

Executive Summary Report

Appraisal Date 1/1/02 - 2002 Assessment Roll

Specialty Name: Major Office Buildings

Previous Physical Inspection:

Sales - Improved Summary:

Number of Sales: 19

Range of Sale Dates: 1/28/99 – 1/4/02

Sales – Ratio Study Summary:

	<u>Average AV</u>	<u>Average Sale Price</u>	<u>Ratio</u>	<u>COV</u>
2001 Value	\$ 36,195,500	\$ 38,426,700	94.2 %	9.09%
2002 Value	\$ 31,639,700	\$ 38,426,700	82.3%	11.11%
Change	\$-4,555,800		-11.9 %	2.02%
%Change	-12.6 %		12.6 %	22.22 %

*COV is a measure of uniformity, the lower the number the better the uniformity.

Sales used in Analysis: All improved sales, which were verified as good, and have not been remodeled since purchased were included in the analysis.

Population -Average Improved Parcel Summary Data:

	<u>Land</u>	<u>Imps</u>	<u>Total</u>
2001 Value:	\$4,555,401	\$28,740,464	\$33,295,866
2002 Value:	\$4,749,024	\$22,675,599	\$28,701,485
Percent Change:	4.25%	-21.10 %	-13.80 %

2001 Total Assessed Value: \$8,423,854,000

2002 Total Assessed Value: \$7,261,475,800

Number of Improved Parcels in the Population: 200

Conclusion and Recommendation:

Since the values recommended in this report improve values in comparison with the office market as of 1-1-02, I recommend posting them for the 2002 Assessment Roll.

Analysis Process

Responsible Appraiser

The following appraiser did the valuation of this specialty:

 Lou Willett: Commercial Appraiser II

Highest and Best Use Analysis

As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best of the majority of the appraised parcels as commercial use. Any opinion not consistent with this is specifically noted in the records and considered in the valuation of the specific parcel

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. I find that the current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a token value of \$1,000 is assigned to the improvements.

Standards and Measurement of Data Accuracy: Each sale was verified with the buyer, seller, real estate agent or tenant when possible. Current data was verified and corrected when necessary via field inspection.

Special Assumptions, Departures and Limiting Conditions

All three approaches to value were considered in this analysis.

The following Departmental guidelines were considered and adhered to:

-  No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of two years of market information without adjustment for time averaged any net changes over the two-year period.
-  This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation: Specialty Area 280: Major Office Buildings

This report contains data pertinent to the revalue of major office buildings (100,000 square feet of net rentable area and above. Net rentable area as utilized here is typically described as gross building area less vertical penetrations. The office specialty properties are found throughout the County, with significant concentrations located in Downtown Seattle and Downtown Bellevue. Additionally, larger suburban office buildings are found in many jurisdictions of the County. All major office specialty properties were revalued this year. Included in the addendum of this report is a list of the parcels physically inspected for the 2002 assessment year.

Boundaries:

All of King County

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

For purposes of the 2002 revaluation of the office-building specialty, the population has been segmented into six regions. These regions are generally described by their geographic location with the exception of one, which is described by its primary use. The following is a brief description of each of these market segments.

North

This region represents a small portion of the total specialty population and includes buildings located as far north as the City of Bothell and as far south as the University District. The largest concentrations of buildings in this segment are located in the Northgate and University Districts.

Seattle Central Business District (Seattle CBD)

The office specialty is predominately comprised of properties located in this region. Approximately 45% of the office specialty population is located here. The Seattle CBD's geographic boundaries are loosely described for purposes of this analysis as extending from Lower Queen Anne on the north to the Safeco Field on the south, from Puget Sound on the west to Interstate 5 on the east.

Bellevue Central Business District (Bellevue CBD)

This region, while comprised of only a small number of properties, is considered to be the second most significant of the office specialty regions. It is comprised of the mid and high-rise office buildings in the Bellevue CBD as well as two larger Mercer Island buildings. Several new projects were completed this past year.

Suburban Eastside

This region includes properties outside of the Bellevue CBD, on the East Side of Lake Washington. This analysis considers properties from Kirkland, Redmond, Issaquah and Suburban Bellevue to comprise the Suburban Eastside. At present, while this region has a large geographic expanse, it is somewhat small in number, however continued growth patterns indicate the potential for an increase in the future.

Southend

Properties located within the Renton, Tukwila, Southcenter, Kent, SeaTac, Auburn and Federal Way areas generally describe this region. The Boeing Company has had a dominant presence in this region, however recent changes in the marketplace appear to have triggered a certain amount of non-Boeing demand for buildings here as indicated by the significant amount of market activity that has occurred here in the recent past. Boeing has offered several of its properties for sale including Center Point Corporate Park (formerly known as the Space Center East) and a Key Bank Call Center in Auburn (formerly known as the Boeing 7-234 Building) both of which sold in 7/99. Weyerhaeuser is the predominant property owner in the Federal Way area.

Medical Office Buildings

These are analyzed independent of the remainder of the specialty as medical/dental office buildings typically have a significantly different construction cost and income and expense profile. The properties in this category are generally located on First Hill, the University District, Northgate and Downtown Seattle.

Puget Sound Economic Conditions

The Puget Sound region, along with the national economy, has fallen into a sharp recession. A number of factors led to the current downturn: the most shocking of course was the September 11 assault on America. The economic impacts of the attacks are still being felt throughout the country, affecting consumer confidence, air travel, and unemployment. Locally, employment is expected to decline by 1.8 percent in 2002 and rebound to 1.3 percent growth in 2003, according to the November 2001 edition of the Puget Sound Economic Forecaster.

The Puget Sound economy is continuing its downward slide and the real estate market is continuing to feel the effects. While office vacancies continue to rise, the rate at which they are

climbing is slower than in previous quarters. Prospects for recovery remain difficult to assess as unemployment in the region remains among the highest in the country with Boeing layoffs beginning in earnest. Many are optimistic, predicting that the Puget Sound's solid foundation of successful companies and intrinsic attributes will lead to a bright future, sooner if not later.¹

During 2001, following the bursting of the dot-com bubble and the sudden slowdown in local economic growth, Seattle CBD-based companies have put over 2.5 million s.f. of previously committed space back on the market, pushing the vacancy rate from 3.01% in January 2001 to 12.40% at year-end 2001. The combination of the sudden increase in available sublease space, a softening local economy (which is tempering overall demand for office space), and a number of new office buildings near completion, has created an oversupply of office space in Seattle.

The same factors, which impacted the Seattle office market, have created an oversupply of office space on the Eastside. False net absorption (technology companies provided with extensive amounts of capital to start companies and lease space without sustainable business revenue models) during 1999 and 2000 resulted in a large increase in sublease space and lease defaults in 2001. During the same period, multiple new buildings were being completed and the local economy was slowing down. Construction of over 1.9 million s.f. of new office space was completed on the Eastside during 2001, and the vacancy rate rose from 3.71% in January 2001 to 16.22% at year-end 2001.²

In response to the over supply of office space in both the Seattle and Eastside markets, construction activity is tapering off. Not only are planned projects being put off, but also projects under construction. In Seattle, Avalon Bay stopped construction plans on Avalon Madison, a mixed-use project. In Bellevue, the Bellevue Technology Tower remains as an excavation hole. Construction was stopped leaving the parking garage portion of Lincoln Square, a mixed-use mega project featuring offices, retail, luxury condominium units and a hotel. Plans are to continue the project in phases at a later date. Finally, Summit Ridge has temporarily capped one of two buildings at three stories instead of eleven stories.

