

Exhibit K

Appraisals
[*Attached behind*]

Two of Two

APPRAISAL OF REAL PROPERTY

City Garage Site
115 Federal Street
Boston, MA 02110

IN AN APPRAISAL REPORT

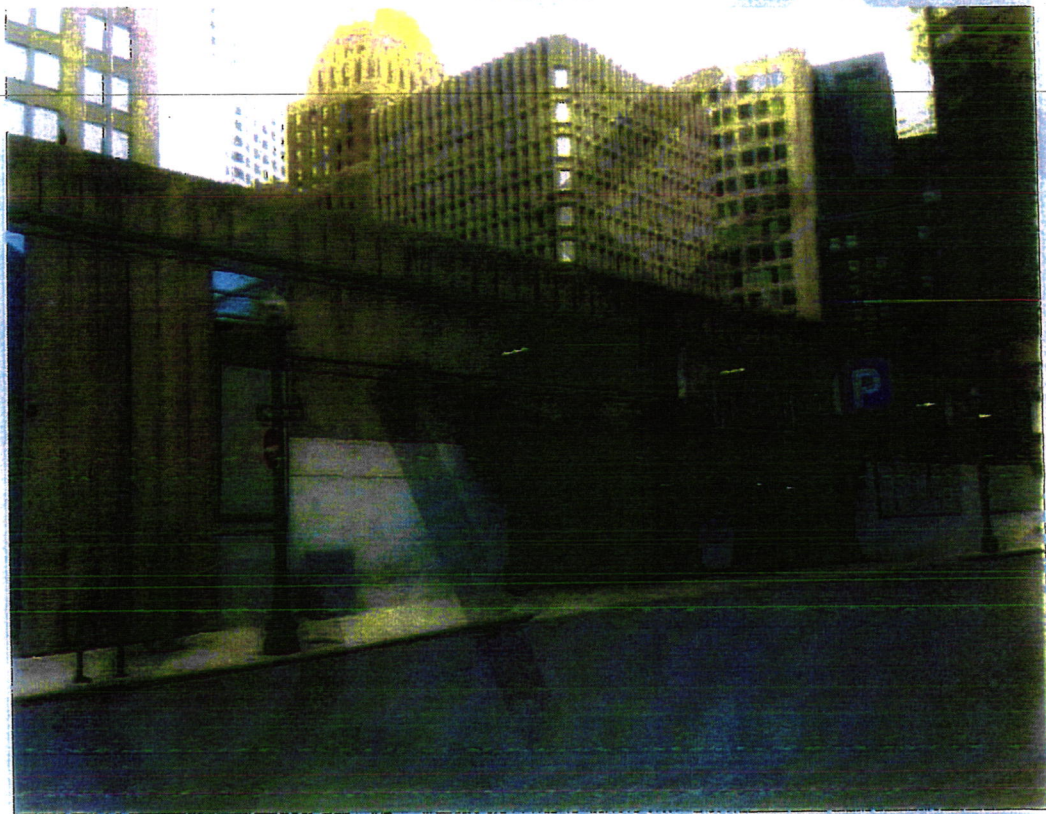
As of April 29, 2014

Prepared For:

Boston Redevelopment Authority
22 Dry Dock Avenue
Boston, MA 02201

Prepared By:

Cushman & Wakefield of Massachusetts, Inc.
Valuation & Advisory
225 Franklin Street, Suite 300
Boston, MA 02110
C&W File ID: 14-27001-900270



City Garage Site
115 Federal Street
Boston, MA 02110



**CUSHMAN &
WAKEFIELD®**

225 FRANKLIN STREET, SUITE 300
BOSTON, MA 02110

June 11, 2014

Mr. Dennis M. Davis, CCIM, CPM
Deputy Director
Boston Redevelopment Authority
22 Dry Dock Avenue
Boston, MA 02201

Re: Appraisal of Real Property

City Garage Site
115 Federal Street
Boston, MA 02110

C&W File ID: 14-27001-900270

Dear Mr. Davis:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our appraisal of the above property in a report dated June 11, 2014. The effective date of value is April 29, 2014.

This appraisal report has been prepared in accordance with our interpretation of your institution's guidelines, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the *Uniform Standards of Professional Appraisal Practice (USPAP)*.

The subject property is a 5-story (2 below and 3 above grade) 750-space parking garage that has been shut down due to structural deficiencies. Our client has directed us to appraise the site under two scenarios. The first being that the existing improvements are demolished and that the subject site is available as a development parcel valued under current zoning. The second scenario is to assume that a new 1,125 space garage is constructed on the site is stabilized and valued as of the current date.

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinions of Market Value:

Value Conclusions			
Appraisal Premise	Real Property Interest	Date Of Value	Value Conclusion
Market Value As-Is	Fee Simple	April 29, 2014	\$28,000,000
Hypothetical Value	Fee Simple	April 29, 2014	\$29,600,000

Compiled by Cushman & Wakefield of Massachusetts, Inc.

The value opinions in this report are qualified by certain assumptions, limiting conditions, certifications, and definitions. The value opinions in this report are qualified by the following hypothetical conditions.

HYPOTHETICAL CONDITIONS

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal includes a hypothetical value predicated on the assumption that the existing improvements have been demolished and replaced with a 1,125-space parking garage that is assumed to be stabilized as of the date of this report.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD OF MASSACHUSETTS, INC.

Robert N. Skinner, MAI, MRICS
Managing Director
MA Certified General Appraiser
License No. 75057
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CLIENT SATISFACTION SURVEY

As part of our quality monitoring campaign, attached is a short survey pertaining to this appraisal report and the service that you received. Would you please take a few minutes to complete the survey to help us identify the things you liked and did not like?

Each of your responses will be catalogued and reviewed by members of our national Quality Control Committee, and appropriate actions will be taken where necessary. Your feedback is critical to our effort to continuously improve our service to you, and is sincerely appreciated.

To access the questionnaire, please click on the link here:

http://www.surveymonkey.com/s.aspx?sm=_2bZUxc1p1j1DWj6n_2fswH1KQ_3d_3d&c=14-27001-900270

The survey is hosted by Surveymonkey.com, an experienced survey software provider. Alternatively, simply print out the survey attached in the Addenda of this report and fax it to (716) 852-0890.

Summary of Salient Facts and Conclusions

BASIC INFORMATION

Common Property Name:	City Garage Site
Address:	115 Federal Street Boston, MA 02110
County:	Suffolk
Property Ownership Entity:	The City of Boston

SITE INFORMATION

Land Area:	<u>Square Feet</u>	<u>Acres</u>
Main Parcel	47,738	1.10
Site Shape:	Irregularly shaped	
Site Topography:	Level at street grade	
Frontage:	Good	
Site Utility:	Average	

MUNICIPAL INFORMATION

Assessment Information:

Assessing Authority	The City of Boston
Assessor's Parcel Identification	0304225000
Current Tax Year	FY2014
Taxable Assessment	\$29,440,000
Current Tax Liability	EXEMPT

Zoning Information:

Municipality Governing Zoning	The City of Boston
Current Zoning	Boston Proper — B-10
Is current use permitted?	Yes
Current Use Compliance	Complying use
Zoning Change Pending	No
Zoning Variance Applied For	Not applicable

HIGHEST & BEST USE

As Though Vacant:

A mixed-use development built to the maximum feasible density.

As Improved:

To raze the existing garage and redevelop as a mixed-use project to the maximum feasible density.

