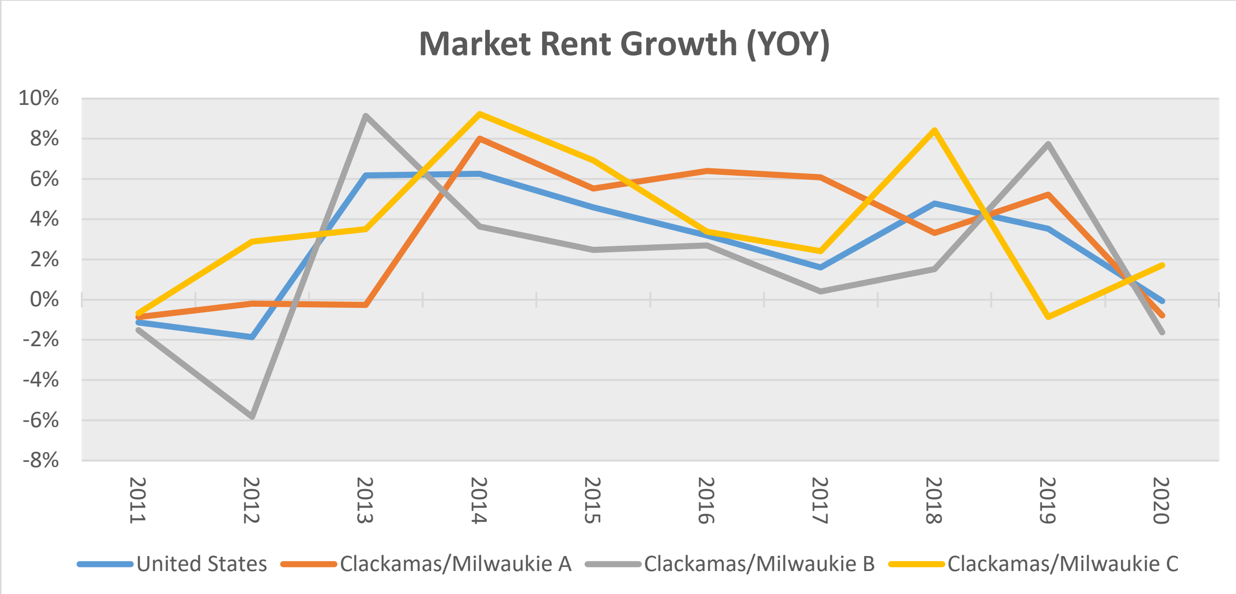
Vacancy for the overall Clackamas/Milwaukie Office market increased to 5.38% in the fourth quarter 2020. That compares to 3.53% in the third quarter 2020, 3.71% in the second quarter 2020, and 2.88% in the first quarter 2020.

Class A (4 & 5 Star) projects reported a vacancy rate of 3.22% at the end of the fourth quarter 2020, 4.81% at the end of the third quarter 2020, 4.81% at the end of the second quarter 2020, and 4.81% at the end of the first quarter 2020.

Class B (3 Star) projects reported a vacancy rate of 4.98% at the end of the fourth quarter 2020, 4.19% at the end of the third quarter 2020, 4.68% at the end of the second quarter 2020, and 3.16% at the end of the first quarter 2020.

Class C (1 & 2 Star) projects reported a vacancy rate of 5.97% at the end of the fourth quarter 2020, 2.77% at the end of the third quarter 2020, 2.66% at the end of the second quarter 2020, and 2.44% at the end of the first quarter 2020.

RENTAL RATES



The rental rates shown below are per square foot per year on a full service gross basis.

The average asking rental rate for available Office space, all classes, was $26.12 psf at the end of the fourth quarter 2020 in the Clackamas/Milwaukie market area. This represented a 0.1% decrease in quoted rental rates from the end of the third quarter 2020, when rents were reported at $26.15.

The average quoted rate within the Class A (4 & 5 Star) sector was $34.25 at the end of the fourth quarter 2020, while Class B (3 Star) rates stood at $26.09, and Class C (1 & 2 Star) rates at $25.47. At the end of the third quarter 2020, Class A (4 & 5 Star) rates were $34.45, Class-B (3 Star) rates were $26.17, and Class C (1 & 2 Star) rates were $25.44.

INVENTORY & CONSTRUCTION

During the fourth quarter 2020, a total of 18,945 square feet was completed in the Clackamas/Milwaukie market area. This compares to a total of 0 square feet completed in the third quarter 2020, a total of 10,000 square feet completed in the second quarter 2020, and 0 square feet completed in the first quarter 2020.

There were 25,599 square feet of Office space under construction at the end of the fourth quarter 2020.

SUBTYPE	EXISTING INVENTORY (SF)	NET DELIVERIES (12 MONTHS)	UNDER CONSTRUCTION (SF)
Class A (4 & 5 Star)	142,420	0	0
Class B (3 Star)	1,719,204	28,945	25,599
Class C (1 & 2 Star)	1,703,641	0	0
Total	**3,565,265**	**28,945**	**25,599**

CLACKAMAS/MILWAUKIE MARKET OUTLOOK

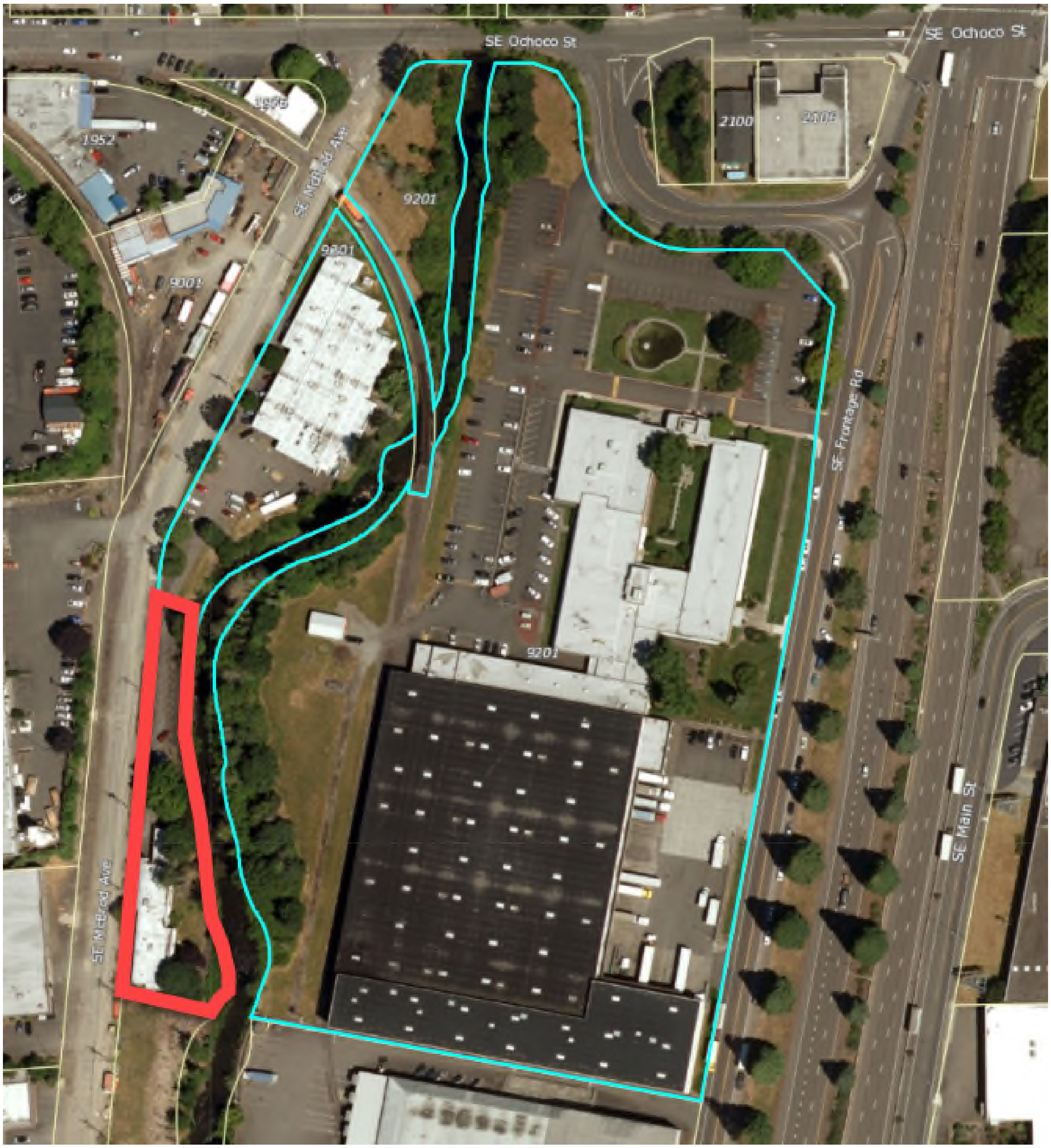
The Clackamas/Milwaukie Office market ended the fourth quarter 2020 with a vacancy rate of 5.38%. The vacancy rate increased over the previous quarter, with net absorption totaling -47,721 square feet in the fourth quarter 2020. Rental rates decreased $0.03 PSF over the previous quarter and ended at $26.12. A total of 18,945 square feet was delivered in the quarter, with 25,599 square feet still under construction at the end of the quarter.

Clackamas/Milwaukie is a suburban submarket mostly made up of business parks and smaller office complexes. Multiple move-outs in early 2020 prompted upwardly trending vacancies. Local construction can be limited, but a new office building delivered in 20Q2, and three speculative developments are in the pipeline.

Asking rents are below the metro average, and apart from an uptick in 2018, annual rent growth is generally below Portland's overall performance. The coronavirus pandemic puts additional pressures on rents, and rates may fall in the near term. Despite COVID-19, two larger office trades occurred in 20Q2. Local investors and owner/users are active in this submarket.

Site Description

Aerial Map



The subject is part of a larger tax lot totaling 617,245 square feet or 14.17 acres. While there are three building improvements located on the site, the subject only includes the improvements situated northwest of Johnson Creek. According to the Clackamas Maps, the estimated size of the entire site area excluding the encroachment is 13.50 acres.

LAND AREA SUMMARY			
Tax ID	Tax Lot	SF	Acres
00016155	11E26AD00600	517,493	11.88
01517228	11E26AA00100E1	99,752	2.29
Totals		617,245	14.17

SUBJECT SITE ALLOCATION

As discussed above, the subject improvements are part of a larger parcel that contains other improvements. As will be discussed in the Highest and Best Use section, it is likely that the improvements would be partitioned from the overall site, either as a separate parcel or possibly in conjunction with the improvements to the north. For this analysis, it is assumed that the subject improvements would be on their own parcel. An approximate measurement utilizing Google Earth results in an estimated site area of 30,600 square feet, which is indicated below.

INTRODUCTION

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

GENERAL DESCRIPTION OVERVIEW	
Location	The subject is located on the western side of SE McLoughlin Blvd and south to SE Ochoco St in the North Milwaukie Industrial Area of the City of Milwaukie. While there are three building improvements located on the site, the subject only includes the improvements
Parcel Number	00016155, 01517228
Legal Description	Section 26 Township 1S Range 1E Quarter AA Tax Lot 00100 Section 26 Township 1S Range 1E Quarter AA Tax Lot 00100E1
Site Area	
Primary Site	30,600 square feet (0.7025 acres)
Configuration	Irregular
Topography	Generally Level
Drainage	Appears adequate
Utilities/Municipal Services	Typical utilities and municipal services available to site.
Floodplain	**Zone** / **Map** / **Date** Zone AE / 410019 - 41005C0009D / June 17, 2008 Zone AE is a Special Flood Hazard Area (SFHA) where base flood elevations are provided. AE Zones are now used on new format Flood Insurance Rate Maps (FIRM) instead of A1-A30 Zones. In communities that participate in the National Flood Insurance Program (NFIP), mandatory flood insurance purchase requirements apply to this zone.
Census Tract No.	208.00
Soil/Subsoil Conditions	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.
Environmental Concerns	An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.
Land Use Restrictions	We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.
Hazards Nuisances	Not observed
Frontage	1021' on Southeast Frontage Road; 400' on West Frontage Road; 160' on Southeast Ochoco Street; 1338' on Southeast McBrod Ave;
Access	Three curb cut on Southeast Frontage Road; One curb cut on West Frontage Road; None on Southeast Ochoco Street; Four curb cuts on Southeast McBrod Ave;
Visibility	Average
Surrounding Land Uses	The subject is located in the North Milwaukie Industrial Area. The immediate neighborhood is predominated by industrial flex developments including warehouse, distribution, logistics, and manufacturing facilities. Outside the North Milwaukie
Enterprise Zone	No, the subject is outside an Opportunity Zone.
Traffic Counts	Low on Southeast Frontage Road; Low on West Frontage Road; Low on Southeast Ochoco Street; Low on Southeast McBrod Ave;
Transportation Facilities	The closest bus stop is located at the intersection of Southeast Frontage Road and Ochoco Street, less than one minute travel time from the subject.