Preliminary Ratio Analysis

The inclusion of the Ratio Study Analysis is done for administrative consistency only. Due to national, regional and local economic downturns as well as the tragic events of September 11, 2001 which have ultimately affected the current strength of the Seattle commercial real estate market, the lack of sales occurring in late 2001, early 2002 creates an uncertainty in the comparison of market sales prior to the chain of events with current market value estimates. Therefore, the results presented in the final ratio study are not considered to be a reliable analysis of recommended assessed values as compared with market sales. Recommended assessed values are based on market conditions as of January 1, 2002.

¹ CB Richard Ellis Office Market Index, Fourth Quarter 2001, Puget Sound Washington

² Insignia Kidder-Mathews, I on the Market Seattle, Year-End 2001

A Preliminary Ratio Study was completed just prior to the application of the 2002 recommended values. This study benchmarks the current assessment level using 2001 posted values. The study was also repeated after application of the 2002 recommended values. The results are included in the validation section of this report, showing a change in the level of assessment from 94.2 % to 82.3 %, the Coefficient of Dispersion (C.O.D.) from 6.83% to 9.27%, the Coefficient of Variation (C.O.V.) from 9.09% to 11.11 % and the Price-related Differential from 1.01 to 1.03.

Scope of Data

Land Value Data:

The geographic appraiser in the area in which the specialty office property is located is responsible for the land value used by the office specialty appraiser. See appropriate area reports for land valuation discussion.

Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales are verified, if possible, by calling either the purchaser or seller, inquiring in the field, or calling the real estate agent. Characteristic data is verified for all sales, if possible. Due to time constraints, interior inspections were limited. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report.

Improved Parcel Total Values:

Sales comparison approach model description

The population of office building sales in King County utilized in the analysis for the current revalue was segmented into approximately six market segments. The segmentation was based primarily on the geographic boundaries previously described. In the event a segment lacked adequate sales representation, similarities in other segments were considered and judgment applied in determining market comparability.

The Sales Comparison Approach was not considered to be a reliable approach to valuation for the current revalue analysis due to the lack of sales available reflecting market conditions in the second half of 2001 and after the September 11, 2001 tragedy. Economic conditions began to deteriorate more rapidly beginning in the second half of 2001 and continued through the remainder of that year.

The Puget Sound Institutional Grade Office Market is currently experiencing a "gap" between buyers and sellers expectations with regard to appropriate selling prices for properties within this category. There has been a lack of market activity, save one sale in January of 2002. This large bid/ask gap is due to the fact sellers, in general, are not willing to sell properties at the levels buyers are willing to purchase them at. Real estate is still a favorable investment alternative and there is plenty of capital available when the "right" property is marketed.

Sales comparison calibration

All six market segments were represented by market activity in the three-year period examined. No sale calibration was done due to the reasons stated above.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the Western Region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. This approach was not relied upon in the final reconciliation of values, however the ratio of cost new to sale price was reviewed in comparison to published reports indicating “office properties in the Pacific Northwest are priced relatively close to replacement cost. Participants report a range of between 80% and 110% of cost, with the average being 97.60%”³.

Cost calibration

The Marshall & Swift cost-modeling system built into the Real Property Application is calibrated to this region and the Seattle area.

Income capitalization approach model description

The income approach to value was considered for all office specialty properties this revalue. A direct capitalization income approach estimate was calculated for all properties within the specialty. Due to the significance of the parking income contribution in the Seattle and Bellevue CBD's, and the fact that these parcels comprise the majority of the properties within the specialty, parking income was a necessary component of the direct capitalization process. The inability of the income table program to recognize parking stalls as an income generator prohibited the use of income tables in this year's revaluation of the office specialty. Therefore, no tables were created. Instead three direct capitalization workbooks were created showing each property's income value estimate.

Income value estimates decreased somewhat dramatically over the past year in response to current market conditions previously described. It appears the biggest impact was made by increased vacancy rates with a secondary hit by increased operating expenses.

³ Korpacz Real Estate Investor Survey, 4th quarter, 2001

The following example shows how a few changes in income parameters can significantly impact the valuation outcome.

1/1/2002			1/1/2001		
office NRA		1048591	office NRA		1048591
retail NRA		47000	retail NRA		47000
total NRA		1095591	total NRA		1095591
office rent		33	office rent		32
retail rent		40	retail rent		35
vcl		15%	vcl		6%
expenses		\$10.00	expenses		\$9.00
retail vcl		10%	retail vcl		6%
NNN expenses		5%	NNN expenses		5%
pkg spaces	monthly (67%)	663	pkg spaces	monthly (67%)	663
990	daily (33%)	327	990	daily (33%)	327
pkg rent	MO/space	\$190	pkg rent	MO/space	\$190
	DAILY/space	\$17		DAILY/space	\$17
pkg occupancy		80%	pkg occupancy		80%
OFFICE INCOME		34,603,503	OFFICE INCOME		33,554,912
RETAIL INCOME		1,880,000	RETAIL INCOME		1,645,000
GROSS INCOME		36,483,503	GROSS INCOME		35,199,912
VCL		5,378,525	VCL		2,111,995
EFFECTIVE GROSS		31,104,978	EFFECTIVE GROSS		33,087,917
PKG RENT	monthly	1,209,859	PKG RENT	monthly	1,209,859
	daily	1,066,349		daily	1,066,349
EXPENSES		10,579,910	EXPENSES		9,519,569
pkg expense	10%	227,621	pkg expense	10%	227,621
NOI		22,573,655	NOI		25,616,935
cap rate		0.0925	cap rate		0.09
value estimate		\$244,039,511	value estimate		\$284,632,616

The results show a difference of -14.26%.

Income approach calibration

The models were calibrated after setting base rents by considering adjustments based on location, size, effective age, construction class and quality. Appraisal judgment was employed in adjusting for differences between individual buildings based on their perceived investment competitiveness in their respective markets. Location, effective age, construction class, quality and size as recorded in the Assessor's records were items considered to be of primary importance in determining a property's investment competitiveness and therefore, placement in the appropriate base rent category.

Within each of the six market segments, income parameters were established for economic rent, vacancy and credit loss, expenses and capitalization rates for various grouping of properties based on their investment competitiveness. Rent, expense and overall capitalization rate data was collected on sold properties when available. This data was then considered along with

surveys conducted by outside resources along with information gathered from properties available for lease and sale and utilized to establish general guidelines for neighborhood groupings. A rent survey was conducted to ascertain the income parameters typically reflective in the current office lease market. The information gathered is considered to be the most indicative of the current office-leasing environment. The result of this survey follows. In most instances, the data reported is based on deals that have been made and are in place.