VALUATION INDICES	Market Value As-Is	Hypothetical Value
VALUE DATE	April 29, 2014	April 29, 2014
Land Value		
Indicated Value:	\$28,000,000	
Per Buildable Foot:	\$58.65	
INCOME CAPITALIZATION APPROACH		
Direct Capitalization		
Net Operating Income (stabilized):		\$4,753,125
Capitalization Rate:		6.00%
Indicated Value:		\$79,218,750
Value (Rounded):		\$79,200,000
LESS Development Costs		(\$46,600,000)
Indicated Value:		\$29,618,750
Indicated Value Rounded:		\$29,600,000
Per Space:		\$26,311
Income Capitalization Approach		
Indicated Value:		\$29,600,000
Per Space:		\$26,311
FINAL VALUE CONCLUSION		
Real Property Interest:	Fee Simple	Fee Simple
Concluded Value:	\$28,000,000	\$29,600,000
Per Buildable Foot or Space:	\$58.65	\$26,311

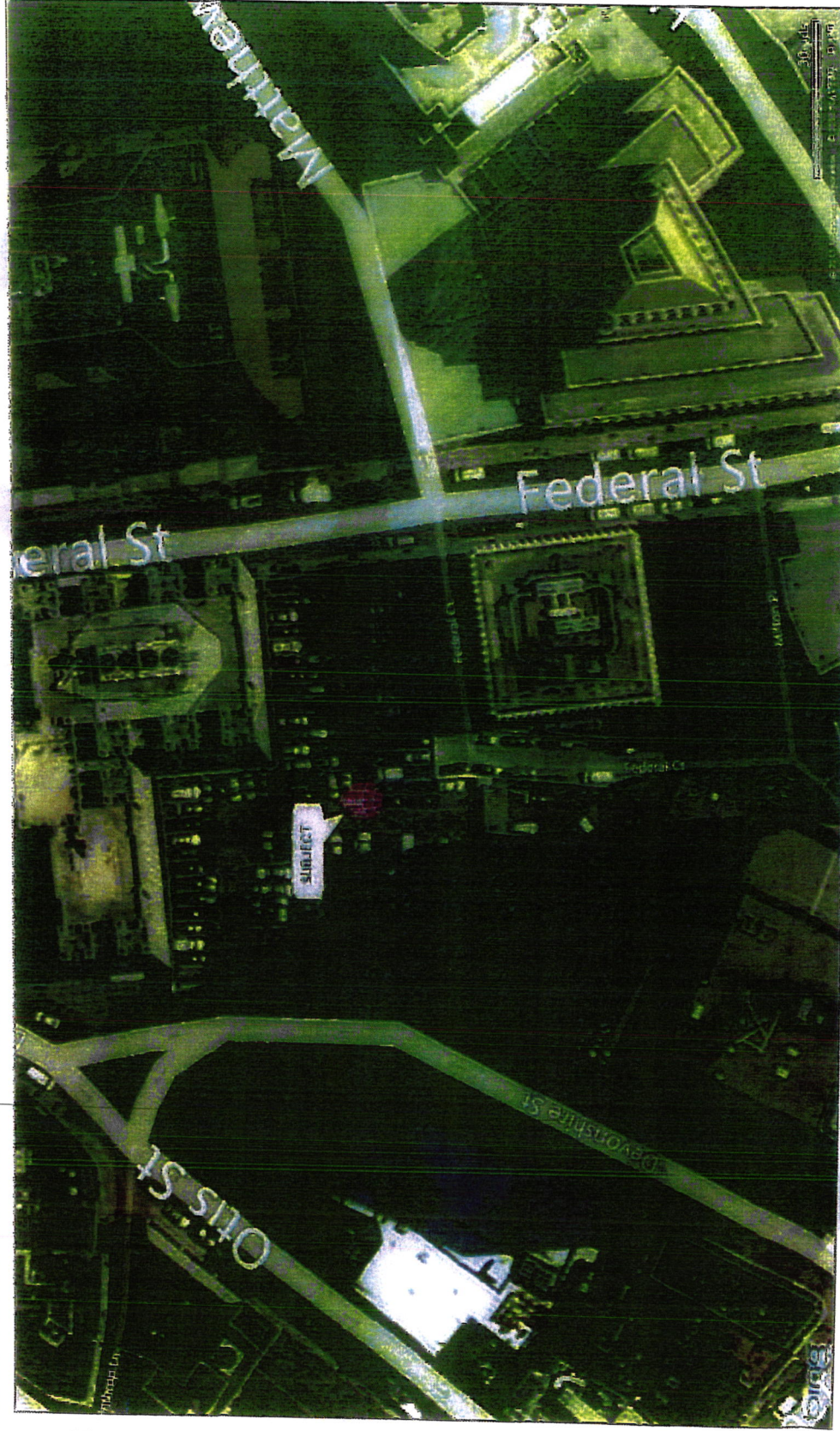
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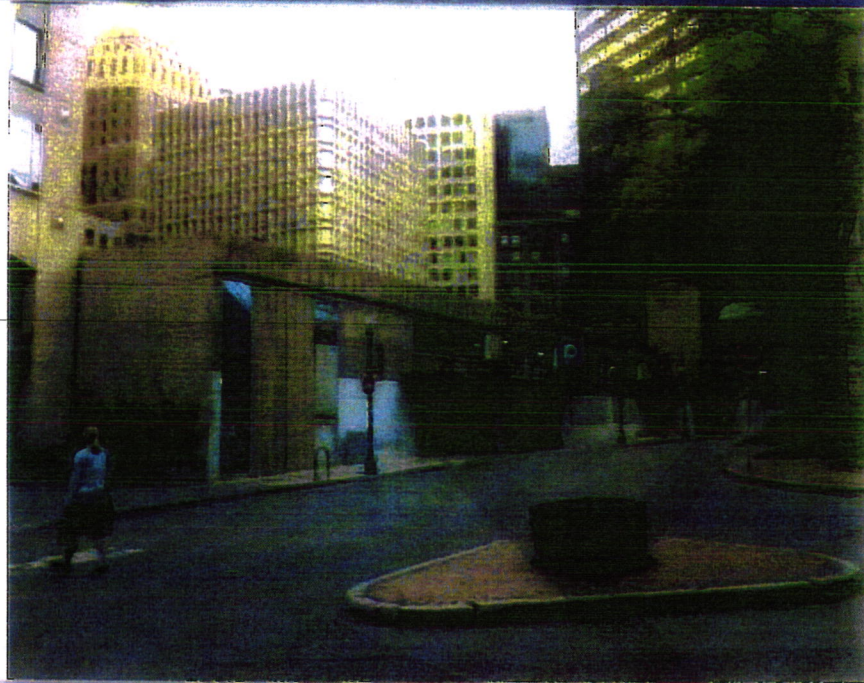
This appraisal includes a hypothetical value predicated on the assumption that the existing improvements have been demolished and replaced with a 1,125-space parking garage that is assumed to be stabilized as of the date of this report.

Property Photographs

AERIAL PHOTOGRAPHS



Aerial taken prior to garage closing



Subject Site Viewed From Devonshire Street



Subject Site Viewed From Devonshire Street



Garage Entrance



Garage Interior



Garage Interior



Subject Site Viewed From Federal Street



Devonshire Street View South



Devonshire Street View North



Federal Street View South



Federal Street View North

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Introduction

SCOPE OF WORK

This report is intended to comply with the reporting requirements outlined under the USPAP for an Appraisal Report. The report was also prepared to comply with the requirements of the Code of Professional Ethics of the Appraisal Institute and the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), Title XI Regulations.