STREETS, ACCESS AND FRONTAGE

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

STREETS, ACCESS & EXPOSURE				
Street	Southeast Frontage Road	West Frontage Road	Southeast Ochoco Street	Southeast McBrod Ave
Frontage Feet	1021'	400'	160'	1338'
Paving	Asphalt	Asphalt	Asphalt	Asphalt
Curbs	Yes	Yes	Yes	Yes
Sidewalks	Yes	Yes	Yes	Yes
Lanes	2 way, 1 lane each way	2 way, 1 lane each way	2 way, 1 lane each way	2 way, 1 lane each way
Direction of Traffic	North/South	Multiple	East/West	North/South
Condition	Average	Average	Average	Average
Traffic Levels	Low	Low	Low	Low
Signals/Traffic Control	Stop sign	Stop sign	Traffic light	Stop sign
Access/Curb Cuts	Three curb cut	One curb cut	None	Four curb cuts
Visibility	Average	Average	Average	Average
Transportation Facilities	Bus route 34, 99	None	Bus route 70	None

ZONING

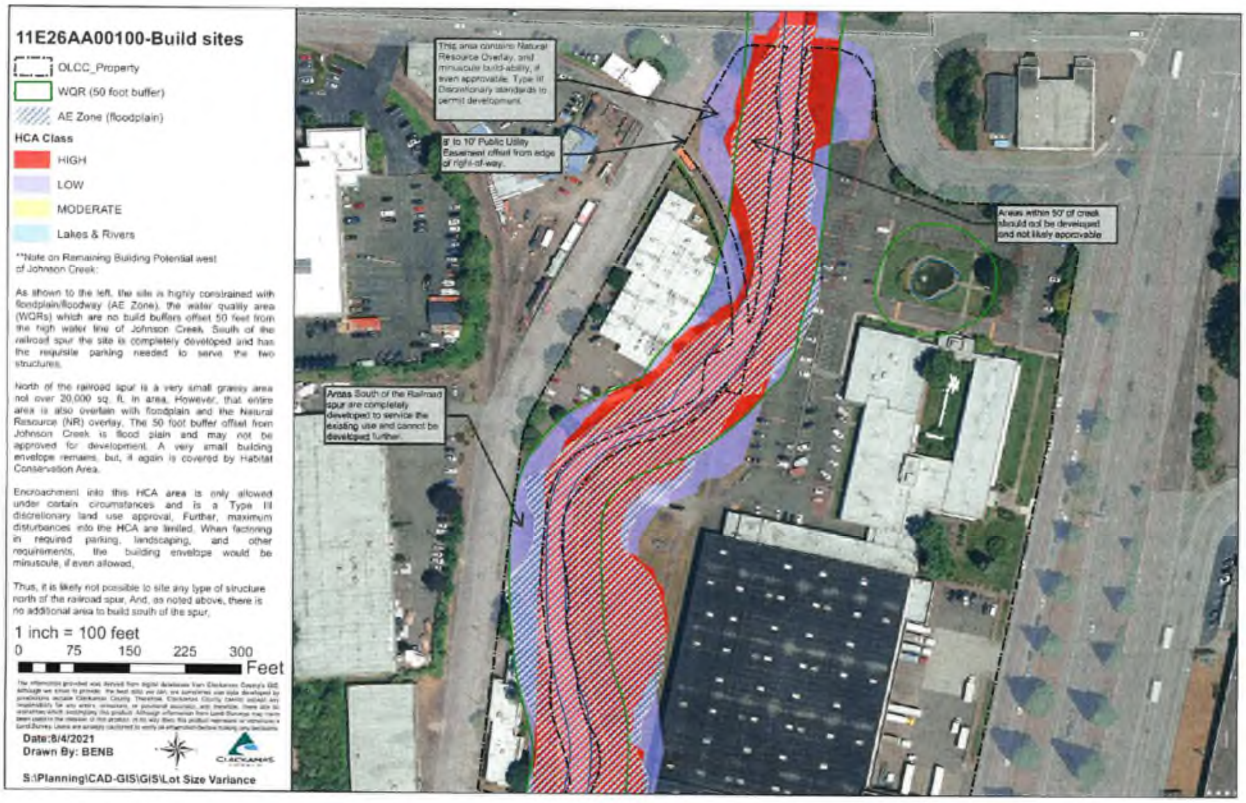
The subject is zoned NME , North Milwaukie Employment Zone. The following table summarizes our understanding and interpretation of the zoning requirements that affect the subject.

ZONING	
Designation	NME
Description	North Milwaukie Employment Zone
Zoning Intent	The North Milwaukie Employment Zone (NME) Zone is intended to support the goals and policies of the NMIA Plan and retain the area as a viable industrial and employment zone. The primary uses in the zone are intended to be uses involved in production, manufacturing, processing, and transportation of goods, as well as uses providing opportunities for higher intensity employment such as production-related office, laboratories, and research and development uses. Limited specific uses not involving the production and transportation of goods, which are appropriate for industrial areas due to their use characteristics, are also allowed. Service-related office and commercial uses are intended to be incidental uses that are minor in relation to the industrial uses on a site and should be subordinate and accessory to the industrial uses in the zone.
Compliance	The subject is a legal conforming use in this zoning district.
ZONING REQUIREMENTS	
Permitted Uses	Primary production-related office, manufacturing and production, construction, wholesale trade, warehousing, distribution, repair and service and creative space. Other limited uses include service-related office, drinking establishments, retail-oriented sales, and personal service.
Maximum Coverage Ratio	85%
Minimum Open Space	15%
Maximum Height	25 feet; 45-90 feet with height bonus
Max Floor Area Ratio	0.5:1/3:1
Subject's Total Parking Spaces	The subject is located near a bus stop and requires a minimum of 10 parking spaces based on zoning requirements. The subject provides 18 parking spaces right in front of the subject building. Overall, the subject parking ratio is considering conform to the minimum required parking ratio.

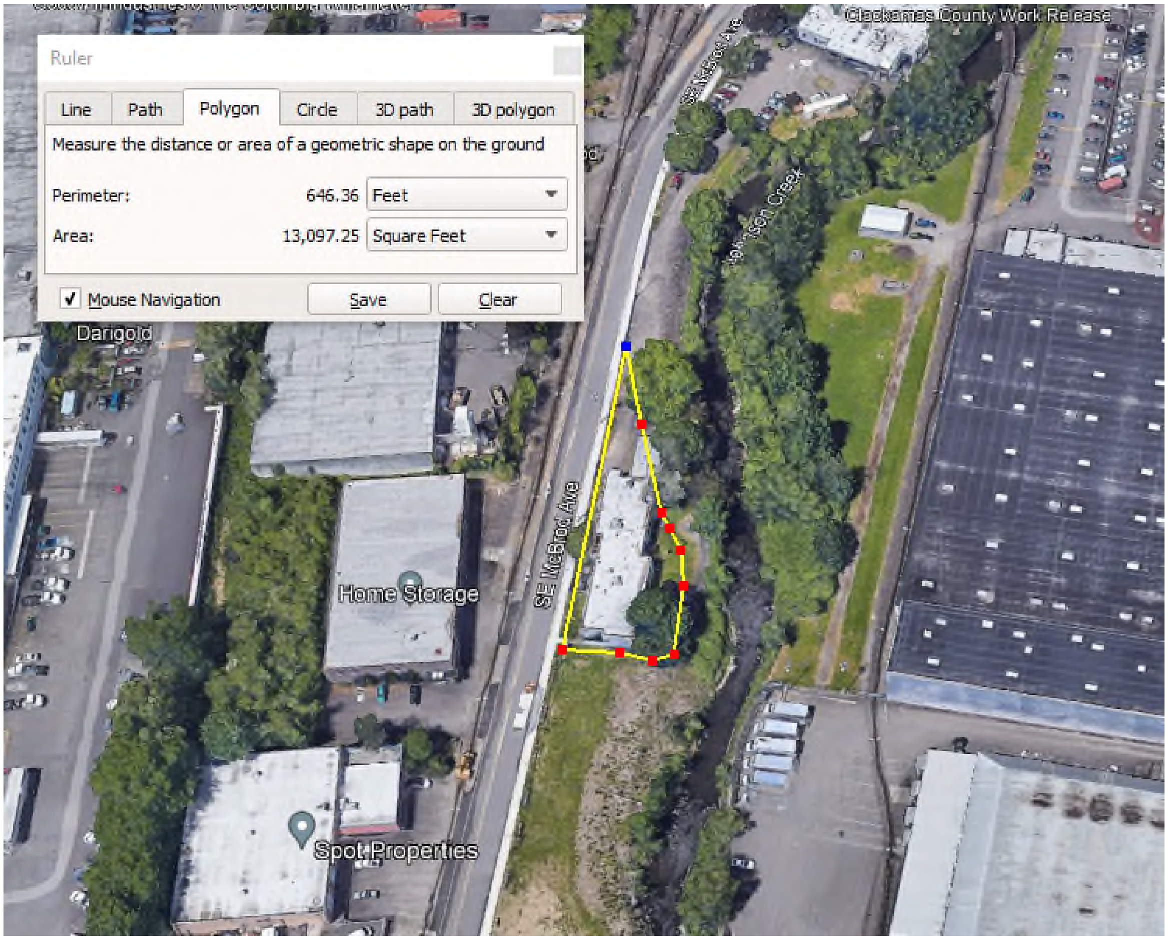
According to the local planning department, there are no pending or prospective zoning changes. It appears that the current use of the site is a legally conforming use.

UNBUILDABLE SITE AREA

A portion of the subject site is located within the AE floodplain, a water quality area (WQR), as well as a habitat conservation area (HCA). This area is indicated on the following aerial map.



The site area of the unbuildable area is estimated by subtracting the estimated buildable area from the overall site area, which was previously estimated at 30,600 square feet. The following aerial from Google Earth indicates a total buildable area of 13,100 square feet (rounded). Therefore, the unbuildable area is estimated to contain 17,500 square feet.



OTHER LAND USE REGULATIONS

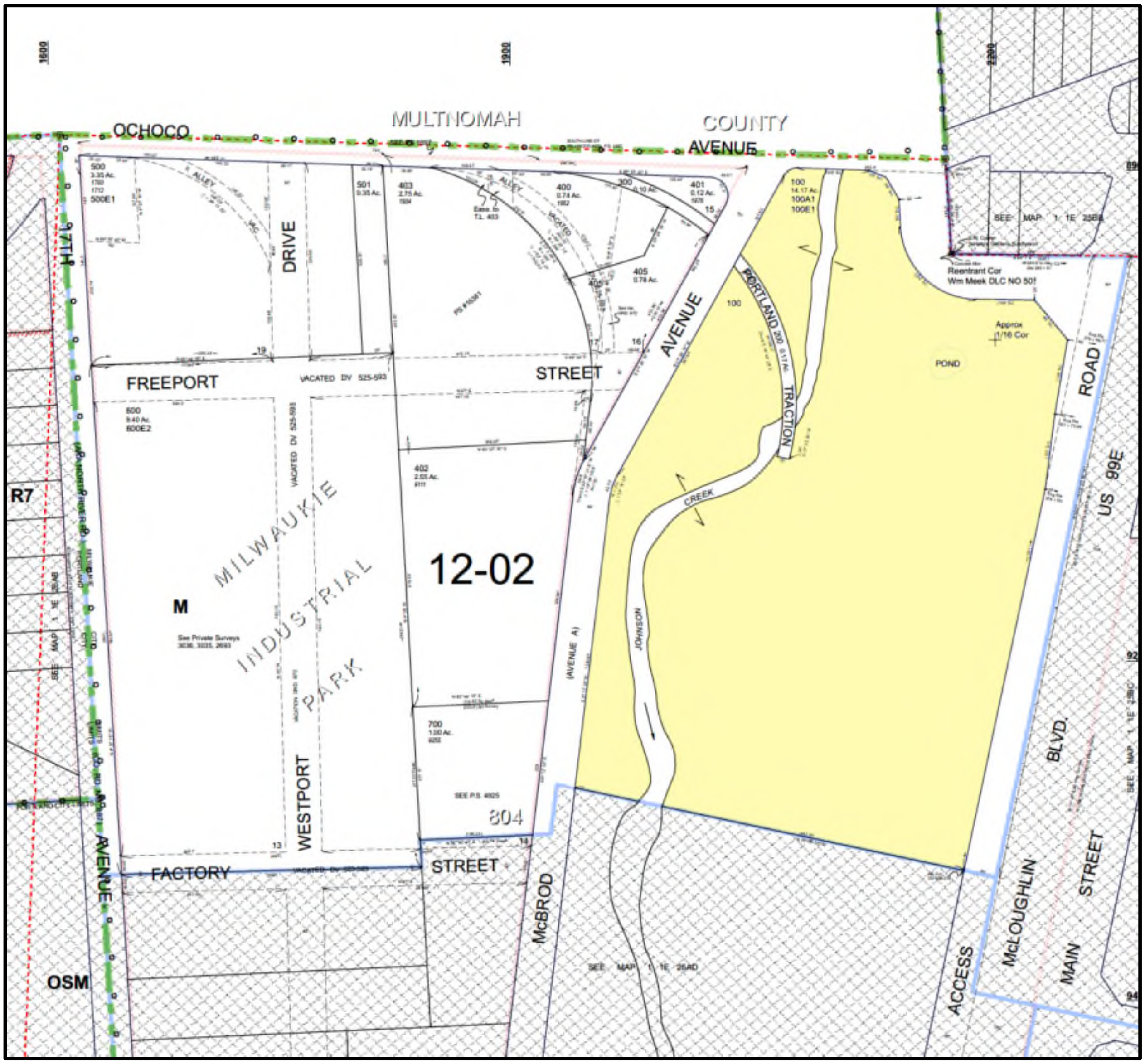
We are not aware of any other land use regulations that would affect the property.