RENT SURVEY

neighborhood	type	source	date	NNN	Effective Rent	gross	expenses (\$/sq. ft) or (%)	size	asking	in-place	Notes
Bellevue	Office	prop mgr (PM)	4Q01	\$17.50				8,060		yes	Suite E-100.
Bellevue	Office	publication (P)	4Q01			17.50		8,650		yes	Includes carpets and paint, plus slight demo
Bellevue	Office	publication (P)	4Q01			\$6,400/MO		6,144		yes	Amend. 1 expanding square feet and adjusting rent
Bellevue- 405 corridor east of CBD	office	leasing agent			\$23.00			2,700		almost	
Bellevue- 405 corridor east of CBD	office	leasing agent				\$23-\$24	\$8.50	103,000		yes	microsoft sublease;
Bellevue CBD	office	leasing agent	2nd qtr 2002		\$19.40			1,600			turn-key; 4yr term
Bellevue CBD	office	Controller	Jul-01	\$30.00			\$9.35	8,297		yes	120 month term, new deal
Bellevue CBD	office	Controller	Oct-01	\$28.00			\$9.35	1,575		yes	36 month term, new deal
Bellevue CBD	office	Controller	Dec-01	\$29.00			\$9.35	10,200		yes	60 month term, new deal
Bellevue CBD	office	Controller	Dec-01	\$25.00			\$9.35	5,742		yes	72 month term, renewal
Bellevue CBD	office	Controller	Dec-01	\$19.00			\$9.35	5,631		yes	72 month term, renewal
Bellevue CBD	office	Controller	9/1/20001	\$34.00			\$9.35	17,641		yes	36 month term, renewal
Bellevue CBD	office	Controller	to start 9/02	\$16.00			\$9.35	3,725		to start 9/02	76 month term, new deal
Bellevue CBD	office	listing	Jun-02			20.00		6,000-10,940	yes		7th floor
Bellevue CBD	office	listing	Jun-02			28.50		6,856	yes		
Bellevue CBD	office	listing	Jun-02			32.00		2,377-2,831 sq ft	yes		sublease available now for a 1-3 yr term
Bellevue CBD	office	leasing agent			\$22.00		\$8.75-\$8.90	2,500		yes	2 mo free rent; free pkg for 7 stalls
Bellevue CBD	office	listing	Jun-02			20.00		4,516	yes		12th floor; sublet available through December 2003
Bellevue CBD fringe	office	prop mgr	Jun-02	\$16.13			\$6.72	473,862		yes	general picture of property 2001 end
Bellevue CBD fringe	office	listing	Jun-02	\$18-\$20				10,000-26,138 sq. ft.	yes		sublease;1st floor
Bellevue CBD fringe	office	listing	Jun-02	\$18-\$20				10,000-30,865 sq ft	yes		sublease;2nd floor
Bellevue CBD fringe	office	listing	Jun-02	\$18-\$20				10,000 sq ft30,898	yes		sublease;3rd floor floor

neighborhood	type	source	date	NNN	Effective Rent	gross	expenses (\$/sq. ft) or (%)	size	asking	in-place	Notes
Bellevue:I-90	office	leasing agent	Dec-01			21.00	\$8.50-\$8.90	2,276		yes	sublease;lease rate includes some office furniture (amortized in rate);short term:13 months
Bellevue:I-90	office	leasing agent	2nd qtr 2002			low 20's		2,369		yes	sublease
Bellevue-520 corridor	office	leasing agent	Feb-02			\$22-\$23	\$7.00	14,000		yes	
I-90/Lake Samammish	office	asset mgr	Mar-02	\$22.50			\$4 w/o elec and re taxes	157,546		yes	absolute net lease;tenant (Boeing) takes care of it all,5 yr term expires 6/30/06;staggered occupancy 5/01 2nd flr (3 mo free rent), 7/01 3,4,5 flrs (1 mo free rent),9/01 1st flr (1 mo free rent);rent steps as follows: 7/02 \$23.29, 7/03 \$24.10, 7/04 \$24.95, 7/05 \$25.82. TI allowance given
Kent valley	office	Dir. Mgmt Services	Mar-02	\$14.50			\$6.37	20,000		yes	6 months free rent;\$.50/rsf rent increase, 5 yr out, option to renew at \$17.50 flat for 5 yrs at end of first term;TI's \$32 paid (100%) by LL, commissions at 10%
Kent valley	office	listing	Jun-02			18.00		5,212-7,354	yes		
Kirkland wft	office	listing	Jul-02			25.00		2,169-3,079 sq ft	yes		sublease space availablr through 6/03
North Seattle	office	prop mgr (PM)	4Q01			25.50		2,233		yes	Bldg II, Suite 603.
North Seattle	office	publication (P)	4Q01			25.50		2,233		yes	Bldg. C of NGE C II
North Seattle/Univ Dist	office	publication (P)	4Q01			24.50		2,558		yes	Lease Amend. 2 extending term, adjusting rent and other provisions
North Seattle/Univ Dist		publication (P)	4Q01			26.00		888		yes	Amend. 3 extending term and adjusting rent

neighborhood	type	source	date	NNN	Effective Rent	gross	expenses (\$/sq. ft) or (%)	size	asking	in-place	Notes
Renton	office	prop mgr (PM)	4Q01			14.00		4,284		yes	Lowering amount of space.
SeaTac (airport)	office	leasing agent				\$18- \$21			yes		sublease thru 12/03 or direct; would take \$18. 12800 sq ft available through 10/06 at \$17-\$18 full service sublease through 8/02
Seattle CBD	office	leasing agent	Jun-02			\$22-\$23			proposals		sublease or direct; offered w/8-10 months of free rent; present tenant, IDX would continue paying rent in those 8-10 months...free to new tenant and LL does not lose
Seattle CBD	office	prop mgr				high \$20's- low \$30's	\$7-\$10	varies		yes	the high \$20's rate is for what would be comparable to low-rise space the low \$30's as the floor number increases (compable ro high-rise space)
Seattle CBD	office	property manager	March,2002			19.00	\$8.00			yes	office space approx 85% occupied
Seattle CBD	office	leasing agent/property manager	Jan-02			30.00	\$9.80	14,603			11th flr, flat rate, \$20 TI \$6 commission; LL spent \$60,000 to accommodate multi-tenanting
Seattle CBD	office	Colliers	4Q01			25.00		40,000		yes	Floors 32 and 33.
Seattle CBD	office	Colliers	4Q01			25.00		3,500		yes	Floor 46.
Seattle CBD	office	leasing agent/property manager				35.00		110,000		yes	58th floor plus 60-62 and 65; took 22 months to do deal; rent steps of \$1/yr; \$35 TI's plus cost to move in-place tenant to another floor to close this deal
Seattle CBD	office	prop mgr (PM)	4Q01	\$20.00				293		yes	Suite 239.

neighborhood	type	source	date	NNN	Effective Rent	gross	expenses (\$/sq. ft) or (%)	size	asking	in-place	Notes
Seattle CBD	office	leasing agent	Oct-01			close to \$28	\$7.00				10 yr term;\$15 TI contribution from LL
Seattle CBD	office	leasing agent	2nd qtr 2002			mid \$20's	project \$8.80		yes		
Seattle CBD	office	property manager	March,2002			30.00		6,425		yes	
Seattle CBD	office	property manager	March,2002	22.5-28			\$6.15 last yr, est \$6.79 for 2002	800sq ft-3 floors		yes	\$28 is for very small space included 10K TI's by LL, \$22.50 is ave for 3 floors
Seattle CBD	office	listing	Jan. 2002			\$17-\$19		212-1100	yes		Gordon Boone 682-9325
Seattle CBD	office	property manager	Feb. 2002		\$5.23					yes	ground level;1 yr lease
Seattle CBD	office	publication (P)	4Q01			26.50		5,204		yes	Suites 1610 and 1700.
Seattle CBD	office	prop mgr (PM)	4Q01			7.50		4,878	proposal		Hoge A-102 proposal
Seattle CBD	office	property manager	March,2002			mid \$20"s	\$7.00	3 floors		yes	Lease Crutcher Lewis is long term tenant;only office tenant
Seattle CBD	office	listing agent	March,2002			18.00	at least \$5.50	10800 available	yes		
Seattle CBD	office	property manager	Jan. 2002			\$19-\$24				yes	97% occupancy
Seattle CBD	office	property manager	March,2002			\$21-\$22	\$8.00			yes	
Seattle CBD	office	asset mgr	Jul-01			36.00	\$10.00				floors 5&6; shell space with a \$30 TI contribution from LL; 5yr term;tenant is govt entity and can not pay op exp above a base amount
Seattle CBD	office	property manager	Feb. 2002		\$26.00		\$7.36	26,082		yes	trying to sublease 6000 sq ft at \$20-\$21 full service
Seattle CBD	office	property manager	Jan-02	mid teens/low \$20's			\$9-\$10	10,000+/-	yes	yes	
Seattle CBD	office	leasing agent	1st qtr 2002			mid to high \$30's		9,700		yes	agent unable to share specifics
Seattle CBD	office	WA Partners	4Q01			38.90		8,309		yes	17th Floor, FSG.
Seattle CBD	office	Colliers	4Q01			39.00		12,000		yes	Floor 32.
Seattle CBD	office	landlord	Feb. 2002			20.00	\$7.00			yes	
Seattle CBD	office	property manager	Feb. 2002			30.00	\$7.61	5th flr		yes	across from US Bank Centre

