City of St. Helens

RESOLUTION NO. 2060

A RESOLUTION OF THE CITY COUNCIL OF ST. HELENS, OREGON, FINDING IT NECESSARY AND CONVENIENT TO SELL REAL PROPERTY LOCATED AT TAX ACCOUNT NO. 11362 MAP NO. 4N1W-4DD-11300, TAX ACCOUNT NO. 11361 MAP NO. 4N1W-4DD-10800, AND TAX ACCOUNT NO. 13215 MAP NO. 4N1W-9-100 AND AUTHORIZING THE CITY TO ENTER INTO THE OPTION TO PURCHASE THE PROERTY IN COMPLIANCE WITH ORS 221.725

WHEREAS, City Council entered into a purchase and sale agreement with Arcadia Paper Mills, LLC, ("Arcadia") for the sale of certain real property located at 1300 Kaster Road for use as a paper mill (the "Paper mill"); and

WHEREAS, the City of St. Helens, owns an approximately 33-acre parcel of property located adjacent to the Paper mill and identified as Tax Account No. 11362 Map No. 4N1W-4DD-11300, Tax Account No. 11361 Map No. 4N1W-4DD-10800, and Tax Account No. 13215 Map No. 4N1W-9-100, as further shown in **Exhibit A** (the "Property").

WHEREAS, the north side of the Property abuts the East Street right-of-way, more-or-less between the S. 15th Street and S. 10th Street rights-of-way and is west of the Wastewater Treatment Plant lagoon, east of Kaster Road, and north of the main paper mill complex.

WHEREAS, the property is zoned Heavy Industrial and developed with improvements previously associated with the Paper mill and the proposed use of the property is to expand the paper manufacturing facility.

WHEREAS, the reason City Council considers it necessary or convenient to sell the Property to promote economic development, private investment, and job creation opportunities in the city of St. Helens.

WHEREAS, ORS 221.725 provides the process to be followed by a city when the City Council considers it necessary or convenient to sell real property; and

WHEREAS, the City has followed the required process stated in ORS 221.725, by publishing a notice of the proposed sale in a newspaper of general circulation in the City consistent with the requirements of ORS 221.725(2); and

WHEREAS, the City has followed ORS 221.725(4) by disclosing at the hearing the nature of the proposed sale and the general terms thereof, including an appraisal or other evidence of the market value of the property as shown on the attached **Exhibit B;** and

WHEREAS, the appraisal obtained by the City and shown on the attached **Exhibit A** provides for an appraisal of 70 acres, which includes the Property, and provides for an average price of $141,666.67 per acre of usable / developable land;

WHEREAS, the City desires to enter into an agreement that authorizes Arcadia the right to exercise the option to purchase the Property pursuant to the terms and conditions of an option agreement, including a purchase price of $200,000 per acre, as further described in the attached **Exhibit C** (the "Option Agreement"), and

WHEREAS, the City Council held a public hearing on September 17, 2025, to receive public comments from any resident of the City regarding the sale of the Property prior to the sale of the Option Agreement.

NOW, THEREFORE, THE CITY OF ST. HELENS RESOLVES AS FOLLOWS:

Section 1. The foregoing Recitals are incorporated herein as findings.

Section 2. The City Council hereby finds it necessary and convenient to sell the Property, which has no identified City use, and the sale of which will promote economic development, private investment, and job creation opportunities in the city of St. Helens.

Section 3. The City Council has received an offer to enter into the Option Agreement that grants the option to Arcadia to purchase the property in accordance with the terms and conditions of the Option Agreement.

Section 4. The City Council finds that the requirements of ORS 221.725, which apply when a public agency such as the City sell real property, have been fully complied with as the meeting was property noticed, and held and any resident of the City was given an opportunity to present written or oral testimony at a public hearing held on September 17, 2025.

Section 5. The City Council find that the entering into the Option Agreement with Arcadia is in the best interest of the City and authorizes and directs the City Administrator to take all appropriate steps to negotiate and complete the sale according to the terms substantially described on the Option Agreement.

This resolution was PASSED and ADOPTED this 17th day of September, 2025, and takes effect upon passage.

Ayes:

Nays:

____
Jennifer Massey, Mayor

ATTEST:

____
Kathy Payne, City Recorder

Exhibit A

OPTION AREA
09042025 CONCEPT
APPROX 33 AC.
KASTER ROAD
This is a concept. Legal creation of the property via the appropriate land use / land division actions are still required.
0 125 250 500 Feet
N

Exhibit B

CBRE VALUATION & ADVISORY SERVICES

APPRAISAL REPORT

ST. HELENS INDUSTRIAL PARK LAND
1300, 1400, 36800 KASTER ROAD
SAINT HELENS, OREGON 97051
CBRE FILE NO. CB24US009223-1

CLIENT: CITY OF ST. HELENS

CBRE

CBRE

VAS Department
Portland, OR 97201

www.cbre.com

Date of Report: February 22, 2024

Mr. John Walsh
City Administrator
CITY OF ST. HELENS
265 Strand St
Saint Helens, Oregon 97051

RE: Appraisal of: St. Helens Industrial Park Land
1300, 1400, 36800 Kaster Road
Saint Helens, Columbia County, Oregon
CBRE, Inc. File No. CB24US009223-1

Dear Mr. Walsh:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject of this report includes roughly 70 acres located within the St. Helens Industrial Park located within the City of St. Helens, Oregon. The site is generally level, includes access to public utilities and is zoned for a heavy industrial use. Due to wetlands, an estimated 54.06 acres are usable/developable.

The scope of this analysis involves estimating the market lease terms for a proposed ground lease from a prospective tenant. The intended use of this report is for internal decision-making purposes relating to lease negotiations.

The 'As Is' land value and the market rent conclusion represent the fee simple value of the subject and will be discussed in more detail later in the report. We note that the subject is not currently leased, and we have valued the fee simple interest of the land value to derive a fair market rent.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is Land Value	Fee Simple Estate	February 9, 2024	$7,650,000

Compiled by CBRE

INDUSTRIAL GROUND RENT CONCLUSION	
Ground Rent Area (Net)	2,354,854 SF
Rent Expense Structure	Triple Net
Ground Rent/Month/SF - Year 1	$0.030
Ground Rent/Month - Year 1	$70,646
Ground Rent/Year - Year 1	$847,747
Term	10+ years
Annual Escalators	Based on CPI adjustments
Compiled by CBRE	

It is noted that the subject site is a portion of a larger paper manufacturing plant which was vacated in 2023. The subject site is mostly vacant, but is improved with nominal ancillary industrial buildings in support of the larger manufacturing facility. The primary manufacturing improvements are located directly east of the subject site. At the request of the client, this analysis excludes the existing improvements.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES

Nick Anderson, MAI, R/W-AC
Vice President
State Certified General Real Estate Appraiser
Oregon Certification No. C001242
Phone: 503.946.4941
Email: nick.anderson2@cbre.com

Certification

We certify 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.
4. Nick Anderson, MAI has not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice.
9. Nick Anderson, MAI has made a personal inspection of the property that is the subject of this report, and the comparables.
10. No one provided significant real property appraisal assistance to the persons signing this certification.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, Nick Anderson, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
14. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the State of Oregon.

Nick Anderson, MAI, R/W-AC
Oregon Certification No. C001242

Subject Photographs

Aerial View

View of Kaster Rd and approach to the subject from Old Portland Rd

Typical view of subject site (paved parking lot area)

Typical view of subject site (unimproved area situated to the southern portion of the site)

Typical view of subject site (unimproved area situated to the northern portion of the site)

View of internal drive

View of internal drive

View of subject site and building improvements (excluded from this analysis)

View of subject site and building improvements (excluded from this analysis)

Executive Summary

Property Name	St. Helens Industrial Park Land	
Location	1300, 1400, 36800 Kaster Road Saint Helens, Columbia County, OR 97051	
Parcel Number(s)	11221 (additional parcels listed in 'Tax and Assessment Data')	
Client	City of St. Helens	
Highest and Best Use		
As If Vacant	Industrial Use	
Property Rights Appraised	Fee Simple Estate	
Date of Report	February 22, 2024	
Date of Inspection	February 9, 2024	
Estimated Exposure Time	12 - 24 Months	
Estimated Marketing Time	12 - 24 Months	
Primary Land Area	54.06 AC	2,354,854 SF
Zoning	Heavy Industrial (HI), Light Industrial (LI)	
Buyer Profile	Developer	

CONCLUDED MARKET VALUE

Appraisal Premise	Interest Appraised	Date of Value	Value
As Is Land Value	Fee Simple Estate	February 9, 2024	$7,650,000

Compiled by CBRE

INDUSTRIAL GROUND RENT CONCLUSION

Ground Rent Area (Net)	2,354,854 SF
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Ground Rent/Year - Year 1	$847,747
Term	10+ years
Annual Escalators	Based on CPI adjustments

Compiled by CBRE

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

Strengths/ Opportunities

- Generally level topography with access to public utilities.
- Potential rail and deep draft river access if assemblage with the properties to the west

Weaknesses/ Threats

- Location in the City of St. Helens, which is considered to have reduced demand for industrial development considering its distance from the Portland metro area and Interstate 5.
- Portions of the subject site are graded and paved; however, the majority of the area is raw land and will require some excavation work for development. Utilities may also need to be upsized depending on user requirements.

- Commercial real estate market conditions have deteriorated at the macro level. The significant recent increase in the cost of capital and reduced volume of transaction activity is impacting price discovery and creating an increase in uncertainty. Increasing interest rates and subdued economic growth will continue to weigh on commercial real estate fundamentals and investment transaction volumes. This creates a higher degree of uncertainty in general, though the impacts may vary by market and asset class/type.

MARKET VOLATILITY

We draw your attention to a combination of inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have significantly increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

CURRENT ECONOMIC CONDITIONS

At its January 2024 meeting, the Federal Reserve held the federal funds rate at a range of 5.25% to 5.50% and indicated it will continue reducing its balance sheet by $95 billion per month. The Fed removed language from its policy statement about further tightening but stated it needs more confidence inflation "is moving sustainably toward 2.00%" before considering cuts. Rising real interest rates will be a headwind for the economy in coming quarters; however, CBRE expects the U.S. economy will remain resilient with growth averaging 1.6% for the year.

While opinions vary on future economic issues, the general market consensus at the time of this appraisal is the anticipation of moderating inflation as higher interest rates cool demand. Tighter lending conditions and a weakening economy will keep capital markets activity subdued and reduce leasing demand in the short to medium term. Amid this uncertain and dynamic environment, investment market performance will be uneven across property types.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as "an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions." [1]

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[1] The Appraisal Foundation, *USPAP, 2024 Edition (Effective January 1, 2024)*

- The appraiser estimated the non-developable areas based on a wetland delineation map provided by the client, and is assumed correct.
- The use of these extraordinary assumptions may have affected the assignment results.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "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 purposes of analysis." [2]

- The subject includes all or a portion of nine tax lots. Furthermore, the subject site area includes improved and unimproved public right of ways. The property contact reports that upon leasing the subject site to a prospective tenant, a boundary line adjustment will be completed so as to consolidate and delineate the subject along parcel lines. It is assumed that the improved and unimproved ROW areas at the subject will be vacated. For the purpose of this report, we have assumed that these conditions have been completed as of the effective date of this report.
- The use of these hypothetical conditions may have affected the assignment results.

OWNERSHIP AND PROPERTY HISTORY

OWNERSHIP SUMMARY

Item	Current
Current Ownership	
Owner:	City of St. Helens
Sale in Last 3 Years?:	No
Pending Sale	
Under Contract:	No
Current Listing	
Currently Listed For Sale:	No

Compiled by CBRE

CBRE is not aware of any sales, listings or contracts of the subject property within the prior three years.

EXPOSURE/MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

[2] The Appraisal Foundation, *USPAP, 2024 Edition (Effective January 1, 2024)*

- exposure periods for comparable sales used in this appraisal;
- the opinions of market participants.

The following table presents the information derived from these sources.

EXPOSURE/MARKETING TIME DATA		
	Exposure/Mktg. (Months)	
Investment Type	Range	Average
Comparable Sales Data	18.0 - 60.0	39.0
Local Market Professionals	6.0 - 24.0	
CBRE Exposure Time Estimate	**12 - 24 Months**	
CBRE Marketing Period Estimate	**12 - 24 Months**	
Various Sources Compiled by CBRE		

The concluded exposure/marketing period takes into consideration the subject's secondary market location (St. Helens) and larger site size.

Table of Contents

Scope of Work

This Appraisal Report is intended to comply with the real property appraisal development and reporting requirements set forth under Standards Rule 1 and 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied.

INTENDED USE OF REPORT

The intended use of this report is for internal decision-making purposes relating to lease negotiations. No other use is permitted.

CLIENT

The client is City of St. Helens.

INTENDED USER OF REPORT

This appraisal is to be used by City of St. Helens. No other user(s) may rely on our report unless as specifically indicated in this report.

> Intended users are those who an appraiser intends will use the appraisal or review report. In other words, appraisers acknowledge at the outset of the assignment that they are developing their expert opinions for the use of the intended users they identify. Although the client provides information about the parties who may be intended users, ultimately it is the appraiser who decides who they are. This is an important point to be clear about: The client does not tell the appraiser who the intended users will be. Rather, the client tells the appraiser who the client needs the report to be speaking to, and given that information, the appraiser identifies the intended user or users. It is important to identify intended users because an appraiser's primary responsibility regarding the use of the report's opinions and conclusions is to those users. Intended users are those parties to whom an appraiser is responsible for communicating the findings in a clear and understandable manner. They are the audience. [3]

RELIANCE LANGUAGE

Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for

[3] Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020), 40.

any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market rent and market value of the subject property.

DEFINITION OF VALUE

Market Value

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

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

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

INTEREST APPRAISED

The value estimated represents Fee Simple Estate as defined below:

> ***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. [5]
>
> *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. [6]
>
> *Leasehold Estate* - The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. [7]

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[4] 12 CFR, Part 34, Subpart C-Appraisals, 34.42(h).

[5] Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022), 73.

[6] Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022), 105.

Going Concern – An established and operating business having an indefinite future life. [8]

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records

Extent to Which the Property is Inspected

Nick Anderson, MAI inspected the subject site, as well as its surrounding environs on the effective date of appraisal. This inspection was considered adequate and is the basis for our findings.

Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- comparable data

Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. For vacant land, the sales comparison approach has been employed for this assignment.

Data Resources Utilized in the Analysis

DATA SOURCES	
Item:	*Source(s):*
Site Data	
Size	Information provided by client
Wetland Area	Estimated by appraiser based on information provided by client
Other	
Zoning Information	City of St. Helens
Tax Information	County Assessor
Flood Zone	InterFlood
Data Not Provided	
Engineering studies, soil tests or environmental assessments	
Preliminary title report	
Compiled by CBRE	

[7] Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022), 105.

[8] Appraisal Institute, The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022), 83.

APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available. Depending on a specific appraisal assignment, any of the following four methods may be used to determine the market value of the fee simple interest of land:

- Sales Comparison Approach;
- Income Capitalization Procedures;
- Allocation; and
- Extraction.

The following summaries of each method are paraphrased from the text.

The first is the sales comparison approach. This is a process of analyzing sales of similar, recently sold parcels in order to derive an indication of the most probable sales price (or value) of the property being appraised. The reliability of this approach is dependent upon (a) the availability of comparable sales data, (b) the verification of the sales data regarding size, price, terms of sale, etc., (c) the degree of comparability or extent of adjustment necessary for differences between the subject and the comparables, and (d) the absence of nontypical conditions affecting the sales price. This is the primary and most reliable method used to value land (if adequate data exists).

The income capitalization procedures include three methods: land residual technique, ground rent capitalization, and Subdivision Development Analysis. A discussion of each of these three techniques is presented in the following paragraphs.

> The land residual method may be used to estimate land value when sales data on similar parcels of vacant land are lacking. This technique is based on the principle of balance and the related concept of contribution, which are concerned with equilibrium among the agents of production--i.e. labor, capital, coordination, and land. The land residual technique can be used to estimate land value when: 1) building value is known or can be accurately estimated, 2) stabilized, annual net operating income to the property is known or estimable, and 3) both building and land capitalization rates can be extracted from the market. Building value can be estimated for new or proposed buildings that represent the highest and best use of the property and have not yet incurred physical deterioration or functional obsolescence.
>
> The subdivision development method is used to value land when subdivision and development represent the highest and best use of the appraised parcel. In this method, an appraiser determines the number and size of lots that can be created from the appraised land physically, legally, and economically. The value of the underlying land is then estimated through a discounted cash flow analysis with revenues based on the achievable sale price of the finished product and expenses based on all costs required to complete and sell the finished product.
>
> The ground rent capitalization procedure is predicated upon the assumption that ground rents can be capitalized at an appropriate rate to indicate the market value of a site. Ground rent is paid for the right to use and occupy the land according to the

terms of the ground lease; it corresponds to the value of the landowner's interest in the land. Market-derived capitalization rates are used to convert ground rent into market value. This procedure is useful when an analysis of comparable sales of leased land indicates a range of rents and reasonable support for capitalization rates can be obtained.

The allocation method is typically used when sales are so rare that the value cannot be estimated by direct comparison. This method is based on the principle of balance and the related concept of contribution, which affirm that there is a normal or typical ratio of land value to property value for specific categories of real estate in specific locations. This ratio is generally more reliable when the subject property includes relatively new improvements. The allocation method does not produce conclusive value indications, but it can be used to establish land value when the number of vacant land sales is inadequate.

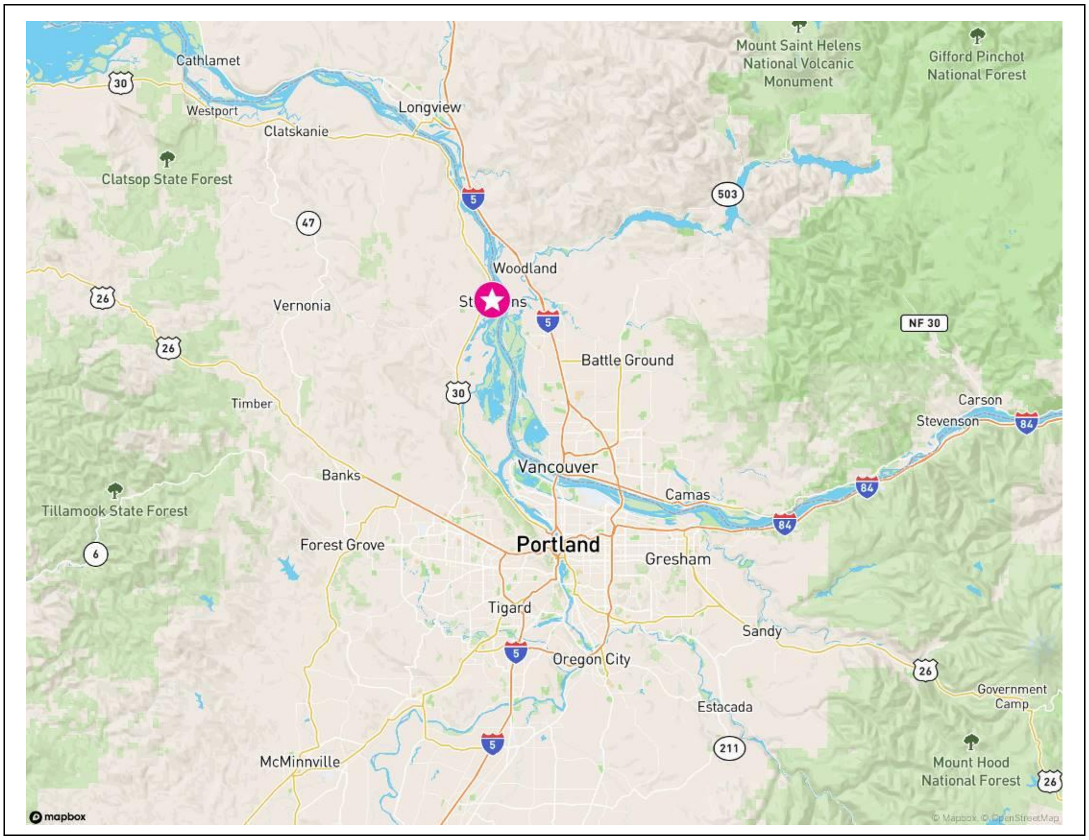
The extraction method is a variant of the allocation method in which land value is extracted from the sale price of an improved property by deducting the contribution of the improvements, which is estimated from their depreciated costs. The remaining value represents the value of the land. Value indications derived in this way are generally unpersuasive because the assessment ratios may be unreliable and the extraction method does not reflect market considerations.

METHODOLOGY APPLICABLE TO THE SUBJECT

For the purposes of this analysis, we have utilized the sales comparison approach for the land value. The other methodologies are used primarily when comparable land sales data is non-existent. Therefore, these approaches have not been used.

In determining the subject's market rent, the primary methodology is the return on land value analysis. In order to determine market rent for the land, the land value must first be established, and then market rates of return are determined from our research with market participants and other known lease negotiations. Supplemental ground lease comparables will also be presented for support.

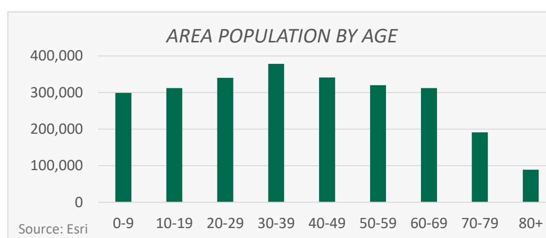
Area Analysis



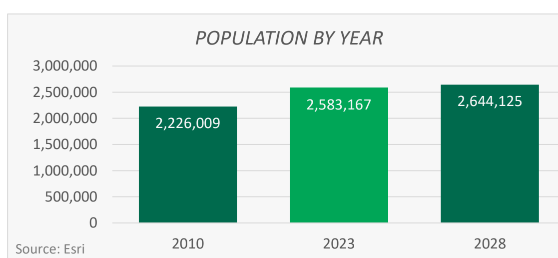
The subject is located in the Portland MSA. Key information about the area is provided in the following tables.