CONCLUSION OF SITE ANALYSIS

The subject site is part of the North Milwaukie Industrial Area (NMIA) district and is surrounded by industrial developments. The site is served by railroad service and is located adjacent to a bus stop. The site is Irregular in shape, Generally Level and has good access to local and regional thoroughfares.

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include: Primary production-related office, manufacturing and production, construction, wholesale trade, warehousing, distribution, repair and service and creative space. Other limited uses include service-related office, drinking establishments, retail-oriented sales, and personal service. We are not aware of any other particular restrictions on development.

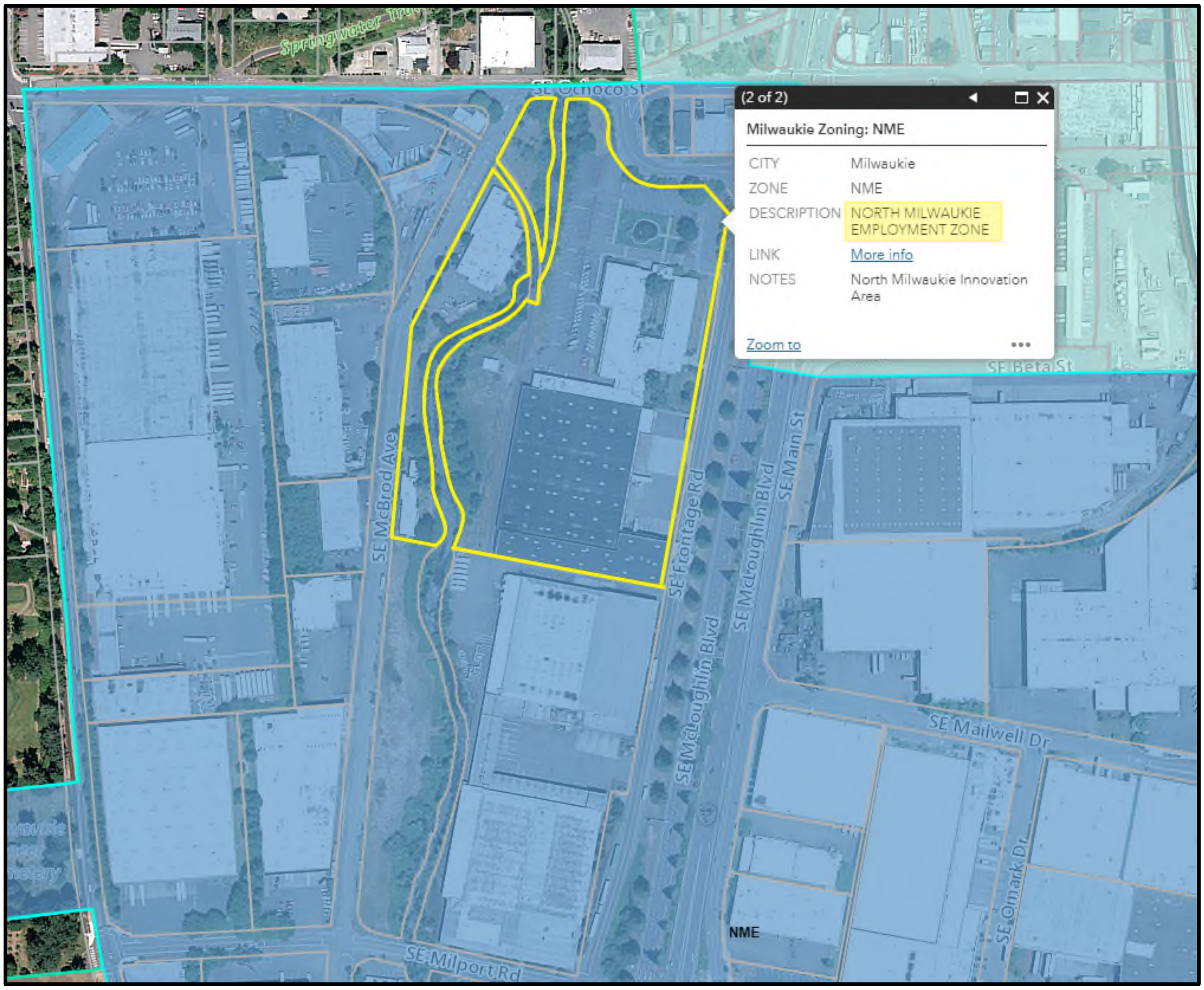
PLAT MAP



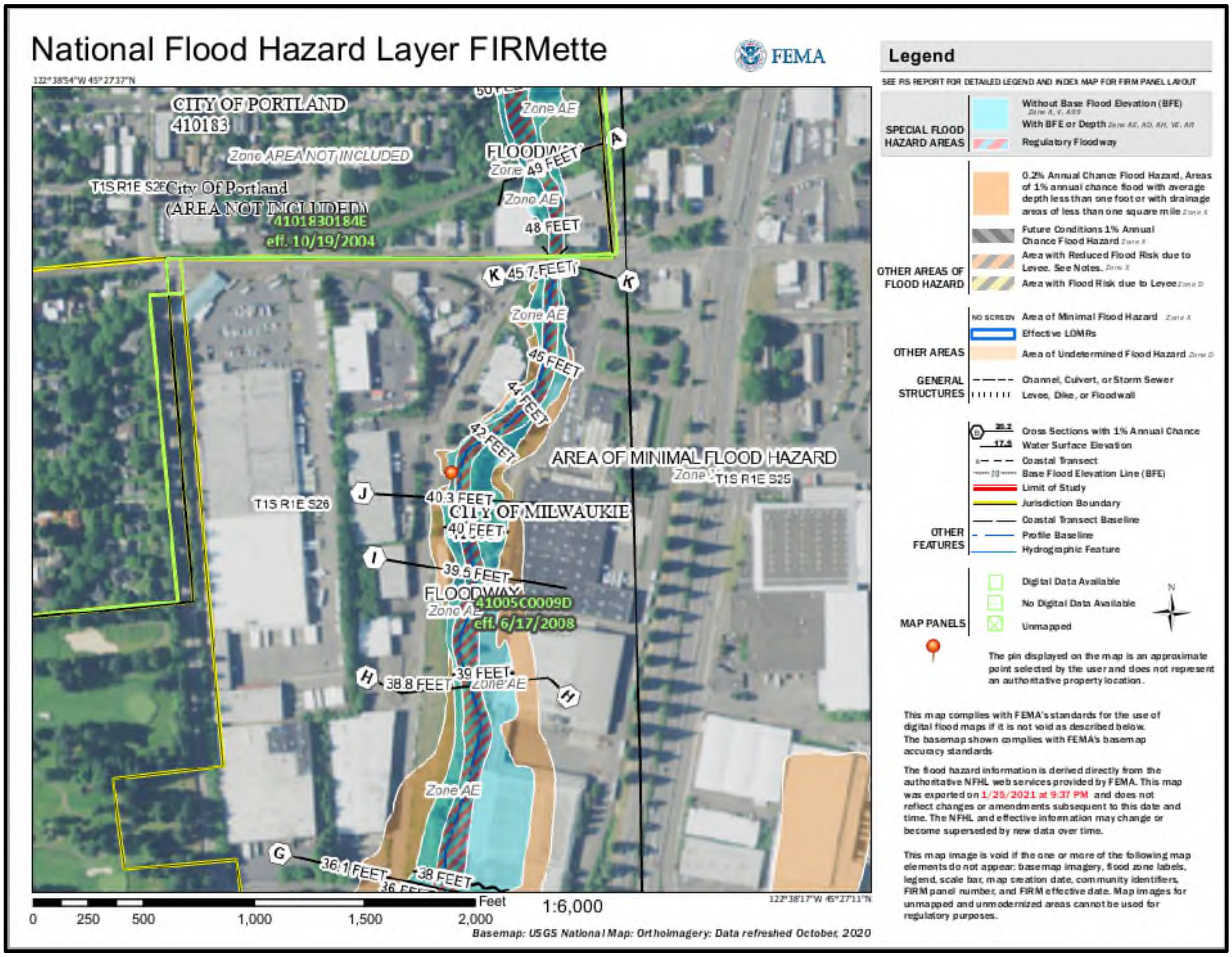
OCHOCO
MULTNOMAH
COUNTY
AVENUE
17TH
DRIVE
FREEPORT
STREET
AVENUE
PORTLAND
TRACTION
CREEK
JOHNSON
MILWAUKIE
INDUSTRIAL
PARK
12-02
M
R7
WESTPORT
FACTORY
STREET
804
McBROD
ROAD
US 99E
BLVD.
McLOUGHLIN
MAIN
STREET
ACCESS
OSM
POND
Reentrant Cor
Wm Meek DLC NO 50
Approx 1/16 Cor

BBG

ZONING MAP


SE Ochoco St
Springwater Trail
(2 of 2)
Milwaukie Zoning: NME
CITY
Milwaukie
ZONE
NME
DESCRIPTION
NORTH MILWAUKIE EMPLOYMENT ZONE
LINK
More info
NOTES
North Milwaukie Innovation Area
Zoom to
SE Beta St
SE McBrod Ave
SE Frontage Rd
SE McLoughlin Blvd
SE Main St
SE Mailwell Dr
SE Omark Dr
SE Milport Rd
NME

FLOOD MAP


National Flood Hazard Layer FIRMette
FEMA
Legend
SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT
SPECIAL FLOOD HAZARD AREAS
Without Base Flood Elevation (BFE)
With BFE or Depth
Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD
0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile
Future Conditions 1% Annual Chance Flood Hazard
Area with Reduced Flood Risk due to Levee. See Notes.
Area with Flood Risk due to Levee
Area of Minimal Flood Hazard
Effective LOMRs
OTHER AREAS
Area of Undetermined Flood Hazard
GENERAL STRUCTURES
Channel, Culvert, or Storm Sewer
Levee, Dike, or Floodwall
Cross Sections with 1% Annual Chance
Water Surface Elevation
Coastal Transect
Base Flood Elevation Line (BFE)
Limit of Study
Jurisdiction Boundary
Coastal Transect Baseline
OTHER FEATURES
Profile Baseline
Hydrographic Feature
Digital Data Available
No Digital Data Available
MAP PANELS
Unmapped
The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.
This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 1/25/2021 at 9:37 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.
This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.
CITY OF PORTLAND
410183
Zone AREA NOT INCLUDED
T1S R1E S26
City Of Portland
(AREA NOT INCLUDED)
41018301B4E
eff. 10/19/2004
Zone AE
FLOODWAY
48 FEET
45.7 FEET
45 FEET
44 FEET
42 FEET
AREA OF MINIMAL FLOOD HAZARD
T1S R1E S25
40.3 FEET
CITY OF MILWAUKIE
40 FEET
39.5 FEET
41005C0009D
eff. 6/17/2008
38.8 FEET
39 FEET
36.1 FEET
38 FEET
0
250
500
1,000
1,500
2,000
Feet
1:6,000
Basemap: USGS National Map: Orthoimagery: Data refreshed October, 2020

IMPROVEMENTS DESCRIPTION

The subject property is a single-story, wood-frame structure built in 1952 that contains 5,792 square feet of building area. The subject is 100% leased to Clackamas County, a related entity with the owner, as Community Correction Center. The building features multiple private staff offices, dorms, a full commercial kitchen, a conference room and a multi-purpose area. The overall site area is 617,245 square feet or 14.17 acres. While there are three building improvements located on the site, the subject only includes the improvements situated southwest of Johnson Creek. For this analysis, a site size of 30,600 square feet will be utilized (see Site Description).

GENERAL DESCRIPTION OVERVIEW	
Address	9200 Southeast McBrod Avenue Milwaukie, Oregon 97222
Property Description	Office Building (Governmental/Institutional) Owner-occupied group facility
Year Built	1952
Year Renovated	N/A
Number of Buildings	1
Number of Stories	1
Building Construction Class	D
Gross Building Area	5,792 square feet
Floor-Area Ratio	0.19
Ingress/Egress	Two ingress/egress on SE McBrod Avenue to the subject building.
Parking	
Surface Parking Spaces	18
Total Parking Spaces	18
Parking Ratio	3.11 spaces per 1,000 SF of gross building area.
ADA Compliance	The property was constructed prior to implementation of Federal ADA regulations; we assume the property is not fully ADA compliant.

CONSTRUCTION DETAIL	
General Layout	The subject is a single-story group facility building occupied by Clackamas County.
Foundation	Concete footings
Construction	The building is modular construction on a permanent foundation.
Floor Structure	Wood frame
Exterior Walls	Wood Siding
Roof Type	Flat
Roof Cover	Built-up
Windows	Single-pane, vinyl

INTERIOR DETAIL	
Interior Walls	Drywall
Ceilings	2 x 2 acoustical tile and drywall
Floor Coverings	Tile and vinyl
Lighting	Fluorescent
Ceiling Heights	8'-10'
Restrooms	One uni-sex restroom. One men and one women's bathroom/shower

MECHANICAL DETAIL	
Heating	Forced Air
Cooling	HVAC
Plumbing	Assumed to code and adequate.
Electrical	Assumed to code and adequate.
Fire Protection	Wet system

SITE IMPROVEMENTS	
Parking Type	Surface
Landscaping	A variety of trees, shrubbery and grass
Signage	Building signage

BUILDING LAYOUT

The subject is a single-story wood-frame group facility development. The subject is currently used as Clackamas County Community Corrections Center. Interior building improvements include multiple individual staff offices, a conference room, a full commercial kitchen, dorms, restroom/shower rooms, and a multiple-purpose room.

