



**TRANSACTION SUMMARY
OF INVESTMENTS COMPLETED BY PRINCIPALS**

**Federal Way
Office Portfolio**
Federal Way, Washington

113,795 Square feet

Suburban office building

Year Built: 1989

Year Purchased: 2003

Year Sold: 2004

Purchase Price: \$13,500,000

Sales Price: \$17,800,000

Hold Period: 21 months

IRR: 36.3%

Strategy:

The portfolio was purchased from Equity Office Trust. At the time of purchase, the property consisted of the Washington Park Building, 49,642 square feet, the ABAM Building, 50,782 square feet, the Kennedy Jenks Building, 13,371 square feet and a 2.5 acre parcel of commercial zoned land.

The strategy that was implemented was that the sum of the parts were worth more than the portfolio as a whole. Since the properties were not adjacent, but spread over an one-mile radius, there was not any particular advantage to keeping the portfolio together.

All four parcels were successfully sold in separate transactions to different parties over the term of the investment.



**TRANSACTION SUMMARY
OF INVESTMENTS COMPLETED BY PRINCIPALS**

**Washington
Technical Center
Renton, Washington**

200,961 Square feet

Suburban office building

Year Built: 1984

Year Purchased: 2004

Year Sold: 2007

Purchase Price: \$19,271,000

Sales Price: \$27,215,000

Hold Period: 3 years

IRR: 20.8%

Strategy:

The portfolio was purchased from UNICO Properties. At the time of purchase, the property consisted of thirteen buildings on four separate tax parcels. The portfolio was 40% vacant at the time of purchase.

The strategy employed was to lease the vacant space at market rents, and based upon market conditions selectively sell individual buildings and tax parcels.

We worked with the City of Renton and were successful in completing both a lot line adjustment and a short plat partition to successfully sell three of the buildings in individual sales to owner/user investors that paid a premium for the buildings.

In 2007, the remaining 156,450 square feet of the ten building portfolio that was still under ownership was sold to Embarcadero Partners for \$21,000,000.



**TRANSACTION SUMMARY
OF INVESTMENTS COMPLETED BY PRINCIPALS**

Plaza West
Tigard, Oregon

65,621 Square feet

Suburban office building

Year Built: 1984
Year Purchased: 1994
Year Sold: 2001

Purchase Price: \$5,287,000
Sales Price: \$8,396,000

Hold Period: 75 months

IRR: 18.6%

Strategy:

Property was purchased all cash with 90% occupancy. The property was purchased by capitalizing the in place income without giving any value to the existing vacancy. With an improving office market, an aggressive leasing plan, and constant vigilance on tenant retention, the opportunity for increased value and cash flow was realized through leasing the property up to 100% occupancy.

Long-standing tenant complaints with the HVAC system were addressed in a cost-effective manner through implementation of management practices that cured the problems during lease renewal and tenant roll-over. Resolution of the problem retained existing tenants and was instrumental in leasing the building to new tenants.

Property was sold with 100% occupancy with market based rents.



**TRANSACTION SUMMARY
OF INVESTMENTS COMPLETED BY PRINCIPALS**

**Commerce
Center South
Wilsonville, Oregon**

107,948 square feet

Flex park

Year Built: 1986
Year Purchased: 1994
Year Sold: 2001

Purchase Price: \$6,595,000
Sales Price: \$8,378,000

Hold Period: 77 months

IRR: 14.3%

Strategy:

Located at an I-5 interchange, the property has excellent visibility and access. A flex property with 65% office build out, the property appealed to a wide range of users in a submarket that was underserved with viable alternatives for tenants.

At purchase the property had a large vacancy. The seller provided a rent guaranty for the vacant space until a replacement tenant was secured.

Cash flow and value were enhanced through a closely monitored, vigilant leasing program that focused on taking advantage of the inherent benefits of the location and property.



**TRANSACTION SUMMARY
OF INVESTMENTS COMPLETED BY PRINCIPALS**

**Cascade &
Exchange
Building
Portland, Oregon**

108,664 Square feet

CBD Historic office

Year Built:

Cascade: 1926

Exchange: 1902

Year Purchased: 1994

Year Sold: 2001

Purchase Price: \$3,030,000

Sales Price: \$8,120,000

Hold Period: 67 months

IRR: 16.8%

Strategy:

Pension fund seller desired to sell asset that did not fit the parameters and criteria of its ownership. At purchase, the property had 40% occupancy. The property was purchased based upon its in-place income.

The seller had installed new infrastructure throughout this historic property. Our ownership took on the responsibility of finishing the rehabilitation of the building as new tenants leased space.

A parking garage was added to the basement to enhance the marketability and increase the value of the property. The property was taken to 100% occupancy during the tenure of ownership.



**TRANSACTION SUMMARY
OF INVESTMENTS COMPLETED BY PRINCIPALS**

Mayer Building
Portland, Oregon

45,116 Square feet

CBD Historic office

Year Built: 1926
Year Purchased: 1997
Year Sold: 1998

Purchase Price: \$2,300,000
Sales Price: \$3,865,000

Hold Period: 15 months

IRR: 60.1%

Strategy:

A historic downtown office building, this property was purchased at 88% occupancy with no value being assigned to the vacant space. The property occupancy was taken to 95% at the time of sale.

In addition to leasing up the vacant space, value was added by leasing an exterior wall to Ackerly Communications for \$35,000 per year to paint a billboard on the exterior of the building. The previous ownership had a parking management contract that was unnecessary in our opinion and therefore eliminated. By operating the parking without the management contract, net parking revenues were increased by approximately \$15,000 per year. This added nearly \$200,000 of value to the project.