POPULATION

The area has a population of 2,583,167 and a median age of 39, with the largest population group in the 30-39 age range and the smallest population in 80+ age range.



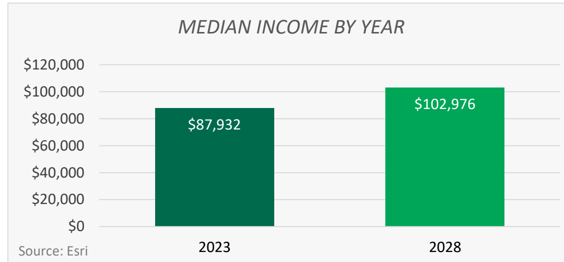
Population has increased by 357,158 since 2010, reflecting an annual increase of 1.2%. Population is projected to increase by 60,958 between 2023 and 2028, reflecting a 0.5% annual population growth.



Source: ESRI, downloaded on Feb, 12 2024

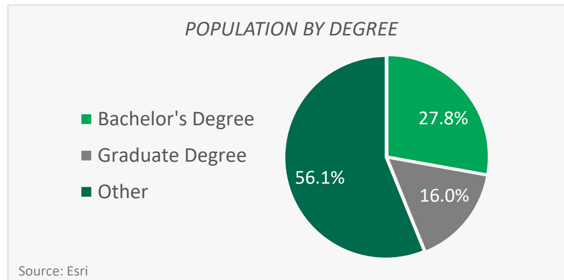
INCOME

The area features an average household income of $121,886 and a median household income of $87,932. Over the next five years, median household income is expected to increase by 17.1%, or $3,009 per annum.

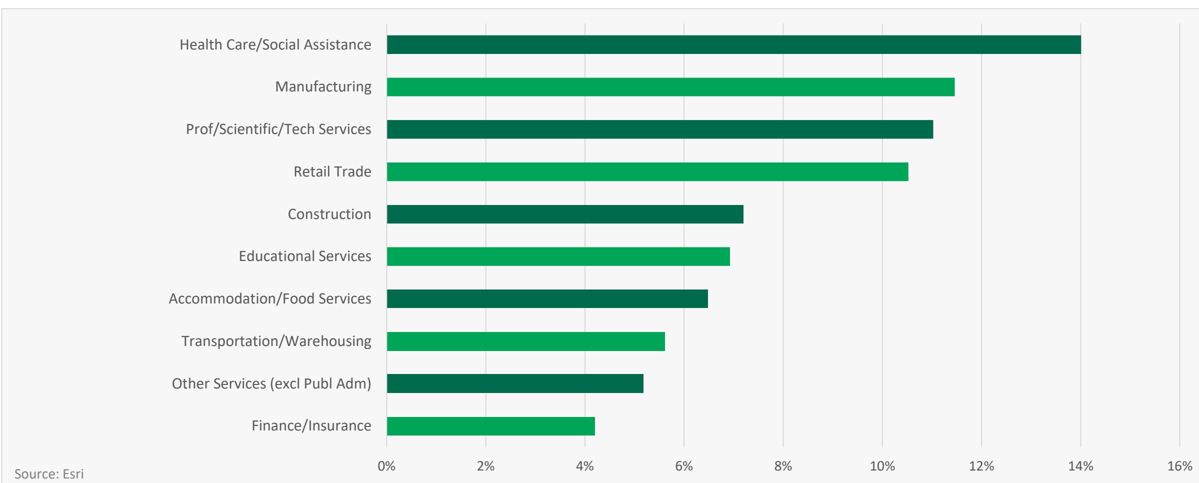


EDUCATION

A total of 43.9% of individuals over the age of 24 have a college degree, with 27.8% holding a bachelor's degree and 16.0% holding a graduate degree.



EMPLOYMENT



The area includes a total of 1,338,115 employees and has a 3.8% unemployment rate. The top three industries within the area are Health Care/Social Assistance, Manufacturing and Prof/Scientific/Tech Services, which represent a combined total of 36% of the workforce.

Source: ESRI, downloaded on Feb 12, 2024; BLS.gov dated Dec 1, 2023 (preliminary)

The following table lists the top employers within the Portland-Vancouver-Hillsboro metro area.

LARGEST EMPLOYERS IN PORTLAND METRO AREA				
Company Name	City	Metro Employment	Global Employment	Industry
Providence Health & Services	Portland	23,100	130,800	Medical
Intel	Hillsboro	22,328	121,000	Computer Hardware
Oregon Health & Science University[1]	Portland	19,603	20,724	Education
Nike	Beaverton	15,522	83,700	Apparel
Legacy Health[1]	Portland	13,087[2]	13,775	Medical
Kaiser Permanente	Portland	12,514	318,739	Medical
Fred Meyer Stores	Portland	9,000	430,000[3]	Grocery
Portland Public Schools	Portland	7,111[4]	7,111	Education
City of Portland	Portland	6,753[4]	6,753	Government
Multnomah County	Portland	6,317	7,005	Government
U.S. Deptartment of Veterans Affairs	Portland	4,845[5]	411,919	Government
Beaverton School District	Beaverton	4,600	4,600	Education
Portland State University	Portland	3,731	3,731	Education
US Postal Service	Portland	3,590[4]	635,350	Package Delivery
Vancouver Public Schools	Vancouver	3,264	3,264	Education
TriMet	Portland	3,152	3,152	Transportation
U.S. Bank	Portland	3,144	78,290	Finance
Portland Community College	Portland	3,049	3,049	Education
Daimler Truck North America	Portland	3,000	28,000	Automotive
Precision Castparts Corp.	Lake Oswego	2,500	23,000	Manufacturing
Hillsboro School District	Hillsboro	2,463[4]	2,463	Education
Oregon Department of Human Services	Portland	2,439[4]	10,000	Social Services
Portland General Electric	Portland	2,423	2,873	Utilities
Clackamas County	Oregon City	2,363[4]	2,363	Government
North Clackamas Schools	Milwaukie	2,223[4]	2,223	Education
Washington County	Hillsboro	2,211[4]	2,211	Government
Bonneville Power Administration	Portland	2,119[5]	2,119	Utilities
Wells Fargo	Portland	2,044	238,000	Finance
Adidas America Inc.	Portland	1,714	59,258	Apparel
JLL	Portland	1,700	102,000	Commercial Real Estate
Fisher Investments	Camas	1,667	5,266	Finance
David Douglas School District	Portland	1,511[4]	1,511	Education
The Standard	Portland	1,442	3,655	Insurance
Tigard-Tualatin School District	Tigard	1,421[4]	1,421	Education
Cambia Health Solutions	Portland	1,404	4,690	Health Care
A-Dec, Inc.	Newberg	1,300	1,500	Medical
Moda Center	Portland	1,300	1,300	Indoor Sports/Event Center
Gee Automotive Companies	Milwaukie	1,257	2,162	Automotive
West-Linn Wilsonville School District	Tualatin	1,240[4]	1,240	Education
Metro	Portland	1,227[4]	1,227	Government

1. OHSU and Legacy Health, Portland-based, announced a plan to merge in August; 2. Reported last year; 3. Total employment of parent company, Kroger; 4. Average in 2022 from Oregon Employment Department; 5. Average in 2022 from Oregon Employment Department and Washington State Employment Security Department

Source: Portland Business Journal, September 2023

CONCLUSION

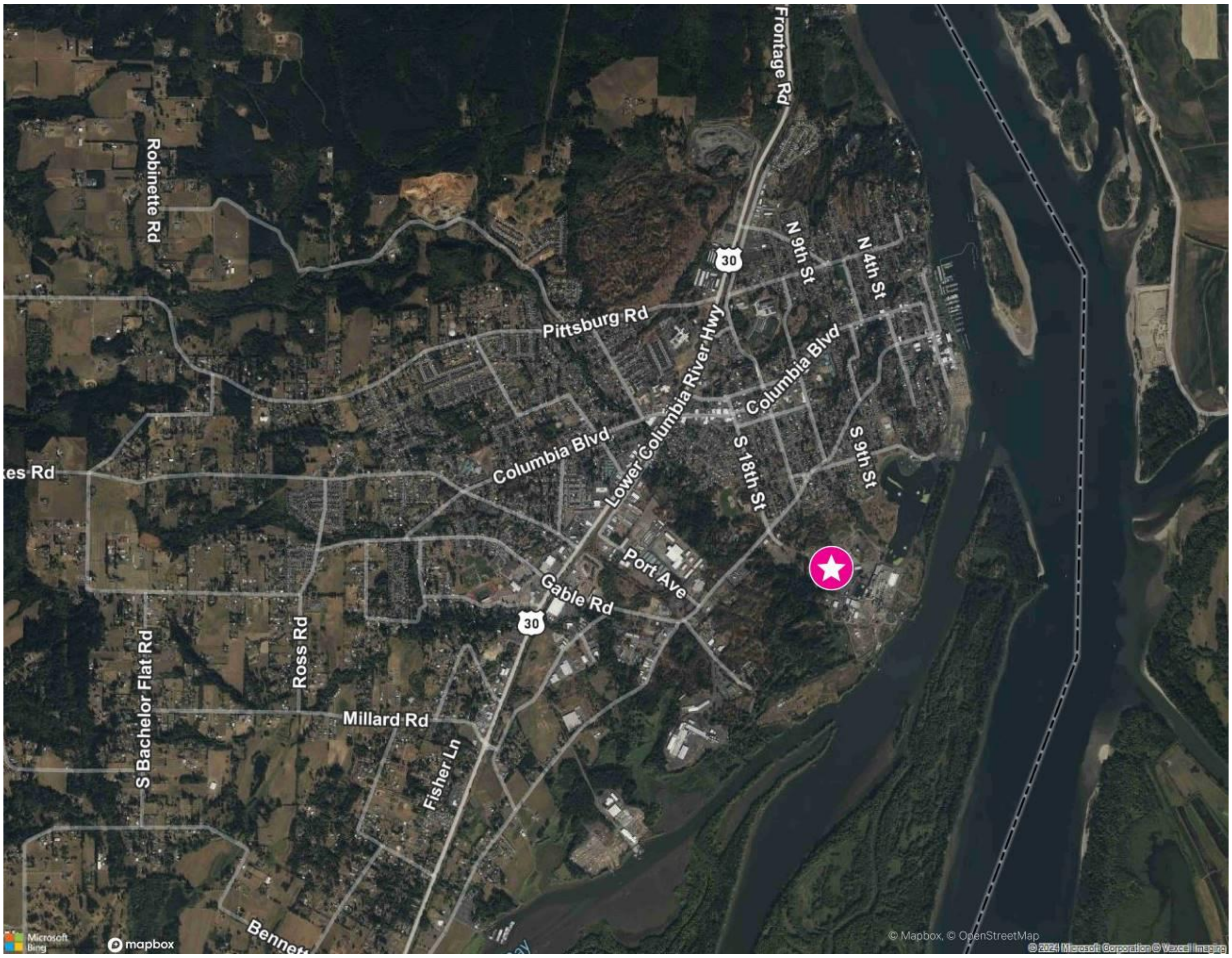
The Portland metro-area is home to some of the most recognizable companies in the world including: Intel, Nike and Columbia Sportswear. Portland is also fertile ground for start-ups and small businesses and is a regional tech hub. A wide range of firms have been attracted to Portland's quality of life, transportation options, and skilled workforce.

Livability and affordability are hallmarks of the Portland region. The area's abundant natural beauty, mild climate, easy access to Portland International Airport, expansive public transportation system, wide variety of housing options and more make Portland a superb place to work and live. Portland is a hub for innovation and a workforce talent magnet. With a metropolitan labor force growing at six times the national average, this region is home to a deep pool of skilled workers across all industry sectors.

While average salaries in the Portland region can be lower than those of other west coast metros, Portland's cost of living and social amenities are equal to or better. Continued growth in the region's talented workforce suggests that skilled workers understand that their wages will go further here. Employers are attracted to affordable talent.

Portland MSA has experienced stable population growth for several consecutive years. According to the information provided by ESRI, which is further supported by the opinions of local economists, continued population growth is expected. In addition, individual and household incomes are projected to continue to grow. Further population and income growth will continue to boost the local economy. Over the long run, the Portland MSA is projected to be an above-average performer.

Neighborhood Analysis



LOCATION

The subject is located within a suburban area in Columbia County in the city of St. Helens. The area consists of single-family homes, multifamily apartment complexes, and scattered retail uses. The neighborhood is approximately 20 miles northwest of Portland, Oregon.

BOUNDARIES

The neighborhood boundaries are essentially the city boundaries of St. Helens. The neighborhood is divided by Highway 30, which is the main north/south arterial through town.

LAND USE

St. Helens began as a community located on the banks of the Columbia River and the city has generally grown from the city center/CBD outward to the west. The city backs to a rocky knoll on the northern perimeter of the city that has limited development to the north and pushed development westward instead. As a result, the areas closer to the Columbia River have the older developments and the land is almost entirely developed.

The primary land uses within the neighborhood are single-family homes, multifamily apartments, and retail uses. Commercial uses in the neighborhood are located along Highway 30 and Columbia Boulevard. Commercial uses along Highway 30 includes a Safeway anchored shopping center, Walmart, smaller retail buildings, bank branches, restaurants, storefront commercial development and small office buildings. Downtown St. Helens is an older area that is located near the Columbia River and has started to be revitalized.

The majority of the single-family residential development within a one-mile radius of the subject may be described as homes in the $300,000-$400,000 price range and the median home value is approximately $374,892, according to information provided by ESRI.

Industrial development located in the neighborhood consists mostly of smaller manufacturing buildings along Port Avenue and Old Portland Road. Industrial development consists of manufacturing facilities, forestry products, self-storage facilities, and general industrial development.

The subject site is located within the St. Helens Industrial Park and also near Port of Columbia Property, and is a portion of the former Cascades Tissue Group manufacturing facility. The former Cascades Tissue Group facility was a paper products manufacturing plant with a total area of 284,000 SF. The facility was vacated in 2023. The subject comprises primarily of either vacant land or areas with nominal ancillary improvements, with the primary industrial facility located directly east. Overall, the subject is located in an area which transitions from residential and commercial uses in the west to industrial uses at the subject and east of the Multnomah Channel.

GROWTH PATTERNS

There is a considerable amount of commercial development located along both sides of Highway 30 because this area also draws from the Scappoose population and reflects the most common commuting traffic patterns into the greater Portland metro employment centers to the south. Several hotels, auto dealerships, banks, grocery-anchored retail centers and national fast serve restaurants and coffee shops line this arterial to the south. There is a small industrial pocket situated on the northern perimeter of St. Helens, as well as public works developments, self-storage facilities, and a large mobile home park. The Port of Columbia County is located in Columbia City which is located north of St. Helens along Highway 30.

Most of the recent growth in the neighborhood has occurred along Columbia Boulevard near major intersections. A majority of the older commercial developments in the neighborhood are located within the downtown area near the river front and consist of office and retail uses. There is limited multifamily development in the area, most of which is older development interspersed throughout the city.

ACCESS

North/south access to the subject neighborhood is provided by Hwy 30 (Columbia River Highway), which provides access to the Kelso/Longview and Astoria to the north and Portland to the south. Although the subject is located across the Columbia River from Washington, the nearest bridges are 20+ miles north/south of the subject.

DEMOGRAPHICS

Selected neighborhood demographics in 1-, 3- and 5-mile radius from the subject are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS

1300, 1400, 36800 Kaster Road Saint Helens, OR 97051	1 Mile Radius	3 Mile Radius	5 Mile Radius	Portland-Vancouver-Hillsboro, OR-
Population				
2028 Total Population	4,698	18,710	31,607	2,644,125
2023 Total Population	4,724	18,410	31,043	2,583,167
2010 Total Population	4,667	17,035	27,364	2,226,009
2000 Total Population	4,374	13,782	21,463	1,927,881
Annual Growth 2023 - 2028	*-0.11%*	*0.32%*	*0.36%*	*0.47%*
Annual Growth 2010 - 2023	*0.09%*	*0.60%*	*0.98%*	*1.15%*
Annual Growth 2000 - 2010	*0.65%*	*2.14%*	*2.46%*	*1.45%*
Households				
2028 Total Households	1,902	7,224	11,807	1,043,495
2023 Total Households	1,898	7,061	11,535	1,011,850
2010 Total Households	1,811	6,425	10,118	867,794
2000 Total Households	1,633	5,148	7,886	745,531
Annual Growth 2023 - 2028	*0.04%*	*0.46%*	*0.47%*	*0.62%*
Annual Growth 2010 - 2023	*0.36%*	*0.73%*	*1.01%*	*1.19%*
Annual Growth 2000 - 2010	*1.04%*	*2.24%*	*2.52%*	*1.53%*
Income				
2023 Median Household Income	$51,239	$72,126	$77,607	$87,932
2023 Average Household Income	$64,625	$86,383	$96,973	$121,886
2023 Per Capita Income	$26,538	$33,323	$35,874	$47,801
2023 Pop 25+ College Graduates	301	2,179	4,540	795,752
Age 25+ Percent College Graduates - 2023	9.7%	17.2%	21.3%	43.9%

Source: ESRI

CONCLUSION

The subject has an average location in the small community of St. Helens, and is located in an area including primarily industrial development. St. Helens is a small town situated on the far outlying Portland market., and in turn is provided direct access to the Portland metro area to the south.

As summarized in the above chart, the neighborhood has experienced positive growth in both population and households from 2000 to 2023, and positive growth is expected to continue through 2028. Overall, the subject neighborhood is forecast to maintain a stable performance over the near and mid to long-term.

PLAT MAP

The subject includes all or a portion of nine tax lots. The approximate subject boundary is shown below together with the current plat map.

FLOOD PLAIN MAP

WETLAND MAP

The following wetland map/survey was provided by the client. This includes wetland and buffer areas.

The following wetland map overlays the above wetland survey with the aerial map of the subject, which is used to estimate the subject's net area (gross site area less wetland and buffer areas).

TOPOGRAPHY MAP

Site Analysis

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY AND ANALYSIS			
Physical Description			
Gross Site Area		70.00 Acres	3,049,200 Sq. Ft.
Net Site Area		54.06 Acres	2,354,854 Sq. Ft.
Shape		Irregular	
Topography		Generally Level	
Parcel Number(s)		11221 (additional parcels listed in 'Tax and Assessment Data')	
Zoning District		Heavy Industrial (HI)	
Flood Map Panel No. & Date		41009C0456D	26-Nov-10
Flood Zone		Zone X (Unshaded)	
Adjacent Land Uses		Industrial, vacant land, residential	
Comparative Analysis		**Rating**	
Visibility		Average	
Functional Utility		Average	
Adequacy of Utilities		Assumed Average	
Drainage		Assumed Adequate	
Other	**Yes**	**No**	**Unknown**
Detrimental Easements		Assumed No	
Encroachments		Assumed No	
Deed Restrictions		Assumed No	

Various sources compiled by CBRE

LOCATION

The subject site is located within the St. Helens Industrial Park and comprises all or a portion of nine tax lots. Three of the subject tax lots are addressed 1300, 1400 and 36800 Kaster Road, St. Helens, OR 97051.

SITE SIZE

The subject consists of nine parcels with a total area of 70 acres according to the client. Based on the wetland survey provided for this report, including 50′ buffer areas, the non-developable area is estimated at 15.94 acres. Therefore, the developable area is estimated at 54.06 acres. This is assumed correct for this analysis.

SHAPE

The site is irregular in shape. The overall size and shape are adequate for development.

INGRESS/EGRESS

Ingress and egress is available to the site via Kaster Road, which comes onto and terminates at the subject. Kaster Road at the subject is a two lane street improved with asphalt and one lane of traffic traveling in either direction. For this analysis, it is assumed that right of ways within the subject site are vacated as of the effective date (see Hypothetical Condition). Kaster road provides access to Old Portland Road a short distance west. Old Portland Road is a two lane collector street improved with asphalt, and provides access to Highway 30 to the southwest and downtown St. Helens to the northeast. Based on the subject's access/linkage to Highway 30, access is considered more or less average for an industrial site.

It is noted that the subject site does not include rail access; however, rail access is located on the adjacent property to the east also owned by the City of St. Helens.

TOPOGRAPHY & DRAINAGE

The site is generally level. However, it is noted that the majority of the subject site is raw land and some excavation work will be required prior to development.

SOILS

Several rock outcroppings were noted by the appraiser at the inspection. A detailed soils analysis was not available for review. In the absence of a soil report, it is a specific assumption that the site has adequate soils to support the highest and best use.

UTIITIES & SERVICES

The site is within the jurisdiction of the City of St. Helens and is provided all municipal services, including police, fire and garbage collection. All utilities are available to the site in adequate quality and quantity to service the highest and best use as if vacant and as improved. However, the client reports that there is potential for some upsizing depending on user requirements.

EASEMENTS AND ENCROACHMENTS

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

COVENANTS, CONDITIONS AND RESTRICTIONS

There are no known covenants, conditions or restrictions impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a copy of the current covenants, conditions and restrictions, if any, prior to making a business decision.

ENVIRONMENTAL ISSUES

Although CBRE was not provided an Environmental Site Assessment (ESA), a tour of the site did not reveal any obvious issues regarding environmental contamination or adverse conditions.