DEFERRED MAINTENANCE

No major deferred maintenance is apparent from our inspection. However, the subject is an older development with signs of aging such as cracks on concrete paving and peeling off wall painting.

PERSONAL PROPERTY

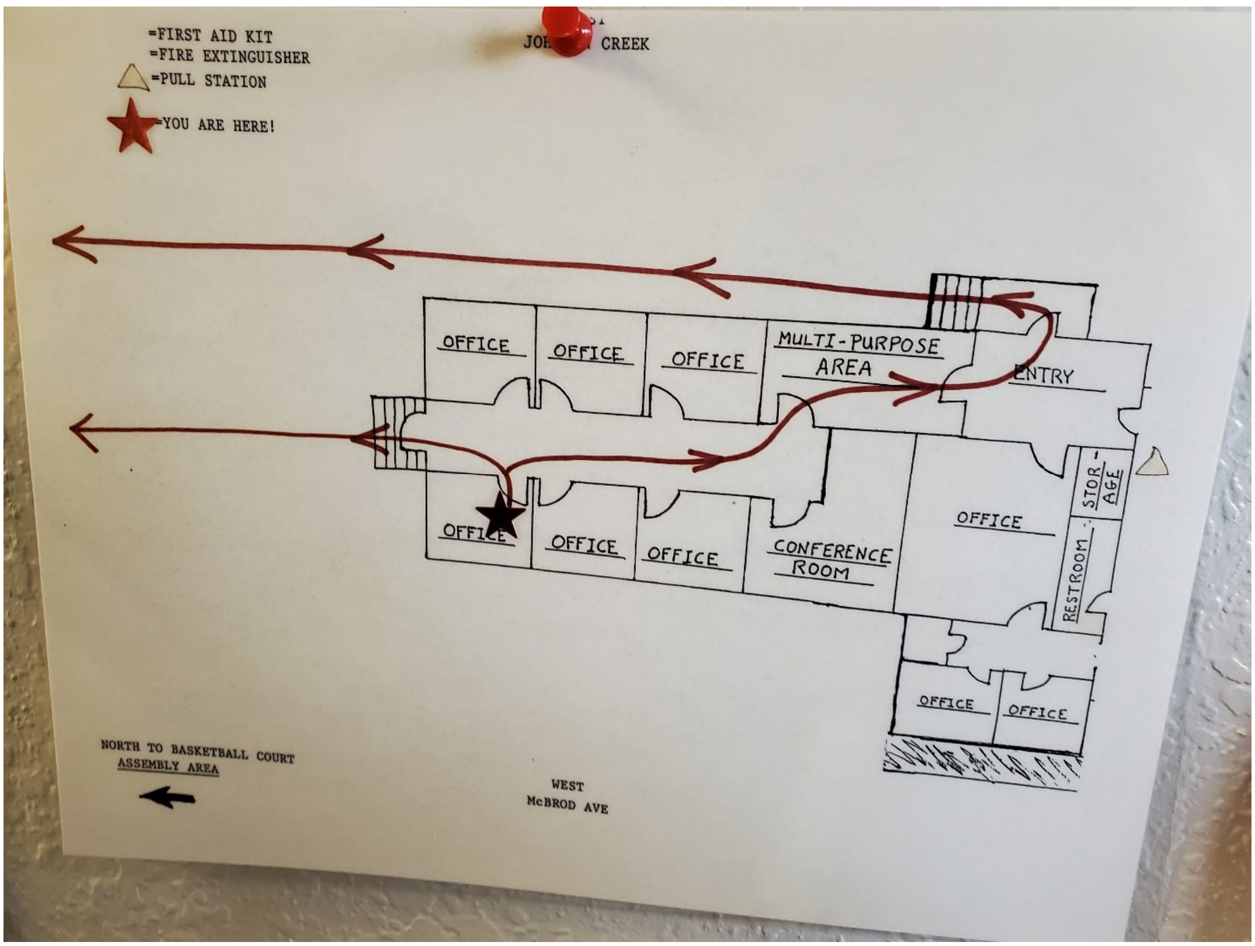
No personal property items or intangible items are included in this valuation.

CONCLUSION OF IMPROVEMENTS ANALYSIS

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

SUMMARY	
Building Condition	Average
	We did not inspect the roof of the building(s) nor make a detailed inspection of the mechanical systems. We are not qualified to render an opinion as to the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical
Building Quality	Average
Design and Functionality	Average
Actual Age	69 years
Expected Economic Life	45 years
Effective Age	25 years
Remaining Economic Life	20 years

FLOOR PLAN



SUBJECT PHOTOS

North elevation

West elevation

South elevation

Picnic area

Cracks on paving

Sidewalk between the subject building and Jackson Creek

Subject parking lot

Exposure on SE McBrod Ave

Dining area

Dining area

Kitchen details

Kitchen details


Kitchen details


Kitchen storage

Storage/locker room


Restroom

Storage

Typical dorm

Bathroom/restroom

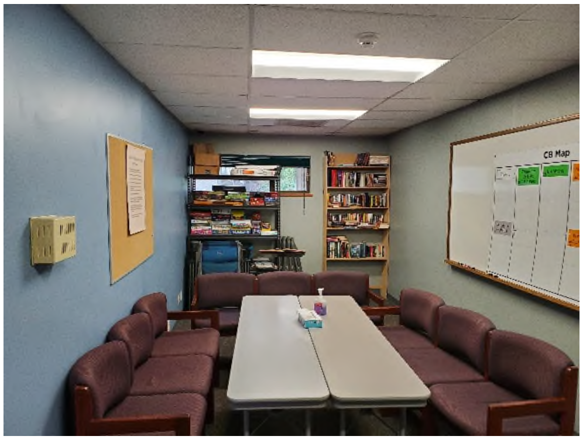
Shower details

Reception/front office

Typical private office

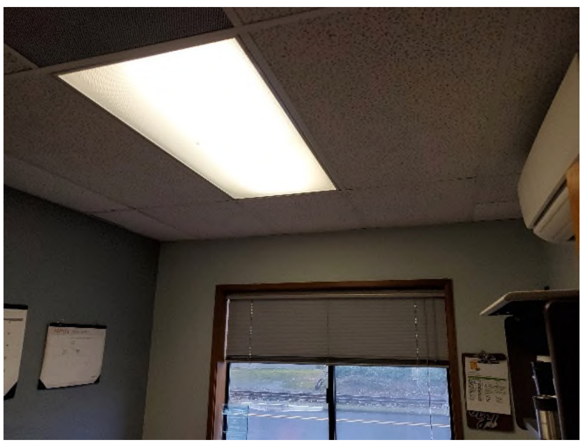
Multi-purpose room

Multi-purpose room



Conference room

Conference room



Building details

Janitor

Electric panels

PROPERTY TAX ANALYSIS

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

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

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

REAL ESTATE TAXES - 2020-2021						
	Assessor's Real Market Value			Taxes and Assessments		
Tax ID	Land	Improvements	Total	Millage Rate	Assessed Value	Real Estate Taxes
00016155	$5,326,082	$13,025,150	$18,351,232	$ -	$11,451,169	$0
01517228	$1,021,989	$0	$1,021,989	$ -	$637,721	$0
Totals	$6,348,071	$13,025,150	$19,373,221		$12,088,890	$0

Based on the concluded market value of the subject, the assessed value appears low. The subject is receiving tax exemption due to it is owned and occupied by a government entity. It is noted that the above assessment and taxation information is for the larger overall parcel that the subject is a part of.

HIGHEST AND BEST USE

INTRODUCTION

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

HIGHEST AND BEST USE CRITERIA

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

HIGHEST AND BEST USE AS VACANT

LEGALLY PERMISSIBLE

The site is zoned NME, North Milwaukie Employment Zone. Permitted uses include primary production-related office, manufacturing and production, construction, wholesale trade, warehousing, distribution, repair and service and creative space. Other limited uses include service-related office, drinking establishments, retail-oriented sales, and personal service. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only industrial development is given further consideration in determining highest and best use of the site, as though vacant.

PHYSICALLY POSSIBLE

The subject site contains 588,060 square feet or 13.50 acres of North Milwaukie Employment Zone zoned land. The subject is located on the western side of SE McLoughlin Blvd and south to SE Ochoco St in the North Milwaukie Industrial Area of the City of Milwaukie. While there are three building improvements located on the site, the subject only includes the improvements situated northwest of Johnson Creek. The site is irregular in shape, generally level and has average access to local and regional thoroughfares. The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

FINANCIALLY FEASIBLE

Financial feasibility is determined by the relationship of supply and demand for the legally probable land uses versus the cost to create them. Based on our analysis of the market, there is currently adequate demand for industrial development in the subject's area. The industrial space vacancy rate has maintained under 5% during the past five years, and rental rates are increasing. It appears that a newly developed industrial development on the site would have a value commensurate with its cost. However, the Covid-

19 pandemic has created temporary uncertainty in all areas of real estate, the regulatory environment, and normal life. Therefore, the highest and best use as vacant is to hold for future development.

MAXIMALLY PRODUCTIVE

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than industrial development. However, during this time of uncertainty, due to the COVID-19 pandemic, holding for future development is most feasible, at this time.

HIGHEST AND BEST USE AS IMPROVED

The subject site is developed with a group facility use operated as Clackamas County Community Corrections Center. According to the zoning requirement, production-related office uses that are less service-oriented than traditional office uses, and focus on development, testing, research, production, processing, packaging, or assembly of goods and products are permitted. Since the subject is a Corrections Center that involves less face-to-face customer contact and does not tend to generate foot traffic, it is considered a legally permitted use in the subject zone. For the property as improved to be maximally productive, the improvement should closely match the ideal improvement, or alternatives should be considered, such as:

- Renovation: The subject consists of older construction built in 1952. No major deferred maintenance is apparent from our inspection. However, the subject is an older development with signs of aging. There are some crack on concrete paving site, and the building interior and exterior wall paint is starting to peel off. Since the subject is 100% occupied, no renovation besides regular maintenance is need at this time. However, a renovation is recommended if the current tenant moves out and the subject is then leased to a third-party tenant.
- Conversion: Conversion to another use, such as traditional office or retail, is not warranted. The subject is a legal conforming in the in this zoning district and in conformity with the surrounding uses.
- Expansion: Expansion does not appear to be feasible. The current improvements already can meet the owner's needs. No expansion is planned at this time.
- Demolition: Demolition is not warranted. The subject is an owner-occupied building and is sufficiently suited to the owner's uses. The subject improvements grant value over and above the raw land value of the site. Therefore, a continuation of this use is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds that value of the site, as if vacant. For these reasons, continued group facility use is concluded to be maximally productive and the highest and best use of the property as improved.

MOST PROBABLE BUYER

Considering that the subject is the underlying site improved with a single-tenant building, the most probable buyer is an owner-user due to the size and its current use.

Given the subject improvement's location on the overall larger parcel, with Johnson Creek providing a natural boundary, as well as the distance from the larger Clackamas County building to the north, it appears reasonable that a buyer would partition the subject from the overall larger parcel. It appears that a buyer would possibly either include only the subject improvements on its own separate parcel or into a somewhat larger parcel that includes the larger Clackamas County building to the north.

As previously mentioned in the Site Description section, for purposes of this analysis, the subject improvements have been partitioned onto a smaller separate parcel that contains approximately 30,600 square feet.

VALUATION PROCESS

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

These three valuation methods are defined in the following table:

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

VALUATION METHODS UTILIZED

Summary:

This appraisal employs the Cost Approach and the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. Because the subject property is a specialized use, it is not typically marketed, purchased or sold on the basis of anticipated lease income. Lease comparables are rare and generally do not reflect market transactions. Therefore, we have not employed the Income Capitalization Approach to develop an opinion of market value.