neighborhood	type	source	date	NNN	Effective Rent	gross	expenses (\$/sq. ft) or (%)	size	asking	in-place	Notes
Seattle CBD	office	publication (P)	4Q01			34.00		9,000		proposal	WFP Suite 800 proposal; As-is
Seattle CBD	office	publication (P)	4Q01			33.00		9,240		yes	Landlord to provide paint and carpet
Seattle CBD	office	prop mgr (PM)	4Q01			26.25		2,002		yes	Landlord to provide some TI's. \$11,655 TI allowance. 2 parking spaces at market rate.
Seattle CBD	office	property manager	Jan-02	\$25-\$27			10% +/-	4100+/-		yes	
Seattle CBD	office	landlord	Feb. 2002		\$29.00	24-33					
Seattle CBD	office	landlord	Feb. 2002		\$16-\$17	\$14-\$17					b-c class; high vacancy in building
Seattle CBD	retail	tenant	Feb. 2002	\$42.58			\$0.10	3,100		yes	lease expiring; tenant moving next door
Seattle CBD	retail	property manager	March, 2002	\$30.00			\$5-\$6			yes	retail space approx. 95% occupied
Seattle CBD	retail	property manager	Feb. 2002			38.63	\$6.00	9,320		yes	Bananna Republic-men's
Seattle CBD	retail	landlord	Feb. 2002	17.5-20			\$3-\$4	1900=-/		yes	
Seattle CBD	retail	property manager	Feb. 2002	\$57.00			\$3.56	1,392		yes	
Seattle CBD	retail	property manager	Feb. 2002	\$60.00			\$3.56	1,914		yes	
Seattle CBD	retail	property manager	Feb. 2002	\$33.92			\$3.56	3,394		yes	
Seattle CBD	retail	listing agent	Feb. 2002	\$60.00			\$14.00	1553-1973	yes		
Seattle CBD	retail	property manager	March, 2002	\$32.00				4,145		yes	
Seattle CBD	retail	rent roll	lease commencement = 5/01	\$32.00				5,789		yes	plus 5% of gross sales after certain level reached; commencement dat 5/01; 18 TI allowance, 10 yr term
Seattle CBD	retail	property manager	March, 2002	22-28			\$5.75 in 2001, est \$6.34 for 2002	1000 sq ft +		yes	leases signed 4 years ago
Seattle CBD	retail	property manager	March, 2002	\$18.00			\$5.00			yes	
Seattle CBD	retail	landlord	Feb-02	\$19.20				1,500		yes	smokeshop
Seattle CBD	retail	landlord	Feb-02	\$19.20				1,500		yes	mo to mo
Seattle CBD	retail	landlord	Feb-02	\$7.75				6,500		yes	Sam Goody older lease
Seattle CBD	retail	landlord	Feb-02	\$7.75				6,500		yes	mo to mo
Seattle CBD	retail	property manager	March, 2002	high \$30's						yes	
Seattle CBD	retail	asset mgr	Jun-02	\$20.00				600		almost	5yr term; shell finish
Seattle CBD	retail	property manager	Feb. 2002	\$36.00			\$1.00	48,804		yes	Gap

neighborhood	type	source	date	NNN	Effective Rent	gross	expenses (\$/sq. ft) or (%)	size	asking	in-place	Notes
Seattle CBD	retail	property manager	Jan-02	\$50-\$75			\$8-\$9	2,160		yes	heart of retail core
Seattle CBD	retail	property manager	Feb. 2002	\$64.00			\$6.00	1,500		yes	jewelry store
Seattle CBD	retail	property manager	Feb. 2002	\$52.00			\$6.00	1,500		yes	café
Seattle CBD	retail	property manager	Feb. 2002	\$70.00			\$3-\$5	966	yes		across from US Bank Centre
Seattle CBD	retail	property manager	Feb. 2002	\$70.00			\$3-\$4	1,266		yes	across from US Bank Centre
Seattle CBD	retail	property manager	Feb. 2002	\$67.00			\$3-\$4	1,480		yes	across from US Bank Centre
Seattle CBD	retail	property manager	Feb. 2002	\$59.00			\$3-\$4	1,728		yes	across from US Bank Centre
Seattle CBD	retail	property manager	Jan-02	\$70.00				4100+/-		yes	heart of retail core
Seattle CBD	retail	property manager	Feb. 2002	\$34.88				16,200		yes	Bananna Republic
Seattle CBD	retail	landlord	Feb. 2002	\$30.00				large		yes	Bartell's
Seattle CBD	retail	landlord	Feb. 2002	\$40.00				typical		yes	
Seattle CBD	retail	landlord	Feb. 2002	\$27.00				6,000		yes	
Seattle CBD	retail	listing agent	Feb. 2002	mid 20's				4,170	yes		corner retail location/1st flr of a parking garage
Seattle CBD	retail/grill	listing agent	Oct. 2001	low to mid				3,000	yes		basement location
Seattle CBD	retail/kiosk	listing	March,2002	\$90.00				181	yes		1st flr kiosk
Seattle CBD	storage	property manager	March,2002			10.00				yes	\$10-\$12
Seattle CBD	storage	property manager	Jan-02	\$10-\$12				800		yes	
Seattle CBD	storage	property manager	Jan-02	\$10.00				5,000		yes	
Seattle CBD Retail Core/Westlake	office	assoc dir. Prop taxes	throughout 2001			23.50		75,087		yes	renewal; \$28,794 of TI & commissions paid
Seattle CBD/Regrade	office	tenant	Aug-01			\$24.25		49,997		yes	flat rate for 5 yrs \$1/yr increases in rent; 10 yr term, negotiated 12/01 , occupancy 8/02; 8th flr & part of 7th
Seattle CBD/Regrade	office	tenant	Dec-01			22.00		9350+/-		yes	
Seattle CBD/retail core	office	Colliers	4Q01			32.00		30,000		yes	Floors 21 and 22.
Seattle/Lower Queen Anne	office	Colliers	4Q01			22.00		25,000		pending	Pending. Floors 3 and 4.
Seattle-Denny Regrade	office	listing	March,2002			13.15		2,445	yes		2nd flr/sublease
Seattle-Denny Regrade	office	Colliers	4Q01			29.25		27,340		yes	Floors 17 and 18.