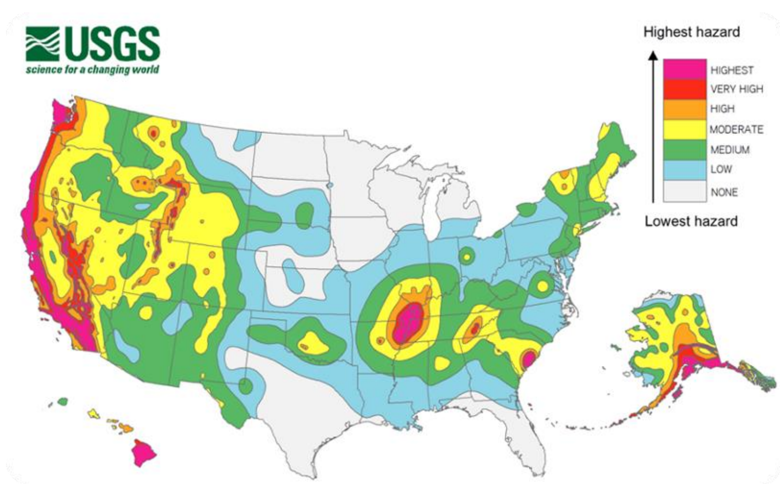
The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

FLOOD ZONE

The subject is located within the Zone X (unshaded) flood zone. Zones C and X (unshaded) are flood insurance rate zones used for areas outside the 0.2-percent-annual-chance floodplain. No Base Flood Elevations (BFEs) or depths are shown in this zone, and insurance purchase is not required.

EARTHQUAKE ZONE

Based on a review of the map below, the subject is located in a high-risk area. This is common for the West Coast due to the Cascadia Subduction Zone.



ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

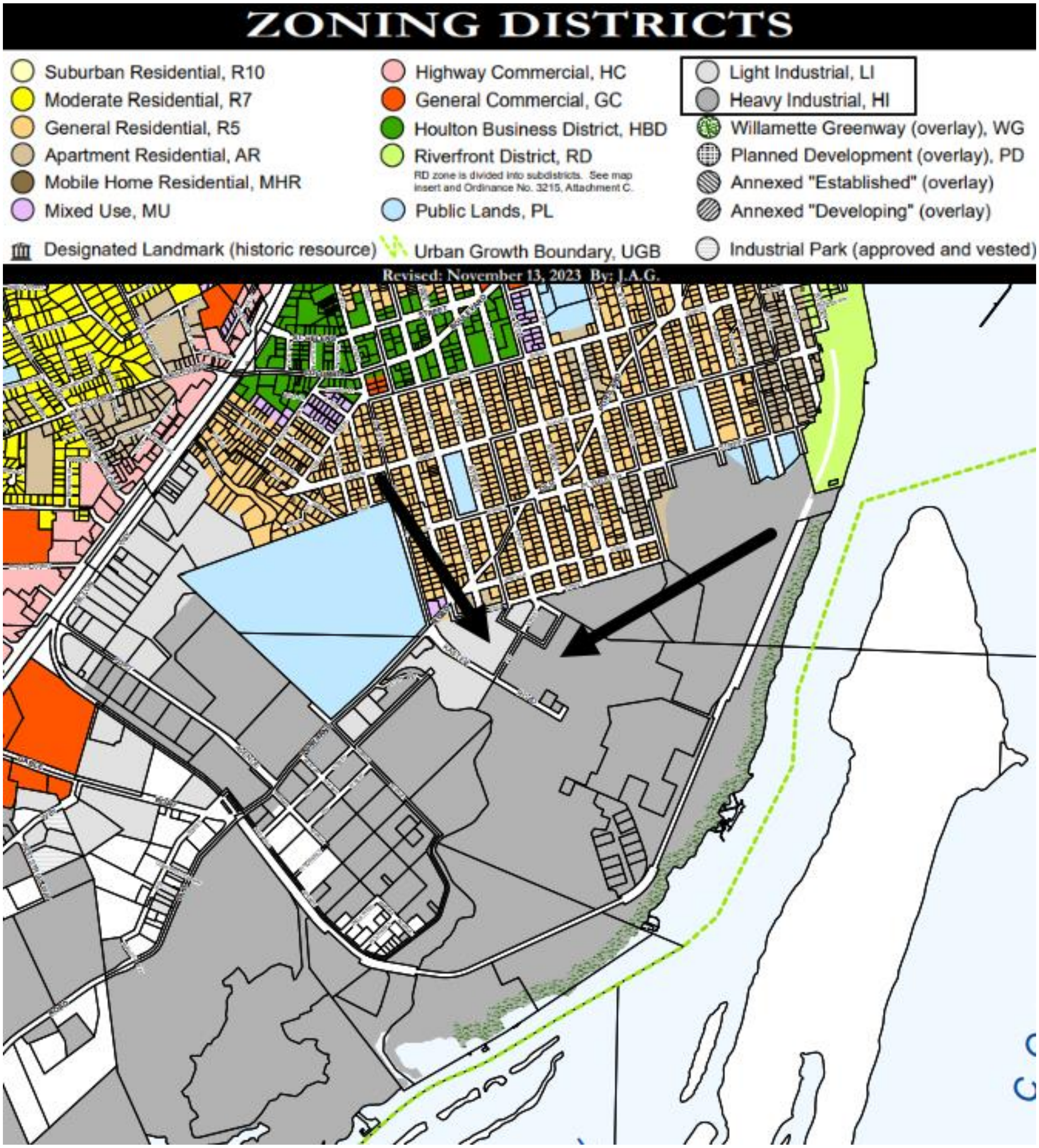
North:	Residential (SFR)
South:	Undeveloped land
East:	Industrial development and vacant land
West:	Undeveloped land

Adjacent properties are concluded to have a typical influence on the subject as industrial land.

CONCLUSION

Overall, the subject site is considered to be a typical industrial site in terms of its access, topography, utilities and size for a large industrial site; however, its location in St. Helens is considered to compete towards the lower end of the Portland MSA for industrial development based on its proximity/access to Interstate 5.

ZONING MAP


ZONING DISTRICTS
Suburban Residential, R10
Moderate Residential, R7
General Residential, R5
Apartment Residential, AR
Mobile Home Residential, MHR
Mixed Use, MU
Highway Commercial, HC
General Commercial, GC
Houlton Business District, HBD
Riverfront District, RD
RD zone is divided into subdistricts. See map insert and Ordinance No. 3215, Attachment C.
Public Lands, PL
Light Industrial, LI
Heavy Industrial, HI
Willamette Greenway (overlay), WG
Planned Development (overlay), PD
Annexed "Established" (overlay)
Annexed "Developing" (overlay)
Designated Landmark (historic resource)
Urban Growth Boundary, UGB
Industrial Park (approved and vested)
Revised: November 13, 2023 By: J.A.G.

Zoning

The subject site is zoned both Heavy Industrial (HI) and Light Industrial (LI). It is noted that the majority of the site is located within the HI zone. The following summarizes each zone.

Heavy Industrial Zone

ZONING SUMMARY (HI)	
Current Zoning	Heavy Industrial (HI)
Legally Conforming	N/A - Land
Uses Permitted	Agricultural supplies/sales, machinery sales and repairs including slaughterhouses or tanneries (carried out in an enclosed building); All manufacturing, repairing, compounding, research, assembly, fabricating, or processing activities without off-site impacts; Auction sales, services and repairs; Building maintenance services; Building material sales including outdoor storage; Commercial gasoline stations; Equipment, heavy – sales and service; Motor vehicle sales, service, repair, and painting; Nursery/greenhouse operation and sales; Public facility, minor; Transmitting and/or receiving towers with or without broadcasting facilities; Trucking yards/terminals, including warehousing; Utility distribution plants and service yards; Wholesaling, warehousing and storing of automobiles, trucks, buses, consumer goods, contractors' equipment, building materials, food products, liquid fuel, household goods, ice, lumber (except log storage or ponding), and such
Conditional Uses	Caretaker dwelling; Entertainment, adult; Hazardous waste collection and/or treatment site; Manufacture, repair, etc., with some off-site impact; Natural mineral resources development including necessary building, apparatus and appurtenances for rock, sand, gravel and mineral extraction and dredging, processing and stockpiling and all types of mineral recovery or mining, excluding smelters and ore reduction; On-site retailing of product manufactured, processed, etc., on site; Permitted uses which require special permits from the Oregon Department of Environmental Quality; Public parks; Public facilities, major; Public safety and support facilities; Recycling collection center; Solid waste disposal site or transfer station; Some special hazardous uses; Storage facilities such as personal lockers/garages and for recreational-type vehicles; Temporary asphalt batching (six months maximum); Travel trailer parks; Wrecking and junkyards
Zoning Change	Not likely

Source: Planning & Zoning Dept.

According to the St. Helens Municipal Codee, the "HI zone is intended to provide appropriate locations for intensive manufacturing activities including fabrication, processing, or assembling of semifinished or finished products from raw materials, outdoor storage areas, and the storage of heavy equipment. It is also intended to provide locations for activities that need to be separated from more easily impacted activities such as schools, churches, etc."

Light Industrial Zone

ZONING SUMMARY (LI)	
Current Zoning	Light Industrial (LI)
Legally Conforming	N/A - Land
Uses Permitted	Agricultural supplies/sales, machinery sales and repairs but not slaughterhouses or tanneries; Animal sales and services: kennels, veterinary (small animals), and veterinary (large animals); Auction sales, services and repairs; Boat repairs; Building maintenance services; Building material sales including outdoor storage; Commercial gasoline stations; Equipment (light and heavy) sales, storage, repair and rentals; Laboratories and research services; Manufacturing, repairing, compounding, research, assembly, fabricating, or processing activities of previously prepared materials and without off-site impacts; Mini storage and storage site; Motor vehicle sales, service, repair, and painting; Nurseries, greenhouse operations and sales; Parking lots, private or public; Public facility, minor; Transmitting and/or receiving towers with or without broadcast facilities; Utility distribution plants and service yards; Vehicle wash operations; Warehousing, enclosed; Wholesale trade.
Conditional Uses	Bar; Child care facilities; Concrete mixing (concrete batching plant); Drive-in theater; Dwelling for caretaker or superintendent which is located on the same site with the permitted industrial use and is occupied exclusively by a caretaker or superintendent of the industrial use and family (same applies to a kennel); Eating and drinking establishments; Entertainment, adult; Industrial park to combine light manufacturing, office and complementary related commercial uses to include such activities as postal services, veterinary services, communication services, construction sales, business support services, financial services, insurance services, real estate services, laundry services, medical/dental services, sports and health services, professional and administrative offices, convenience sales, personal services, eating and drinking establishments and such; Manufacturing, repairing, compounding, research, assembly, fabricating, processing or packing of resource materials with some off-site impacts; Public and private recreational and amusement; facilities; Public facilities, major; Public parks; Public safety and support facilities; Temporary asphalt batching (six-month maximum); Travel trailer parks; Wrecking and junkyards.
Zoning Change	Not likely
Source: Planning & Zoning Dept.	

According to the St. Helens Municipal Codee, the "LI zone is intended to provide appropriate locations for general industrial use including light manufacturing and related activities with few, if any, nuisance characteristics such as noise, glare, and smoke. It is to permit manufacturing, processing, assembling, packaging or treatment of products from previously prepared materials and to discourage residential use and limit commercial use."

ANALYSIS AND CONCLUSION

Overall, legal influences support a wide range of industrial activities at the subject site. Additional information may be obtained from the appropriate governmental authority. For purposes of this appraisal, CBRE has assumed the information obtained is correct.

Tax and Assessment Data

The subject site includes all or a portion of nine individual tax lots. The subject tax lots are owned in fee by the City of St. Helens and are tax exempt. For presentational purposes only, the following summarizes the assessment information for each tax lot.

It is also noted that some of the subject parcels include improvements, which have been excluded from this analysis.

AD VALOREM TAX INFORMATION			
Parcel	Assessor's Parcel No.	RMV Type	2023/2024
1	11221	Land	$447,250
2	11361	Land	245,080
3	11362	Land	702,550
4	13215	Land	1,760,640
5	13224	Land & Impr.	89,960
6	13225	Land	6,850
7	13226	Land	535,880
8	29058	Land	-
9	437158	Land	4,565,240
	Subtotal		$8,353,450
	% of Assessed Value		55%
	Final Assessed Value		4,632,940
	Effective Tax Rate (per $100 A.V.)		-
	Total Taxes		**$0**

Source: Assessor's Office

OREGON PROPERTY TAX LAW

In Oregon, Measure 50 was passed in the May 20, 1997 special election. This measure establishes the maximum assessed value of property in Oregon for the 1997/1998 tax year as 90 percent of the property's real market value in the 1995/96 tax year. Any increases in assessed value for tax years following 1997/1998 are limited to 3 percent per year. Assessed value will be adjusted for new property or property improvements and certain other events. Certain local option taxes are permitted, if approved by voters. Measure 50 retains the existing total property tax rate for all property taxes, including local option taxes but excluding taxes for bonds at $5 per $1,000 of value for schools and $10 per $1,000 of value for non-school government. The subject property is not encumbered by bonds.

Market Analysis

The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. The primary data source utilized for this analysis is CBRE's Fourth Quarter 2023 Industrial MarketView report for the Portland metro area and additional data provided by CBRE Research. It is noted that the subject property is located outside the Portland metro area; however, we have included an analysis of the Portland market given its proximity and influence on Columbia County.

We also consider metro area market data from CBRE Econometrics via the Q3 2023 Outlook Report (most recent report available at the time of our research for this assignment).

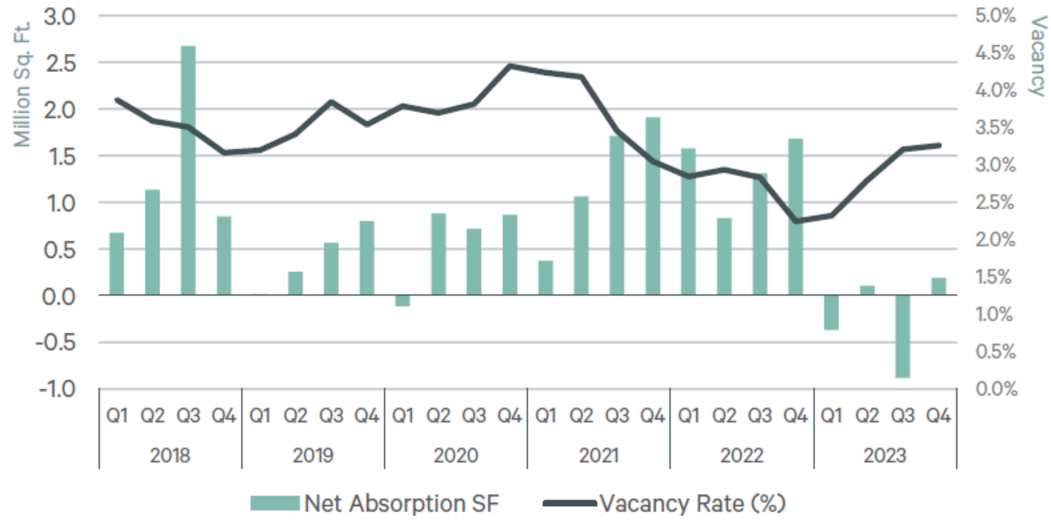
PORTLAND INDUSTRIAL MARKET OVERVIEW

▲ 3.3%	▲ 5.4%	▼ 188K	▲ 2.8M	▼ 2.0M
Overall Vacancy	Park Vacancy	SF Net Absorption	SF Under Construction	SF Delivered YTD

Note: Arrows indicate year-over-year change

At the conclusion of 2023, Portland's industrial market-wide vacancy rate stands at 3.3%, a figure below the 10-year average of 3.6%, albeit registering a 100 basis-point (bps) year-over-year (YoY) increase. Industry professionals with a national scope note that Portland still boasts one of the tightest markets in the country with vacant space representing less than 4% of the total market inventory. Portland's industrial sector experienced positive net absorption of 188,493 square feet (sq. ft.) in Q4 2023, bringing the year-to-date (YTD) figure to approximately negative 961,000 sq. ft. This negative figure is noteworthy but represents less than one percent of the market's total product. Two prominent lease transactions in the fourth quarter include JH Kelly's 259,148 sq. ft. sublease at Sunlight Supply, which they've already occupied, and Interstate Batteries' 161,151 sq. ft. lease at Camas Meadows Business Park, which is currently under construction in Clark County and anticipated to be operational in Q2 2024. The industrial development landscape concluded Q4 2023 with a healthy pipeline of 2.8 million sq. ft., of which 81% is speculative construction. Developers with proposed projects who did not initiate a start in 2023 are likely waiting for the economic outlook to become more defined in 2024. Noteworthy trends in asking rental rates for new leases reveal a slight quarter-over-quarter increase. In the fourth quarter of 2023 Class A buildings experienced metro-wide asking rates between $0.80-0.95/sq. ft. on a triple net (NNN) basis for spaces exceeding 50,000 sq. ft.

FIGURE 1: Net Absorption and Vacancy



Source: CBRE Research Q4 2023

Net Absorption and Leasing Trends

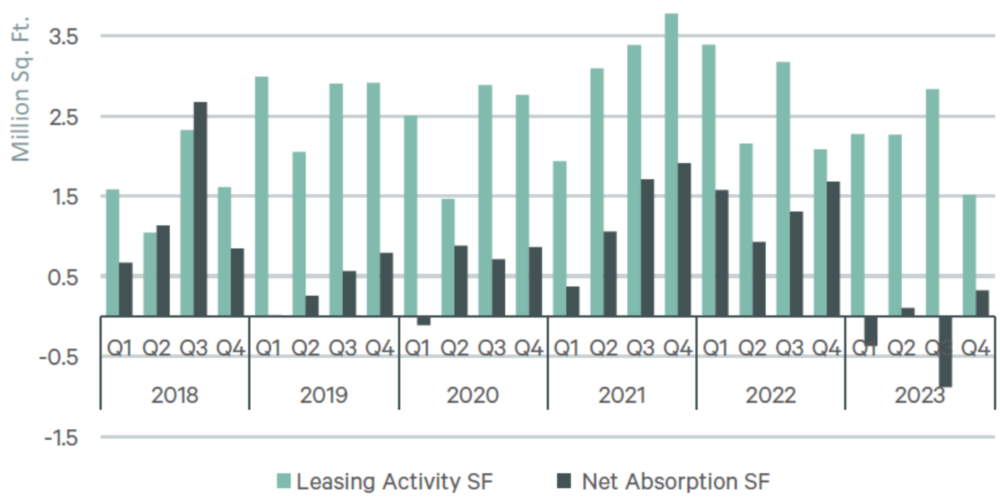
In response to the volatile economic conditions prevailing in 2023 and the gradual resolution of supply chain disruptions, corporate entities have exhibited a reduced pace of absorption compared to historical norms. The Portland industrial market recorded 188,493 sq. ft. of positive net absorption in the fourth quarter of 2023, culminating in a year-to-date deficit of approximately 961,000 sq. ft. Despite its significance, this figure remains below the threshold of one percent in relation to the overall market inventory. The most significant move-out in the fourth quarter is Cascade Tissue, vacating 325,000 sq. ft. at Marine Drive Distribution Center. Conversely, Looptworks has moved into their 92,000 sq. ft. space at Halsey Industrial Center and Silkcraft of Oregon has occupied their 91,000 sq. ft. space at Interstate Crossroads Distribution Center, relocating from 3324 NW Marine Drive. Outside of this, tenants under 100,000 sq. ft. accounted for over 90% of Q4's net absorption. Against this backdrop of nuanced corporate relocations, leasing activity exhibited a marginal reduction in the quarter, recording a volume of 1.5-million square feet. A comparative analysis with the full year 2022 reveals an 18% decline in total leasing volume.

TABLE 1: Q4 2023 Key Lease Transactions

Tenant	Size (SF)	Location	Submarket	Lease Type
JH Kelly LLC	259,148	Sunlight Supply	Clark County	Sublease
Interstate Batteries	161,151	Camas Meadows Business Park	Clark County	New Lease
Major Apparel Manufacturer	112,031	217 Distribution Center	Southwest	Renewal
BMWC Constructors	100.000	Teton Commerce Center	Southwest	New Lease
Lanter Delivery Systems	94,643	Alderwood Corporate Center III	Northeast	Renewal

Source: CBRE Research Q4 2023

FIGURE 2: Historical Leasing Activity and Net Absorption

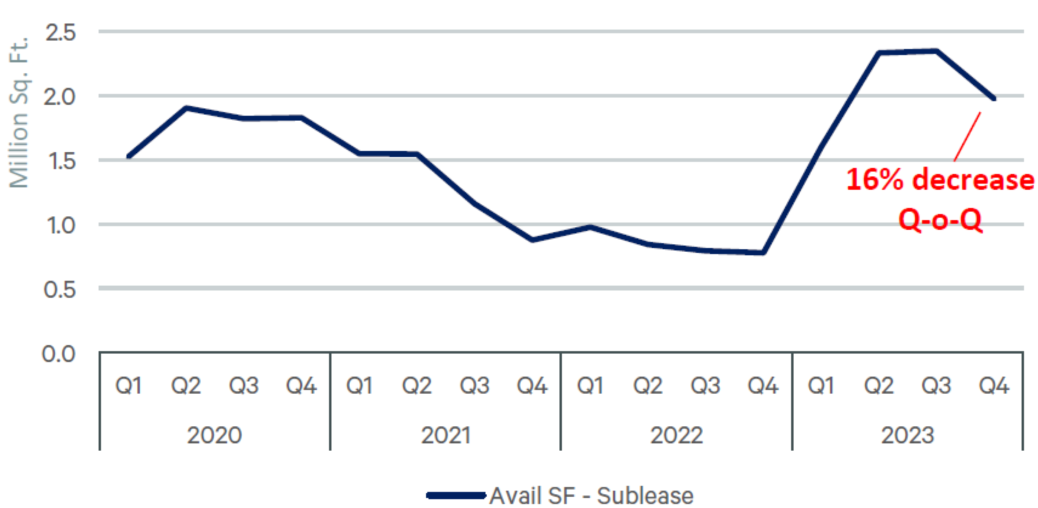


Source: CBRE Research Q4 2023

Vacancy and Availability

As of the culmination of 2023, the industrial market in Portland discloses a citywide vacancy rate of 3.3%, underscoring a level beneath the 10-year mean of 3.6%, albeit exhibiting a year-over-year increase of 100 basis points. Within the spectrum of available space, a discernible scarcity is observed in industrial buildings measuring 50,000 sq. ft. and smaller, in stark contrast to their counterparts within the 100,000 – 250,000 sq. ft. size bracket, which boasts an availability rate of 6.3%. The Sunset Corridor stands as the most constrained submarket within the metropolitan area, revealing a vacancy rate of 1.6%, while Northeast Portland harbors a comparatively higher vacancy rate of 4.6%. Furthermore, it is noteworthy that Portland witnessed a reduction in the industrial sublease availability rate during Q4, as depicted in Figure 3, marking the first instance of decline since a pronounced upswing characterized the initial half of 2023.