Through effective leasing, focused management, and securing new sources of revenue, the property was repositioned for sale for a handsome profit.



**TRANSACTION SUMMARY
OF INVESTMENTS COMPLETED BY PRINCIPALS**

**Durham Hall
Business Park
Portland, Oregon**

50,424 Square feet

Industrial Park

Year Built: 1977
Year Purchased: 1995
Year Sold: 1997

Purchase Price: \$2,054,000
Sales Price: \$3,116,000

Hold Period: 22 months

IRR: 43.5%

Strategy:

A multi-tenant incubator industrial park, the property was well positioned in a dynamic southwest Portland submarket.

A purchase, the curb appeal of the property was negligible based upon outdated exterior color scheme and overgrown landscaping. Throughout the tenure of ownership, the property was repainted and a landscape upgrade plan was implemented.

An environmental issue was discovered during due diligence. The problem was remedied prior to sale. As a result of implementing a solution for less than originally budgeted, addition profit was received.

As a result of enhancing the curb appeal, the existing tenancies and new tenants were secured at higher rents. The higher net operating income added to the gain at sale. Based upon asset size, the property was marketed and sold to a 1031 Exchange buyer for a low cap rate.



**TRANSACTION SUMMARY
OF INVESTMENTS COMPLETED BY PRINCIPALS**

**Schoolhouse
Square**
Keizer, Oregon

86,717 Square feet

Retail shopping center

Year Built: 1989
Year Purchased: 1995
Year Sold: 1999

Purchase Price: \$6,594,000
Sales Price: \$7,818,000

Hold Period: 44 months

IRR: 12.3%

Strategy:

Historically, the in-line shop space of this grocery anchored retail center had struggled due to leasing the space to local and non-credit users.

Our leasing program was focused on leasing the property to secure sustainable uses and credit tenancies. Marginal users and vacancies were replaced with National and Regional credit uses such as Sally Beauty, Post Net, Big Town Hero, Round Table Pizza and Lazerquick.

When the tenancies were repositioned, the property was sold for a profit.



**TRANSACTION SUMMARY
OF INVESTMENTS COMPLETED BY PRINCIPALS**

**Beaverton Tech
Center**
Beaverton, Oregon

48,674 Square feet

Flex park

Year Built: 1984
Year Purchased: 1995
Year Sold: 2001

Purchase Price: \$3,148,000
Sales Price: \$3,694,000

Hold Period: 64 months

IRR: 11.8%

Strategy:

This asset was purchased at cap rate of 11% based upon taking the risk of two tenants in place with shorter-term leases.

Both tenants were renewed with base rent increases upon roll over. Without any vacancy, cash on cash return was in excess of 13% on an unleveraged basis.

Upon the ultimate sale, a lower reversionary capitalization rate was achieved than at purchase, which added to the overall return for the project.



**TRANSACTION SUMMARY
OF INVESTMENTS COMPLETED BY PRINCIPALS**

**Airport Business
Center**
Portland, Oregon

65,621 Square feet

Suburban office park

Year Built: 1986
Year Purchased: 1999
Year Sold: 2000

Purchase Price: \$11,973,000
Sales Price: \$13,445,000

Hold Period: 17 months

IRR: 20.1%

Strategy:

Asset was purchased through a double escrow between two REIT's. Advantages were achieved by our group by meeting the timelines required to meet the sellers' objectives.

A seven-building complex, the strategy to profit from the investments took advantage of our belief that the pieces were more valuable than the entire portfolio. Key to implementation of the strategy was to find a lender that would provide flexible loan repayment terms without any defeasance or yield maintenance penalties.

One property was sold within thirty days of our closing for a built in gain of \$550,000. The remaining six buildings were sold in two different transactions approximately one and one-half years after purchase.

The success of the investment was realized through the proper debt structure and implementation of the strategy identified prior to purchase.



**TRANSACTION SUMMARY
OF INVESTMENTS COMPLETED BY PRINCIPALS**

**Vancouver
Business Park
Vancouver, Washington**

108,000 Square feet

Incubator Industrial

Year Built: 1980
Year Purchased: 1994
Year Sold: 2001

Purchase Price: \$4,385,000
Sales Price: \$5,079,000

Hold Period: 38 months

IRR: 13.4%

Strategy:

This multi-tenant incubator industrial park was purchased at 10% capitalization rate with 95% occupancy.

This well positioned asset appealed to a large range of users and had tremendous functionality to a broad base of tenants.

Based upon several small availabilities, a young aggressive leasing agent was hired to fill any vacancies. Key to our success was engaging the right marketing program to take advantage of the inherent qualities of the property.

Tight management and increased base rents allowed us to enhance the value over time.



**TRANSACTION SUMMARY
OF INVESTMENTS COMPLETED BY PRINCIPALS**

Murray Place
Beaverton, Oregon

48,000 Square feet

Suburban office building

Year Built: 1977
Year Purchased: 1998
Year Sold: 2001

Purchase Price: \$ 3,245,000
Sales Price: \$ 4,200,000

Hold Period: 31 months

IRR: 25.3%

Strategy:

Nike was the only tenant in the property. Sun Life, the seller had ownership of the property by taking back a defaulted loan. The seller was anxious to remove the asset from their REO Portfolio.

The tenant had a two-year lease term at below market rents, and had declared that they would vacate upon the expiration. The property was purchased at a 12% capitalization rate.

During the term of the lease, the cash on cash return was in excess of 15%. After the tenant vacated, the property was sold to Washington County on a cost per square foot basis compared to replacement cost. Implementation of this strategy yielded a significant return to the ownership.