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

LAND VALUATION

METHODOLOGY

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

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

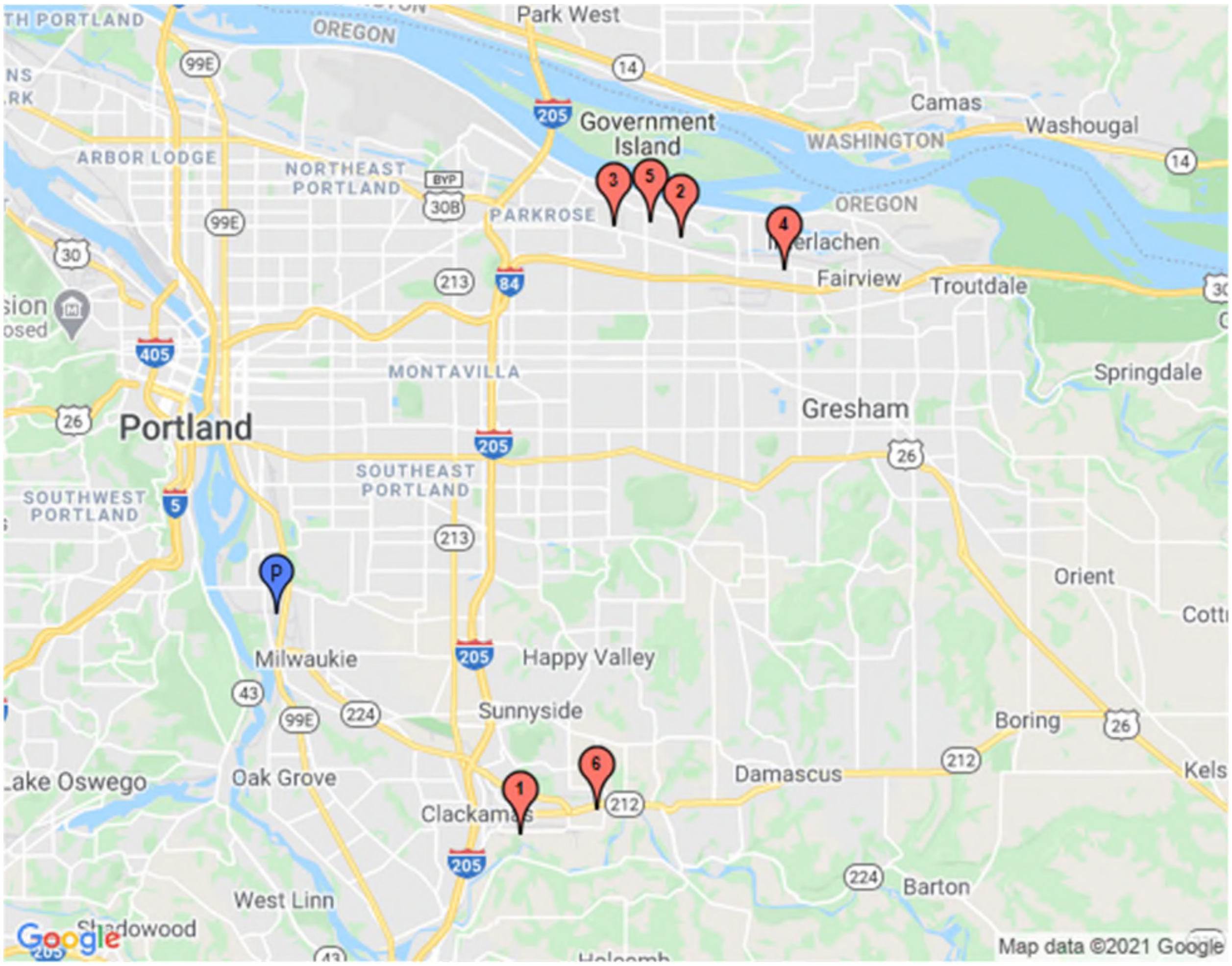
Unit of Comparison	The most widely used and market-oriented unit of comparison for properties with characteristics similar to those of the subject is sale price per square foot.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of sites that are similar to the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

Research for comparable land sales focused on the subject's Milwaukie/Clackamas submarket, and since an inadequate number of sales were located, research was then expanded to include other industrial market areas. In this case, the sales in the Airport Way submarket were located. Research also focused on sites containing between approximately 2 acres and 15 acres, as the overall site contains approximately 14 acres. However, it is noted that the subject's allocated site area is a hypothetical site area and no adjustments for site size will be considered. Additionally, the subject's location and access/visibility is based upon the frontage along SE McBrod Avenue and not along SE McLoughlin Blvd.

The value of the subject's buildable land area will be analyzed and estimated first, with a discussion of a discount for the unbuildable area, and then the value of the subject's unbuildable area will be added to the value of the buildable area for a total land value conclusion.

On the following pages, we present a summary of the land sales that we compared to the subject property, a map showing their locations, and the adjustment process.

COMPARABLE LAND SALES MAP AND SALES SUMMARY



BBG

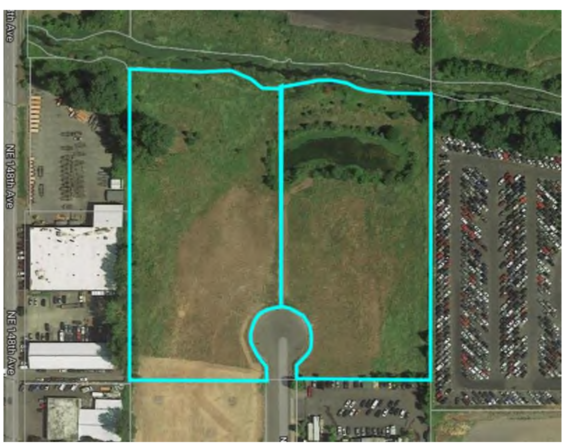
Land Sales Comparable Photos

Land Sale Comparable #1

Land Sale Comparable #2

Land Sale Comparable #3

Land Sale Comparable #4



Land Sale Comparable #5

Land Sale Comparable #6

COMPARABLE LAND SALES SUMMARY CHART

SUMMARY OF LAND SALES									
No.	Property / Location	Date of Sale	Transaction Status	Site Size (Ac)	Site Size (SF)	Zoning	Cash Eqiv Sales Price	Price per SF
1	Jennifer Street GI Land 10960 SE Jennifer Street Clackamas, OR	Jan-21	Closed	6.82	297,079	GI, General Industrial	$2,080,000	$7.00
2	Mason & 158th Land (IG2) NE Mason Street Portland, OR	Dec-20	Closed	3.53	153,767	IG2,	$1,537,668	$10.00
3	Portland Refinery Facility-Waste Treatment IG2 4501 & 4511 Northeast 138th Avenue Portland, OR	Jul-20	Closed	2.32	101,105	IG2, General Industrial 2	$1,300,000	$12.86
4	Mygrant Living Building GI Site 19700 NE Sandy Blvd Portland, OR	Mar-19	Closed	4.69	204,262	GI, General Industrial	$1,561,599	$7.65
5	NE 150th & NE Mason Industrial IG2 Site NE 150th & NE Mason Portland, OR	Mar-19	Closed	5.01	218,236	IG2, General Industrial 2	$1,650,000	$7.56
6	Yard Storage Site - I-2 13150 SE Highway 212 Clackamas, OR	Jan-19	Closed	2.40	104,544	I-2,	$1,325,000	$12.67
Subj.	Clackamas County Correctional Facility 9200 Southeast McBrod Avenue Milwaukie, Oregon	—	—	0.70	30,600	NME, North Milwaukie Employment Zone	—	—

COMPARABLE LAND SALES ADJUSTMENT GRID

COMPARABLE LAND SALE ADJUSTMENTS							
	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Property / Location	Clackamas County Correctional Facility 9200 Southeast McBrod Avenue Milwaukie, Oregon	Jennifer Street GI Land 10960 SE Jennifer Street Clackamas, OR	Mason & 158th Land (IG2) NE Mason Street Portland, OR	Portland Refinery Facility-Waste Treatment IG2 4501 & 4511 Northeast 138th Avenue Portland, OR	Mygrant Living Building GI Site 19700 NE Sandy Blvd Portland, OR	NE 150th & NE Mason Industrial IG2 Site NE 150th & NE Mason Portland, OR	Yard Storage Site - I-2 13150 SE Highway 212 Clackamas, OR
Transaction Status	-----	Closed	Closed	Closed	Closed	Closed	Closed
Date of Sale	-----	Jan-21	Dec-20	Jul-20	Mar-19	Mar-19	Jan-19
Site Size (Acres)	0.70	6.82	3.53	2.32	4.69	5.01	2.40
Site Size (SF)	30,600	297,079	153,767	101,105	204,262	218,236	104,544
Cash Equiv Sale Price	-----	$2,080,000	$1,537,668	$1,300,000	$1,561,599	$1,650,000	$1,325,000
Zoning	NME, North Milwaukie Employment Zone	GI, General Industrial	IG2,	IG2, General Industrial 2	GI, General Industrial	IG2, General Industrial 2	I-2,
Unadjusted Price per SF (Net)	-----	**$7.00**	**$10.00**	**$12.86**	**$7.65**	**$7.56**	**$12.67**
Transactional Adjustments							
Property Rights Conveyed Adjustment		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Financing Adjustment		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Terms/Conditions of Sale Adjustment		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Expenditures After Sale Adjustment		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Market Conditions Adjustment	***Jan-21***	*Jan-21* **0%**	*Dec-20* **0%**	*Jul-20* **1%**	*Mar-19* **5%**	*Mar-19* **6%**	*Jan-19* **6%**
Total Transactional Adjustments		**0%**	**0%**	**1%**	**5%**	**6%**	**6%**
Adjusted Price per SF (Net)		**$7.00**	**$10.00**	**$12.99**	**$8.03**	**$8.01**	**$13.43**
Property Adjustments							
Location		**0%**	**-5%**	**-5%**	**-5%**	**-5%**	**0%**
Net Site Size (Ac)	***14.17***	*6.82* **0%**	*3.53* **0%**	*2.32* **0%**	*4.69* **0%**	*5.01* **0%**	*2.40* **0%**
Zoning / Intended Use		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Shape / Configuration		**-5%**	**-5%**	**-5%**	**-5%**	**-5%**	**-5%**
Access / Visibility		**0%**	**0%**	**-10%**	**-5%**	**0%**	**-10%**
Topography		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Total Property Adjustments		**-5%**	**-10%**	**-20%**	**-15%**	**-10%**	**-15%**
Indication for Subject		**$6.65**	**$9.00**	**$10.39**	**$6.82**	**$7.21**	**$11.42**

DISCUSSION OF ADJUSTMENTS

The adjustment process is typically applied through either quantitative or qualitative analysis. Unless otherwise noted, adjustments presented in our analysis represent numeric expressions of our opinion of the degree to which a comparable is superior or inferior to the subject. Our qualitative adjustments are based on 5% increments with a minor adjustment (for a slightly superior or slightly inferior characteristic) considered to be 5% and a large adjustment (for a significantly superior or inferior characteristic) considered to be 25% or greater.

PROPERTY RIGHTS CONVEYED

All of the comparable sales involve the transfer of the fee simple interest and no adjustments are indicated.

FINANCIAL TERMS

No adjustments warranted.

CONDITIONS OF SALE

No adjustments warranted.

EXPENDITURES IMMEDIATELY AFTER SALE

No adjustments warranted.

MARKET CONDITIONS

A 3% annual appreciation rate was applied to the comparable sales to account for improving market conditions.

LOCATION

Sales 2-5 have a superior overall location and a downward adjustment is indicated.

SITE SIZE (AC)

No adjustments indicated.

ZONING / INTENDED USE

All of the comparable sales have a general industrial zoning designation that permit a wide variety of industrial-type of uses. While there are some differences in development standards and specific types of conditional or accessory uses, it is noted that the types of permitted uses are generally similar. Overall, no adjustments are indicated.

SHAPE / CONFIGURATION

All of the comparable sales have a superior overall shape and a downward adjustment is indicated.

ACCESS / VISIBILITY

Sales 3, 4, and 6 have superior access and visibility characteristics and a downward adjustment is indicated.

TOPOGRAPHY

No adjustments indicated.

CONCLUSION OF LAND VALUE – BUILDABLE AREA

After adjustments, the comparable land sales reflect a range from $6.65 to $11.42 per square foot, with an average of $8.58 per square foot. Overall, most weight was given to Sales 1 and 2, as they consist of the most recent sales, along with some consideration given to the overall average adjusted sale price. All things considered we conclude that the indicated value of the subject's buildable area by the Sales Comparison Approach is $8.00 per square foot, calculated in the following table:

SALES SUMMARY	Unadjusted	Adjusted
Minimum	$7.00	$6.65
Maximum	$13.43	$11.42
Average	$9.91	$8.58

BUILDABLE LAND VALUE CONCLUSION	
Indicated Value per SF	$8.00
Net Site Area (SF)	x 13,100
Indicated Value	**$104,800**
Rounded to nearest $10,000	**$100,000**

VALUE DISCOUNT – UNBUILDABLE AERA

As mentioned previously, the subject's unbuildable area is estimated to contain 17,500 square feet. To estimate the value of this unbuildable remainder, we utilize a number of paired sales of unbuildable land from the market area to determine the proportionate value difference from a site's lost usability. The paired sales are detailed below.