FIGURE 3: Historical Sublease Availability

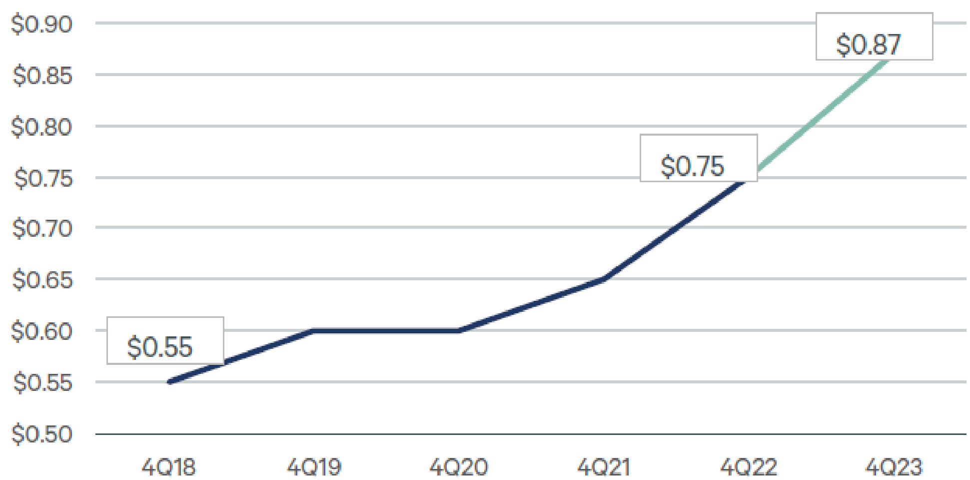


Source: CBRE Research Q4 2023.

Industrial Rental Rates and Investment Trends

In Portland, the average asking rental rate range for new leases in Class A industrial buildings has seen a modest year-over-year increase. Metro-wide asking rates in the fourth quarter of 2023 are between $0.80-0.95/sq. ft. NNN for spaces 50,000 sq. ft. and larger. Class A vacancies outside of the close-in neighborhoods continue to strike the highest rates for new leases. For smaller industrial deals in the 10,000-20,000 sq. ft. range, a $0.90+ shell rate is common even in second generation space. Additionally, building operating expenses are becoming more heavily scrutinized as tenants evaluate the opportunity costs between submarkets.

FIGURE 4: Historical Average Class A Warehouse Asking NNN Rental Rates (For Spaces 50k+ Sq. Ft.)



Source: CBRE Research Q4 2023

Despite prevailing market headwinds, the Portland industrial capital markets sector demonstrated resilience in the fourth quarter, outperforming the preceding quarters. The aggregate transactional volume during the fourth quarter was approximately $190M, reflecting a commendable 19% increase from the same period recorded a year ago. The largest transaction in the fourth quarter was the $67M sale of 217 Distribution Center to BKM Capital Partners in Beaverton. Kansas City Life sold the five-building, fully leased portfolio totaling 449,245 sq. ft. to the institutional fund manager for $149 per-sq. ft. In a slight divergence from prior years, major industry players now appear to be prioritizing stable occupancy and cash flow, diverging from their previous inclination towards pursuing lease-up opportunities during periods of escalating rents. Another example of a high-occupancy purchase is the Beaverton Industrial Center, which transacted for $20.6M ($170 per-sq. ft.) in Q3 2023, with STAG Industrial, Inc. as the acquiring entity of the 121,000 sq. ft. asset.

TABLE 2: Q4 2023 Key Sales Transactions

Property	Size (SF)	Submarket	Buyer / Seller	Sale Price	Price/Sq. Ft.
217 Distribution Center	449,245	Southwest	BKM / Kansas City Life	$67M	$148.56
3302-3324 NW Marine Dr.	67,112	Northeast	PDX Trans, LLC / JLPS, LLC	$12.5M	$186.51
120 SE Market St.	30,856	Southeast	Lance E. Killian / Yoshio Kurosaki	$7.3M	$235.87
19250 NE Portal Way	34,050	Northeast	Leslie Keyak / Thomas King	$7.5M	$220.26
Harborgate Industrial	70,970	Northwest	The SMARTCAP Group / NBP Capital	$10.9M	$154.54

Source: CBRE Research Q4 2023

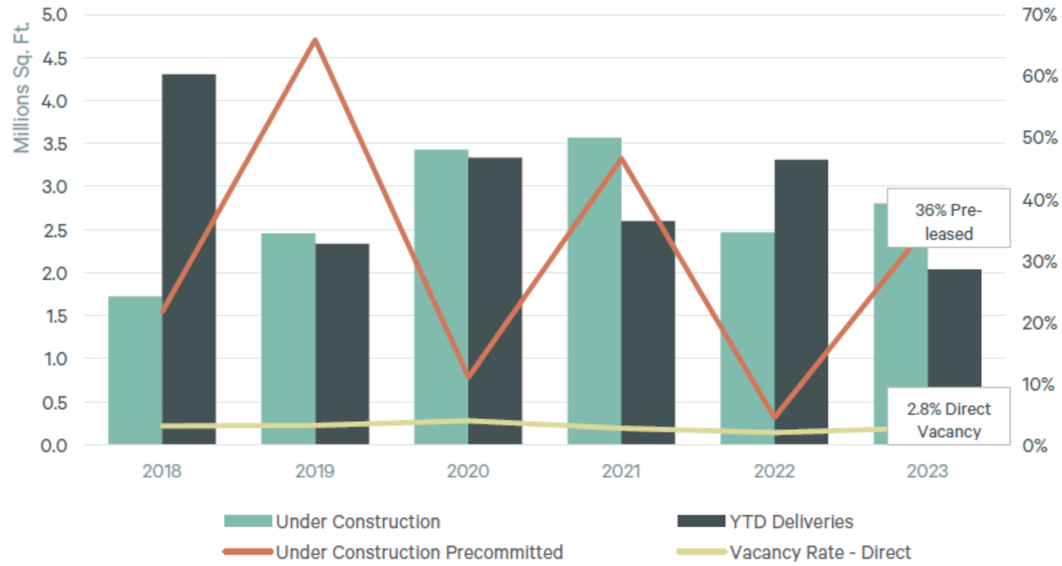
FIGURE 5: Class A Asking Shell NNN Rental Rate Range (For Spaces 50k+ Sq. Ft.)

Source: CBRE Research Q4 2023

Development Activity

The fourth quarter of 2023 closed with 2.8M sq. ft. of active construction within Portland's industrial development pipeline. Upon completion, this new inventory will expand the existing stock by approximately 1%. Noteworthy is the fact that, at present, approximately 35% of the space undergoing construction in Portland is already leased. Unlike the prevailing trend in many U.S. markets, Portland is experiencing comparatively diminished pressure from incoming speculative projects that have the potential to elevate availability rates. The fourth quarter bore witness to one significant construction completion: Prologis Meadows West, a 293,480-sq. ft. Class A build-to-suit for North Coast Electric in Northwest Portland. Despite robust interest in speculative development stemming from tight vacancies, the constrained availability of developable industrial land in Portland imposes limitations on the scale at which projects can be brought to fruition.

FIGURE 6: Annual Development Activity



Source: CBRE Research Q4 2023

Notwithstanding these dynamics, some developers are strategically asserting their influence on the region, particularly targeting Northeast Portland and Clark County, WA, where leasing activity has been most pronounced. At the close of 2023, 52% of the pipeline's active construction is in Clark County. Clark County also led the way in deliveries in 2023, with nearly 1M sq. ft. in completions, represented by Burnt Creek Industrial and PacTrust Corporate Park. In Kelso, Washington, positioned approximately 50 miles north of Portland, Trammell Crow Company is spearheading the development of the Mid I-5 Industrial Park, encompassing 1.2M sq. ft. This endeavor, situated on an expansive 82-acre parcel, currently stands as the largest speculative development in the Pacific Northwest. Concurrently, the industrial development landscape remains dynamic, as evidenced by Cascade Civil Development's recent acquisition of a 150-acre industrial land site in Longview, Washington, offering the potential for nearly 2M sq. ft. of industrial structures.

TABLE 3: Notable Projects Under Construction

Source: CBRE Research Q4 2023

Submarket	Property Name	Address	Developer	SPEC/BTS	Size (SF)	Est. Completion
Cowlitz County	Mid I-5 Industrial Park*	2700 Talley Way	Trammell Crow	SPEC	1,185,600	Q4 2024
Clark County	Bridge Point Vancouver	NE 162nd Ave & 58th St	Bridge Industrial	SPEC	646,274	Q4 2024
Northeast	Grainger Industrial Supply	NE Glisan St	Specht	BTS	530,000	Q1 2025
Southwest	Sherwood Commerce Center (Three Buildings)	21600 SW Oregon St	Schnitzer Properties	SPEC	435,107	Q2 2024
Clark County	Vancouver Logistics Phase II (Two Buildings)	7600-7898 NE 88th St	Panattoni	SPEC	338,840	Q2 2024
Clark County	Hidden Glen Industrial Center	6920-7000 NE St Johns Rd	Panattoni	SPEC	288,360	Q2 2024
Northeast	Portland Portal Phase III (Two Buildings)	NE Sandy Blvd & NE Airport Way	Panattoni	SPEC	216,696	Q1 2024

Source: CBRE Research Q4 2023. *Outside of Portland MSA and not included in statistics.

CBRE RESEARCH

CBRE ECONOMETRIC ADVISORS Q3 2023 INDUSTRIAL OUTLOOK

The inventory of the Portland area stands at 218.17 million square feet, 34th largest of the industrial markets CBRE EA tracks. Total employment stands at 1.27 million workers. The

Portland market is defined as Clackamas, Columbia, Multnomah, Washington and Yamhill counties in Oregon and Clark and Skamania counties in Washington.

Key Statistics	Level	Rank
Population (mil.)	2.53	31
Total Employment (mil.)	1.27	31
Total Inventory (msf)	218.2	34
Manufacturing	26.8	44
Warehouse	147.5	31
R&D	17.4	30
Availability Rate (%)	4.6	14
EA Asking Rent ($/sf)	10.26	31

1-Quarter Change	Metro	All Mkts
Total Employment Growth	↓	↓
Manufacturing Emp.	↑	↔
Distribution Emp.	↑	↓
Completion Rate	↓	↑
Under Construction	↔	↔
Absorption Rate	↑	↓
Availability Rate	↓	↑
EA Asking Rent Growth	↓	↓

INDUSTRIAL MARKET FORECAST

The short-term forecast calls for an overall decline in manufacturing and distribution workers through year-end 2024. Total net absorption is forecasted to be a positive 8.2 million square feet, out-pacing supply during the same period. By year-end 2024, the availability rate is expected to be 3.1% while rents are forecasted to grow - reaching $11.06 compared to current market rents of $10.26.

Portland Forecast Summary: Q3 2023

	Demand				Supply		Performance		
	New Jobs								
	Mfg	Distribution	Net Absorp (sf x 1000)	Absorp Rate (%)	Deliveries (sf x 1000)	Compl Rate (%)	Avail Rate (%)	EA Asking Rent($/sf)	Rent Infl (%)
2022	4,400	1,600	3,452	1.7	2,780	1.3	3.2	9.44	24.1
2023F	-1,500	-100	984	0.5	2,753	1.3	4.0	10.58	12.1
Q1	-400	700	-434	-0.2	293	0.1	3.6	9.75	3.3
Q2	-900	-700	-876	-0.4	1,434	0.7	4.6	10.04	3.0
Q3	100	0	116	0.1	0	0.0	4.6	10.26	2.2
Q4F	-300	-100	2,178	1.1	1,026	0.5	4.0	10.58	3.1
2024F	-500	-800	6,025	2.9	4,266	2.0	3.1	11.06	4.5
Historical Performance (1990 - Present)									
Min	-15,800	-7,900	-4,235	-2.5	144	0.1	3.2	3.68	-8.1
Max	6,700	5,900	8,291	6.5	9,530	6.6	12.3	10.26	34.9
Mean	100	1,000	2,673	1.7	2,782	1.7	6.8	5.59	3.2

Historical minimum, maximum, and average values for each variable are provided to put current market performance in perspective. The time period from which these values are calculated is 1990 (or the earliest year of available data) to the current year. CBRE EA expects net absorption to be higher than long-term averages during the forecast, though still below historical peaks.

THE PORTLAND ECONOMY

Over the last five years, total employment in the Portland area has grown at an average annual rate of 1.0% while across the U.S., employment has grown at an average annual rate of 1.0%. In the last 4 quarters, Portland's employment has grown at an average annual rate of 2.9%. Our forecast predicts growth of 0.9% in the Portland area in the next five years. Portland's hospitality & leisure employment sector will post the best job performance over the next five years.

The table below presents the current employment levels for major industry groups as well as historical growth rates over the last five years, last 12 months, and the next five years.

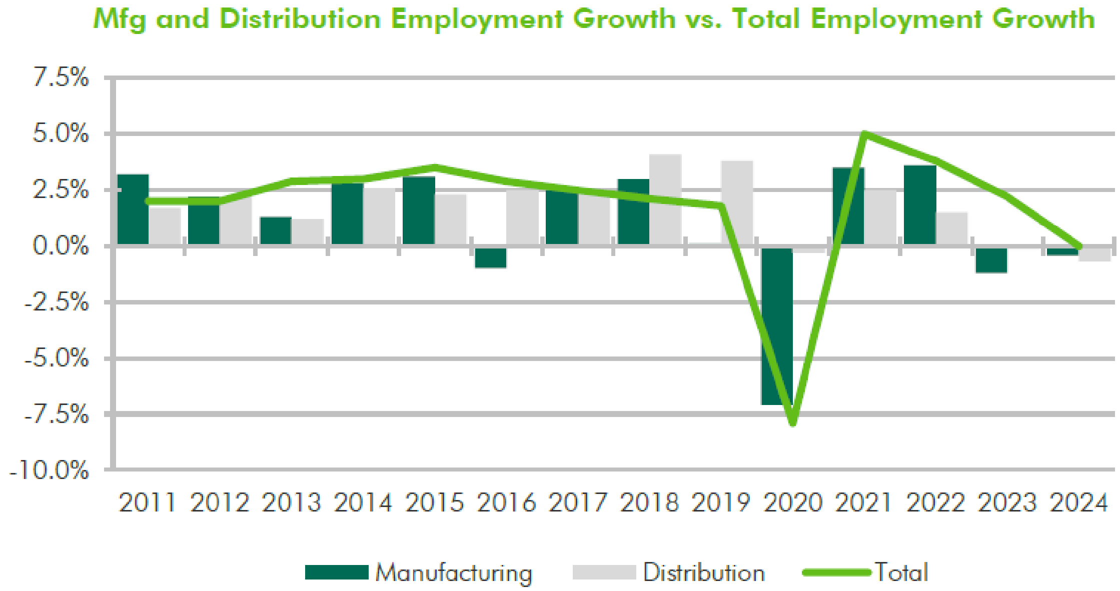
Employment Levels & Growth Rates: Portland vs. Nation

NAICS Category	Level	Location	Avg Annual Growth Rates (%)					
			Last 5 Years		Last 12 Mos.		Next 5 Years	
	(x 1000)	Quotient	Metro	U.S.	Metro	U.S.	Metro	U.S.
Agriculture & Mining	1	0.21	-4.7	-2.6	0.0	5.2	-1.9	-1.1
Construction	88	1.37	3.7	1.7	9.4	2.7	1.3	0.6
Manufacturing	127	1.21	-0.1	0.4	-0.6	0.8	0.7	0.3
Wholesale Trade	56	1.13	-0.4	0.7	-1.6	1.2	-0.3	-0.1
Retail Trade	118	0.94	-0.2	-0.2	2.0	0.3	0.6	0.5
Transportation & Warehousing	53	0.90	5.0	3.8	-0.2	-0.1	0.4	0.8
Information	29	1.19	2.9	1.4	4.6	-2.0	1.2	0.6
Financial Activities	78	1.05	1.3	1.2	1.7	1.0	0.4	0.2
Prof. & Business Svcs.	206	1.11	2.2	1.8	2.9	1.3	0.8	0.8
Education & Health	192	0.93	0.7	1.5	3.7	4.1	1.2	1.0
Hospitality & Leisure	123	0.91	-0.4	0.4	6.2	4.5	2.2	2.2
Other Services	43	0.91	0.3	0.2	4.1	2.5	1.3	0.9
Government	153	0.83	0.6	0.3	1.9	2.6	0.7	0.4
Total	**1,268**	**n/a**	**1.0**	**1.0**	**2.9**	**2.1**	**0.9**	**0.8**

Source: Oxford Economics, CBRE Econometric Advisors

INDUSTRIAL EMPLOYMENT

Distribution and manufacturing employment are the primary determinants of demand. We define "distribution employment" as all of the wholesale trade sector plus transportation (trucking and warehousing). The latest estimates of distribution and manufacturing employment for Portland are 108,700 workers and 127,000 workers, respectively. Over the last five years Portland's distribution employment has grown by 2.0% while manufacturing employment has declined by 0.1%. Over the last 12 months distribution employment has declined by 0.9% and manufacturing employment has declined by 0.6%.



PORTLAND INDUSTRIAL MARKET CHARACTERISTICS

The properties that comprise the industrial market in Portland are those industrial properties 10,000 square feet or larger. The table below gives a summary of the existing, competitive industrial space in the Portland industrial market.

Portland Industrial Market Statistics by Building Type

Building Type	Inventory		Availability Rate		Net Absorption		Asking Rents	
	Bldgs	Total Inventory (SF x 1000)	Curr Qtr (%)	YTD Chg (BPS)	Curr Qtr (SF x 1000)	YTD	Curr Qtr ($/SF)	Net or Gross
Manufacturing	336	26,821	4.0	190	-74	-516	12.57	Net
Warehouse	2,457	147,478	4.9	150	418	-499	11.31	Net
R & D	402	17,402	7.6	20	-176	-34	14.46	Net
Total	3,668	218,174	4.5	130	116	-1,194	12.10	Net

PORTLAND ANNUAL HISTORY & FORECAST

Presented below is our six-year forecast for the Portland industrial market. Historical measures are provided back to 2011. Market data through the 3rd quarter of 2023 are included in the year-end 2023 estimates.

Portland Annual History & Forecast: 2011 - 2028

Year	Mfg Emp (x 1000)	Distrib Emp (x 1000)	Total Inventory (SF x 1000)	Completions (SF x 1000)	Availability Rate (%)	Net Absorption (SF x 1000)	EA Asking Rent ($/SF)	Rent Growth (%)
History								
2011	112.1	85.0	188,643	554	10.7	2,201	5.69	-0.2
2012	114.6	86.9	189,461	818	10.1	1,803	5.68	-0.2
2013	116.1	87.9	190,035	574	8.6	3,355	5.73	0.9
2014	119.4	90.2	191,164	1,129	7.4	3,397	5.99	4.5
2015	123.1	92.3	195,664	4,500	6.3	6,186	6.18	3.2
2016	121.9	94.6	198,395	2,731	4.9	5,412	6.56	6.1
2017	124.9	97.0	201,063	2,668	5.0	2,358	6.89	5.0
2018	128.6	101.0	205,462	4,399	5.1	3,999	7.03	2.0
2019	128.7	104.8	208,092	2,630	5.0	2,574	6.88	-2.1
2020	119.6	104.5	211,090	2,998	6.3	68	6.92	0.6
2021	123.8	107.1	213,667	2,577	3.6	8,291	7.61	10.0
2022	128.2	108.7	216,447	2,780	3.2	3,452	9.44	24.0
Forecast								
2023	126.7	108.6	219,200	2,753	4.0	984	10.58	12.1
2024	126.2	107.8	223,466	4,266	3.1	6,025	11.06	4.5
2025	127.5	107.9	227,991	4,522	4.3	1,665	11.57	4.6
2026	129.2	108.2	232,962	4,968	5.0	3,173	12.06	4.2
2027	130.7	108.7	238,675	5,711	5.4	4,483	12.54	4.0
2028	131.8	109.0	245,131	6,455	5.7	5,410	13.01	3.7

Industrial employment is projected to grow by 3,900 jobs during the 2023-2028 period. During the same time period, new supply is expected to average 4.78 million square feet, while net absorption is expected to average 3.62 million square feet, lagging new supply. Availability rates are expected to increase to 5.7%, while rents are forecasted to rise to $13.01.

PORTLAND METRO SUBMARKET SUMMARY – Q4 2023

Market statistics for the Portland Metropolitan Area are shown in the following table:

Submarket	Market Rentable Area (SF)	Vacancy Rate (%)	Availability Rate (%)	Available Sublease (SF)	Q4 2023 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	YTD Deliveries (SF)
Base Figures								
Northeast	50,195,517	4.5	7.1	860,765	92,130	(359,552)	742,760	489,700
Northwest	39,789,837	4.3	6.3	491,125	(36,590)	(380,815)	-	293,480
Southeast	31,333,727	1.8	2.3	25,481	(3,841)	282,757	-	-
Southwest	39,028,669	2.6	2.8	241,020	7,616	(203,969)	445,007	279,858
Sunset Corridor	32,493,262	1.6	2.0	66,982	(60,856)	(31,719)	155,500	-
Clark County	27,415,886	3.9	4.5	288,416	190,034	(267,278)	1,460,580	975,994
Total	**220,256,898**	**3.3**	**4.4**	**1,973,789**	**188,493**	**(960,576)**	**2,803,847**	**2,039,032**
Business Park Figures								
Northeast	22,999,989	6.8	11.1	821,084	(82,012)	(413,283)	212,760	489,700
Northwest	11,041,266	8.1	10.4	186,438	(31,770)	(51,929)	-	293,480
Southeast	7,577,587	1.8	3.5	-	(24,662)	(112,652)	-	-
Southwest	17,855,320	3.2	3.9	138,026	14,799	(499)	445,007	131,579
Sunset Corridor	9,616,655	4.4	5.7	47,582	(54,520)	(19,372)	-	-
Clark County	12,338,433	6.3	5.9	191,351	171,399	(188,171)	1,172,220	975,994
Total	**81,429,250**	**5.4**	**7.3**	**1,384,481**	**(6,766)**	**(785,906)**	**1,829,987**	**1,890,753**

Source: CBRE Research Q4 2023

The subject is located in Columbia County, which is tracked outside the Portland metro market as defined by the 4Q2024 CBRE Maret Overview report. However, Columbia County is considered strongly influenced by the Portland Market. As shown above, the market currently averages a vacancy rate of 3.3%. The majority of all industrial product currently reported as under construction is located within the Clark County submarket, followed by the Northeast submarket.