Cushman & Wakefield of Massachusetts, Inc. has an internal Quality Control Oversight Program. This Program mandates a "second read" of all appraisals. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature.

For this assignment, Quality Control Oversight was provided by Stefan J. Sargeant, MAI, MRICS.

The scope of this appraisal is to value the subject site under two scenarios. The first scenario is to provide the subject's as-is value as a development site assuming demolition of the existing improvements. The second scenario is to provide a hypothetical value assuming the existing parking garage was replaced with a new 1,125-space self-park garage. The hypothetical value is predicated on the assumption that it was existing and stabilized as of the current date. This required collecting primary and secondary data relevant to the subject property. Vacant land sales were researched in the subject's market and the input of buyers, sellers, brokers, property developers and public officials was considered. A physical inspection of the property was made. In addition, the general regional economy as well as the specifics of the subject's local area was investigated.

The data have been thoroughly analyzed and confirmed with sources believed to be reliable, leading to the value conclusions in this report. The valuation process used generally accepted market-derived methods and procedures appropriate to the assignment.

This appraisal employs the Sales Comparison Approach to determine the value of the subject as a potential development site. In addition, we have employed the Income Capitalization Approach to determine the value of the subject assuming it were a fully functioning parking garage. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered necessary and applicable for market participants. Typical purchasers do not rely on the Cost Approach when purchasing a property such as the subject. Therefore, we have not employed the Cost Approach to develop an opinion of market value. The absence of this approach does not diminish the reliability of the analysis.

REPORT OPTION DESCRIPTION

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. This document is prepared as an Appraisal Report in accordance with USPAP guidelines. The terms "describe," "summarize," and "state" connote different levels of detail, with "describe" as the most comprehensive approach and "state" as the least detailed. As such, the following provides specific descriptions about the level of detail and explanation included within the report:

- Describes the real estate and/or personal property that is the subject of the appraisal, including physical, economic, and other characteristics that are relevant
- States the type and definition of value and its source
- Describes the Scope of Work used to develop the appraisal
- Describes the information analyzed, the appraisal methods used, and the reasoning supporting the analyses and opinions; explains the exclusion of any valuation approaches
- States the use of the property as of the valuation date
- Describes the rationale for the Highest and Best Use opinion (if included)

IDENTIFICATION OF PROPERTY

Common Property Name: City Garage Site

Location: The subject property is located at 115 Federal Street, Boston, Suffolk County, Massachusetts 02110

Assessor's Parcel Number(s): 0304225000

PROPERTY OWNERSHIP AND RECENT HISTORY

Current Ownership: The City of Boston

Sale History: To the best of our knowledge, the property has not transferred within the past three years.

Current Disposition: To the best of our knowledge, the property is not under contract of sale nor is it being marketed for sale.

DATES OF INSPECTION AND VALUATION

Effective Date(s) of Valuation:

As Is: April 29, 2014

Date of Inspection: April 29, 2014

Property Inspected by: Robert N. Skinner, MAI, MRICS

CLIENT, INTENDED USE AND USERS OF THE APPRAISAL

Client: Boston Redevelopment Authority

Intended Use: This appraisal is intended to provide an opinion of the Market Value of the Fee Simple interest in the property for the use of the client for internal planning purposes. This report is not intended for any other use.

Intended User: This appraisal report was prepared for the exclusive use of Boston Redevelopment Authority. Use of this report by others is not intended by the appraiser.

HYPOTHETICAL CONDITIONS

This appraisal includes a hypothetical value predicated on the assumption that the existing improvements have been demolished and replaced with a 1,125-space parking garage that is assumed to be stabilized as of the date of this report.

Regional Analysis

REGIONAL MAP



INTRODUCTION

MARKET DEFINITION

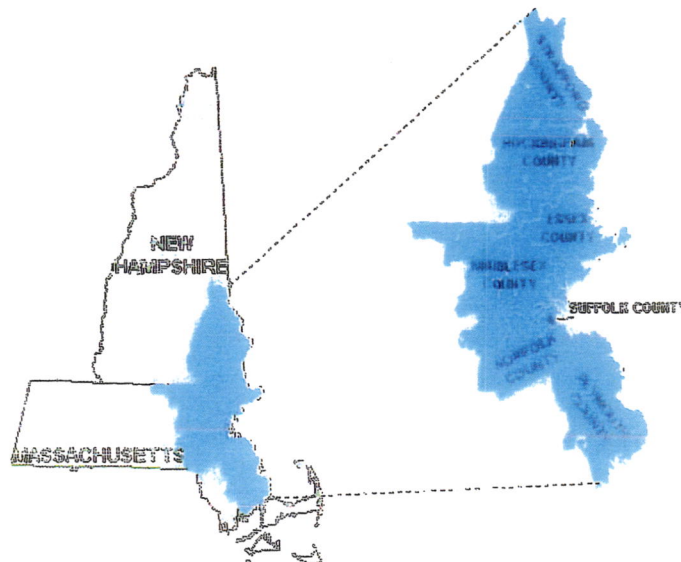
The Boston-Cambridge-Newton Massachusetts-New Hampshire Metropolitan Statistical Area (MSA) spans across the eastern portion of the State of Massachusetts. The MSA is comprised of the Counties of Strafford, Rockingham, Suffolk, Middlesex, Norfolk, Essex and Plymouth. Encompassing approximately 4,913 square miles, the MSA accounts for 44.7 percent of Massachusetts' total land area and 20.8 percent of Massachusetts and New Hampshire's combined land area.

Further considerations are as follows:

- ▣ The Boston-Cambridge-Newton MSA is home to just over 4.6 million residents. It is anchored by the City of Boston, the capital of the Commonwealth of Massachusetts and the seat of Suffolk County, with a population of approximately 763,000.
- ▣ As of 2013, nearly 70.4 percent of the state's population lived in the Boston-Cambridge-Newton MSA, with 11.3 percent in the City of Boston alone.
- ▣ Logan International Airport is located in the East Boston neighborhood of Boston. It covers 2,384 acres, has six runways, and employs an estimated 16,000 people. The largest airport in New England, as of 2013, Logan is the 19th busiest airport in the United States, servicing over 29.6 million passengers. Logan Airport stimulates the New England regional economy by approximately \$7.6 billion per year.

The following map highlights the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA):

BOSTON-CAMBRIDGE-NEWTON, MA-NH METROPOLITAN STATISTICAL AREA (MSA)



Source: Claritas, Inc., Cushman & Wakefield Valuation & Advisory

CURRENT TRENDS

The Boston regional economy is surging following slow employment growth over the summer months and is now more than fully recovered from the past recession. Fourth quarter 2013 posted a lower unemployment rate than the previous quarter as employment outpaced the number of workers entering the labor force. Stronger employment numbers have helped Boston office fundamentals improve - rental and vacancy rates have strengthened across the board. These positive trends can be attributed to an economy that has increased total nonfarm payrolls at an average of 1.5 percent per year since the recession. Robust expansion in high-tech and healthcare has paved the way in Boston's recovery effort. Additionally, the Construction employment sector has experienced growth with residential and commercial space in high demand. Year over year, Construction in the Boston MSA grew 3.7 percent in 2013. Both the state and Boston metro have fully recovered all of the jobs lost during the last recession, with total employment now exceeding their respective May 2008 levels.

High-tech has been a catalyst in regional employment growth since the past recession and Boston is now considered one of the fastest growing technology markets nationwide. High-tech and life sciences firms continue to be bright spots and will be significant employment drivers moving forward. Data from The Bureau of Labor Statistics determined that Massachusetts overall ranked second in the country for technology job growth during 2013 based on the number of tech job openings and new hires in Metro Boston, suggesting that Massachusetts' growth spurt appears likely to continue.