neighborhood	type	source	date	NNN	Effective Rent	gross	expenses (\$/sq. ft) or (%)	size	asking	in-place	Notes
Seattle-Denny Regrade	retail	listing	March,2002	\$30.00				2,132	yes		street level retail suite d
Seattle-Denny Regrade	retail	listing	March,2002	\$30.00				2,748	yes		street level retail suite c
Seattle-Intl. Dist.	office	prop mgr	Jun-02	\$27.30			\$8.20	35,448		yes	signed in fall 2001 10yr sublease; thru 2011. Sublessor gave \$30 TI over ten yr term; rent step to \$29.80 in 2006 and \$28.50 in 2007; original lease at \$24.5 NNN
Seattle-Intl. Dist.	office/bank	prop mgr	Jul-02	\$25.50				6,280		yes	signed in fall 2001, 10yr sublease; thru 2011. Sublessor gave \$15 TI over ten yr term; rent step to \$28 in 2006
Seattle-Pike Place Market end of retail core	office	prop mgr	Mar-02		\$28.31		\$9.40	47,000		yes	renewal 10 mo prior to end of lease; 46mo term \$2.50 TI's; right to lease 31 pkg stalls
Seattle-Pike Place Market end of retail core	retail	rent roll	May-02	\$32.00				5,789		yes	plus 5% gross sales
Seattle-Pike Place Mkt	office	Colliers	4Q01			29.00		6,000		yes	Floor 4.
Seattle-Pike Place Mkt	office	property manager	March,2002			21 ave	\$6.75			yes	latest deals @ \$18 FS
Seattle-Pike Place Mkt	office	property manager	March,2002	\$10.00				basement	will be lucky to get when lease expires in 5/02		
Seattle-Pike Place Mkt	restaurant	property manager	March,2002	\$20.00			\$4.00			yes	Typhoon Restaurant
Seattle-Pike Place Mkt	retail	property manager	March,2002	\$28.00			\$7.05	2,240	yes		1200 sq ft may be split out to rent as storage at \$15/FS

neighborhood	type	source	date	NNN	Effective Rent	gross	expenses (\$/sq. ft) or (%)	size	asking	in-place	Notes
Seattle-Pike Place Mkt	retail	property manager	March,2002	\$38.00			\$9.74	1,138		pending	great location/frontage
Seattle-Pike Place Mkt	retail	property manager	March,2002	19-25						yes	interior back locations at \$19
Seattle-Pioneer Square	office	listing agent	Oct. 2001			21+/-		800-970	yes		3-5 yr terms
Seattle-Pioneer Square	office	listing agent	Oct. 2001			22.00		2,800	yes		
Seattle-Pioneer Square	office	listing agent	Oct. 2001	16-18			\$4.00	24,000			seismically upgrading building
Seattle-Pioneer Square	office	listing agent	Oct. 2001			22.75	\$5.50-\$6	1,800	yes		
Seattle-Pioneer Square	office	listing agent	Oct. 2001			21.00	\$5.50-\$6	3,600	yes		
Seattle-Pioneer Square	office	listing	April, 2002			21.00		18,785	yes		
Seattle-Pioneer Square	office	listing agent	Oct. 2001			22.00	\$5.50-\$6	3,600		pending	renewal
Seattle-Pioneer Square	office	listing	Oct. 2001	\$17.00				4,992	yes		basement location
Seattle-Pioneer Square	office	listing	Oct. 2001	\$25.00				12,874	yes		2nd floor
Seattle-Pioneer Square	office	listing agent	Oct. 2001			13.00	\$5.00	3,930	yes		basement and irregularly shaped
Seattle-Pioneer Square	office ?	listing agent	Oct. 2001	18-20				5,000	yes		
Seattle-Pioneer Square	office ?	listing agent	Oct. 2001			18.00		1,500			ventilated
Seattle-Pioneer Square	office ?	listing agent	Oct. 2001	\$25.00			\$2.62	2,000	yes		
Seattle-Pioneer Square	office?	listing agent	Oct. 2001	20's			\$5.85	7,000			
Seattle-Pioneer Square	office?	listing agent	Oct. 2001	\$18.00			\$5.85	2,200			
Seattle-Pioneer Square	office?	listing agent	Oct. 2001	\$18.00				1,750			602 James on 2nd Avenue
Seattle-Pioneer Square	office?	listing agent	Oct. 2001			15.00		1,100			
Seattle-Pioneer Square	retail	listing agent	April, 2002	\$20.00				5,400		yes	signed in 11/01;level rent with increases in NNN's

neighborhood	type	source	date	NNN	Effective Rent	gross	expenses (\$/sq. ft) or (%)	size	asking	in-place	Notes
Seattle-Pioneer Square	retail	listing agent	April, 2002	\$16.75				2,800		yes	\$1/yr increases in rent
Seattle-Pioneer Square	retail	listing agent	April, 2002	\$22.43			\$500/mo	1,400		yes	now in year 7 of a 10 yr deal
Seattle-Pioneer Square	retail	listing agent	Feb. 2002	\$20.00	\$18 yr 1;\$20 over the term		\$1.35	1,194		yes	\$10 psf TI allowance, 5yr term (\$1 per yr escalation), 5yr renewal included;signed in 2001
Seattle-Pioneer Square	retail	tenant	Sep-01	\$30.00				600		yes	\$30/sq ft NNN; fairly recent change in rate
Seattle-Pioneer Square	retail	listing agent	April, 2002			18.00		1,475		yes	5 yr lease with annual escalations based on CPI;one 5yr renewal option
Seattle-Pioneer Square	retail	listing agent	Oct. 2001	\$22.00			\$4.00	1,500		yes	
Seattle-Pioneer Square	retail	listing agent	April, 2002	\$22.00			\$4.11	632		yes	3 yr lease, steps to 23NNN then 24NNN with a 3 yr renewal option
Seattle-Pioneer Square	retail	listing agent	April, 2002	\$17.00			\$4.11	1,607		yes	5 yr lease, steps to 18,\$22,\$25 NNN with a 5 yr renewal option
Seattle-Pioneer Square	retail/office?	listing agent	Oct. 2001	\$18.00			\$5.85	1,600	yes		irreg. Shape;entrance on Yesler
Seattle-Pioneer Square	storage	listing agent	Oct. 2001			\$6-\$8		2,000	yes		
Seattle-Pioneer Square	storage	publication (P)	4Q01			12.00		166		yes	Storage Lease
Seattle-Retail Core/Westlake	office	assoc dir. Prop taxes	2002			24.00		35,690		yes	new tenant; \$832,469 of TI & commissions paid
Seattle-Retail Core/Westlake	office	assoc dir. Prop taxes	throughout 2001			27.00		29,813		yes	renewal; \$87,752 of TI & commissions paid
Seattle-Retail Core/Westlake	office	assoc dir. Prop taxes	throughout 2001			24.50		1,250		yes	renewal; \$140,011 of TI & commissions paid
Seattle-Retail Core/Westlake	office	assoc dir. Prop taxes	throughout 2001			27.00		16,430		yes	renewal; \$82,150 of TI & commissions paid

The Korpacz Real Estate Investor Survey for the Fourth Quarter of 2001 indicates an overall Cap Rate range of 8%-11% with an average of 9.14% and an underlying vacancy and credit loss range of 2%-10% for the Pacific Northwest Office Market based on investor survey responses.

According to the CB Richard Ellis Fourth Quarter 2001, Seattle Office Report rates for Class A, B and C properties located in the Canal, Central Business District, Denny Regrade, Lake Union, Lower Queen Anne, Pioneer Square and Waterfront market areas indicate the following:

SEATTLE	Class A	Class B	Class C
Asking Lease rates	\$25-\$44	\$17-\$32	\$12-\$26
Operating Expenses	\$5.75-\$10.50	\$5.00-\$8.50	\$3.5-\$7.5
Vacancy Rates (including sublease)	10.40%	15.28%	16.94%

According to the CB Richard Ellis Fourth Quarter 2001, Eastside Office Report rates for Class A, B and C properties located in the Bellevue CBD, I-405, SR-520, I-90, Bel-Red Corridor, Kirkland, Redmond market areas indicate the following:

EASTSIDE	Class A	Class B	Class C
Asking Lease rate range	\$10-\$52	\$25.75-\$26.41	\$12-\$26
Operating Expense Range	\$6.75-\$9.80	\$5.50-\$8.00	\$5.00-\$7.00
Vacancy Rate range (including sublease)	14.69%	3.24%	13.52%

According to the CB Richard Ellis Fourth Quarter 2001, Puget Sound Office Market Report rates for properties located in the Auburn, Kent, Renton, Sea-Tac, South Seattle, Tukwila and Federal Way market areas indicate the following:

SOUTHEND	Vacancy Rate	Direct w/sublease Avg Asking Class "A" Lease Rate (full service)
Auburn	22.29%	*
Kent	27.24%	*
Renton	12.07%	*
Sea-Tac	.16%	*
South Seattle	7.38%	*
Tukwila	7.54%	\$22.21 (average for Auburn through Tukwila)
Federal Way	6.52%	\$20.80 (average includes Tacoma, Fife and Puyallup)

Insignia Kidder Mathews Investment Group in their Year 2001 Office Forecast suggest a forecast for the Seattle CBD and surrounding market area for lease rates to decrease to between \$28 to \$34 per sq. ft. (full service) for space in Class "A" buildings and for the supply of space available for lease to be ample.