COLUMBIA COUNTY INDUSTRIAL SUBMARKET OVERVIEW

This section provides a study of the supply/demand conditions of the Columbia County Industrial Submarket using information provided by CoStar, widely recognized as a credible source for tracking market statistics.

Important characteristics of the Columbia County warehouse market are summarized below:

COLUMBIA COUNTY WAREHOUSE SUBMARKET								
Year Ending	Inventory (SF)	Completions (SF)	Occupied Stock (SF)	Occupancy	Asking Rent ($/SF NNN)	Asking Rent Change	Net Absorption (SF)	Transaction Price Per Area (SF)
2014	2,253,917	0	2,156,217	95.7%	$5.77	5.51%	52,386	-
2015	2,253,917	0	2,164,801	96.0%	$6.10	5.74%	8,584	-
2016	2,540,210	286,293	2,493,266	98.2%	$6.41	5.07%	328,465	-
2017	2,540,210	0	2,524,416	99.4%	$6.76	5.41%	31,150	$120.03
2018	2,540,210	0	2,532,210	99.7%	$7.17	6.00%	7,794	-
2019	2,540,210	0	2,540,210	100.0%	$7.63	6.46%	8,000	$22.53
2020	2,548,530	8,320	2,457,887	96.4%	$8.14	6.75%	-82,323	$93.13
2021	2,580,030	31,500	2,056,757	79.7%	$8.81	8.22%	-401,130	$124.21
Q1 2022	2,580,030	0	2,074,588	80.4%	$9.01	2.22%	17,831	$5.31
Q2 2022	2,580,030	0	2,099,110	81.4%	$9.21	2.23%	24,522	-
Q3 2022	2,580,030	0	2,114,460	82.0%	$9.34	1.36%	15,350	-
Q4 2022	2,580,030	0	2,097,341	81.3%	$9.46	1.34%	-17,119	$71.98
2022	2,580,030	0	2,097,341	81.3%	$9.46	7.35%	40,584	$71.98
Q1 2023	2,580,030	0	2,096,724	81.3%	$9.59	1.40%	-617	-
Q2 2023	2,612,235	32,205	2,135,513	81.8%	$9.67	0.75%	38,789	$93.02
Q3 2023	2,612,235	0	2,135,513	81.8%	$9.68	0.18%	0	-
Q4 2023	2,612,235	0	2,121,354	81.2%	$9.79	1.14%	-14,159	-
2023	2,612,235	32,205	2,121,354	81.2%	$9.79	3.51%	24,013	-
2024*	2,609,091	-3,144	2,111,902	80.9%	$9.70	-0.94%	-9,346	-
2025*	2,609,156	65	2,148,422	82.3%	$10.19	4.97%	36,660	-
2026*	2,612,856	3,700	2,191,612	83.9%	$10.57	3.80%	43,327	-
2027*	2,617,467	4,611	2,203,614	84.2%	$10.86	2.73%	12,118	-
2028*	2,622,092	4,625	2,206,980	84.2%	$11.14	2.53%	3,484	-

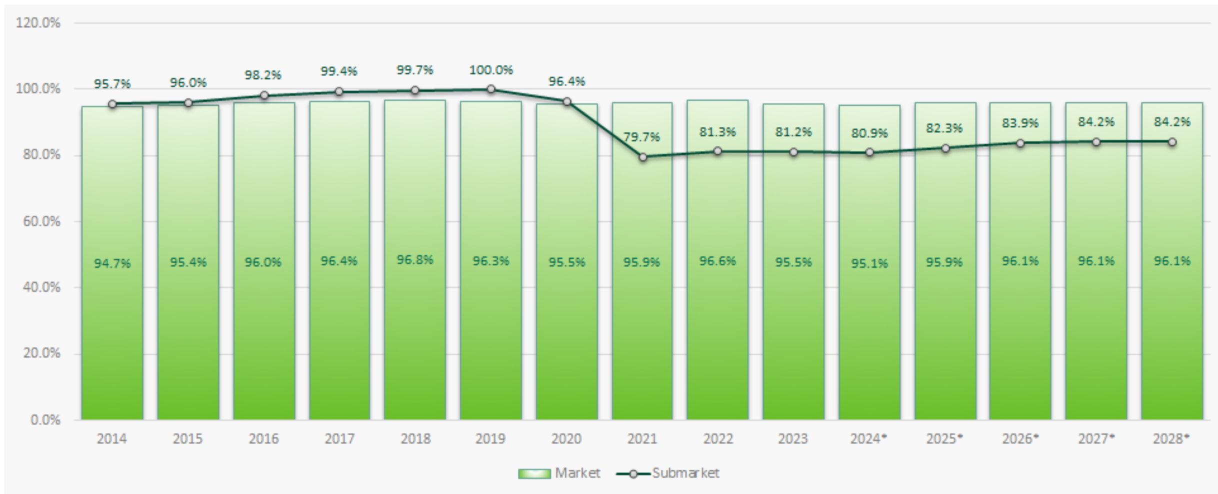
*Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2023

The Columbia County warehouse submarket consists of approximately 2,612,235 square feet of warehouse space. The current submarket inventory represents approximately 1.0% of the overall market inventory. Within this submarket, specialized space is by far the largest subtype with 1.8 million SF in this category, followed by 690,000 SF of logistics space and 98,000 SF of flex space.

Historical Occupancy - Submarket

OCCUPANCY: COLUMBIA COUNTY WAREHOUSE MARKET



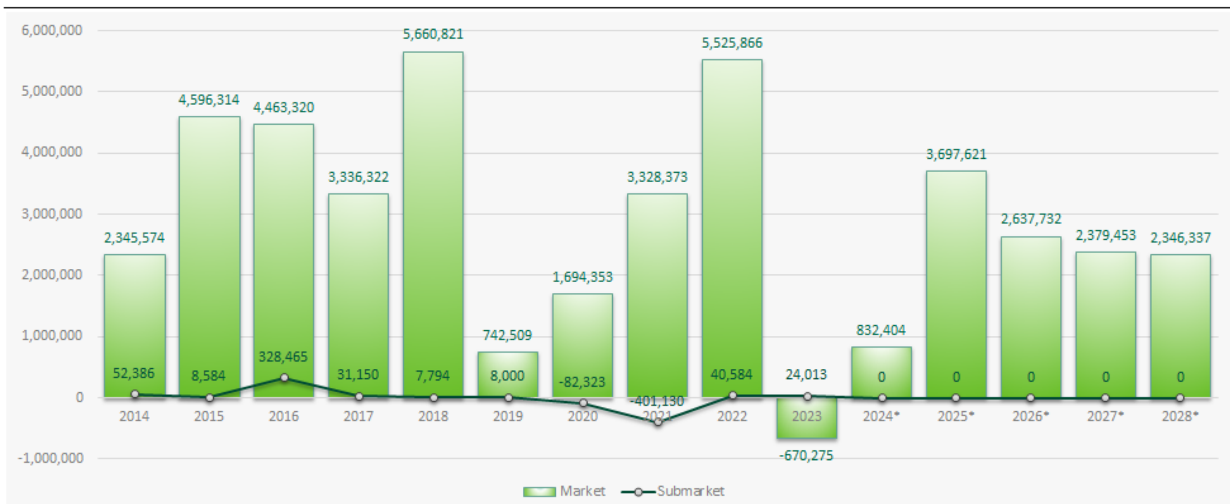
* Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2023

Submarket occupancy is projected to be 81.2% at the end of the current year, which represents a small decrease from the previous year's submarket occupancy of 81.3%. Submarket occupancy for next year is projected to be 80.9%, reflecting a decrease from the current year.

Historical Net Absorption - Submarket

NET ABSORPTION: COLUMBIA COUNTY WAREHOUSE MARKET

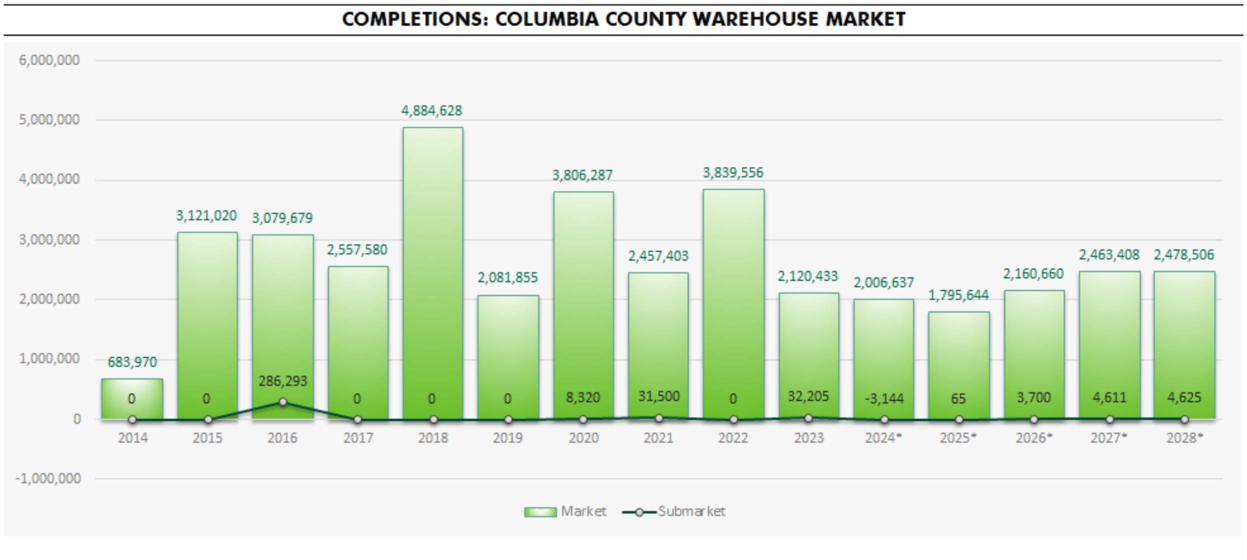


* Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2023

Net absorption in the submarket is projected to be positive 24,013 square feet at the end of the current year, reflecting a decline from the previous year's net absorption of positive 40,584 square feet. Net absorption for next year is projected to be negative 9,346 square feet, indicating a decline from the current year.

Historical Completions - Submarket

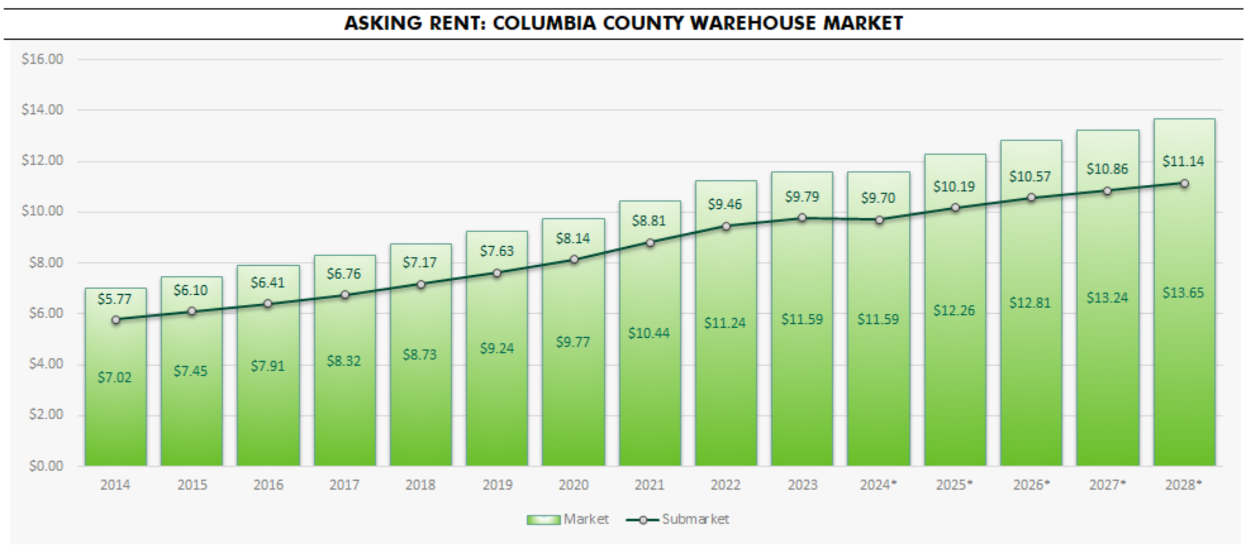


* Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2023

The submarket is projected to achieve completions of positive 32,205 square feet at the end of the current year, which indicates an improvement from the previous year's zero completions. The submarket is projecting completions of negative 3,144 square feet for next year, which indicates a decline from the current year.

Historical Asking Rent - Submarket



* Future Projected Data according to CoStar

Source: CoStar, 4th Quarter 2023

The submarket is projected to achieve average asking of $9.79 per square foot at the end of the current year, which represents an increase from the previous year's asking rent of $9.46 per square foot. The submarket is projected to achieve average asking rent of $9.70 per square foot, reflecting a decrease from the current year.

Rents are around $9.80/SF, which is a 2.4% increase from where they were a year ago. In the past three years, rents have increased a cumulative 18.5%. This is also an affordable submarket, relative to Portland as a whole, where average rents are $11.60/SF.

Conclusion

A recent softening in tenant demand is curtailing previously strong tailwinds in Portland's industrial market. That being said, vacancy in the Columbia County industrial submarket is 18.0% and has decreased 0.7% over the past 12 months. Meanwhile, the rate of increase in the broader Portland market was 1.4%. During this period, 45,000 SF has been absorbed, and 32,000 SF has delivered. Total availability, which includes sublease space, is 30.0% of all inventory. Overall, Columbia County competes towards the lower end of the Portland industrial market based on its distance from Interstate 5 and major population/employment centers.

SUBJECT ANALYSIS

The market analysis has examined historical and current supply and demand trends for the subject property type on market and submarket levels. The final step will be to draw conclusions from the market data and analyses based on their perceived influence on the subject property.

The subject property is a larger industrial land property within a secondary market with inferior developer appeal considering its distance from Interstate 5. The subject is also negatively influenced by its raw land site conditions, noting that some site development is likely for development, such as excavation work, potential mitigation of wetlands, upsizing utilities (depending on user requirements), paving, etc. The subject is considered positively influenced by its generally level topography, access to public utilities and reasonably average to good access. On balance, considering its large site size, secondary market location and raw land site conditions, the subject site is considered to compete towards the lower end of the market in terms of industrial land. The most likely buyer of the subject is an owner-user/developer.

Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

AS VACANT

Permitted uses of the subject's HI (Heavy Industrial) and LI (Light Industrial) zone includes a variety of industrial uses. Please refer to the Zoning Analysis section for additional information. Regarding physical characteristics, the subject's site area has an irregular shape, is generally level and includes access to public utilities. The majority of the subject is in raw overall condition and will likely require site development potentially to include grading, wetland mitigation and upsizing utilities (as demand warrants). Regarding development within the immediate area, it is noted that there is a single-family residential neighborhood directly north of the subject; however, it is also noted that the subject is within the St. Helens Industrial Park, and is also within the immediate vicinity of the Port of Columbia. As such, there is a large amount of industrial development present within the immediate area east of Old Portland Road. Based on our observations of land development trends for sites with similar zoning and physical characteristics as the subject and analysis of current supply/demand trends, the highest and best use of the subject site as-vacant is most likely an industrial use.

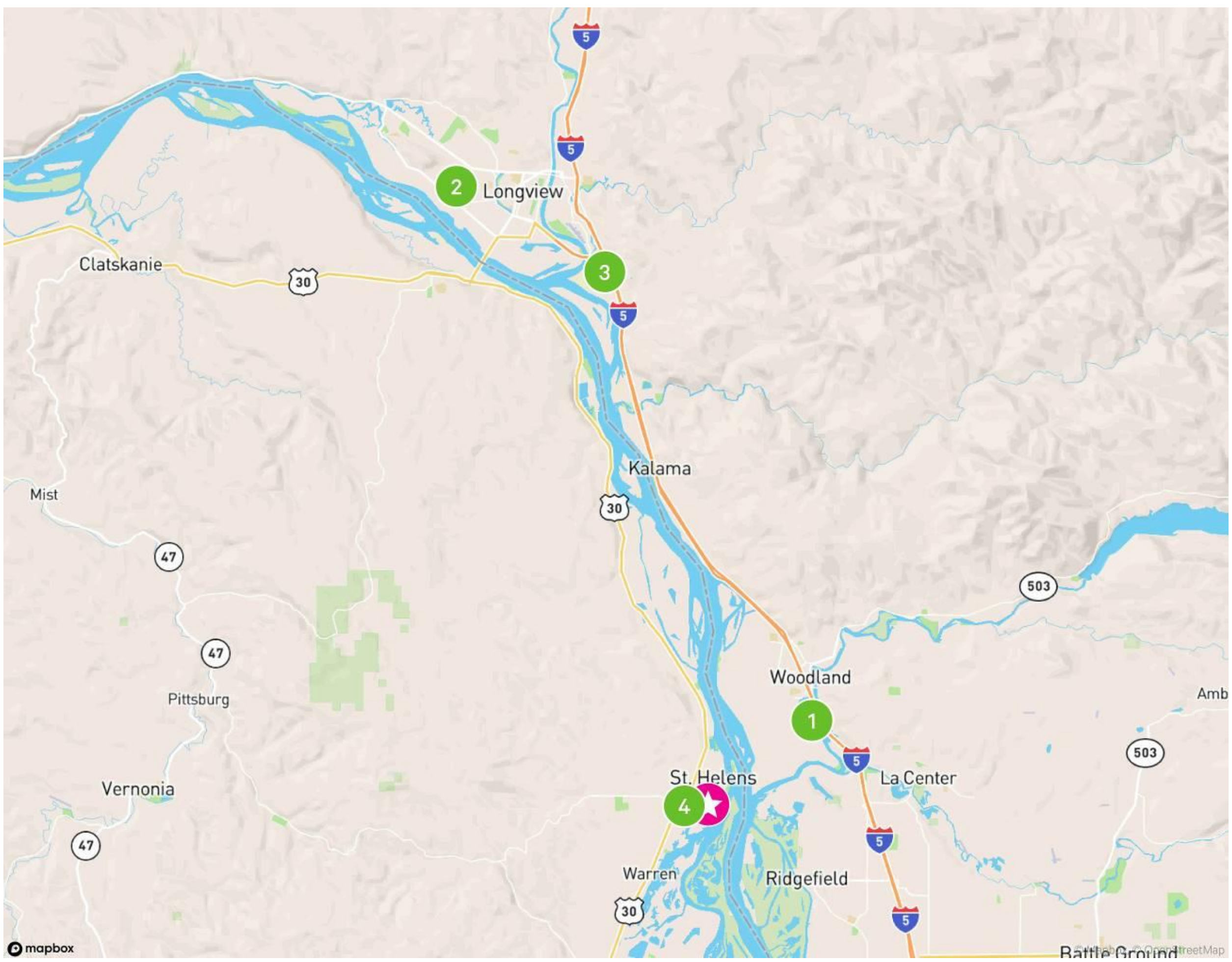
Land Value

Within this section the subject's land value is developed by the sales comparison approach. Following this, we will present a rate of return analysis and develop an opinion of the subject's market rent.

A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. In selecting comparables, emphasis was placed on confirming recent sales of large industrial land sites that are similar to the subject property in terms of location and physical characteristics. Overall, the sales selected represent the best comparables available for this analysis.

The most relevant unit of comparison is the price per square foot unit value. This indicator best reflects the analysis used by buyers and sellers in this market for land with similar utility and zoning in this marketplace.