Further considerations are as follows:

- The Quincy Center project is officially cancelled due to feasibility issues as of March 2014. The master developer was fired after lack of satisfaction in the development progress. Contract disputes, lack of interest among potential anchor tenants, and concerns over the developer's expertise were additional issues that halted the revitalization project. Development broke ground in June 2013 but stopped in November before the project went south. New Quincy Center was the state's most ambitious project and was seeking to capitalize on the more urbanized "live, work, play" environment. In total, there was expected to be 3.5 million square feet of residential, retail, and commercial space.
- LNR Property LLC closed on the final land segment needed to develop "Southfield", a \$2.5 billion redevelopment of the former Naval Air Station in South Weymouth, in December 2011. This master-planned development will eventually include 2,855 housing units and 2.0 million square feet of office and retail space. Additionally, Southfield will contain a \$30.0 million sports and recreation complex, a golf course and 1,000 acres of public parks and open space. This project is predicted to generate 6,000 construction jobs and 4,000 permanent positions over the next decade. Some of the residential buildings broke ground in May 2012 and the entire redevelopment project is expected to be completed by 2022.
- An improving real estate market and economic conditions caused the number of foreclosure filings to fall by nearly 49.0 percent in February 2014 compared to the same month a year ago. There were 439 foreclosure petitions filed in February compared with 856 petitions filed in the same month of 2013 for Massachusetts. It appears that the worst of the foreclosure crisis is in the rearview mirror.

- Construction on Assembly Row in Somerville commenced in May 2012, following \$131.0 million in federal, state and local aid. The long-awaited \$1.5 billion 56-acre redevelopment will include a 200-room hotel, 2,100 residential units, and 1.8 million square feet of office space and 830,000 square feet of retail space. Partners HealthCare will be the first major industry tenant to take up occupancy at the site. Additionally, a new MBTA station will be constructed, along with a revitalization of the Mystic River Reservation, including bicycle and public transportation improvements. The entire project is expected to take 10 to 15 years, creating approximately 21,000 construction jobs and 19,000 permanent positions.
- Waterside Place, a 20-story, luxury apartment tower in Boston's Seaport District, opened in February 2014. The 350,000 square foot mixed-use property is located at 505 Congress Street near the MBTA Silver Line and the Boston Convention and Exhibition Center. The property features one to three bedroom units, 140 parking spaces, a 7,000 square foot Innovation Center and 10,000 square feet of retail. This comes on the heels of the recently opened "315 on A", a 202-unit apartment building on A street.
- The Massachusetts Bay Transportation Authority \$82.0 million renovation of the Government Center Subway station began in March 2014, and will be under construction for two years. The major reason for the project is to make the station handicapped accessible. Government Center, the ninth-busiest station in the system, is the T's largest transit hub lacking wheelchair accessibility.
- In May 2013, the Massachusetts Transportation Department's board approved the plans for a new commuter rail station, paid for and operated by New Balance. The station will be called "Boston Landing" and will be the first completed phase of this multi-use facility. New Balance will pay to design and build the station that kicked off in September 2013. The company will also pay all maintenance costs for the first 10 years the station is opened, which is expected by the end of 2014. Moreover, New Balance plans to construct a new headquarters, sports complex, hotel, up to three office buildings along with retail, restaurant and recreation space on Guest Street. The \$500.0 million development will create a 1.5 million square-foot "health and wellness district" across about 14 acres of property. The entire project is expected to reach completion by 2017.
- In September 2012, AREA Property Partners and Commonwealth Ventures LLC secured a \$170.0 million construction loan to build One Channel Center. The \$225.0 million, 620,000 square foot office building will be developed in Boston's Seaport District. The 11-story office building will be entirely leased to State Street Corp. along with a 919-space parking garage. The building is part of the larger Channel Center project, which includes a 2.0 million square foot mixed-use development. Foundation work at the ground levels started in the summer of 2012 and is expected to be completed in early 2014.
- Simon Property Group is committed to moving forward with its plan to add another 318 residential units in Copley Place. The latest design shows that the project will also add additional retail stores on the corner of Dartmouth and Stuart streets. Moreover, while the tower will add more units and floors, the height will remain the same at 569 feet – one of the tallest buildings in the city. This project, projected at \$500.0 million, was driven by the increase in residential demand, as many Boston tenants are looking for more of an urban setting that fosters the "live, work, play" lifestyle.

- One of the biggest deals of 2013 received approval in December and will add significant construction to the North End side of Boston. Boston Properties and Delaware North Cos. received approval for a \$1.0 billion complex at the TD Garden that will consist of three towers, the tallest reaching 600 feet or about 45 stories. The buildings will contain a 306-room hotel, 668,000 square feet of offices, nearly 500 residences, stores and restaurants. A new Star Market will be built underground, along with 600 parking spaces.
- The Asian Community Development Corp. and New Boston Fund closed on a \$107.0 million financing package for One Greenway, a mixed-income development that will restore a section of Boston's Chinatown that was demolished in the 1960's to make way for the Southeast Expressway. Located on a 64,000 square foot lot at 99 Kneeland Street, a parcel owned by the state, One Greenway is designed to include 382 housing units. It will contain 145 affordable units that supporters say will help keep Chinatown residents in their neighborhood. Construction on the north building is underway and slated for completion in 2015.
- Plans for a \$150.0 million project including two mid-priced hotels near the Boston Convention and Exhibition Center were finalized during the second quarter, and developers expect to break ground by the end of the year. The project spans nearly 6.0 acres of land and is expected to open by late 2015. The Aloft Hotel will have 330 rooms and be oriented to business travelers who plan short stays. The Element will have 180 rooms and target guests planning three- to five-day visits. In addition to the hotel space, the convention center has plans to expand its presence by 1.3 million square feet to accommodate larger gatherings in the coming years. Construction should begin in 2015 with a completion date of 2017.

DEMOGRAPHIC TRENDS

DEMOGRAPHIC CHARACTERISTICS

The Boston MSA's median age of 39.0 years is 2.0 year higher than the U.S. median age of 37.0 years. Boston's population is well educated with 42.8 percent of Bostonians having attained a Bachelor degree or higher. This share is considerably higher than the U.S. average of 28.4 percent. Education & Health Services make up over one fifth of the total employment share in Boston, which explains its above average percent of highly educational workers. Both age and educational attainment serve as factors increasing the income levels of the Boston MSA.

Further considerations are as follows:

- The 47.6 percent share of households with annual incomes above \$75,000 significantly exceeds the U.S. average of 33.2 percent.
- According to 2014 Estimates, Boston's median household income was \$70,902, 38.1 percent higher than the national average of \$51,352.
- Boston MSA's most affluent areas are located primarily in the western part of Suffolk County and in Middlesex County, which includes the affluent neighborhoods of Chestnut Hill, Lexington, Brookline, and Wellesley.
- Science and technology jobs showed growth in 2013 and are expected to continue this trend over the next five years. On average, this industry has higher median incomes, lower levels of unemployment, and is associated with areas that experience a higher quality of life. Boston ranks among the top locations in the country for science and technology employment, adding 4,700 jobs in December 2013 alone.