No.	Property / Location	Date of Sale	Transaction Status	Site Size (Net Acres)	Site Size (Net SF)	Zoning	Property Use	Sale Price	Price per SF (Net)
	SUMMARY OF UNUSABLE LAND SALES - PAIRED SETS								
1	Wright Road AGF Lot 32501 South Wright Road Molalla, OR	09/09/2018	Closed	2.00	87,120	AGF, Agriculture/Forestry	Agriculture	$250,000	$2.87
	1 - Farmsite with dated improvements that had minimal contribution to value. Buyer razed improvements and built a new home on the site in 2019. Septic & well on-site.								
2	S Shady Dell Rd. Non-Buildable Site 32108 South Shady Dell Road Molalla, OR	06/08/2019	Closed	1.24	54,014	RRFF5, Rural Residential	Open Space	$75,000	$1.39
	2 - This is the sale of two adjacent lots which are in an AE Flood zone. According the to the listing broker the properties were declared undevelopable by the county in the mid-1980s due to the zone and location along the Molalla River. Reportedly, the County will not even let an RV pad be poured.								
3	Lookout Mountain Road Cleared TBR Lot 15463 Southwest Mountain Lane Oregon City, OR, OR	03/20/2020	Closed	2.00	87,120	TBR, Timber	Agriculture	$335,000	$3.85
	3 - 2.00 acre portion of ~50 acre Timber site that has been cleared and will be served by utilities pending approval for a SFR building. The entire 50 acre site sold separately with a few additional parcels being sold.								
4	SE 130th Ave. Non-Buildable Lot Southeast 130th Avenue Clackamas, OR	04/11/2019	Closed	0.84	36,590	EFU, Exclusive Farm Use	Open Space	$35,000	$0.96
	4 - This is a flag-shaped lot located in an AE flood zone as the property fronts the Clackamas River. The County states the property cannot be developed because of this. The property was listed for three days before selling to a neighbor. The broker reports there was another offer from another buyer at the same time, for the same price, and they intended to use it as a camping spot. However, the seller thought it would be better to sell to the neighbor. The property is wooded but the seller did not value timber separately as the property appeals to the "camping/recreation" market which prefers to maintain the trees.								
5	Industrial Site (IG2) 4005 Northeast Columbia Boulevard Portland, OR	10/05/2015	Closed	1.22	53,143	IG2, General Industrial	Industrial	$535,000	$10.07
	5 - Sale of 2 lots with SFR improvements that contributed minimal value to the site. A portion of the site is paved.								
6	Whitaker Ponds Conservation Area 6654 NE. 47th Ave. Portland, OR	03/01/2015	Closed	0.94	40,946	IG2ch, Industrial, Open Space Overlay	Open Space	$80,000	$1.95
	6 - The site is zoned industrial but has a conservation overlay. The property was purchased by the property owner to the south in order to fulfill a landscaping requirement. The transfer occurred with a lot line adjustment which was completed 7/15/2015.								

Sales 1 &2 are paired, as are sales 3 & 4, and sales 5 & 6. Each sale considers gross site area to account for all space, both buildable and unbuildable, rather than the typical net site area.

Paired sales 1 & 2 have a discount rate of 52%, and they represent agricultural & open space land in a rural setting.

Paired sales 3 & 4 have a discount rate of 75%, also representing agricultural land in more urbanized setting.

Paired sales 5 & 6 have a discount rate of 81%, representing industrial land along Portland’s Columbia corridor.

PAIRED SALES SUMMARY	
Sale 1	$2.87
Sale 2	$1.39
Pair 1 Discount	**52%**
Sale 3	$3.85
Sale 4	$0.96
Pair 2 Discount	**75%**
Sale 5	$10.07
Sale 6	$1.95
Pair 3 Discount	**81%**
Average Discount	69%
Concluded Discount	**75%**

Overall, the subject's unusable area is most similar to comparables 5 & 6, which represent sites along key commercial-industrial corridors in the Portland MSA with industrial zonings. We ultimately conclude to the bottom of the range as supported by paired sets 2 & 3, concluding to the following conclusion for the contributory value of the unbuildable site area.

UNBUILDABLE LAND VALUE CONCLUSION	
Indicated Value per SF	$2.00
Net Site Area (SF)	x 17,500
Indicated Value	**$35,000**
Rounded to nearest $10,000	**$40,000**

The value of the subject's buildable area and unbuildable area is then added to estimate the subject's overall site value.

TOTAL LAND VALUE CONCLUSION - AS IS	
Indicated Buildable Site Area Value	**$100,000**
Indicated Unbuildable Site Area Value	**$40,000**
Indicated Value	**$140,000**

COST APPROACH

METHODOLOGY

The Cost Approach is based on the principle of substitution, which states that no prudent person will pay more for a property than the cost of acquiring a site and constructing, without undue delay, an equally desirable and useful property. The steps have been outlined in the Valuation Process section of this report.

REPLACEMENT COST NEW

Our estimate of replacement cost new (RCN) is based on the Calculator Section in Marshall Valuation Service (MVS), a nationally recognized publication containing construction costs for all types of building and site improvements, and where available, cost comparables and the developer's budget. Base costs are revised monthly and adjustment factors are provided to reflect regional and local cost variations. The subject is considered to be Class D construction and is judged to be of Average quality relative to the rating of MVS. For this analysis, the costs for Fraternal Buildings and Day Care Centers were considered.

MARSHALL VALUATION SERVICE

BASE BUILDING COSTS

The published costs include all direct costs for the base structure, tenant improvements, and the following indirect costs:

- Plans, specifications, and building permits, including engineer's and architect's fees;
- Interest on construction loan during the construction period;
- Sales tax on materials; and
- Contractor's overhead and profit, including worker's compensation, fire and liability insurance, unemployment insurance, etc.

These base building costs, adjusted for any unique building characteristics and cost multipliers, are presented in the cost summary table at the end of this section.

SITE IMPROVEMENT COSTS

Site improvements consist of the parking lot and are estimated on a per space basis.

INDIRECT COSTS

Indirect costs not included in Base Building Costs include such items as developer overhead, property taxes, permanent loan fees, legal costs, developer fees, contingencies, and lease-up and marketing costs. Research into these costs leads to the conclusion that an average property requires an allowance for other indirect costs of between 5% and 15% percent of Base Building Costs plus Site Improvement Costs. We have estimated indirect costs of 10% in our analysis.

ENTREPRENEURIAL PROFIT

Entrepreneurial profit, also referred to as developer's profit, represents the profit required to motivate a developer to construct and lease-up a property. Anticipated developer's profit varies widely between individual projects depending on location and market conditions, but generally lies within the range of 5% to 20% of direct and indirect building and site costs. In this analysis, we estimated entrepreneurial profit at 5% of replacement cost.

ACCRUED DEPRECIATION

Three different sources of depreciation may affect the existing improvements:

Physical Deterioration: As discussed in the *Improvements Description* section, our inspection of the property did not reveal any significant items of deferred maintenance, so *curable* physical depreciation does not appear to exist. We have used the economic age-life method to develop an opinion of physical deterioration. In the Improvements Description section of this report, we developed an opinion that the effective age of the subject to be 25 years and the economic life to be 45 years, which results in *incurable* physical deterioration of 55.6% (effective age ÷ economic life).

Functional Obsolescence: The subject improvements are constructed utilizing modern materials and techniques. Furthermore, the design and layout of the property is consistent with current market standards. As such, no functional obsolescence affects the existing improvements.

External Obsolescence: Based upon a review of the specific location of the subject, as well as local market conditions, no external obsolescence appears to be present.

Total Depreciation: The sum of these elements of accrued depreciation amounts to 55.6%, which is deducted from the RCN.

CONCLUSION

The following table(s) provides a summary of the Cost Approach and concludes a market value opinion.

COST APPROACH SUMMARY				
Replacement Cost New (RCN)	**Area (SF)**	**$/SF**	**Subtotal**	**TotalCost**
Building Improvements				
Base Cost	5,792	$122.00	$706,624	
Sprinklers	5,792	$4.15	$24,037	
Subtotal			$730,661	
Multipliers				
Current Cost		1.080		
Local Area		1.120		
Product of Multipliers			x 1.210	
Adjusted Base Building Cost				$884,100
Site Improvements				
Parking Lot (18 spaces)	18	$1,300	$23,400	
Total Site Improvements				$23,400
Total Direct Costs				$907,500
Plus Other Indirect Costs (% of Direct Costs)	10%			$90,750
Subtotal Replacement Cost New (RCN)				**$998,250**
Plus Entrepreneurial Profit (% of RCN)	5%			**$49,912**
Total Replacement Cost New (RCN)				**$1,048,162**
per square foot				$180.97
Less Accrued Depreciation				
Physical				
Curable (Deferred Maintenance)			$0	
Incurable				
Effective Age (Years)	25			
Economic Life	45			
Total Incurable Physical Depreciation	55.6%		$582,312	
Functional Obsolescence	0.0%		$0	
External Obsolescence	0.0%		$0	
Total	55.6%			**$582,312**
Depreciated Value of the Improvements				**$465,850**
per square foot				$80.43
Plus Land Value				**$100,000**
Indicated Value by Cost Approach				**$565,850**
Rounded to nearest $10,000				**$570,000**
per square foot				$98.41

Source: Marshall Valuation Service

SALES COMPARISON APPROACH

METHODOLOGY

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

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

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

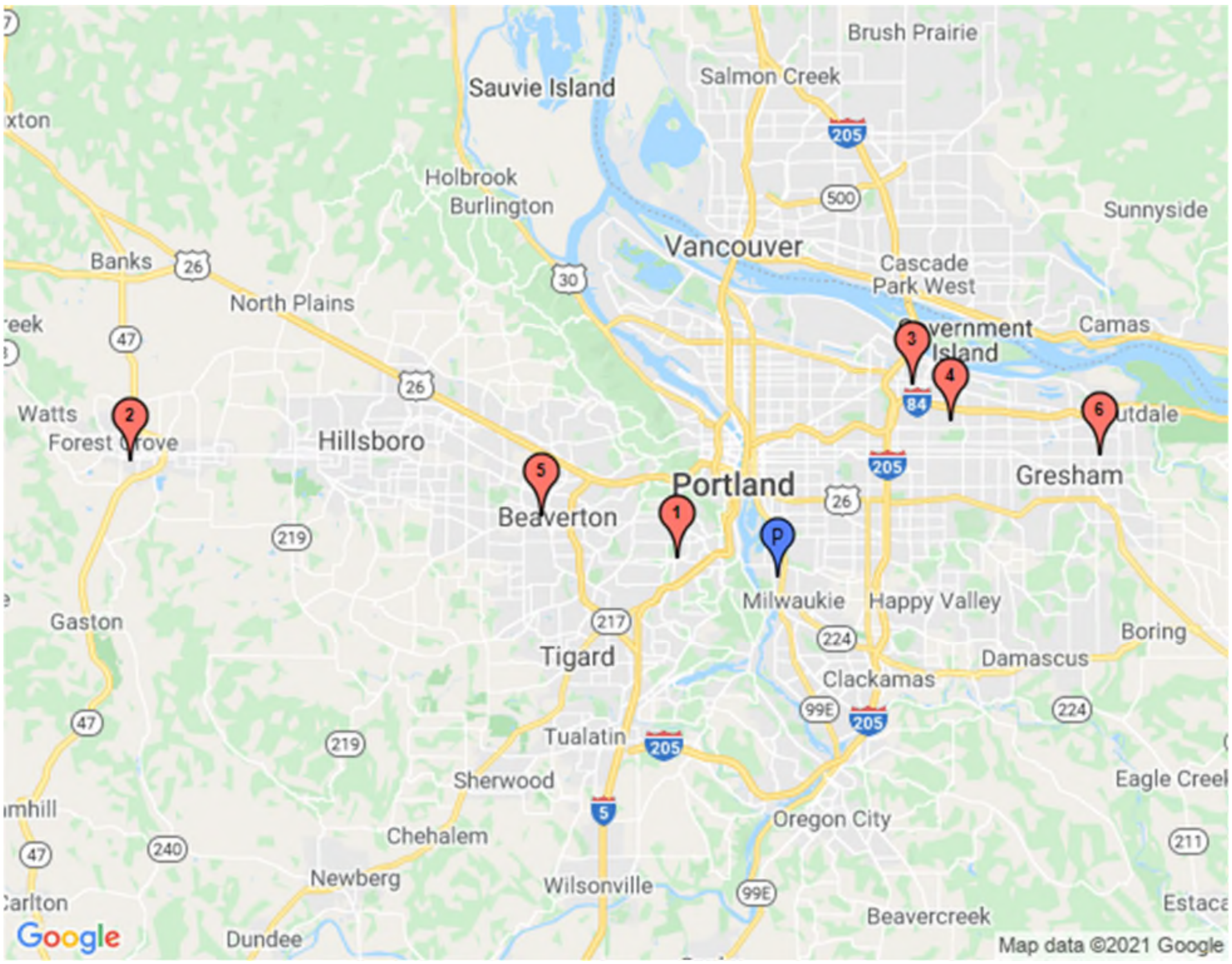
UNITS OF COMPARISON

	UNITS OF MEASURE
X	4. **Per Square Foot of Gross Building Area:** 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 region.

COMPARABLE IMPROVED SALES

Since the subject is utilized as a group facility, with a commercial kitchen, dorm rooms, office spaces, and a communal room, research focused on generally similar types of properties with generally similar attributes. Research focused on religious facilities, daycare properties, rehabilitation centers, and fraternal or lodge buildings. Research also focused on properties purchased for owner-occupancy and not leased properties.

On the following pages, we present a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process.