This same Forecast suggests fully serviced annual rents to decrease to between \$21 and \$25 per sq. ft. for Class "A" space in the Bellevue CBD, and to decrease to between \$16 and \$24 for suburban areas.

Their South King County office market forecast for fully serviced annual lease rates to remain between \$19 and \$25 per sq. ft. for Class "A" space and for the supply of space to remain high.

This report also indicates the 2001 year-end vacancy percentages for Seattle, East King County and South King County as 12.40%, 16.22% and 10.94% respectively. Their figures include all office buildings over 10,000 sq. ft (20,000 sq. ft. in the Seattle CBD) and exclude the Microsoft Campus in Redmond.

Finally, the report notes on the investment side, due to investor concern over the current oversupply of office space, the forecast for 2002 is for average cap rates to move higher to 8.75% to 9.25% for Class “A” office properties.⁴

The following is a brief description of the income parameters utilized in each of the six market segments:

North: Full service lease rates ranged from \$21-\$23 per square foot of net rentable area. Vacancy and collection loss figures used in this area were 15%, expenses \$8.00/nra and overall rates were 9.50%. In general, values on a price per square foot of net rentable area fell in the \$78-\$122 range.

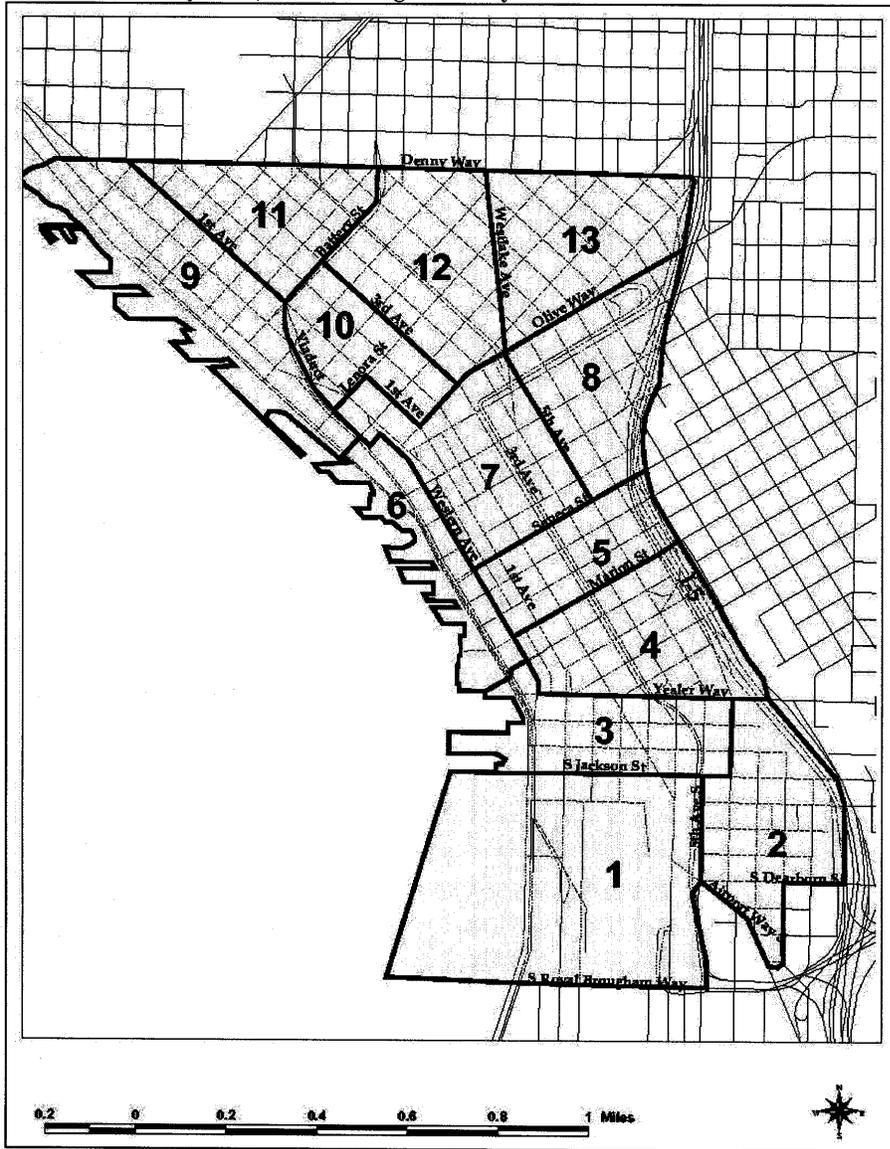
Seattle CBD: Lease rates ranged from \$19-\$33 per square foot of net rentable area. Vacancy and collection loss figures used in this area were 15%, expenses ranged from \$7-\$10/nra and overall rates ranged from 9.25%-10.0%. A few properties included consideration of income from retail rents. This was considered for properties where the retail space represented approximately 5% or more of total NRA. The retail lease rate range utilized was \$20-\$40/nra, triple net rent. The vacancy and collection loss figure for retail space was 10% and the triple net expense rate was 5%. Additionally, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. The Parking Inventory for Seattle and Bellevue 1999 prepared by the Puget Sound Regional Council was utilized as a basis for establishing parking rates in the various neighborhoods in Downtown Seattle and Downtown Bellevue (the 2002 data was not available until well after the lien date and was therefore not utilized in this analysis). This report was supported by verified rates on sold properties when available. No turnaround on the daily spaces was recognized.

The following is a brief description of the parking income parameters used in the income approach to valuation for Downtown Seattle properties.

<u>Market Segment</u>	<u>PSRC Neighborhood #</u>	<u>Daily Rate</u>	<u>Monthly Rate</u>	<u>Occupancy Rate</u>
Lower Queen Anne	17 & 18	\$5.50	\$50.00	55%
Seattle Center	19	\$7.25	\$90.00	65%
Regrade	9,10,11,12	\$10.00	\$120.00	80%
Denny Triangle	13	\$11.00	\$150.00	85%
CBD	4,5,7,8	\$17.00	\$190.00	80%
Pioneer Square	3	\$9.00	\$110.00	80%
First Hill	15 SW, 16 E	\$10.25	\$65.00	75%
First Hill	14 NW	\$11.50	\$115.00	65%

⁴ I on the Market Seattle, A Semi-annual Review of Market Activity by Insignia Kidder Mathews Office and Investment Groups, Year-End 2001

Figure 3
Seattle CBD Study Area, 1999 Parking Inventory



In general, values on a price per square foot of net rentable area fell in the \$88-\$234 range. Values in this market segment decreased on average 12%.

Bellevue CBD: Lease rates ranged from \$19-\$29 per square foot of net rentable area, with the majority of rents falling in the \$25-\$29 per square foot range. Two properties included consideration of income from retail rents. The retail lease rate utilized was \$17/nra, triple net rent. It is unusual for office buildings in this segment to have significant retail space included. Vacancy and collection loss figures used in this area were 20%, 15% for the two Mercer Island properties, expenses ranged from \$8.50 to \$9.50/nra and overall rates ranged from 9.25%-10.25 with the majority of properties capped at 9.25% to 9.50%.