The following table represents the demographic characteristics of the Boston MSA as compared to those of the United States as a whole:

Demographic Characteristics Boston MSA vs. United States 2014 Estimates		
Characteristic	Boston MSA	United States
Median Age (years)	36.0	37.0
Average Annual Household Income	\$96,314	\$71,318
Median Annual Household Income	\$70,902	\$51,352
<i>Households by Annual Income Level:</i>		
<\$25,000	19.0%	24.4%
\$25,000 to \$49,999	17.7%	24.4%
\$50,000 to \$74,999	15.7%	17.9%
\$75,000 to \$99,999	12.8%	11.9%
\$100,000 plus	34.8%	21.3%
<i>Education Breakdown:</i>		
< High School	9.4%	14.3%
High School Graduate	24.7%	28.4%
College < Bachelor Degree	23.1%	29.0%
Bachelor Degree	24.0%	17.6%
Advanced Degree	18.9%	10.6%

Source: Claritas, Inc., Cushman & Wakefield Valuation & Advisory

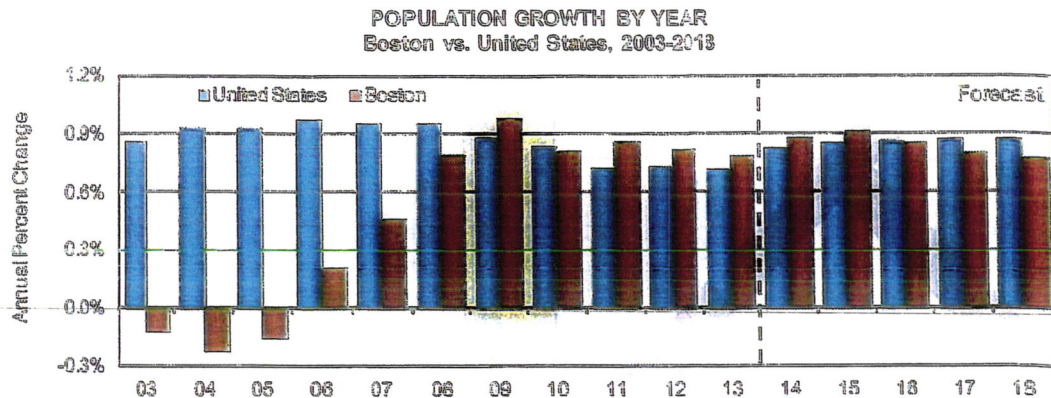
POPULATION

The Boston MSA's population growth rates have historically lagged behind national averages given the small amount of land area for future development. That said, the City of Boston, behind its well-known educational institutions, numerous employment opportunities, and tremendous cosmopolitan reputation, is able to attract and retain a significant amount of young professionals despite the high cost of living in the area. Employment growth in key industries such as high-tech and biomedical research will continue to attract job seekers from outside the MSA. Boston's population growth is expected to grow in line with national averages through 2018 as rising residential prices persist. Looking beyond 2018, a report issued by University of Massachusetts forecasts a 4.4 percent increase in population through 2030. While some areas like Suffolk County are predicted to grow faster than the average, regions outside of Downtown Boston are expected to remain level or add residents below the national average.

Further considerations are as follows:

- With a current population of nearly 4.7 million, the Boston MSA grew at an average annual rate of 0.5 percent from 2003 through 2013. Over the corresponding time, the population of the U.S. grew at a more rapid rate of 0.9 percent per year.
- Boston's population is forecast to grow at an annual average of 0.8 percent over the next five years. In comparison, the national annual population growth is expected to post 0.9 percent annual growth through 2018. High business and residential costs will hinder regional growth over this timeframe, but expected job growth and above average income will drive population growth.
- The lack of available land hinders development, and thus, population growth within the Boston MSA. However, Boston's improving economy and strong educational institutions will still attract enough people to the area to record growth over the next five years.

The following chart details population growth within the MSA and the United States:



The following chart details population growth within the Boston MSA and the nation as a whole:

Annualized Population Growth by County Boston MSA 2003-2013						
Population ('000's)	2003	2013	Forecast 2014	Forecast 2018	Compound Annual Growth Rate 03-13	Compound Annual Growth Rate 14-18
United States	290,107.9	316,126.9	318,747.0	329,878.7	0.9%	0.9%
Boston	4,434.7	4,676.8	4,717.9	4,876.1	0.5%	0.8%
Essex County	731.5	760.7	766.7	787.1	0.4%	0.7%
Middlesex County	1,454.1	1,551.5	1,567.7	1,635.2	0.6%	1.1%
Norfolk County	653.0	686.6	691.8	710.4	0.5%	0.7%
Plymouth County	484.2	502.0	504.5	512.7	0.4%	0.4%
Suffolk County	697.1	753.2	763.0	800.9	0.8%	1.2%
Worcester County	267.9	298.2	299.0	303.6	0.4%	0.4%
Stearns County	116.8	124.8	125.3	128.1	0.6%	0.5%

Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

HOUSEHOLDS

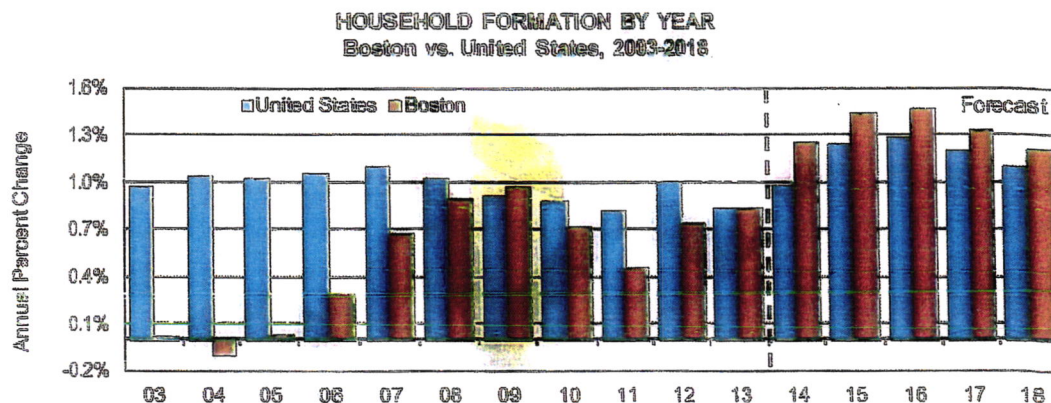
Over the past decade, household formation trends in the Boston MSA were comparable to overall population growth. Household growth in the MSA is expected to surpass national population growth over the next five years. Middlesex, the largest county in the Boston MSA, saw household formation growth in-line with the rest of Boston from 2003 to 2013 at 0.6 percent. This county is forecast to see a 1.1 percent household growth rate over the next five years, which is below the Boston MSA. Suffolk County, which includes the downtown Boston market, is expected to grow at an average of 1.4 percent through 2018. While many residents are put off by the high residential prices in the downtown area, others are looking to be part of the developing "live, work, play" environment, which should boost household formation.

Further considerations are as follows:

- From 2003 to 2013, the Boston MSA average annual household formation growth rate of 0.6 percent lagged behind the national household growth rate of 1.0 percent over the corresponding time.

- Over the next five years, Boston's annual household formation growth rate is forecast to increase to 0.8 percent, while national annual household formation is expected to post 0.9 percent annual growth.
- Slow, but steady increases in the value of Boston area and the State of Massachusetts homes bodes well for investors looking for good returns on purchasing single family homes for resale. In December, multi-family housing permits were at their highest level in more than six years when measured on a 12-month moving average and will increase quickly over the next few quarters. Several major projects broke ground in 2013, including the \$630.0 million Millennium Tower and the \$175 million AVA Theater District apartment complex. Multi-family housing will remain a key driver, as prices for single-family homes in the Boston MSA are still 9.0 percent below prerecession levels.
- Several outside sociological factors that contribute to the trend of higher levels of household formation above population growth, are: longer life expectancies, increasing divorce rates and young professionals postponing marriage.