COMPARABLE IMPROVED SALES SUMMARY

SUMMARY OF IMPROVED SALES									
Comp No.	Property / Location	Date of Sale	Transaction Status	Property Rights	Year Built	Bldg. Size (SF Gross)	Site Size (SF) (Acres)	Land-to-Building Ratio	Sale Price PSF
1	West Hills Christian Church 3824 Southwest Troy Street Portland, OR	Nov-19	Closed	Fee Simple	1973	12,295	22,608 0.52	1.84 : 1	$1,537,500 $125.05
2	Forest Grove Religious Facility 1803 Birch Street Forest Grove, OR	Sep-19	Closed	Fee Simple	1940	12,064	38,790 0.89	3.22 : 1	$1,125,000 $93.25
3	Slavic Evangelical Church 11229 Northeast Prescott Street Portland, OR	Jun-19	Closed	Fee Simple	1958	16,401	74,488 1.71	4.54 : 1	$1,567,500 $95.57
4	Bethany Church 14011 Northeast San Rafael Street Portland, OR	Jun-19	Closed	Fee Simple	1968	7,198	28,500 0.65	3.96 : 1	$1,150,000 $159.77
5	Clean & Sober Living 13286 Southwest Henry Street Beaverton, OR	Mar-19	Closed	Fee Simple	1963	14,700	28,314 0.65	1.93 : 1	$1,438,280 $97.84
6	Gresham Montessori 3200 NE Hogan Drive Gresham, OR	Jul-18	Closed	Fee Simple	1984	6,016	45,302 1.04	7.53 : 1	$1,000,000 $166.22
Subj.	Clackamas County Correctional Facility 9200 Southeast McBrod Avenue Milwaukie, Oregon	-----	-----	Fee Simple	1952	5,792	30,600 0.7	106.57 : 1	-----

COMMENTS
1 - This is the sale of the former West Hills Christian Church which had been actively marketed as a redevelopment project or church purchase for a little over 17 months. However, in the end, a church buyer provided the highest offer despite interest from developers. The building was partially leased by another baptist church on a portion of Sunday and a daycare. The leases were short-term, but the listing broker stated the buyer retained the tenants after the sale. The property had no deferred maintenance. The sale excludes the child's daycare which is surrounded by the church property.
2 - This is the sale of a church and a single family residence. The listing broker indicates the property needs some repairs, which the seller did not complete. The church totals about 9,500 square feet. The home totals 2,064 square feet and is located on the same tax lot. The sale also included a vacant lot which is 0.46 acres used for parking. The property was purchased by another church and listed for about 7 months before selling.
3 - This was an all cash sale, and the transaction includes two buildings on five parcels. The church contains 14,561 square feet, which includes a fully finished basement. The site is also improved to a 1,840 square foot residence. This was an unlisted offering with the highest purchase price accepted. The buyer is a church who had sold their other location in order to purchase this one.
4 - The property is improved to a church which appears to be in average condition. It was not publicly listed for sale and the sale information is based on public records and CoStar who reports they had a conversation with the buyer. The seller used the cash proceeds to purchase an alternate location in Portland. The building includes a basement and second floor, which are reported in the building area.
5 - This is a converted apartment building now used by a non-profit as a halfway house for additional recovery. Units are more like full studio apartment units, but there are also common areas for meetings and counseling. The buyer did not spend a significant amount on conversion or renovation; it was suitable as-is.
6 - The property was 100% leased at the time of the sale and was purchased by the tenant. Cap rate of 6.55% based upon information from the broker. The property was initially listed on the market, however broker then sold it to existing tenant.

COMPARABLE IMPROVED SALES ADJUSTMENT GRID

COMPARABLE SALE SUMMARIES AND ADJUSTMENTS							
	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Property / Location	Clackamas County Correctional Facility 9200 Southeast McBrod Avenue Milwaukie, Oregon	West Hills Christian Church 3824 Southwest Troy Street Portland, OR	Forest Grove Religious Facility 1803 Birch Street Forest Grove, OR	Slavic Evangelical Church 11229 Northeast Prescott Street Portland, OR	Bethany Church 14011 Northeast San Rafael Street Portland, OR	Clean & Sober Living 13286 Southwest Henry Street Beaverton, OR	Gresham Montessori 3200 NE Hogan Drive Gresham, OR
Transaction Status	-----	Closed	Closed	Closed	Closed	Closed	Closed
Date of Sale	-----	11/26/2019	9/24/2019	6/18/2019	6/14/2019	3/1/2019	7/12/2018
Bldg. Size (SF Gross)	5,792	12,295	12,064	16,401	7,198	14,700	6,016
Sale Price	-----	$1,537,500	$1,125,000	$1,567,500	$1,150,000	$1,438,280	$1,000,000
Unadjusted Price per SF (Gross)	**-----**	**$125.05**	**$93.25**	**$95.57**	**$159.77**	**$97.84**	**$166.22**
Transactional Adjustments							
Property Rights Conveyed	***Fee Simple***	*Fee Simple*	*Fee Simple*	*Fee Simple*	*Fee Simple*	*Fee Simple*	*Fee Simple*
Adjustment		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Financing							
Adjustment		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Terms/Conditions of Sale							
Adjustment		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Expenditures After Sale							
Adjustment		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Market Conditions	***Jan-21***	*Nov-19*	*Sep-19*	*Jun-19*	*Jun-19*	*Mar-19*	*Jul-18*
Adjustment		**3%**	**4%**	**5%**	**5%**	**6%**	**8%**
Total Transactional Adjustments		**3%**	**4%**	**5%**	**5%**	**6%**	**8%**
Adjusted Price per SF (Gross)		**$128.80**	**$96.98**	**$100.35**	**$167.75**	**$103.71**	**$179.52**
Property Adjustments							
Location		**-5%**	**5%**	**0%**	**0%**	**-5%**	**5%**
	5,792	*12,295*	*12,064*	*16,401*	*7,198*	*14,700*	*6,016*
Property Size SF (Gross)		**-5%**	**-5%**	**-5%**	**0%**	**-5%**	**0%**
	1952	*1973*	*1940*	*1958*	*1968*	*1963*	*1984*
Year Built		**-5%**	**0%**	**0%**	**0%**	**0%**	**-10%**
	Average	*Average*	*Average/Fair*	*Average/Fair*	*Average*	*Average*	*Good*
Condition		**0%**	**5%**	**5%**	**0%**	**0%**	**-10%**
	Average	*Average*	*Average*	*Average*	*Average*	*Average*	*Average*
Quality		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Ratio per 1,000 SF	***3.11***	*1.87*	*3.32*	*6.10*	*7.22*	*1.63*	*4.16*
Parking		**5%**	**0%**	**-10%**	**-10%**	**5%**	**-5%**
Building Amenities		**10%**	**10%**	**5%**	**0%**	**10%**	**0%**
Total Property Adjustments		**0%**	**15%**	**-5%**	**-10%**	**5%**	**-20%**
Indication for Subject		**$128.80**	**$111.53**	**$95.33**	**$150.98**	**$108.90**	**$143.62**

IMPROVED SALES COMPARABLE PHOTOS

Improved Sales Comparable #1

Improved Sales Comparable #2

Improved Sales Comparable #3

Improved Sales Comparable #4

Improved Sales Comparable #5

Improved Sales Comparable #6

ADJUSTMENT PROCESS

The adjustment process is typically applied through either quantitative or qualitative analysis. Unless otherwise noted, adjustments presented in our analysis represent numeric expressions of our opinion of the degree to which a comparable is superior or inferior to the subject. Our qualitative adjustments are based on 5% increments with a minor adjustment (for a slightly superior or slightly inferior characteristic) considered to be 5% and a large adjustment (for a significantly superior or inferior characteristic) considered to be 25% or greater.

PROPERTY RIGHTS CONVEYED

All of the comparable sales involve the transfer of the fee simple interest and no adjustments are indicated.

FINANCING

No adjustments warranted.

TERMS/CONDITIONS OF SALE

No adjustments warranted.

EXPENDITURES AFTER SALE

No adjustments warranted.

MARKET CONDITIONS

A 3% annual appreciation rate was applied to the comparable sales to account for improving market conditions.

LOCATION

Sales 1 and 5 have a superior overall location and a downward adjustment is indicated. Sales 2 and 6 have an inferior overall location and an upward adjustment is indicated.

PROPERTY SIZE SF (GROSS)

Sales 1-3 and 5 consist of larger properties and an upward adjustment is indicated.

YEAR BUILT

Sales 1 and 6 consist of more recent construction and a downward adjustment is indicated.

CONDITION

Sales 2 and 3 were in inferior overall condition at the time of sale and an upward adjustment is indicated. Sale 6 was in superior overall condition and a downward adjustment is indicated.

QUALITY

No adjustments indicated.

PARKING

Sales 1 and 5 have a lower parking ratio and an upward adjustment is indicated. Sales 3, 4, and 6 have a higher parking ratio and a downward adjustment is indicated.

BUILDING AMENITIES

This adjustment primarily considers the subject's larger commercial grade kitchen and is based upon the best available information from the comparable sale's property descriptions. Overall, Sales 1-3 and 5 have inferior overall amenities and an upward adjustment is indicated.

CONCLUSION OF SALES COMPARISON APPROACH

After adjustments the comparable improved sales reflect prices ranging from $95.33 to $150.98 per square foot with an average adjusted price of $123.19 per square foot. Overall, most consideration was given to Sale 1, as it consists of the most recent sale, and the overall average adjusted sale price. All things considered we conclude that the indicated value by the Sales Comparison Approach is $125.00 per square foot.

VALUE INDICATION FROM SALES COMPARISON

Our conclusion via the Sales Comparison Approach is as follows, as previously discussed.

SALES SUMMARY	Unadjusted	Adjusted
Minimum	$93.25	$95.33
Maximum	$166.22	$150.98
Average	$122.95	$123.19

SALES COMPARISON APPROACH VALUE CONCLUSION - AS IS	
Indicated Value per SF	$125.00
Building Area (SF)	x 5,792
Indicated Stabilized Value	**$724,000**
Rounded to nearest $10,000	**$720,000**

RECONCILIATION AND FINAL VALUE ESTIMATE

SUMMARY OF VALUE INDICATIONS

VALUE INDICATIONS			
As Is as of January 21, 2021			
Cost Approach	$570,000	$98.41	Per Square Foot (GBA)
Land Value	$140,000	$8.00	Per Square Foot of Land
Sales Comparison Approach	$720,000	$124.31	Per Square Foot (GBA)
Income Capitalization Approach			
Approach Reliance	**Sales Comparison**		
Value Conclusion - As Is	**$720,000**	**$124.31**	**Per Square Foot (GBA)**
Exposure Time	6-9 months		
Marketing Time	12-15 months		

MARKET VALUE - VALUATION RELIANCE

The income capitalization approach is not an applicable valuation method for the subject due to the following:

- There is inadequate market data regarding income, expenses, and rates of return, available for analysis.

The sales comparison approach is an applicable valuation method because:

- There is an active market for generally similar properties, and generally sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having generally similar utility.
- This approach is typically most relevant for owner-user properties.

The cost approach is an applicable valuation method considering the following:

- There is an active land market, making estimates of underlying land value reasonably reliable. However, it is noted that the site area is based upon the appraiser's estimate.
- However, the age of the property would limit the reliability of an accrued depreciation estimate.
- Additionally, this approach is not typically used by market participants, except for new or nearly new properties.

FINAL OPINION OF VALUE

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

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value - As Is	Fee Simple	January 21, 2021	$720,000

MARKETING TIME AND EXPOSURE TIME

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local office market, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 6-9 months.

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject’s marketing period at 12-15 months.

The sales used in the Sales Comparison Approach were formally marketed and purchased after being exposed to the market in a range from not marketed to 17 months.

CERTIFICATION

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

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

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Chris Hartman, MAI
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STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

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

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

with e various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.

h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.

i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.

j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.

k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.

l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.

m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal repot based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.

2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

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

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

BBG

BBG OVERVIEW

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

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

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

THE BBG DIFFERENCE

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

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

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

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

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

SERVICES

Valuation

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

Advisory

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

Assessment

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

VALUATION ADVISORY ASSESSMENT ZONING

ADDENDA

GLOSSARY

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. [1]

Asset:

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

Asset: A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. [2]

Capital Expenditure: Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. [1]

Cash Equivalency: An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.[1]

Client:

1. The individual, group, or entity who engages a valuer to perform a service (USPAP)
2. The party or parties who engage, by employment or contract, an appraiser in a specific assignment. Comment: The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent (USPAP, 2016-17-ed).
3. Generally the party or parties ordering the appraisal report. It does not matter who pays for the work (CUSPAP, 2014-ed).[1]

Condominium Ownership: A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real property.[3]

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. [1]

Credible:

1. Worthy of belief, supported by analysis of relevant information. Creditability is always measured in the context of intended use. (SVP)
2. Worthy of belief. Comment: Creditable assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use. (USPAP, 2016-2017-ed.).[1]

Deferred Maintenance: Needed repairs or replacement of items that should have taken place during the course of normal maintenance. [1]

Disposition 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 specific time, which is short 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 to be their best interests. 7) An adequate marketing effort will be made during the 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 of 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. [1]

Economic Life: The period over which improvements to real property contribute to property value. [1]

Effective Date: 1) The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect.[1]

Effective Gross Income Multiplier (EGIM): The ratio between the sale price (or value) of a property and its effective gross income. [1]

Effective Rent: Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. [1]

Exposure Time: 1) The time a property remains on the market. 2) The estimated length of time 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 (USPAP 2016-2017-ed). [1]

Extraordinary Assumptions: 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. Comment: 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. (USPAP, 2016-2017 ed). [1]

Fair Market Value: In nontechnical usage, a term that is equivalent to the contemporary usage of market value. [1]

Fair Share: That portion of total market supply accounted for by a subject property. For example, a 100-key hotel in 1,000-key market has a fair share of 10%. [1]

Fair Value:

1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).[1]

Fair Value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.[2]

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. [1]

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. [1]

Going-Concern Value: 1) 73. An established and operating business having an indefinite future life. 2) 74. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed. [1]

Gross Building Area (GBA): 1) 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. 2) Gross leasable area plus all common areas. 3) 16. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space. [1]

Highest and Best Use: 1) 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. 2) 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 the asset when formulating the price that it would be willing to bid. (IVS). 3) [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) [1]

Hypothetical Condition: 1) 117.A condition that is presumed to be true when it is known to be false. (SVP). 2) 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. Comment: 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, 2016-2017 ed.) [1]

Income Capitalization Approach: Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income. [1]

Inspection: Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector. [1]

Insurable Value: A type of value for insurance purposes. [1]

Intangible Assets: 1) A nonmonetary asset that manifests itself by its economic properties. It does not have physical substance but grants rights and economic benefits to its owner. (IVS). 2) A nonphysical asset such as a franchise, trademark, patent, copyright, goodwill, equity, mineral right, security, and contract (as distinguished from physical assets) that grant rights and privileges, and have value for the owner. (ASA). 3) An identifiable nonmonetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for ex-ample, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected. [IAS 38.8] Thus, the three critical attributes of an intangible asset are: identifiability, control (power to obtain benefits from the asset), ·future economic benefits (such as revenues or reduced future costs). (IAS 38) [1]

Intangible property: Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment. (USPAP, 2016-2017 ed.) [1]

Intended Use: 1) The valuer's intent as to how the re-port will be used. (SVP) 2) The use or uses of an appraiser's reported appraisal or appraisal review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) [1`]

Intended User: 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) [1`]

Internal Rate of Return ("IRR"): The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y). [1]

Investment Value: 1) 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. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS) [1]

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. [1]

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. [1]

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 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. [1]

Load Factor: A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of usable area from the rentable area and then dividing the difference by the usable area: [1]
Load Factor =

$$\frac{\text{(Rentable Area – Useable Area)}}{\text{Usable Area}}$$

Market Value. The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.*

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.