The following map and table summarize the comparable data used in the valuation of the subject site. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE LAND SALES										
		Transaction		Interest		Actual Sale	Adjusted Sale	Size	Size	Price
No.	Property Location	Type	Date	Transferred	Zoning	Price	Price [1]	(Acres)	(SF)	Per SF
1	Woodland Site 500 S Pekin Road Woodland, WA 98674	Sale	Jan-24	Fee Simple/Freehold	UZ - Unzoned	$2,500,000	$2,500,000	21.10	919,116	$2.72
2	Cascade Civil Development Inc. East of Weber Ave S at Hoehne Ave Longview, WA 98632	Sale	Aug-23	Fee Simple/Freehold	Heavy Industrial (HI)	$4,700,000	$4,700,000	149.00	6,490,440	$0.72
3	Mid I-5 Industrial Park SWC of Interstate 5 and SR 432 Kelso, WA 98626	Sale	Jul-23	Fee Simple/Freehold	Light Industrial (LI)	$14,416,480	$14,416,480	88.00	3,833,280	$3.76
4	Calaway Excess Land 777 Port Avenue St Helens, OR 97051	Sale	Jun-19	Fee Simple/Freehold	LI - Light Industrial	$700,000	$700,000	7.01	305,356	$2.29
Subject	1300, 1400, 36800 Kaster Road Saint Helens, OR 97051	---	---		Heavy Industrial (HI), Light Industrial (LI)	---	---	54.06	2,354,854	---

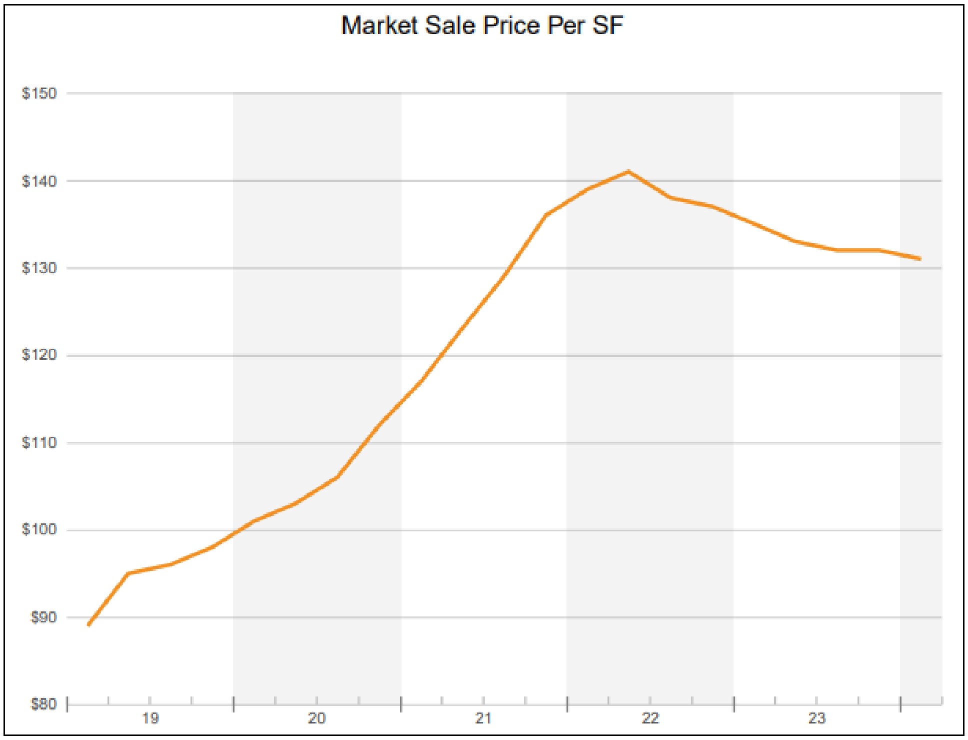
[1] Adjusted sale price for cash equivalency and/or development costs (where applicable)
Compiled by CBRE

COMPARABLE ADJUSTMENTS

Transactional Adjustments

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

The comparables are located in either Columbia County in Oregon, or Cowlitz County in Washington, and include four sales occurring between mid-2019 to early-2024. The market has exhibited increasing land values from the time of the oldest comparable sale up through the effective valuation date; therefore, a market conditions adjustment is warranted. The following table summarizes value trends for improved industrial properties for both counties according to CoStar. Land values are projected to follow similar value trends as improved properties.



The market conditions adjustment is based on the percentage change in value of the above $/SF value at the time of sale compared to the effective date of this report, and is summarized below:

MARKET CONDITIONS ADJUSTMENT				
Comparable	1	2	3	4
Sale Date	Jan-24	Aug-23	Jul-23	Jun-19
Market $/SF at time of sale	$133.00	$132.00	$132.00	$89.00
Market $/SF as of effective date	$133.00	$133.00	$133.00	$133.00
Implied Mkt. Conditions Adj.	0.0%	0.8%	0.8%	49.4%
Source: CoStar				

Property Adjustments

As commercial real estate markets often are imperfect in nature, the comparable sales are analyzed based on qualitative comparison. The adjustments are subjective, but are based on market evidence as well as the appraiser's judgment, experience and research. The adjustments are not derived through quantitative analysis techniques, such as paired sale or regression analysis, as the data does not exist in a manner that would provide reliable results. As such, the adjustments made on a percentage basis are conveying the applied degree of subjective adjustments and are not the result of quantitative analysis.

In addition to the quantitative analysis, the comparables will also be analyzed based on a qualitative analysis. The results of the qualitative and quantitative analysis will then be reconciled into a final opinion of value.

DISCUSSION/ANALYSIS OF LAND SALES

Land Sale One ($2.72/SF – unadjusted)

This comparable is the January 2024 sale of a site located in Woodland, but is un-zoned. The sale has not yet recorded on county records at the time of confirmation; however, the owner/buyer indicated that the sale closed in early January 2023. The site sold for $2,500,000 in an off-market transaction. The property does not have public water or sewer, and will require storm-water retention pond, septic tank drain field and well for development. The buyer intends to develop the site with a trucking facility.

Based on inferior development utility (not including access to public utilities), but partial offsetting due to a smaller site size (places upward pressure on the $/SF sale price due to economies of scale) and a superior location (superior access to I-5), Comparable 2 is concluded a low indicator of the subject and a net upward adjustment is warranted.

Land Sale Two ($0.72/SF – unadjusted)

This is the August 2023 sale of a roughly 149-acre industrial site located in Longview. The site was purchased from Weyerhaeuser and the buyer is Cascade Civil Development Inc. (Kerr Contractors) out of Woodburn, Oregon. The comparable comprises Phase 2 of the Mint Farm Industrial Park (310 total acres) which is otherwise developed for industrial uses. The site size is according to a geological survey of the property recorded with the Department of Ecology and is assumed correct. This is slightly lower compared to the recorded site size of 152.9 acres according to the County Assessor. The property is bounded between Memorial Park Dr to the north, Crocker Ave to the south, Weber Ave to the west, and wetlands/marsh to the east. Current ground cover predominately includes grass and brush and some medium to large diameter trees. Marshy areas exist through the site as well. The existing topography is generally flat with surface elevations ranging from about 4 to 10 feet. The elevation of Weber Ave, which is to the west of the property, ranges from 8 to 13 feet. Based on information from the Department of Ecology, there is roughly 15.01 acres of wetlands. Furthermore, the developer has received approval to clear and grub existing site for receipt of fill material to raise site to the elevation of Weber Avenue. Improvements will include temporary sediment and erosion control during construction, installation of sediment ponds, and stabilizing of final fill material after placement. This will encompass filling the site in up to three phases, after which the site will be stabilized. Approximately 600,000 cubic yards over 135-140 acres is estimated. Imported fill material is anticipated to be dredge sand material from the Cowlitz River in Kelso or from an approved rock source west of the property (Mt. Solo Quarry). The developer is proposing to build four 475,000 SF industrial warehouses or distribution buildings (total of 1.9 million square feet) with parking lots and several detention ponds around the site boundary. It is also noted that the site has rail access along the eastern boundary of the site. CBRE attempted to confirm the sale with both the listing broker and buyer (Tim Kerr, Vice President, Kerr Contractors), but were unsuccessful. The information was confirmed by Cowlitz County Assessor and various surveys/reports published to the Department of Ecology website. CBRE also interviewed two local excavation contractors including Scott Jeffries with Jeffries Construction and Cornell Rotschy with Rotschy (top excavation company in Clark County). Based on these interviews, the wetland mitigation cost is concluded at $225,000/acre and the fill cost is concluded at $15/cubic yard. This implies an upward adjustment of $12,377,250 ($225,000/AC X 15.01 wetland acres + $15/cubic yard X 600,000 cubic yards). This indicates an analysis price of $17,077,250 ($2.63/SF of site area), or 263.3% above the purchase price of $4.7 million. Note, this adjustment reflects a shovel ready site. An adjustment below this is warranted to reflect current conditions similar to the subject.

Based on a larger site size and inferior development utility (wetland mitigation and required fill), but partially offset by superior access (adjacent roads and rail) and superior location (proximity to I-5), Comparable 2 is concluded a low indicator and a net upward adjustment is warranted.

Land Sale Three ($3.76/SF – unadjusted)

This is the July 2023 sale of a 116 acre (88 acre net) industrial land site located at the southwest corner of the Interstate 5 and SR 432 interchange (at exit 36) within Kelso, Washington. The site is level, at street grade and includes an irregular shape, with the southern portion of the property generally considered non-developable (based on a narrow shape and wetlands), but otherwise including a sufficient shape for development. The property is clearly visible from the adjacent freeway with roughly 2,000 linear feet of frontage along the interstate. It also has access to rail based on a Burlington Northern Santa Fe rail line traversing the site's western boundary. The comparable site is graded with an internal drive including utilities for build-out of various smaller lots. It is noted that the site was zoned for a commercial use and was marketed as a commercial subdivision for several years. At one point, Costco contemplated the site for one of their wholesale stores. The property was recently rezoned from General Commercial to Light Industrial in 2022, and then sold for speculative warehouse/distribution development of a 1.2 million square foot facility called Mid I-5 Industrial Park. Construction is expected to be completed in late-2024. The comparable was confirmed by the County Assessor and Costar. CBRE attempted to confirm the sale with the listing broker, but was unsuccessful.

Based on superior access and location (based on proximity and access to the adjacent interstate and rail), and superior development utility (reflecting shovel ready land), but partial offsetting due to a larger site size, Comparable 3 is concluded a high indicator of the subject and a net downward adjustment is warranted.

Land Sale Four ($2.29/SF – unadjusted)

This is the June 2019 sale of 7.01-acres of excess land that is part of a larger transaction. The total purchase price is $3,500,000, which includes a 129,805 SF industrial facility located on a 16.43-acre economic site and 7.01-acres of excess land. According to the broker, approximately $700,000 was allocated to the excess land, which is utilized in this analysis. The buyer plans to operate a recycling center at the facility. The broker indicated that the buyer has no immediate plans for the excess site. It is noted that the site has an irregular shape and is access via an easement across an adjacent property.

Based on an older sale date and inferior access (based on easement access), but partial offsetting due to a smaller site size, Comparable 4 is concluded a low indicator and a net upward adjustment is warranted.

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

LAND SALES ADJUSTMENT GRID

Comparable Number	1	2	3	4	Subject
Transaction Type	Sale	Sale	Sale	Sale	---
Transaction Date	Jan-24	Aug-23	Jul-23	Jun-19	---
Interest Transferred	Fee Simple/Freehold	Fee Simple/Freehold	Fee Simple/Freehold	Fee Simple/Freehold	
Zoning	UZ - Unzoned	Heavy Industrial (HI)	Light Industrial (LI)	LI - Light Industrial	Heavy Industrial (HI)
Actual Sale Price	$2,500,000	$4,700,000	$14,416,480	$700,000	---
Adjusted Sale Price [1]	$2,500,000	$4,700,000	$14,416,480	$700,000	---
Size (Acres)	21.10	149.00	88.00	7.01	54.06
Size (SF)	919,116	6,490,440	3,833,280	305,356	2,354,854
Price Per SF	$2.72	$0.72	$3.76	$2.29	---
Price ($ PSF)	$2.72	$0.72	$3.76	$2.29	
Property Rights Conveyed	0%	0%	0%	0%	
Financing Terms [1]	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	
Market Conditions (Time)	0%	1%	1%	49%	
Subtotal	$2.72	$0.73	$3.79	$3.42	
Size	-5%	20%	5%	-10%	
Access	0%	-5%	-10%	5%	
Location	-5%	-5%	-5%	0%	
Development Utility	15%	250%	-5%	0%	
Total Other Adjustments	5%	260%	-15%	-5%	
Value Indication for Subject	**$2.86**	**$2.61**	**$3.22**	**$3.25**	
Absolute Adjustment	*25%*	*281%*	*26%*	*64%*	

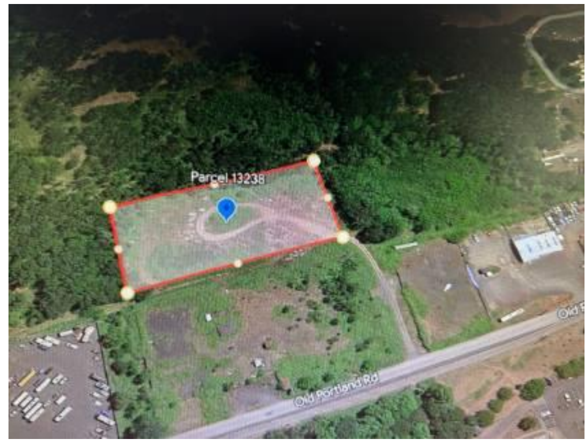
[1] Adjusted sale price for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

CONCLUSION

Unadjusted, the comparables indicate a range of $0.72 to $3.76/SF. Based on the preceding qualitative analysis, the subject is concluded to be bracketed by Comparables 1 and 3, which indicate a narrower range of $2.72 to $3.76/SF. Considering the subject's size, location and site conditions, a value towards the lower end of the bracketing range appears to be supported.

After the transaction/property adjustments are made, the comparables indicate a narrower range of $2.61 to $3.25/SF, which generally supports the above qualitative analysis.



In addition to the above comparable sales, supplemental listings are analyzed below. This includes one listing located within the subject's immediate area, including a 1.88 acre parcel zoned Heavy Industrial (HI) and is located a short distance west of Old Portland Road (Parcel 13238). This is raw land with easement access to Old Portland Road over the adjacent property. The listing has been on the market roughly eight months at $3.65/SF. Considering that this is a listing and also its smaller size, this is concluded a high indicator of the subject property. The aerial to the right summarizes the listing.

There is another property located a short distance west of Old Portland Road, along Port Avenue, which is zoned Heavy Industrial and is also listed for sale. This includes a 1.95 acre property with 266' of road frontage. Topography is level and is reported to be roughly graded with access to all public utilities. The property has been on the market for roughly one year at $7.00/SF. Based on this being a listing and also a smaller site size, this is concluded a high indicator of the subject. The aerial to the right summarizes the listing.

Based on the above comparable analysis, supplemental listings and taking into consideration the subject's location, size and site condition characteristics, the following table presents the valuation conclusion:

CONCLUDED LAND VALUE				
$ PSF		Subject SF		Total
$3.25	x	2,354,854	=	$7,653,274
Indicated Value (Rounded):				**$7,650,000**
		(Rounded $ PSF)		$3.25
Compiled by CBRE				

Rate of Return Analysis

Within this section, we will estimate market rent for the subject based on the land value concluded in the previous section multiplied by the concluded rate of return. Supplemental ground rent comparables will also be analyzed for support.

Ground leases are typically analyzed as a percentage return on the fee simple land value. *The Appraisal of Real Estate*, Thirteenth Edition, published by the Appraisal Institute in 2008, states on Page 463 that rates of return are influenced by many factors, including:

- The degree of perceived risk
- Market expectations regarding future inflation
- The prospective rates of return for alternative investments
- The rates of return earned by comparable properties in the past
- Availability of debt financing
- The prevailing tax law

A 1993 article in the Appraisal Journal of the Appraisal Institute, entitled *Determining Ground-Lease Rental Rates*, by Chris Carneghi, MAI, president of Carneghi-Bautovich & Partners, Inc., in San Francisco and San Jose, California, the author noted:

- "A ground lease functions more like an interest rate instrument than like a real estate discount rate. The subject property comprises only land, which is the safest portion of a real estate investment. Most ground-leased property is to be improved with a building. A landlord thus typically has the security of building improvements. Unless a ground lease has a subordination clause, the landlord would receive a windfall if the tenant defaulted on the land lease. The windfall would be in the form of ownership of the building improvements for which the landlord did not pay, and would possibly constitute a much larger portion of the total property value than the land itself.
- "For most ground-lease property, landlords have no management responsibility, no maintenance costs, and no market risk, given a typical long-term, triple-net ground lease. Relative to a landlord's investment, there are no physical depreciation concerns as the landlord is not paying for any building improvements. For all of these reasons, a typical ground-leased property cannot be reasonably compared to an internal rate of return from an alternative real estate investment such as an office building or a shopping center. Rather, a ground lease is often much like a bank certificate of deposit or a corporate bond."
- "In determining an appropriate market-based land-lease rate, all of the factors discussed need to be weighted as to the influence on a particular subject property. …Further, a particularly large parcel or a highly creditworthy lessee would influence this rate toward the low end of the range…Other more site-specific factors include local market demand; the landlord security

> positions relative to the improvement value or subordination clause; and the specific terms of the ground lease, particularly the rental adjustments."

While the article is older, the preceding comments are still applicable. Ground leases are a unique segment of the commercial real estate market and it is important to consider historical data, alternative investments, and actual transactions when determining market rates.

RATE OF RETURN ON THE FEE SIMPLE LAND VALUE

The achievable rate of return on land leases are a function of supply and demand. A primary consideration in the rate of return is the perceived "risk" associated with the location, creditworthiness of the lessee, and contract terms (increases, taxes, insurance, subordination clause, reversionary rights, etc.). More specifically, items which influence the rate of return include: 1) the term length (longer leases typically provide more security to the land owner which tends to decrease the required rate of return); 2) the extent and/or scope of any improvements that will be built upon or made to the land by the ground lessee (i.e. if the lessee is going to construct a facility which clearly contributes value to the property as a whole, the risk in the ground lease payment is lowered); 3) rental rate escalations, including how often and at what rate; and 4) early termination provisions (option to purchase, etc.).

In arriving at an appropriate return to the land, alternative investments, investor surveys, and market participants (summarized on the following pages) have been considered.

Alternative Investments

As a test of reasonableness, a review of government and corporate bond debt has been completed. Provided in the following table is a summary of various bond rates.

SELECTED RATES

Investment Type	Yield
U.S Treasury - 30 Year Bond	4.37%
AAA Corporate - 30 Year Bond	4.87%
Baa Corporate - 30 Year Bond	5.61%
Compiled by CBRE	

The rates for these financial instruments currently range from approximately 4.4% to 5.6%. It would be expected that there would be a premium associated with ground lease returns versus these instruments as they are liquid and have lower transaction costs (i.e. they can readily be sold in the market and do not require a real estate broker to list and sell the asset).

It should be noted that due to continued monetary policy by the Federal Reserve, the above noted selected rates are projected to decreased over the next year as the Federal Funds Rate is projected to be lowered. For example, some reports project the 30-year US Treasury Bond to decrease to 3.75% to 4.00% by the end of 2024 and potentially reach 2.25% in 2.25%. This will be taken into consideration in our conclusion.

Investor Surveys

The following summarizes ground capitalization rates according to the Realtyrates.com 4Q 2023 Investor Survey.

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2023* LAND LEASES						
	Capitalization Rates			Discount Rates		
Property Type	Min.	Max.	Avg.	Min.	Max.	Avg.
Apartments	4.29%	10.95%	8.42%	6.89%	11.45%	9.42%
Golf	4.85%	16.09%	10.56%	7.45%	16.59%	11.56%
Health Care/Senior Housing	4.85%	12.25%	9.05%	7.45%	12.75%	10.05%
Industrial	4.65%	11.95%	8.84%	7.25%	12.45%	9.84%
Lodging	4.79%	16.02%	9.13%	7.39%	16.52%	10.13%
Mobile Home/RV Park	4.69%	14.65%	9.69%	7.29%	15.15%	10.69%
Office	4.67%	11.82%	8.55%	7.27%	12.32%	9.55%
Restaurant	5.35%	18.15%	10.35%	7.95%	18.65%	11.35%
Retail	4.49%	12.05%	8.94%	7.09%	12.55%	9.94%
Self-Storage	4.62%	12.05%	9.86%	7.22%	12.55%	10.86%
Special Purpose	5.59%	17.75%	10.69%	7.70%	20.25%	10.91%
All Properties	4.29%	18.15%	9.46%	6.89%	18.65%	10.34%

As shown, Realtyrates.com indicates a rate of return (capitalization rate) of 4.65% to 11.95% for industrial land.

Comparable Data

We recognize direct comparable data for rates of return on land is very limited. The data below reflects the best available market data from our research.

GROUND LEASE COMPARABLES - RATE OF RETURN							
No.	Site Location	Agreement Start	Type	Base Term	Size (AC)	Rate of Return to Land Value	Comments
1	Rivergate (Portland, OR)	2017	Industrial	55 Years	~60	**5.9-6.4%**	Participation rent structure with initial ground rent that equates to 5.9-6.4% of estimated fee simple land value; 1.5% annual escalations for initial 15 years.
2	Port of Everett	2016	Industrial	50 Years	10.7	**6.75%**	Ground lease in Riverside Business Park based on 6.75% ROR on $6.75/SF industrial land value. Escalations of 7.5% every 5 years and market rent adjustment every 10 years.
3	Seattle Metro	2011	Industrial	5 Years	12.1	**6.50%**	5-year renewal (plus 5-year option) to prior land lease; renegotiated by parties at 6.5% ROR to agreed-up land value of $18/SF.
4	Rosemead, CA	2012	Office	45 Years	9.3	**7.80%**	Suburban office site; flat ground rent; 45-year term with 9 5-year options.
5	Las Vegas, NV	2014	Industrial/ Yard Storage	20 Years	9.1	**~11%**	Industrial site with perimeter fencing/landscaping and paving; two small structures included.
6	Las Vegas, NV	2014	Industrial/ Yard Storage	20 Years	9.1	**9.00%**	Marshalling yard near Vegas Strip; 20-year lease with 10% escalations every 5 years. Lease rate was blended but incl. 9% return on land component.
7	Tempe, AZ	2015	Office/Ind ustrial	87 Years	7.3	**10.00%**	87-Year lease based on 10% rate of return with CPI adjustment every 10 years (capped at 20%)
8	Bakersfield, CA	2015	Office	40 Years	12.5	**7.00%**	40-year lease plus 20 years of options; phased ground lease for office park development based on 7% return on agreed upon land value. 18 mos. free rent period per phase; CPI escalations capped at 20% every 10 years.
9	Richland, WA (Port of Benton County)	2011	Industrial	10 Years	15	**10.00%**	10-year option following initial term of 10 years commencing in 2001. Option rent based on 10% of the land value as of the option period commencement, based on a flat rate over the term.
10	Tukwila, WA	2021	Industrial	N/Av.	36.08	**5.85%**	36.08 net usable acres that was ground leased from a private family for a new large warehouse facility. The rate of return was 5.85% on the agreed upon market value of the land negotiated and established by the developer, family, and broker opinions. The lease commenced in April 2021.