The following graph details formation in the Boston MSA and the United States as a whole:



ECONOMIC TRENDS

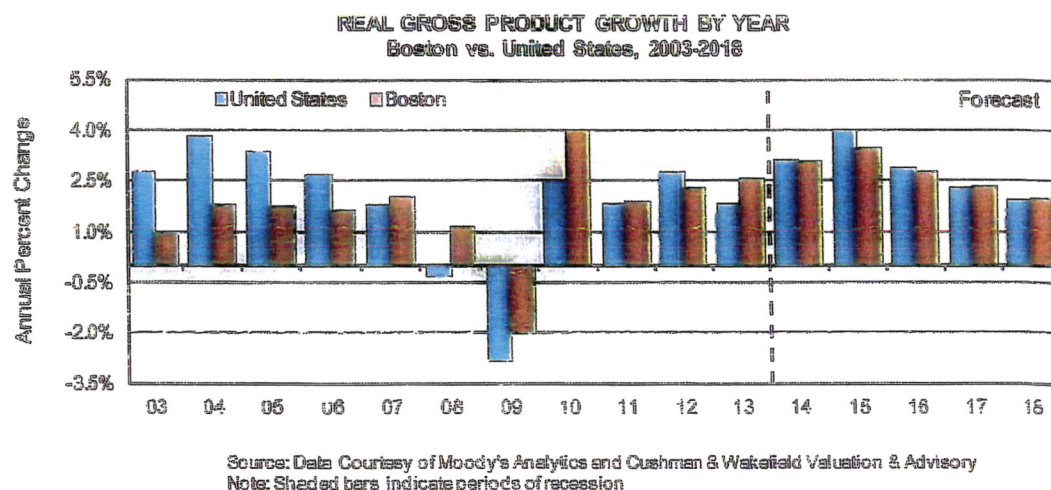
GROSS METRO PRODUCT

- Gross Metro Product (GMP) is defined as the market value of all final goods and services produced within a metropolitan area, and when compared to the nation's Gross Domestic Product (GDP) can determine shifting economic trends in a given region. From 2003 to 2013, the Boston MSA grew its GMP 1.7 percent, and 2013 specifically should finish the year with 2.6 percent growth. A large portion of Boston's gross metro product (GMP) comes from high-value added industries such as high-tech and biomedical research and development. Computers, electronics, chemicals, and transportation equipment are just some of the exports that are surging in Greater Boston. These industries are forecast to see notable growth in the near-term due to expansion of the high-tech industry and national healthcare reform. Correspondingly, GMP within the Boston region is expected to improve over the next five years at 2.6 percent annually.

Further considerations are as follows:

- Education & Health Services employs 20.6 percent of Boston's workforce. Boston's colleges and universities have a significant effect on the regional economy, contributing an estimated \$7.3 billion annually to the city's economy. The area's schools are major employers and their Class-A facilities and services attract industries to the city and surrounding region. Biotechnology firms tend to locate near clusters of advanced medical facilities and personnel. Moody's Analytics anticipates that Education & Health Services will contribute \$34.6 billion in GMP in 2013, roughly 11.4 percent of the total GMP in the Boston MSA.
- Professional & Business Services have helped drive economic expansion in the region since 2009, growing at an average of 2.8 percent over the last four years. Looking down the line, this industry is expected to continue its upward trend, showing 3.0 and 3.3 percent growth in 2015 and 2016, respectively. Professional & Business Services contribute the highest percentage of GMP output to the regional economy at 18.0 percent, or \$56.6 billion in 2013. Liberty Mutual Holding Co. Inc. and John Hancock Life Insurance Co. are the two largest employers of Professional Services in Greater Boston.
- Massachusetts companies exported nearly \$27.0 billion in merchandise last year. Trade remains an important component of the state's economy as key industries, such as technology and pharmaceuticals rely on overseas markets for growth.

The following graph details gross metro product within the Boston MSA and the United States:



EMPLOYMENT DISTRIBUTION

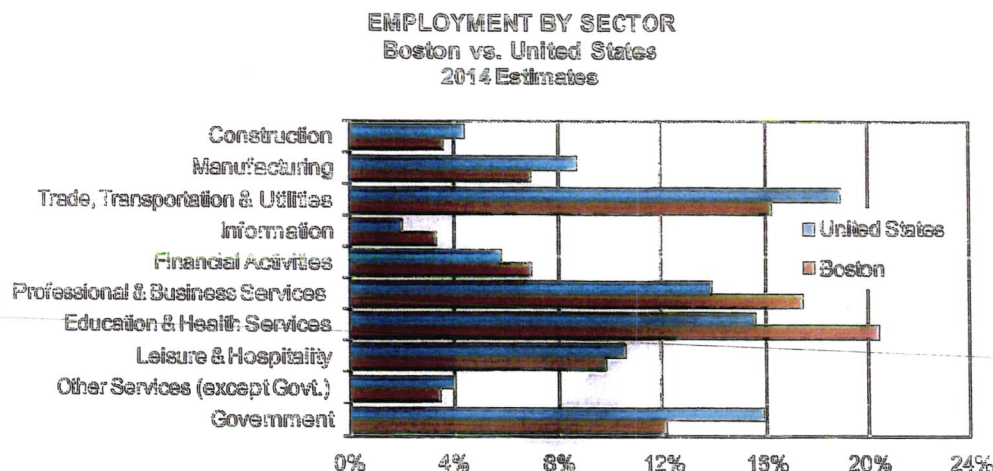
The Boston MSA's three largest employment sectors are: Education & Health Services, Professional & Business Services, and Trade, Transportation, and Utilities. Buoyed by some of the world's leading universities and research institutions, Education & Health Services is the largest employment sector in Boston, accounting for 20.4 percent of all nonfarm employment. With a large number competitive universities and research institutions concentrated in the region, Boston has continued to attract more technology, pharmaceutical, and start-up companies driving employment upward over the past few years. Pharmaceutical companies are major players in the Boston Health Services sector, as they prefer to cluster around first-rate medical facilities. Companies like Pfizer, Sanofi, and Novartis are experiencing layoffs in other locations, but looking to expand their Greater Boston

footprint due to the location's densely populated metro compared to other tech-heavy regions like Silicon Valley, CA and San Diego, CA. With its deep concentration of academic facilities, talent, and established companies, Boston will continue to see its technology and pharmaceutical industries flourish moving forward.