Additionally, income from parking was considered. Income was based on an allocation of total parking spaces into daily and monthly rates. Monthly spaces were calculated as representing 67% of the total spaces while daily spaces accounted for the remaining 33%. The Parking Inventory for Seattle and Bellevue 1999 (the 2002 data was not available until well after the lien date and was therefore not utilized in this analysis) prepared by the Puget Sound Regional Council was utilized as a basis for establishing parking rates in the various neighborhoods in Downtown Seattle and Downtown Bellevue. This report was supported by verified rates on sold properties when available. The rates used to calculate income attributed to parking were as follows: daily rate: \$11 (no turnaround recognized), monthly rate: \$105, occupancy rate: 65%. A parking expense rate of 10% was applied to parking income to arrive at a net parking income contribution figure.

In general, values on a price per square foot of net rentable area fell in the \$106-\$184 range. Values in this segment decreased on average 27%.

Suburban Eastside: Lease rates ranged from \$22-\$29 per square foot of net rentable area, with the majority of rents falling in the \$24-\$26 per square foot range. Vacancy and collection loss figures used in this area were 10%, expenses \$7.25-\$9/nra and overall rates were 9.25%-9.50%. Parking was not analyzed as an additional income contributor as parking is generally included at no charge. In general, values on a price per square foot of net rentable area fell in the \$127-\$180 range. Values in this segment decreased on average 17%.

Southend: Renton, Tukwila, Southcenter - Lease rates ranged from \$19-\$23 per square foot of net rentable area. Vacancy and collection loss figures used in this area were 10% for the Tukwila properties, 15% for Renton and Kent, expenses \$7.00/nra and overall rates were 9.5%. SeaTac - the only property in this neighborhood is the Kilroy SeaTac Airport Office Towers. An \$18 lease rate, 5% vacancy and collection loss rate, expenses \$7.00/nra and a 9.75% overall rate was used to value this property. Federal Way - lease rates ranged from \$21.00-\$23.00 per square foot of net rentable area. Vacancy and collection loss figures used in this area were 10%, expenses \$7-\$7.50/nra and overall rates were 9.25%-9.50%. In general, values on a price per square foot of net rentable area fell in the \$104-\$136 range. Values in the Southend, on average, decreased by approximately 6% (when the increases in value to the Center Pointe project are disregarded; Center Point saw an increase in value over the past assessment year due to on-going remodeling and lease-up of previously higher than normal vacancy). When the Center Pointe value increases are included in the average, values rose just under 1%.

Medical Office Buildings: Full service lease rates ranged from \$20-\$32 per square foot of net rentable area. Vacancy and collection loss figures in this segment were typically 5% with three exceptions at 10% due to Overlake location, and 15% based on unique property circumstances and historical exceptions to the norm. Expenses ranged from \$10.50-\$11.25/nra. Overall rates ranged from 9.25% -10.00%. Parking income contributions were included depending upon the location of the property. Downtown Seattle, First Hill and the University District locations included recognition of this income. Values on a price per square foot of net rentable area fell in the \$85-\$230 range. The least amount of value change occurred in this segment due to the strength of the tenancy and demand for this type of space in the market.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed by the specialty appraiser for correctness of the model before the final value was selected. The income approach to valuation is given greatest weight in the final analysis due to the information available.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The appraiser determines which available value estimate may be appropriate and may adjust of particular characteristics and conditions as they occur in the valuation area.

Application of the total value model described above results in the following standard statistical measures of valuation performance and uniformity: the C.O.D. is 9.27%, the C.O.V. is 11.11%, and the P.R.D is 1.03. In addition, the resulting assessment level is 82.3%. These measures, with the exception of the assessment level, are all within IAAO guidelines and are presented in the Executive Summary and in the 2002 Ratio Analysis chart included in this report. It should be noted, however there are only two additional sales included here which were not included in the final ratio study for the 1-1-01 assessed valuation. These results are not considered to be reflective of the 1/1/02 office specialty market environment. In fact, there has been only one sale to occur subsequent to the September 11 assault on America. Current income and expense surveyed data (see rent survey) along with vacancy reports suggest a decline in the market as of 1-1-02 when compared with 1-1-01.

Application of these recommended values for the 2002 assessment year (taxes payable in 2003) results in an average total change from the 2001 assessments of -13.80%. This increase is due partly to downward market changes over time and the previous assessment levels. The total assessed value for the 2001 assessment year was \$8,423,854,000 and the total recommended assessed value for the 2002 assessment year is \$7,261,475,800.

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the office.

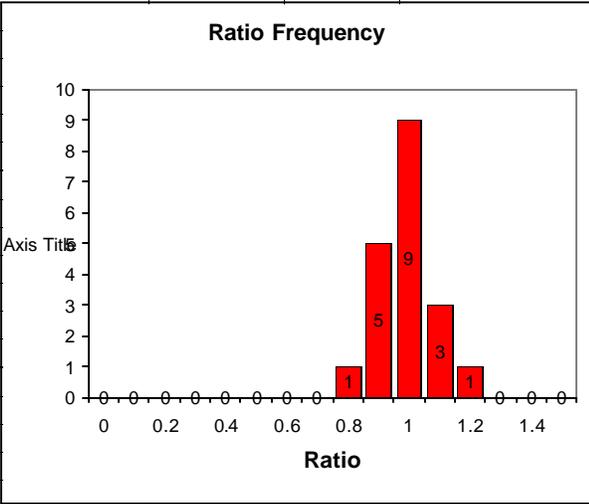
Improved Sales For Area 280 Used

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks	Economic Cap Rate
BELLEVUE CBD													
280	600950	0035	142,716	1738556	\$33,150,000	02/25/00	\$232.28	QUADRANT PLAZA	CBD-MU	1	2		9.31
280	104700	0005	128,832	1765568	\$31,500,000	07/18/00	\$244.50	PACIFIC 1ST PLAZA	CBD-MU	1	2		8.83
280	322505	9066	442,600	1665061	\$115,852,891	01/28/99	\$261.76	CITY CENTER BELLEVUE	CBD-O-1	3	2	included vacant developable land	
1998 SALES													
280	322505	9016	455,681	1643774	\$88,975,000	10/13/98	\$195.26	TRANSCOASTAL SKY TOWER	CBD-O-1	1	2		
SUBURBAN EASTSIDE SALES													
280	292505	9308	106,351	1810465	\$18,512,219	04/04/01	\$174.07	HIDDEN VALLEY OFFICE PARK	OC	1	2		9.05
280	128360	0060	270,973	1670428	\$40,000,000	03/02/99	\$147.62	BELLEVUE BUSINESS PK		1	2		10.53
280	720241	0100	474,852	1697328	\$103,377,954	07/12/99	\$217.71	AT & T CORPORATE CAMPUS	CC3	2	2	not in ratio study as bldg #5 was not built at the time of purchase, but is there now	

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks	Economic Cap Rate
SOUTHEND SALES													
280	723160	0542	131,927	1796894	\$18,060,816	01/17/01	\$136.90	ONE RENTON PLACE	CO	1	2		8.4
280	723160	0595	130,690	1796895	\$14,655,475	01/17/01	\$112.14	TWO RENTON PLACE	CO	2	2		10.26
280	192305	9023	132,094	1796896	\$16,677,150	01/17/01	\$126.25	THREE RENTON PLACE	CO	1	2		9.11
280	334040	4000	171,032	1796897	\$24,405,399	01/17/01	\$142.69	VALLEY OFFICE PARK	CO	1	2		9.49
280	222104	9006	103,500	1711778	\$16,550,000	09/22/99	\$159.90	East Campus Business Park VI	SR	1	2		8.88
280	012204	9012	752,119	1696875	\$40,653,152	07/08/99	\$54.05	CENTER POINT CORPORATE PARK	M1	4	2	remod since sale; not in ratio study	
280	012204	9012	218,586	1861777	\$30,354,820	01/04/02	\$138.87	CENTER POINT CORPORATE PARK	M1	1	2		
1998 SALES													
280	334040	3341	238,140	1620527	\$29,054,500	06/24/98	\$122.01	EAST VALLEY OFC CTR PH II	CO	3	2		
280	723160	0542	132,319	1597670	\$15,000,000	03/09/98	\$113.36	ONE RENTON PLACE	CO	1	2		
280	723160	0595	130,690	1597671	\$11,000,000	03/09/98	\$84.17	TWO RENTON PLACE	CO	2	2		
280	192305	9023	132,094	1597672	\$11,700,000	03/09/98	\$88.57	THREE RENTON PLACE	CO	1	2		
280	334040	4000	201,448	1597673	\$18,800,000	03/09/98	\$93.32	VALLEY OFFICE PARK	CO	1	2		