Compiled by CBRE

Of note, Comparable 1 above reflects the ground lease for the Amazon facility located in the subject's larger market area. This ground lease is long-term and is structured on a participation rent basis, which makes it of limited use for a direct comparison to the subject. The term, upside, and lessee improvements all would put downward pressure on the applicable rate of return.

Additional Historical Rate of Return Information

As further support for the above, historical ground lease information is presented on the following page. The ground lease comparisons range from 4.6% to 18.0%. However, the median is 9.13% and the mean is 9.74%. There is a pattern of central tendency in the 7.0% to 10.0% range. A summary table is presented below.

Landlord	Return
King County	9.50%
Port of Seattle	10.00%
Welch Property	10.64%
Quadrant Lake Union	8.75%
City of Seattle	8.50%
City of Seattle	17.00%
Crowne Plaza	8.00%
Key Tower	4.60%
Shoenbachler Parcel	11.00%
Shoenbachler Parcel	7.00%
Safeway	6.50%
Xerox	6.60%
Xerox	8.75%
Xerox	9.50%
Xerox	13.00%
Jefferson Square	6.00%
First and Stewart	8.00%
Broadway Market	18.00%
Broadway Market	13.36%
McDonalds & Chevron	10.00%
Median	**9.13%**
Mean	**9.74%**

The low end of the range is set by a ground lease associated with the Key Tower site in Seattle (May 1987), while the upper end of the range is set by the original lease for Broadway Market in Seattle (commenced in 1987). The remaining leases range from 6.5% to 17.00%, but generally cluster around the 7.00% to 10.00% range. Six data points are above this range and four are below this range.

Conclusion – Market Rate of Return on the Ground Lease

Considering the subject's location in St. Helens (upward pressure on investor risk due to lower industrial demand compared to the larger Portland MSA), a rate towards the higher end of the range of the various sources analyzed is generally supported.

RATE OF RETURN - CONCLUSION			
Source	Rate Range		
RealtyRates.com Investor Survey 4Q 2023	4.65%	-	11.95%
Comparable Data	5.85%	-	11.00%
Historical Rate of Returns	6.00%	-	9.00%
CBRE Estimate	**10.00%**	-	**11.00%**

Our market lease terms have been derived via discussions with market participants, analyzing other leases in the marketplace, and investor surveys. Based on the above, the following summarizes the indicated market rent based on the subject's land value concluded previously.

RATE OF RETURN GROUND RENT ANALYSIS		
Component	Low Range	High Range
Land Value	$7,650,000	$7,650,000
Rate of Return	10.00%	11.00%
Indicated Rental Rate (Annual)	$765,000	$841,500
Indicated Rental Rate (Monthly)	$63,750	$70,125
Indicated Rental Rate/SF/Month	$0.027	$0.030
Compiled by CBRE		

Finally, as a test of reasonableness of the above ground rent, the following table summarizes ground rent comparables.

GROUND RENT COMPARABLES							
Comp	Location	Tenant	Site Area (AC)	Lease Start	Term (Yrs)	Type	Rent/SF (Mo.)
1	5801 NE 88th Street, Portland, OR	J&D Properties	12.76	10/1/2016	20.0	NNN	$0.030
2	1501 N Schmeer Rd, Portland, OR	Aution Exchange	15.78	11/1/2016	3.2	MG	$0.023
3	15000 N Lombard St, Portland, OR	Rivergate V (Developer)	58.96	9/15/2017	56.0	NNN	$0.035
4	58144 Old Portland Rd, Warren, OR	Stella-Jones Corporation	20.30	7/1/2023	5.0	NNN	$0.032
5	62420 US Hwy 30, Columbia City, OR	Listing	35.00	Listing	Listing	NNN	$0.033
6	1550 Railroad Ave, St. Helens, OR	Listing	17.00	Listing	Listing	NNN	$0.029
7	1 East Wind Rd, Kalama, WA	Listing	95.00	Listing	Listing	NNN	$0.038
8	McNulty Way, St. Helens, OR	Listing	37.00	Listing	Listing	NNN	$0.038
Min			12.76				$0.023
Max			95.00				$0.038
Ave			36.48				$0.032
Compiled by CBRE							

In terms of location and start date, the subject is most similar to Comparable 4 (0.032/SF/month), which is a lease renewal of a 20.30 acre property located in Warren. The lease was based on a 5-year term with annual CPI escalations, and three 5-year renewal options thereafter. Based on a smaller size and superior site utility, this is considered a high indicator of the subject. Comparables 5-8 also include similar locations and reflect listings, ranging between $0.029 to $0.038/SF per month. It is noted that the high end of this range reflects sites in shovel ready condition, whereas the lower end of this range reflects raw land sites more similar to the subject. The other comparables are older and are given minimal weight of a value conclusion.

Overall, based on the indicated rate of return analysis and the comparable analysis, a final reconciled ground rent of $0.030/SF/month is concluded for the subject. This is based on a triple net expense structure where the tenant is responsible for all operating expenses, which is similar to the comparables and survey information analyzed within this report. Furthermore, estimated term and annual escalator is based on the comparable information and interviews with market participants regarding long term ground leases of similar properties.

The following table summarizes the ground rent and lease terms concluded within this analysis.

INDUSTRIAL GROUND RENT CONCLUSION	
Ground Rent Area (Net)	2,354,854 SF
Rent Expense Structure	Triple Net
Ground Rent/Month/SF - Year 1	$0.030
Ground Rent/Month - Year 1	$70,646
Ground Rent/Year - Year 1	$847,747
Term	10+ years
Annual Escalators	Based on CPI adjustments
Compiled by CBRE	

Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:

(i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.

(ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.

(iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.

(iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.

(v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.

(vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.

(vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.

(viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently, nor super-efficiently.

(ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.

(x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

(xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property, nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report and any conclusions stated therein. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or on behalf of the client, property owner or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report and any conclusions stated therein. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including, without limitation, any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. This Report has been prepared in good faith, based on CBRE's current anecdotal and evidence-based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this Report, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections. Further, other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later change or be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge including, but not limited to, environmental, social, and governance principles ("ESG"), beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.

10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.
13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

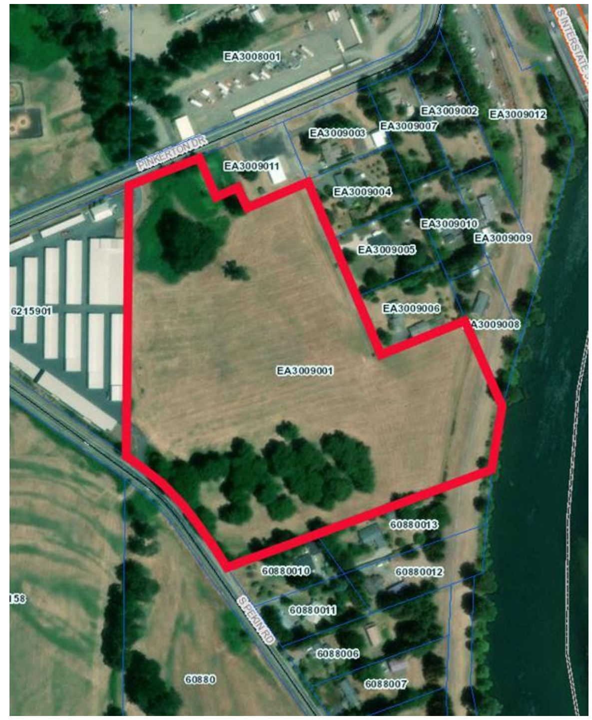
ADDENDA

Addendum A

LAND SALE DATA SHEETS

Sale — Land - Industrial — No. 1

Property Name	Woodland Site
Address	500 S Pekin Road Woodland, WA 98674
County	Cowlitz
Govt./Tax ID	N/A
Land Area Net	15.420 ac/ 671,695 sf
Land Area Gross	21.100 ac/ 919,116 sf
Site Development Status	N/A
Utilities	N/A
Maximum FAR	N/A
Min Land Bldg Ratio	N/A
Shape	Irregular
Topography	Generally Level
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	UZ - Unzoned
Entitlement Status	N/A



Transaction Details

Type	Sale	Primary Verification	Broderick Smith, Buyer
Interest Transferred	Fee Simple	Transaction Date	01/10/2024
Condition of Sale	None	Recording Date	01/10/2024
Recorded Buyer	Confidential	Sale Price	$2,500,000
Buyer Type	N/A	Financing	N/A
Recorded Seller	Charles Ferguson LLC Etal	Cash Equivalent	$2,500,000
Marketing Time	N/A	Capital Adjustment	$0
Listing Broker	N/A	Adjusted Price	$2,500,000
Doc #	N/A	**Adjusted Price / ac and / sf**	**$162,127 / $3.72**
		Adjusted Price/ FAR	**N/A**
		Adjusted Price/ Unit	**N/A**

Comments

This comparable is the sale of a site located in Woodland, but is un-zoned. The sale has not yet recorded on county records at the time of confirmation; however, the owner/buyer indicated that the sale closed in early January 2023. The site sold for $2,500,000 as an off-market transaction. The property does not have public water or sewer. The gross site size is 21.10-acres; however, only ~15.42-acres is considered usable as the remaining areas are or will need to be utilized for a storm-water retention pond, septic tank drain field, and well. The buyer intends to develop the site with a trucking facility.

Sale | Land - Industrial | No. 2

Property Name	Cascade Civil Development Inc.
Address	East of Weber Ave S at Hoehne Ave Longview, WA 98632
County	Cowlitz
Govt./Tax ID	101930300
Land Area Net	149.000 ac/ 6,490,440 sf
Land Area Gross	149.000 ac/ 6,490,440 sf
Site Development Status	Raw
Utilities	All Available
Maximum FAR	3.12
Min Land Bldg Ratio	0.00:1
Shape	Irregular
Topography	Generally Level
Flood Zone Class	Zone X (Unshaded)
Flood Panel No./ Date	N/A
Zoning	Heavy Industrial (HI)
Entitlement Status	None

Transaction Details

Type	Sale	Primary Verification	Cowlitz County Assess, State of Washington Department of Ecology
Interest Transferred	Fee Simple	Transaction Date	08/15/2023
Condition of Sale	Assumed Arm's Length	Recording Date	08/15/2023
Recorded Buyer	Cascade Civil Development Inc.	Sale Price	$4,700,000
Buyer Type	Developer	Financing	Cash to Seller
Recorded Seller	Weyerhaeuser NR Co.	Cash Equivalent	$4,700,000
Marketing Time	N/A	Capital Adjustment	$0
Listing Broker	Aaron Watt, Cushman & Wakefield, 503.279.1779	Adjusted Price	$4,700,000
Doc #	3739314	**Adjusted Price / ac and / sf**	**$31,544 / $0.72**
		Adjusted Price/ FAR	**$2.47**
		Adjusted Price/ Unit	**N/A**

Comments

This is the August 2023 sale of a roughly 149-acre industrial site located in Longview. The site was purchased from Weyerhaeuser and the buyer is Cascade Civil Development Inc. (Kerr Contractors) out of Woodburn, Oregon. The comparable comprises Phase 2 of the Mint Farm Industrial Park (310 total acres) which is otherwise developed for industrial uses. The site size is according to a geological survey of the property recorded with the Department of Ecology and is assumed correct. This is slightly lower compared to the recorded site size of 152.9 acres according to the County Assessor. The property is bounded between Memorial Park Dr to the north, Crocker Ave to the south, Weber Ave to the west, and wetlands/marsh to the east. Current ground cover predominately includes grass and brush and some medium to large diameter trees. Marshy areas exist through the site as well. The existing topography is generally flat with surface elevations ranging from about 4 to 10 feet. The elevation of Weber Ave, which is to the west of the property, ranges from 8 to 13 feet. Based on information from the Department of Ecology, there is roughly 15.01 acres of wetlands. Furthermore, the developer has received approval to clear and grub existing site for receipt of fill material to raise site to the elevation of Weber Avenue. Improvements will include temporary sediment and erosion control during construction, installation of sediment ponds, and stabilizing of final fill material after placement. This will encompass filling the site in up to three phases, after which the site will be stabilized. Approximately 600,000 cubic yards over 135-140 acres is estimated. Imported fill material is anticipated to be dredge sand material from the Cowlitz River in Kelso or from an approved rock source west of the property (Mt. Solo Quarry). The developer is proposing to build four 475,000 SF industrial warehouses or distribution buildings (total of 1.9 million square feet) with parking lots and several detention ponds around the site boundary. It is also noted that the site has rail access along the eastern boundary of the site. CBRE attempted to confirm the sale with both the listing broker and buyer (Tim Kerr, Vice President, Kerr Contractors), but were unsuccessful. The information was confirmed by Cowlitz County Assessor and various surveys/reports published to the Department of Ecology website. CBRE also interviewed two local excavation contractors including Scott Jeffries with Jeffries Construction and Cornell Rotschy with Rotschy (top excavation company in Clark County). Based on these interviews, the wetland mitigation cost is concluded at $225,000/acre and the fill cost is concluded at $15/cubic yard. This implies an upward adjustment of $12,377,250 ($225,000/AC X 15.01 wetland acres + $15/cubic yard X 600,000 cubic yards). This indicates an analysis price of $17,077,250 ($2.63/SF of site area), or 263.3% above the purchase price of $4.7 million.

Sale | Land - Industrial | No. 3

Property Name	Mid I-5 Industrial Park
Address	SWC of Interstate 5 and SR 432 Kelso, WA 98626
County	Cowlitz
Govt./Tax ID	24095, 24385, 2439101
Land Area Net	88.000 ac/ 3,833,280 sf
Land Area Gross	116.000 ac/ 5,052,960 sf
Site Development Status	Raw
Utilities	All Available
Maximum FAR	0.31
Min Land Bldg Ratio	3.19:1
Shape	Irregular
Topography	Generally Level
Flood Zone Class	Zone X (Unshaded)
Flood Panel No./ Date	N/A
Zoning	Light Industrial (LI)
Entitlement Status	None

Transaction Details

Type	Sale	Primary Verification	County Assessor, CoStar
Interest Transferred	Fee Simple	Transaction Date	07/10/2023
Condition of Sale	Assumed Arm's Length	Recording Date	07/10/2023
Recorded Buyer	DRI/TCC Mid I-5 LLC	Sale Price	$14,416,480
Buyer Type	Developer	Financing	Cash to Seller
Recorded Seller	Segale Properties LLC	Cash Equivalent	$14,416,480
Marketing Time	N/A	Capital Adjustment	$0
Listing Broker	Andrew Stark, CBRE, 206.310.9044	Adjusted Price	$14,416,480
Doc #	7377401	**Adjusted Price / ac and / sf**	**$163,824 / $3.76**
		Adjusted Price/ FAR	**$12.01**
		Adjusted Price/ Unit	**N/A**

Comments

This is the July 2023 sale of a 116 acre (88 acre net) industrial land site located at the southwest corner of the Interstate 5 and SR 432 interchange (at exit 36) within Kelso, Washington. The site is level, at street grade and includes an irregular shape, with the southern portion of the property generally considered non-developable (based on a narrow shape and wetlands), but otherwise including a sufficient shape for development. The property is clearly visible from the adjacent freeway with roughly 2,000 linear feet of frontage along the interstate. It also has access to rail based on a Burlington Northern Santa Fe rail line traversing the site's western boundary. The comparable site is graded with an internal drive including utilities for build-out of various smaller lots. It is noted that the site was zoned for a commercial use and was marketed as a commercial subdivision for several years. At one point, Costco contemplated the site for one of their wholesale stores. The property was recently rezoned from General Commercial to Light Industrial in 2022, and then sold for speculative warehouse/distribution development of a 1.2 million square foot facility called Mid I-5 Industrial Park. Construction is expected to be completed in late-2024. The comparable was confirmed by the County Assessor and Costar. CBRE attempted to confirm the sale with the listing broker, but was unsuccessful.

Sale	Land - Industrial	No. 4

Property Name	Calaway Excess Land
Address	777 Port Avenue St Helens, OR 97051
County	Coluimbia
Govt./Tax ID	433569
Land Area Net	7.010 ac/ 305,356 sf
Land Area Gross	7.010 ac/ 305,356 sf
Site Development Status	N/A
Utilities	N/A
Maximum FAR	N/A
Min Land Bldg Ratio	N/A
Shape	Irregular
Topography	Generally Level
Flood Zone Class	Zone X (Unshaded)
Flood Panel No./ Date	N/A
Zoning	LI - Light Industrial
Entitlement Status	N/A

Transaction Details

Type	Sale	Primary Verification	Brian Yoakum, Colliers, 503.499.0070
Interest Transferred	Fee Simple	Transaction Date	06/27/2019
Condition of Sale	None	Recording Date	06/27/2019
Recorded Buyer	PNW Metal Recylcing	Sale Price	$700,000
Buyer Type	N/A	Financing	Market Rate Financing
Recorded Seller	CALAWAY PROPERTIES LLC	Cash Equivalent	$700,000
Marketing Time	18 Month(s)	Capital Adjustment	$0
Listing Broker	Alan Wells, Commercial Associates, 541.754.6320	Adjusted Price	$700,000
Doc #	000000005093	**Adjusted Price / ac and / sf**	**$99,857 / $2.29**
		Adjusted Price/ FAR	**N/A**
		Adjusted Price/ Unit	**N/A**

Comments

This is the sale of 7.01-acres of excess land that is part of a larger transaction. The total purchase price is $3,500,000, which includes a 129,805 SF industrial facility located on a 16.43-acre economic site and 7.01-acres of excess land. According to the broker, approximately $700,000 was allocated to the excess land, which is utilized in this analysis. The buyer plans to operate a recycling center at the facility. The broker indicated that the buyer has no immediate plans for the excess site. It is noted that the site has an irregular shape and is access via an easement across an adjacent property.

Addendum B

QUALIFICATIONS

Nick Anderson, MAI, R/W-AC

Vice President, Portland OR

CBRE

T + 1 503.946.4941
Nick.anderson2@cbre.com

1300 SW Fifth Avenue
Suite 3500
Portland, OR 97201

Experience

Nick Anderson is a Vice President with CBRE Valuation & Advisory Services in Portland, Oregon. Mr. Anderson is a designated member of the Appraisal Institute (MAI) and is licensed as a Certified General Real Estate Appraiser in the States of Oregon and Washington. He specializes in performing appraisal and consultation services for investment, mortgage lending, trust, estate tax, feasibility studies and right-of-way assignments.

Located in the Portland office since 2018, Nick has experience providing valuation services in a wide range of property types in Oregon and SW Washington, including the valuation of subdivisions, development land, industrial, office, retail, self-storage, manufactured home communities/RV parks, mixed-use properties, agricultural land and rock quarry/sand and gravel pit properties. Nick also has experience providing right-of-way valuation services, including partial acquisitions including fee, permanent, and temporary easements.

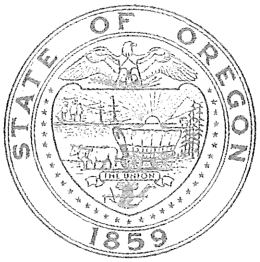
Prior to pursuing a career as a real estate appraiser, Nick served on active duty in the United States Marine Corps.

Professional Affiliations / Accreditations

- Designation Member of the Appraisal Institute
- IRWA Member of Chapter 3
  - Right of Way Appraisal Certification (R/W-AC)
- Certified General Appraiser in the following states:
  - Oregon License No: C001242
  - Washington License No: 1102430

Education

- University of Oregon, Eugene, Oregon
  - Cum Laude, B.S. Economics, B.S. Statistics
- Appraisal Institute Courses:
  - Advanced Income Approach
  - Advanced Market Analysis and Highest & Best Use
  - Advanced Concepts and Case Studies
  - Quantitative Analysis
  - Qualifying Education for Certification
  - Contract or Effective Rent – Finding the Real Rent
  - Commercial Appraisal Review
  - Expert Witness for Commercial Appraisals
  - Subdivision Valuation
- International Right of Way Association (IRWA) Courses:
  - Easement Valuation, Course 403
  - The Valuation of Partial Acquisitions, Course 421
  - Problems in the Valuation of Partial Acquisitions, Course 431



Appraiser Certification and Licensure Board

State Certified General Appraiser

28 hours of continuing education required

License No.: C001242

Issue Date: July 01, 2022

Expiration Date: June 30, 2024

NICHOLAS J ANDERSON
CBRE
1300 SW 5TH AVENUE, SUITE 3500
PORTLAND, OR 97201

Chad Koch, Administrator

OPTION AGREEMENT

This OPTION AGREEMENT ("**Option Agreement**"), dated as of _____________, 2025 ("**Effective Date**"), is entered into by and between:

1. **The City of St. Helens,** a State of Oregon municipal corporation ("**Optionor**"); and

2. **Arcadia Paper Mills, LLC**, a State of Delaware limited liability company ("**Arcadia**").

Optionor and Arcadia are referred to herein as, the "**Parties**" and each, individually as, a "**Party**."

WHEREAS, Optionor and Arcadia are parties to a Real Estate Purchase and Sale Agreement dated as of ___________, 2025 (as amended), pursuant to which Optionor sold to Arcadia a certain parcel of property defined therein ("**Mill Parcel**");

WHEREAS, Optionor is the owner of certain real property located adjacent to the Mill Parcel that is generally depicted on Exhibit A attached hereto (the "**Option Parcel**"); provided, that the final legal boundaries of the Option Parcel need to be legally created pursuant to the process set forth in Section 4(b) of this Agreement; and

WHEREAS, Optionor agrees to grant to Arcadia an irrevocable and exclusive option to purchase the Option Parcel, which must be exercised by December 31, 2027 (the "**Option Notice Deadline**"), subject to the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the consideration described in the Recitals above, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Grant of Option**. Optionor hereby grants to Arcadia an irrevocable and exclusive option to purchase Option Parcel upon and pursuant to the terms and conditions set out in this Option Agreement ("**Option**").