Further considerations are as follows:

- Boston is known as the business capital of New England and Professional & Business Services sector accounts for 17.3 percent of total nonfarm employment. Though the recession led to a decrease in employment (of 5.8 percent) in 2009, growth in this sector was recorded over the past two years. Through 2018, employment in this sector is forecast to experience 2.5 percent annual growth.
- Since Boston is the capital Massachusetts, Government is a major part of the region's employment picture, accounting for 12.1 percent of the region's nonfarm payroll. Unlike many other regions in the nation, employment in the government sector remained stable over the past year and increased 0.4 percent in 2013. Massachusetts' steadily improving fiscal situation will help drive public sector employment growth in the coming years. Moreover, given the positive trend in home values recently, property tax collections should increase correspondingly, allowing local government payrolls to begin rising again.
- Higher education will continue to be an important contributor to Boston's expansion. Northeastern University and Suffolk University are both in the midst of significant infrastructure investments. Northeastern is in the final stages of an \$80.0 million dormitory and is in the planning phase for a \$225.0 million science and engineering building. Suffolk recently broke ground on a \$62.0 million academic building. These projects will provide a boost to construction, which is already benefitting from a surge in residential building.
- The Boston MSA has earned a reputation for being at the forefront of science and innovation and it houses many leading Biotechnology companies such as Biogen, Genzyme, Novartis, Vertex Pharmaceuticals, and Millennium Pharmaceuticals. The Biotechnology industry is expanding as Vertex Pharmaceuticals recently completed its \$900.0 million headquarters and Novartis is developing a \$600.0 million, 550,000 square foot biomedical research institute in Cambridge. With such large expansion and redevelopment projects, employment growth within this industry can be expected in the near future.
- Strong gains in Education & Health Services, Construction, and Professional & Business Services will help the Boston MSA employment market outpace that nation over the next few years. The Education & Health Services sector, which includes the many colleges and universities that make up Greater Boston, led the gains, adding 10,800 jobs in 2013 according to the Bureau of Labor Statistics. Professional & Business Services added 15,900 jobs in 2013, including 3,500 in December alone. Hiring persists in this employment sector as Boston saw 6,200 new hires in February 2014. Professional & Business Services accounts for the second most jobs in the Boston MSA.

The following chart details employment by sector within the Boston MSA and the United States:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

MAJOR EMPLOYERS

Several of the best universities and hospitals in the country dominate Boston's employment picture. Of the top ten largest private employers, six are healthcare operators and three are Professional & Business Services companies. Education & Health Services make up 20.4 percent of the overall employment share and has experienced steady growth through the national recession. Patients come from all over New England to use the premium medical centers in Boston, which allows for consistent flow of healthcare demand. The Cambridge market is a growing area for tech-based firms and the Seaport/Financial District area has undergone, and is in the process of undergoing considerable development for both residential and business tenants. PricewaterhouseCoopers LLP is one of the latest tenants to sign on to a lease in the Seaport District, moving its 2,500-person office to a new location that will allow 500 future employees to be hired. Goodwin Proctor just broke ground on its new 360,000 square foot space next to the Institute of Contemporary Art in the Seaport District in early 2014. The firm will move 860 attorneys and support staffers to the new building, which would also include a 135-room hotel and retail space.

Further considerations are as follows:

- Massachusetts General Hospital and Brigham & Women's Hospital were ranked #1 and #9, respectively, on the *U.S. News and World Report's* 2012-2013 survey of America's best hospitals. Together, these hospitals employ more than 35,000 professionals in the Boston MSA.
- Harvard University and Massachusetts Institute of Technology were ranked #1 and #6, respectively, on the *U.S. News and World Report's* 2012-2013 survey of Top National Universities. Many tech and pharmaceutical companies focused on research and development position themselves in close proximity to these premier educational institutions, as they have first-rate facilities and talented young professionals.

- Trade, Transportation, & Utilities accounts for 16.2 percent of total employment in the Boston MSA. Logan Airport is the largest international airport in New England. Logan International Airport broke its record for annual passenger traffic with 29.6 million passengers using the facility in 2013. The airport saw a 2.5 percent increase in domestic flights, while international flights fell by 0.3 percent in the year ending in November. With the increase in travelers passing through the Boston, the airport could be looking to hire additional staff.
- The Boston MSA is home to the headquarters of ten of the 2013 *Fortune 500* Companies. Liberty Mutual, Inc. and TJX finished the highest in the most recent rankings at 81st and 115th, respectively.

The following table details the largest private employers in the Boston MSA:

Largest Private Employers Boston, MA		
Company	No. of Employees	Business Type
Massachusetts General Hospital	23,963	Healthcare
Brigham & Women's Hospital	15,043	Healthcare
Boston University	9,783	Education
Children's Hospital Boston	9,424	Healthcare
Beth Israel Deaconess Medical Center	8,765	Healthcare
Fidelity Investments	7,600	Financial Services
Liberty Mutual Holding Company Inc.	7,125	Insurance
State Street Bank and Trust Company	5,600	Financial Services
Boston Medical Center	5,596	Healthcare
Tufts Medical Center	5,266	Healthcare

Source: Moody's Analytics & Cushman & Wakefield Valuation & Advisory

The following table details the ten Fortune 500 companies located in the region:

Fortune 500 Companies Boston, MA		
Company	City	Rank
Liberty Mutual Holding Co. Inc.	Boston	81
TJX	Framingham	115
Staples	Framingham	122
Raytheon	Waltham	124
BMC	Hopkinton	133
Global Partners	Waltham	157
Thermo Fisher Scientific	Framingham	220
State Street Corporation	Boston	268
Boston Scientific	Natick	357
Elgen Idac	Weston	454

Source: Fortune 500 Company Ranking 2013

EMPLOYMENT GROWTH

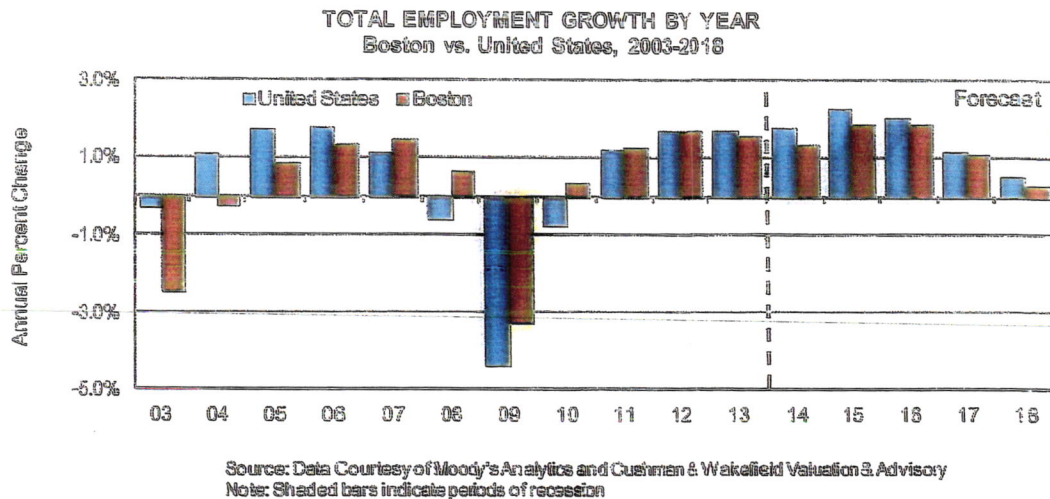
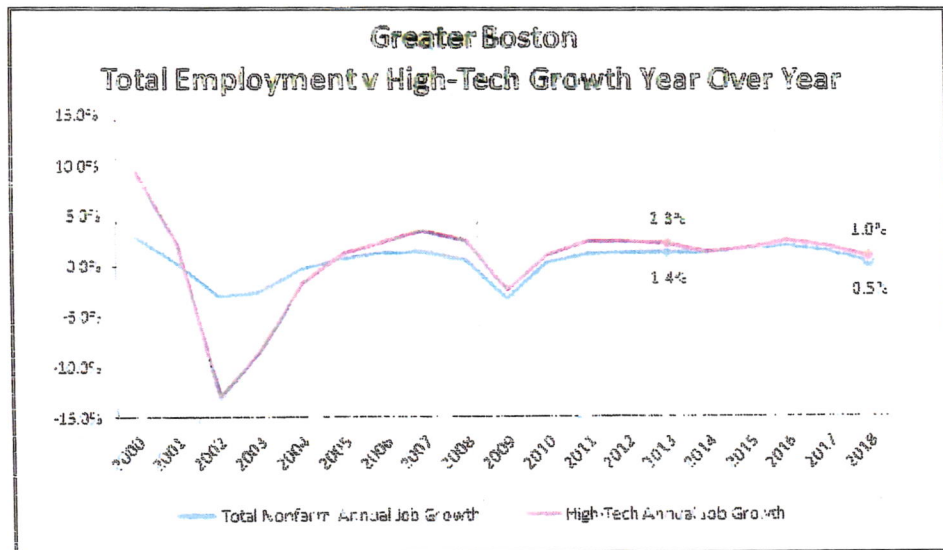
Though national employment saw continuous declines from 2008 through 2010, the Boston MSA only recorded one year of negative employment at a decline of 3.3 percent in 2009. Boston's strength comes from its large presence of Education & Health Services corporations, which has historically kept employment stable and restricted job losses during the recent economic downturn. Additionally, high-tech services will remain one of the fastest growing segments in the metro area over the next few quarters. Technology demonstrated its strength