Area	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks	Economic Cap Rate
SEATTLE CBD SALES													
280	880970	0050	254,316	1822731	\$66,300,000	07/01/01	\$260.70	Opus South @ Union Station			2		8.50
280	065900	0305	286,427	1793300	\$68,775,000	12/21/00	\$240.11	720 OLIVE (MARSH & MCLENNAN BLDG)	DOC2400	1	2		8.18
280	880970	0030	316,806	1773834	\$84,900,000	08/01/00	\$267.99	Opus East & West @ Union Station		2	2		7.3
280	094200	0550	171,258	1763378	\$19,238,000	06/22/00	\$137.41	CENTRAL BUILDING	DOC1	1	2	Earthquake damage since sale;not in ratio study	10.06
280	093900	0260	326,849	1756815	\$46,045,972	06/01/00	\$138.00	DEXTER HORTON BUILDING	DOC2/2*	1	2	Earthquake damage since sale;not in ratio study	10.03
280	224950	0200	206,142	1746978	\$42,500,000	04/01/00	\$206.17	1000&1100 Dexter Avenue		7	2		8.88
280	197520	0015	151,329	1712209	\$33,805,000	09/24/99	\$223.39	U S WEST	DOC1	1	2		
1998 SALES													
280	766620	6895	201,866	1639201	\$22,398,697	09/17/98	\$110.96	83 KING STREET	PSM-85	1	2		
280	094200	0640	1,422,931	1621302-09	\$404,000,000	06/01/98	\$295.00	Bank of America Tower			2	49.9% interest sold in 6/00 for \$210,000 (economic cap = 8.82)	7.1
280	065300	0250	214,000	1604318	\$26,087,686	04/09/98	\$121.91	SEATTLE TRADE CENTER	DH2-65	2	2	remod since sale; not in ratio study	
280	093900	0335	281,788	1600979	\$25,500,000	03/26/98	\$90.49	EXCHANGE BLDG	DOC2240	1	2	remod since sale; not in ratio study	
280	197570	0080	921,298	1588052	\$236,000,000	01/01/98	\$256.16	U S Bank Centre			2	49.9% interest sold in 8/99 for \$130,000 (economic cap = 9.51)	8.69

2001 Assessment Year Ratio Study

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:		
Central Crew	1/1/2001	7/30/2002	1/28/99 - 01/04/02		
Area	Appr ID:	Prop Type:	Trend used?: Y / N		
280	LWIL	Improvement	N		
SAMPLE STATISTICS					
Sample size (n)	19	 <p>The histogram shows the frequency distribution of ratios. The x-axis is labeled 'Ratio' and ranges from 0 to 1.4 with increments of 0.2. The y-axis is labeled 'Axis Title' and ranges from 0 to 10 with increments of 1. The bars represent the number of properties in each ratio bin: 0.8-0.9 has 1 property, 0.9-1.0 has 5 properties, 1.0-1.1 has 9 properties, 1.1-1.2 has 3 properties, and 1.2-1.3 has 1 property.</p>			
Mean Assessed Value	36,195,500				
Mean Sales Price	38,426,700				
Standard Deviation AV	26,097,707				
Standard Deviation SP	27,069,720				
ASSESSMENT LEVEL					
Arithmetic mean ratio	0.947	<p>These figures reflect the 1-1-01 assessed values as compared with current market. It should be noted, however there are only two additional sales included here which were not included in the final ratio study for the 1-1-01 assessed valuation. Therefore, it is not surprising to have such "acceptable" results. These results however, are not considered to be reflective of the 1/1/02 office specialty market environment. In fact, there has been only one sale to occur subsequent to the September 11 assault on America. Current income and expense surveyed data (see rent survey) and vacancy reports suggest a decline in the market as of 1-1-02 when compared with 1-1-01. Careful consideration should be given to current market data when analyzing the confidence given to the ratio study results presented here and in the final ratio study.</p>			
Median Ratio	0.959				
Weighted Mean Ratio	0.942				
UNIFORMITY					
Lowest ratio	0.7914				
Highest ratio:	1.1388				
Coefficient of Dispersion	6.83%				
Standard Deviation	0.0862				
Coefficient of Variation	9.09%				
Price-related Differential	1.01				
RELIABILITY					
95% Confidence: Median		<p>*i.e., no evidence of non-normality</p>			
Lower limit	0.866				
Upper limit	0.987				
95% Confidence: Mean					
Lower limit	0.909				
Upper limit	0.986				
SAMPLE SIZE EVALUATION					
N (population size)	187				
B (acceptable error - in decimal)	0.05				
S (estimated from this sample)	0.0862				
Recommended minimum:	11				
Actual sample size:	19				
Conclusion:	OK				
NORMALITY					
Binomial Test					
# ratios below mean:	9				
# ratios above mean:	10				
z:	0				
Conclusion:	Normal*				

2002 Assessment Year Ratio Study

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:		
Central Crew	1/1/2002	7/30/2002	1/28/99 - 01/04/02		
Area	Appr ID:	Prop Type:	Trend used?: Y / N		
280	LWIL	Improvement	N		
SAMPLE STATISTICS					
Sample size (n)	19				
Mean Assessed Value	31,639,700				
Mean Sales Price	38,426,700				
Standard Deviation AV	20,737,875				
Standard Deviation SP	27,069,720				
ASSESSMENT LEVEL					
Arithmetic mean ratio	0.846	<p>These figures reflect the recommended 1-1-02 assessed values as compared with current market. It should be noted, however there are only two additional sales included here which were not included in the final ratio study for the 1-1-01 assessed valuation. These results are not considered to be reflective of the 1/1/02 office specialty market environment. In fact, there has been only one sale to occur subsequent to the September 11 assault on America. Current income and expense surveyed data (see rent survey) along with vacancy reports suggest a decline in the market as of 1-1-02 when compared with 1-1-01. Careful consideration should be given to current market data when analyzing the confidence given to the ratio study results presented here.</p>			
Median Ratio	0.837				
Weighted Mean Ratio	0.823				
UNIFORMITY					
Lowest ratio	0.6958				
Highest ratio:	1.0184				
Coefficient of Dispersion	9.27%				
Standard Deviation	0.0940				
Coefficient of Variation	11.11%				
Price-related Differential	1.03				
RELIABILITY					
95% Confidence: Median					
Lower limit	0.780				
Upper limit	0.926				
95% Confidence: Mean					
Lower limit	0.804				
Upper limit	0.889				
SAMPLE SIZE EVALUATION					
N (population size)	187				
B (acceptable error - in decimal)	0.05				
S (estimated from this sample)	0.0940				
Recommended minimum:	13				
Actual sample size:	19				
Conclusion:	OK				
NORMALITY					
Binomial Test					
# ratios below mean:	11				
# ratios above mean:	8				
z:	0.458831468				
Conclusion:	Normal*				
*i.e., no evidence of non-normality					