2. **Exercise of Option**. Arcadia may exercise its Option rights by providing Optionor, on or before the Option Notice Deadline, written notice ("**Option Exercise Notice**") of Arcadia's intent to close upon the purchase of the Option Parcel. In no event shall Arcadia be permitted to: (i) deliver more than one Option Exercise Notice during the term of this Agreement, or (ii) deliver an Option Exercise Notice after the Option Notice Deadline. The "Closing Date" for closing of the purchase and sale pursuant to the Option is detailed on Exhibit B attached hereto.

3. **Expiration of Option.** The Option shall automatically terminate, without the need for action by either party upon the earliest to occur of any of the following: (i) the Option Notice Deadline, if Arcadia fails to deliver an Option Exercise Notice before such date, or (ii) the failure by Arcadia to close upon its acquisition of the Option Parcel on or prior to

the Closing Date. After any such automatic termination of this Agreement, neither Party shall have any further obligations hereunder except for (A) Arcadia's obligation to immediately tender a written termination of the Memorandum of Option those obligations that expressly survive termination of this Option Agreement.

4. **Option Purchase and Sale Terms; Creation of Option Parcel**.

a. *Deal Terms Rider*. The terms and conditions shall be set forth in Exhibit B attached hereto are hereby incorporated into this Option Agreement and shall supplement the terms and conditions of the option rights of Arcadia set forth in the main body of this Option Agreement.

b. *Option Parcel Creation Process.* Arcadia acknowledges that the approximate proposed boundaries of the Option Parcel do not match the current lot boundaries of the real property owned by Optionor at the St. Helens Industrial Business Park (the "**Industrial Park**"). Accordingly, Option will need to obtain certain land use approvals (the "**Approvals**") in order to create the Option Parcel, while leaving the remaining surrounding land and parcels owned by Optionor at the Industrial Park in conformance with all applicable legal requirements (the "**Parcel Creation Process**"). Following Arcadia's timely exercise of its Option rights prior to the Option Notice Deadline, Optionor shall be responsible (at Optionor's sole cost and using commercially reasonable, good faith efforts) for pursuing the Approvals necessary to cause the Option Parcel to be a single legal lot that can be conveyed to Arcadia at Closing in compliance with all applicable laws and land use regulations. Optionor shall be permitted to make sure reasonable modifications to the proposed boundaries of the Option Parcel as may be necessary or required in pursuing the Approvals to ensure legal compliance of all land affected by the Parcel Creation Process, as well as committing to reserve or grant such easements or covenants as may be required as part of the Parcel Creation Process. Arcadia shall be solely responsible for the cost to relocate any utility lines upon the Option Parcel, to the extent such relocation is reasonably necessary to ensure that the Option Parcel can be used or developed for Arcadia's intended purposes. Optionor will provide Arcadia with a copy of the draft survey to be used in connection with obtaining all applicable Approvals and reflecting the proposed final configuration of the Option Parcel (the "**Approvals Survey**"), in order to obtain Arcadia's reasonable approval that the proposed boundaries of the Option Parcel are consistent with the terms of this Agreement in all material respects. Arcadia will be deemed to have approved such proposed "Approvals Survey" if Arcadia does not provide its reasonable objection to the boundaries set forth therein, in reasonable detail, within ten (10) Business Days from receipt from Optionor. A "**Business Day**" shall mean any day other than a Saturday, a Sunday, or a federal or Oregon state holiday, or any local holiday where the County Record's office in the county where the real property is located is closed. Optionor will provide periodic written updates to Arcadia regarding the status of the Approvals and information regarding any conditions that will be imposed in connection with issuance of the Approvals. Following issuance of the Approvals, Optionor will provide a copy thereof to Arcadia for Arcadia's review and approval, which approval will not be unreasonably withheld, conditioned, or delayed provided that the Approvals are consistent with the terms of this Agreement and do not impose any conditions on the Option Parcel not previously approved by Optionor. If, within ten (10) Business Days following receipt of same, Arcadia does not provide either (x) its unconditional approval of the Approvals (as contemplated in the previous sentence), or (y) written objection that properly identifies with reasonable specificity that the Approvals are not consistent with the terms of this Agreement and with all previously approved Approvals conditions, then Arcadia shall be deemed to have approved the Approvals. Following receipt of the Approvals and Arcadia's approval thereof, Optionor will promptly proceed to (i) cause the approved application, survey, legal descriptions and adjustment deed to be recorded with the Columbia County deed records to the extent necessary to case the Option Parcel to be a legally conveyable parcel of land, and (ii) cause the approved survey to be filed with the County Surveyor. The Parcel Creation Process shall be considered "complete" upon completion of the activities in the previous sentence.

5. **Obligation to Maintain; State of Title**. Prior to the earliest to occur of (i) Arcadia's acquisition of the Option Parcel, or (ii) the termination of the Option (as detailed in Section 3 above), Optionor shall maintain the Option Parcel in materially the same condition as exists on the date hereof (subject to ordinary wear and effects from the elements); provided, however, that Arcadia shall not unreasonably withhold, condition, or delay its consent to any reasonable improvements to the Option Parcel that Optionor proposes to undertake, or any easement agreements that do not materially impair or adversely affect the future use and operation of the Option Parcel. The term "Permitted Exceptions" shall refer, collectively, to the following (collectively referred to as, the **"Permitted Exceptions"**): (i) ad valorem real property taxes for the calendar year of sale (to be prorated as of the Closing Date); (ii) municipal, zoning and subdivision laws and ordinances; (iii) matters that would be disclosed by an accurate survey of the Parcels; (iv) matters of record as of the date of this Option Agreement; and (v) matters of record that are either approved by Arcadia in writing or which Arcadia is deemed to have or required to approve pursuant to Section 4(b) above. Notwithstanding the foregoing, any title encumbrances that can be removed solely by the payment of money, such as mortgages or statutory liens, shall not be deemed Permitted Exceptions, and Optionor shall convey title to the Parcels free and clear of any such encumbrances at Closing.

6. **Assignment of Option**. This Option Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs or successors and permitted assigns. Arcadia may not assign its interest under this Option Agreement without the prior written consent of Optionor, which the Optionor may withhold in its sole discretion.

7. **Memorandum of Option Agreement**. Within thirty (30) days of Optionor's receipt of the Option Exercise Notice, Optionor and Arcadia shall execute and acknowledge a memorandum of this Option Agreement in a form reasonably acceptable to both Parties ("**Memorandum**"), which Arcadia, at its sole cost and expense, is authorized to record in the Columbia County (Oregon) Clerk's Office ("**Clerk's Office**"). Within ten (10) business days following any termination or other expiration of the Option rights granted

hereunder, Arcadia shall execute and have notarized a termination of the Memorandum in form reasonably acceptable to the other party hereto; provided, that such form must reflect that the full and unconditional extinguishment and termination of the Option (and all rights thereunder) has occurred prior to the date of such Memorandum.

8. **Notices**. Any notice, consent or other communication permitted or required by this Option Agreement shall be in writing, and shall be given to each Party, at the address set forth below, in the following manner: (i) personal delivery; (ii) reputable overnight delivery service with proof of delivery; (iii) United States Mail, postage prepaid, registered or certified mail, return receipt requested; (iv) legible facsimile transmission (provided, that documentation of completed transmission is retained); or (v) by PDF attachment to e-mail. Such notice shall be deemed to have been given or delivered upon the date of actual receipt or delivery (or refusal to accept delivery), as evidenced by the notifying party's receipt of written or electronic confirmation of such delivery, refusal, or delivery failure despite use of the correct email notice address, if received by the party to be notified between the hours of 8 a.m. and 5 p.m. Pacific time on any Business Day, with delivery made after such hours to be deemed received on the following Business Day. Unless and until changed as provided below, the addresses for notices given pursuant to this Option Agreement shall be as follows:

To Optionor:	City of St. Helens Attention: John Walsh, City Administrator 265 Strand St. St. Helens, Oregon 97051 Tel: 503.366.8211 Email: jwalsh@sthelensoregon.gov
with a copy to:	Jordan Ramis PC Attention: David Rabbino 1211 SW 5th Avenue, Suite 2700 Portland, OR 97204 Tel: 503.598.5536 Email: david.rabbino@jordanramis.com
To Arcadia:	Arcadia Paper Mills, LLC 1420 5th Avenue Suite 3700 Seattle, WA 98104 Attention: Eric Ovanessian and John Pierce Email: ericov@alliedwestpaper.com

with a copy to:

Kilpatrick Townsend & Stockton
Attn.: John F. Pierce
1420 5th Avenue
Suite 3700
Seattle, WA 98104
Email: jfpierce@ktslaw.com

9. **Counterparts**. This Option Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same document.

10. **Time of Essence**. Optionor and Arcadia hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation, and provision hereof and that failure to timely perform any of the terms, conditions, obligations, or provisions hereof by either party shall constitute a material breach of and a non-curable (but waivable) default under this Option Agreement by the party so failing to perform. A "**Business Day**" shall mean any day other than a Saturday, a Sunday, or a federal or Oregon state holiday, or any local holiday where the County Record's office in the county where the Parcels is located is closed.

11. **Entire Agreement; No Representations**. This Option Agreement constitutes the sole and entire agreement of the parties to this Option Agreement with respect to the subject matter contained herein and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. This Option Agreement is entered into after full investigation by each party and neither party is relying upon any statement or representation made by the other party not set forth in this Option Agreement.

12. **Governing Law**. This Option Agreement shall be governed by and interpreted in accordance with the laws of the State of Oregon, and exclusive venue shall lie with the state and federal courts located in the State of Oregon. IN ANY LAWSUIT OR OTHER PROCEEDING INITIATED BY A PARTY HERETO UNDER OR WITH RESPECT TO THIS OPTION AGREEMENT, OPTIONOR AND ARCADIA EACH WAIVE ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY.

13. **Counterparts**. This Option Agreement may be executed in any number of counterparts; provided, that each of the parties hereto executed at least one counterpart; each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement. To facilitate execution of this Option Agreement, the parties may execute and exchange by DocuSign, Adobe, and/or emailed portable document format ("**PDF**") counterparts of the signature pages. The parties intend to be bound by the signatures transmitted by emailed PDF, are aware that the other party shall rely on such signature and hereby waive any defenses to the enforcement of the terms of this Option Agreement based on the form of signature.

14. **Oregon Statutory Notice**. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PARCELS DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PARCELS SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

15. **Attorneys' Fees**. Any party to this Option Agreement who is the prevailing party in any legal proceeding against any other party brought in connection with this Option Agreement or transaction shall be additionally entitled to recover court costs and reasonable attorney fees, and all other litigation expenses, including deposition costs, travel and expert witness fees, from the non-prevailing party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Option Agreement, effective as of the Effective Date defined above.

OPTIONOR:

CITY OF ST. HELENS, OREGON

State of Oregon municipal corporation

By: ________________________
Name: ________________________
Title: ________________________
Date Executed: __________________

ARCADIA:

ARCADIA PAPER MILLS, LLC

State of Oregon limited liability company

By: ________________________
Name: ________________________
Title: ________________________
Date Executed:__________________

EXHIBIT A

Diagram of Option Parcel

[*See Attachment*]

Exhibit B

Option Purchase and Sale Terms

All references in this Exhibit B to a "Section" of the Agreement shall refer to the sections numbered in the body of the main agreement to which this Exhibit B is attached. References to sections in this Exhibit B shall be identified as "Section [_] of this Exhibit B."

1. **Payment of Purchase Price for the Option Parcel**. The purchase price for the Option Parcel (the **"Purchase Price"**) shall be Two Hundred Thousand Dollars ($200,000.00) per acre of land sold pursuant to the Option, the entire amount of which shall be paid by wire transfer in immediately available federal funds at Closing (as defined below). [For example, if the Option Parcel comprises 25.1 acres, upon completion of the Parcel Creation Process, then the Purchase Price would be $5,020,000 (25.1 acres x $200,000/acre = $5,020,000).

2. **Closing.** The closing of the purchase and sale of the Option Parcel pursuant to this Agreement (the "**Closing**," "**Close**" or "**Closed**") shall take place through an escrow closing conducted by the "Escrow Holder" (defined below) on the thirtieth (30th) day after completion of the Parcel Creation Process (the "**Closing Date**"), or such other date as Optionor and Arcadia may mutually agree to in writing, in their respective sole discretion. The Closing Date may not be modified without the prior written approval of both Optionor and Arcadia. "**Escrow Holder**" shall mean Ticor Title, St. Helens (Oregon) Office, 2534 Sykes Rd Suite C, St. Helens, Oregon 97051.

3. **Optionor's Closing Deliveries**. Optionor shall execute, notarize (when applicable), and deliver to Escrow Holder (to be delivered to Arcadia at the Closing) the following documents (the **"Optionor Closing Documents"**) no later than one (1) business day prior to the Closing Date:

(a) A statutory bargain and sale deed (the **"Deed"**), conveying marketable, insurable fee simple title to the Option Parcel, free and clear of all liens and encumbrances except only the following items (collectively referred to as the **"Permitted Exceptions"**): (1) ad valorem real property taxes for the calendar year of sale (to be prorated as of the Closing Date), (2) municipal, zoning and subdivision laws and ordinances, (3) matters that would be disclosed by an accurate survey of the Option Parcel as of the date of this Option, and (4) all "Permitted Exceptions" identified under Section 5 of the Agreement.

(b) An owner's affidavit in commercially reasonable form affirming that there are no outstanding possessory rights, liens or rights to claim liens against the Option Parcel, and any other affidavits commercially reasonably required by Escrow Holder.

(c) Information sufficient for the closing agent to prepare an IRS Form 1099, and An affidavit in a form complying with law that Optionor is not a "foreign person" within the meaning of the Foreign Investment in Real Property Tax Act.

(d) A closing statement reflecting the Purchase Price and all adjustments, prorations and credits thereto, and such disbursements as the parties collectively desire to reflect thereon in connection with the transaction contemplated hereby (the "**Closing Statement**").

(e) Resolutions, incumbency certificates and such other documentation as may be reasonably required by Escrow Holder to confirm Optionor's authority to undertake and consummate the Closing.

4. Arcadia Closing Deliverables. At Closing, Arcadia shall (x) pay the Purchase Price as provided in Section 1 of this Exhibit B above, and (y) execute, notarize (when applicable), and deliver to Escrow Holder (to be delivered to Optionor at the Closing) the following items (the "**Arcadia Closing Documents**"):

(a) Such corporate, partnership or other organization or formation documents, resolutions, authorizations, certificates of incumbency, certificates of good standing, and other documentation with respect to Arcadia as Escrow Holder may require in order to cause the Closing to occur or in order to issue the title policy (which documents shall be delivered to Escrow Holder only, and shall not be delivered to Optionor); and

(b) The Closing Statement.

5. Closing Expenses. Each party shall be responsible for the following closing expenses:

(i) Optionor shall be responsible for: (1) the cost of preparing the Deed, (2) the payment of any transfer taxes or real estate excise taxes on the Deed, (3) the cost of curing any title defects that Optionor is obligated to cure under Section 5 of the Agreement, (4) one-half of any fees and expenses charged by the closing escrow agent, and (5) Optionor shall pay the premium for a Standard Coverage Owner's Title Policy if Arcadia elects to obtain one in connection with the Option Parcel.

(ii) Arcadia shall be responsible for: (1) all other recording costs not covered in Section 5(a) of this Exhibit B above, (2) the cost of any title examination Arcadia undertakes with respect to the Option Parcel, (3) the incremental premium cost of any extended coverage and any endorsements to the Title Policy requested by Arcadia, (4) the cost of any survey Arcadia obtains or other due diligence work Arcadia elects to undertake, and (5) one-half of any fees and expenses charged by the closing escrow agent.

The parties will each be responsible for all of their other closing costs, including their respective attorneys' fees.

6. Property Purchased "AS IS". Except as expressly set forth in the Agreement (including this Exhibit B), the Option Parcel is being sold and conveyed "as is" and "with all faults" and Optionor has not made, do not make, and hereby disclaims any and all express or implied representations and warranties regarding or relating to the condition, suitability for any particular purpose, susceptibility to flooding, value, marketability, zoning of the Option Parcel, or with respect to use and occupancy restrictions, compliance with environmental laws and laws and regulations relating to hazardous substances, toxic wastes and underground storage tanks, and all legal requirements affecting or relating to the Option Parcel. Arcadia acknowledges that, except as expressly set forth in this Agreement, no such representations or warranties, express or implied, have been made. Arcadia hereby agrees that approval or deemed approval of the Option Parcel and proceeding with Closing shall constitute an acknowledgment that Arcadia: (i) has concluded whatever studies, tests, and investigations Arcadia desired to conduct relating to the Option Parcel including, without limitation, economic reviews and analyses, soils tests, engineering analyses, environmental analyses and analysis of any applicable records of the planning, building, public works or any other governmental or quasi-governmental organization having or asserting jurisdiction over the Option Parcel; (ii) has reviewed and read (or has elected not to do so) and has understood all instruments affecting the Option Parcel and/or its value which Arcadia deems relevant, including, without limiting the generality of the foregoing, all documents referred to in the Commitment and all leases, operating statements, demographic studies and market analyses; (iii) and its consultants have made all such independent studies,

analyses and investigations, as Arcadia has deemed necessary, including, without limitation, those relating to environmental matters and the leasing, occupancy and income of the Option Parcel; (iv) is relying solely on the express representations and warranties contained in this Agreement and on its own investigations as to the Option Parcel and its value, and Arcadia accepts the risk that its investigations may fail to reveal certain adverse physical, economic or other conditions (including, without limitation, adverse environmental conditions (including, without limitation, soils and groundwater conditions) and status of compliance with the requirements of the Americans With Disabilities Act of 1990 or the Fair Housing Act of 1968, as amended); and (v) that Optionor has given Arcadia every opportunity to consider, inspect and review to its satisfaction the physical, environmental, economic and legal condition of the Option Parcel and all files and information in any Optionor's possession which Arcadia deems material to the purchase of the Option Parcel. Arcadia, moreover, acknowledges that it has not received from Optionor any accounting, tax, legal, architectural, engineering, property management or other advice with respect to this transaction and is relying solely upon the advice of its own accounting, tax, legal, architectural, engineering, property management and other advisors. The terms and covenants of this Section 6 of this Exhibit B shall survive the Closing and the delivery of the deed for the Option Parcel or any termination of this Agreement.

7. **Survival**. None of the terms, covenants, conditions, representations, warranties and agreements of this Agreement shall survive the Closing Date, except as otherwise expressly provided to the contrary in this Agreement.

8. **Real Estate Commissions**. Arcadia and Optionor represent and warrant to each other that no brokers' or real estate commissions will be due as a result of the sale of the Option Parcel from their respective actions if the sale of the Option Parcel occurs. Optionor agrees to indemnify, defend and save harmless Arcadia from and against any cost and expense (including reasonable attorneys' fees) incurred by Arcadia as a result of the untruth of the foregoing representation by Optionor, or any claims by a broker for payment of a commission by Arcadia based upon the actions of Optionor. Arcadia agrees to indemnify, defend and save harmless the Optionor from and against any cost and expense (including reasonable attorneys' fees) incurred by Optionor as a result of the untruth of the foregoing representation by Arcadia, or any claims by a broker for payment of a commission by Optionor based upon the actions of Arcadia. The terms and covenants of this Section 8 of this Exhibit B shall survive the Closing.

9. **Default**.

(c) If Arcadia defaults in its obligations under this Agreement to Close upon its acquisition of the Option Parcel after Arcadia's delivery of an Option Exercise Notice for any reason except for a default by Optionor, this Agreement shall automatically terminate as provided in Section 3 of the Agreement (and Optionor shall provide subsequent written notice of such default and termination to Arcadia) and Arcadia shall reimburse to Optionor all costs and expenses incurred by Optionor in connection with the Agreement and its preparations for Closing (including, without limitation, reasonable attorneys' fees and costs), as its sole and exclusive remedy against Arcadia for Arcadia's default. OPTIONOR KNOWINGLY WAIVES ANY OTHER RIGHTS OR REMEDIES, INCLUDING WITHOUT LIMITATION, ANY RIGHT OR CLAIM TO ACTUAL, CONSEQUENTIAL, INCIDENTAL AND PUNITIVE DAMAGES AND ANY RIGHT OF SPECIFIC PERFORMANCE.

(d) If Optionor defaults in its obligations under this Agreement for any reason except for a default by Arcadia, Arcadia may, as Arcadia's exclusive remedies against Optionor for Optionor's default, either: (a) terminate this Agreement by delivery of written notice to Optionor, in which event Arcadia shall be entitled to be reimbursed by Optionor for the reasonable and documented out-of-pocket expenses incurred by Arcadia in connection with this transaction, not to exceed the sum of (i) Sixty Thousand and No/100 Dollars ($60,000.00), which shall be construed as full liquidated damages, and neither party shall have any further rights or obligations regarding this Agreement other than any obligations that expressly survive the termination of this Agreement; or (b) seek to obtain specific performance of the obligations of Optionor under this Agreement (and if Arcadia is successful in obtaining such specific performance, Optionor agrees to indemnify Arcadia for all Arcadia's costs and expenses, including without limitation reasonable attorneys' fees and court costs, incurred in such action) but if Arcadia is not successful in obtaining specific performance, then Arcadia may still elect to proceed under sub-part (a) above.

(e) A "**default**" by either party under this Section 9 of this Exhibit B shall constitute a default in any material obligation of a party under this Agreement for any reason except for default by the counterparty, and the defaulting party fails to cure such default within five (5) Business Days after written notice thereof; provided, that no notice and cure opportunity shall be provided in connection with either: (a) Arcadia's breach of its obligations under Sections 1 and/or 4 of this Exhibit B above; or (b) Optionor's breach of its obligations under Section 3 of this Exhibit B above.

(f) The foregoing limitations of remedies and liquidated damages provisions shall not apply to the right of either party to collect attorneys' fees in connection with enforcement of this Agreement as provided in Section 15 of the Agreement.

10. **Further Instruments**. Each party will, whenever and as often as it shall be requested so to do by the other, cause to be executed, acknowledged or delivered any and all such further customary instruments and documents as may be necessary or proper, in the reasonable opinion of the requesting party, in order to carry out the intent and purpose of this Agreement.