2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

- the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
- the terms of sale (e.g., cash, cash equivalent, or other terms); and
- the conditions of sale (e.g., expo- sure in a competitive market for a reasonable time prior to sale).

USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identifications of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.

3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

Buyer and seller are typically motivated;

Both parties are well informed or well advised, and each acting in what they consider their own best interests;

A reasonable time is allowed for exposure in the open market;

Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

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

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS)

5. The Uniform Standards for Federal Land Acquisitions defines market value as follows: Market value is the amount in cash, or on terms reason ably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Appraisal Standards for Federal Land Acquisitions) [1]

Market Value "As If Complete" On The Appraisal Date:
Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value "As Is" On The Appraisal Date: Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

Market Value of the Total Assets of the Business: The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future. [4]

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.). [3]

Net Lease: A lease in which the landlord passes on all expenses to the tenant. See also lease. [1]

Net Rentable Area (NRA): 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor. [5]

Penetration Ratio (Rate): The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.[1]

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 being 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 yet achieved sellout or a stabilized level of long-term occupancy. [1]

Reconciliation: A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value. [1]

Reliable Measurement: [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.[2]

Remaining Economic Life: The estimated period over which existing improvements are expected to contribute eco-nomically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation. [1]

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. [1]

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." [1]

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 as though vacant when an adequate supply of comparable sales is available. [1]

Scope of Work: 1) The type of data and the extent of research and analyses. (SVP). 2) The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2016¬2017 ed.) [1]

Stabilized value: A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

Substitution: The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based. [3]

Total Assets of a Business: Total assets of a business is defined by the Appraisal Institute as "the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit)."

Use Value:
The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually. [1]

[1]Appraisal Institute, *The Dictionary of Real Estate Appraisal, 6*th ed. (Chicago: Appraisal Institute 2010). [2]Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser, IFRS Website, www.ifrs-ebooks.com/index.html*. [3]Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). [4] This definition is taken from "Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon," Journal of Real Estate Appraisal, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. [5]Financial Publishing Company, *The Real Estate Dictionary*, 7th ed. [6] U.S. Treasury Regulations

LETTER OF ENGAGEMENT

BBG

December 17, 2020

Mr. Kevin Schneider
Fleet & Project Coordinator
Oregon Liquor Control Commission
9079 SE McLoughlin Blvd
Portland, OR 97222

Phone: 503.872.5004
Email: Kevin.Schneider@oregon.gov

RE: Appraisal Report of OLCC Properties (Warehouse, Headquarters Office, and Correctional Facilities),

1. 9079 SE McLoughlin Blvd, Portland
2. 1777 SE Milport, Portland
3. 9000 SE McBroad, Portland
4. 9200 SE McBroad, Portland

Dear Mr. Schneider:

I am pleased to submit this proposal and our Terms and Conditions for the Appraisal Report of the above referenced real estate. As is indicated below, it is my understanding that the appraisal would be used by the Oregon Liquor Control Commission (OLCC) as part of the fact-finding and due diligence relating to a potentially contemplated Declaration of Surplus and sale of the subject properties. The reports would be used to help determine the Market Value of the real estate assets for budgeting purposes.

PROPOSAL SPECIFICATIONS

Valuation Premise:		Form an opinion of the Market Value As Is
Property Rights Appraised:		Fee Simple Interest
Intended Use:		Asset Valuation for planning and potential disposition
Intended Users:		Oregon Liquor Control Commission
Scope of Work:		All Applicable Approaches will be used, with the appraiser's expectation at the outset being that most or all reliance will be on a Sales Comparison and an Income Capitalization approach, given the vintage of the property and the lack of reliability of replacement cost estimates for older structures. Consideration will also be given as to whether the highest and best use of the land is for redevelopment (occurs when the land value exceeds buildings value). A separate value indication will be given for each of the buildings as well as one combined value indication for the portfolio of properties.
Inspection:		BBG Inspection consisting of a walk-through with a property representative. Photos will be taken unless specifically prohibited.
Site/Property Contact:		
	Name:	Kevin Schneider
	Phone:	503.872.5004
	Email:	Kevin.Schneider@oregon.gov
Appraisal Standards:		Uniform Standards of Professional Appraisal Practice (USPAP) and Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute

Report Type:	Appraisal Report
Report Format:	Narrative
Fee:	$13,000 total, consisting of: $3,000 for the warehouse at 1777 SE Milport $5,000 for the HQ building with its warehouse $2,500 apiece for the corrections facilities
Retainer:	None
Payment Terms:	Balance is due and payable upon delivery of the final report or within 30 days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery of our draft report.
Report Copies:	1 Draft PDF and 1 Final PDF
Delivery Date:	5-6 weeks from acceptance and notice to proceed
Report Delivery Recipients:	If any other person(s) are authorized to be included on delivery of the report, please include their information in the space below:
Name(s):	
Email(s):	
Acceptance Date:	Date of Execution
Property Information Request:	The following list of items will be needed within 2 days in order to meet the above referenced delivery date:

- Operating Budget for the real estate (items like janitorial expenses, grounds maintenance, etc.)
- Capital Expenses Recently Completed & Anticipated
- Site Plan
- For Subject Property - % of Office, % of Additional Air-Conditioned Area (if applicable) & Warehouse Clear Ceiling Height
- Floor plans
- Phase 1 or Phase 2 environmental reports, if available

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number and financial account numbers.

The attached Terms and Conditions of the Engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contract or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by BBG, Inc. and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such Terms and Conditions of the Engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgement and acceptance of the Terms and Conditions of the Engagement, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

As Agent for BBG, Inc.

AGREED AND ACCEPTED

Client Signature

12.18.20

Date

OLCC Properties (Warehouse, Headquarters Office, and Correctional Facilities), 9079 SE McLoughlin Blvd, Portland, OR 97222

PURCHASE ORDER

STATE OF OREGON

Purchase Order No.
32413

Agency	PO Date	Delivery Date	
Oregon Liquor Control Commision 84500	12-18-2020		
Agency Contact/Phone	**FOB**	**Freight**	
Jen M. Smith 971-334-1463	**Terms** Net 30		

Vendor

BBG Inc.
8300 Douglas Ave Ste 600
Dallas, TX 75225

Bill To

State of Oregon
Liquor Control Commission
Attn: Disbursements
PO Box 22297
Milwaukie, OR 97269
(503) 872-5174

Ship To

Liquor Control Commission
9079 SE McLoughlin Blvd
Portland, OR 97222

Line	PCA	Item Code/Description	Qty	U/M	Unit Price	Amount
1	30160	Assert Valuation for planning and potential disposition of OLCC Properties in Milwaukie Oregon Delivery Date : 01-31-2020 OLCC NOTES PR from Kevin Schneider / Kathy Majcher Approved by Will Higlin	1	@	13000.0000	13,000.00
					Subtotal	$13,000.00
					Total	$13,000.00

Authorized Signature

APPRAISER QUALIFICATIONS AND LICENSES

BBG

Owen E. Bartels, MAI
Senior Managing Director
Work: 503.478.1016
obartels@bbgres.com

Profile

Owen Bartels is a Senior Managing Director with BBG in the Portland, Oregon office. He oversees strategic initiatives throughout Oregon and Southern Washington. He was the 2017 President of the Greater Oregon chapter of the Appraisal Institute. Owen began his commercial real estate career with the Tacoma, Washington, Kidder Mathews office in 2001 working as a researcher and financial analyst for industrial properties. He began his appraisal career in 2003 with the Vancouver, Washington, office of PGP Valuation (now Colliers), and became a Certified General Appraiser in both Oregon and Washington in 2006. He is a Member of the Appraisal Institute.

Owen has appraised properties in cities and towns throughout the Northwest, including southern Oregon, central Washington, the Puget Sound region, both the Oregon and Washington coasts and, of course, throughout the Portland metro area. Appraisal work includes industrial, retail, office, mixed use, both commercial and residential condominium conversions, subdivisions, partial acquisitions, corridors, and specialized consulting projects. Owen has recently expanded his work in Eminent Domain, including work for both public agencies and property owners. Clients include lenders, development companies, government agencies, and private parties.

Owen is involved in local professional organization leadership, serving as President of the Greater Oregon chapter of the Appraisal Institute after four years chairing the Government Affairs committee. He has also been one of the Greater Oregon Chapter's representatives in Washington DC for the Leadership Development Advisory Committee (LDAC). In 2014 he was awarded the Outstanding Service and Leadership Award by his local Appraisal Institute chapter. In 2015 he received the President's Service Award for contributions to the chapter.

In addition, Owen a member of the Government Affairs committee of the Oregon Mortgage Bankers Association (OMBA) and of the International Right of Way Association's Beaver State Chapter (Chapter 3).

Professional Affiliations

Appraisal Institute, Member (MAI)
Greater Oregon Chapter President 2017
Member, International Right of Way Association Beaver State Chapter
Adjunct Professor, Portland State University, 2018

General Certified Appraiser
Oregon, Certified General, C000870
Washington, Certified General, 1101723
Michigan, Certified General, 1201076811

Education

University of Puget Sound: Bachelor's Degree in Economics, May 2003

STATE OF OREGON
1859

Appraiser Certification and Licensure Board

State Certified General Appraiser

28 hours of continuing education required

License No.: C000870

Issue Date: December 01, 2019

Expiration Date: November 30, 2021

OWEN E BARTELS
BBG INC
8300 DOUGLAS AVE STE 600
DALLAS, TX 75225

Gae Lynne Cooper

Gae Lynne Cooper, Administrator

Public Record Information - Detail

Bartels, Owen E

Close this License/Registration.

Phone Number:	
License Status:	Active
Address 1:	1200 SW MORRISON, SUITE 800
Address 2:	
City/State/Zip:	PORTLAND OR 97205
Country:	USA
Board:	Oregon Appraiser Certification & Licensure Boa
Type:	State Certified General Appraiser
Number:	C000870
Date of Issue:	11/1/2006
Renewal Date:	12/1/2021
Expiration Date:	11/30/2023

** Press Close When Done **

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BBG
REAL ESTATE SERVICES

Chris Hartman, MAI
Director
Work: 503-478-1000
chartman@bbgres.com

Profile

Chris is a Director with BBG in the Portland, Oregon office. He began his appraisal career in 2003, appraising a variety of properties throughout Oregon and Washington. He supervises and works in collaboration with appraisers and analysts.

Chris has established competency in major property types while developing expertise in office buildings, both suburban and CBD. Other property types include retail buildings and shopping centers, manufacturing and warehouse industrial buildings, mixed-use developments, hotel and motel hospitality properties, multifamily properties, and commercial and residential land.

Professional Affiliations

Appraisal Institute
MAI, Designation

General Certified Real Estate Appraiser:
State of Oregon (License No. C000935)
State of Washington (License No. 1102371)

Education

Bachelor of Science, University of North Carolina, Chapel Hill, NC

Appraiser Certification and Licensure Board

State Certified General Appraiser

28 hours of continuing education required

License No.: C000935

Issue Date: January 01, 2020

Expiration Date: December 31, 2021

CHRISTOPHER J HARTMAN
BBG INC
1200 SW MORRISON ST STE 800
PORTLAND, OR 97205

Chad Koch, Interim Administrator

Hartman, Christopher J

Close this License/Registration.

Phone Number:		**License Status:**	Active
Address 1:	8343 DOUGLAS AVENUE, 7TH FL		
Address 2:			
City/State/Zip:	DALLAS TX 75225		
Country:	USA		
Board:	Oregon Appraiser Certification & Licensure Boai		
Type:	State Certified General Appraiser		
Number:	C000935		
Date of Issue:	1/18/2008		
Renewal Date:	1/1/2022		
Expiration Date:	12/31/2023		