during the past recession and since then has expanded rapidly. Since 2010, software publishing and computer systems design employment in Boston increased by 43.0 percent and will continue to surge as the economy grows. Employment has improved nationally and regionally since 2011 as Boston recovered all the jobs it lost during the past recession. In the Boston MSA, Professional & Business Services and Healthcare remain the primary growth catalysts through the end of 2013. However, federal tax increases and spending cuts could serve as a drag on employment growth in certain sectors moving forward. Financial Activities remains a weak spot and industry employment is still 10.0 percent where it was in the first quarter of 2007.

Further employment characteristics are:

- The Boston MSA's annual job growth rate, from 2003 to 2013, grew 0.6 percent annually behind strong job additions in the past three years. This was slightly ahead of the national annual average growth rate, which averaged 0.5 percent, over the corresponding time.
- Going forward, the Boston MSA employment growth is projected to increase at a rate faster than the national average. Regional employment will grow at 1.3 percent per annum over the next five years compared to 1.2 percent growth per annum for the nation as a whole.
- Boston's Healthcare industry will continue to expand at a quick pace over the next year, and some of the sector's development projects will boost construction employment as well. Education & Health Services has been a model of consistency, experiencing growth in 2011 and 2012 at rates of 1.9 and 1.7, respectively. Additionally, this segment category closed 2013 with 2.3 percent growth in payroll. The several expansion projects that are underway or about to commence will further cement the Healthcare sector's importance to the Boston economy. Brigham and Women's Hospital recently broke ground on a 620,000 square foot facility for research and clinical work, which is expected to be completed by 2016. Boston Children's Hospital is in the latter stages of finishing its \$200.0 million clinical building expansion that should be completed by the end of 2014.
- After suffering losses at an average of 6.5 percent from 2007 through 2010, the Construction Industry has picked up over the last few years. Since 2010, Construction payroll has improved by an average of 4.3 percent per year on the heels of a recovering housing market that has increased construction projects. Over the last twelve months, multi-family housing permits have tripled in the Greater Boston area. As such, Construction added 2,500 jobs year-over-year ending in December 2013, a 2.3 percent growth. Construction payrolls will exceed their cycle peak by 2016.
- Projected employment growth in the Boston MSA is expected to be spurred by the growing technology presence in the region, specifically Cambridge. Additional growth is predicted to come from the expanding Health Services that is comprised of five of the top ten largest employers in the area. Both technology and healthcare-related job growth will aid in attracting higher wages and more-skilled workers to the Boston region.

The following graph compares total employment growth for Boston and the United States:



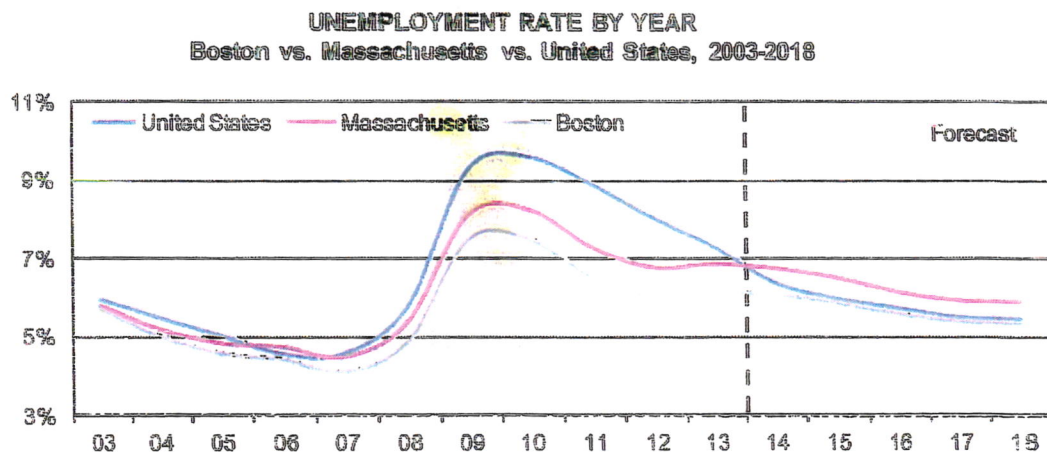
UNEMPLOYMENT

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Boston MSA fell to 5.8 percent as of January 2014. This was a 20 basis point decrease on a year-over-year timeframe, but worsened by 30 basis points since the beginning of 2014. The overall unemployment rate for the State of Massachusetts stood at 6.5 percent, which marked an increase of 40 basis points year-over-year. In comparison, the nation as a whole posted a 6.6 percent unemployment rate through January 2014. The unemployment rate has declined in the Boston MSA compared to 2012 numbers and is still trending lower than the State of Massachusetts but slightly behind the national rate.

Further considerations are as follows:

- Over the past decade, the Boston MSA recorded its lowest unemployment rate in 2007 with an annual average just below 4.3 percent. The current rate of 6.6 for the Boston MSA is the lowest it has been since the end of 2008, a clear sign that the regional economy is improving.
- Resulting from the 2008 national recession, unemployment in the Boston MSA increased noticeably during the following years. By 2010, regional unemployment peaked at 7.6 percent, before declining in 2011 to 6.6 percent. Between 2008 and 2009, the Boston MSA's unemployment rate worsened by 2.7 percentage points. Professional & Business Services was hurt the most during this period.
- EMC Corporation approved a restructuring plan in 2014 that will result in layoffs starting at the end of March 2013 as part of a rebalancing of efforts. The company anticipates a layoff of over 1,000 employees, but expects to end 2014 with the same number of jobs because of a shift in business. EMC has more than 9,000 employees in Massachusetts.
- Looking forward, regional unemployment is forecast to continue its decline in the near term. By 2018, unemployment in the MSA is expected to dip down to 5.6 percent, below state unemployment and on pace with national unemployment.

The following graph compares historical and projected unemployment levels for the Boston MSA, the Commonwealth of Massachusetts and the U.S. as a whole:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

CONCLUSION

Though the Boston MSA felt the effects of the national recession through 2010, the economic contraction was less severe than that of other areas due to its base in the less-cyclical Education & Health Services sector. Over the past two and a half years, the region has shown a slow but steady recovery, which is expected to continue in the short term. Boston, despite economic weakness over the summer months, is seeing growth that mirrors the nation due to the high-skill, high-wage jobs in healthcare, technology and service-based firms. Professional & Business Services is an industry that saw substantial improvement over the past two years, growing 5.9 percent over 2011 and 2012. In 2013, the region closed the year with an increase of 2.6 percent rate in payroll growth as companies expanded their practice in anticipation of a more predictable economy in 2014. The housing recovery

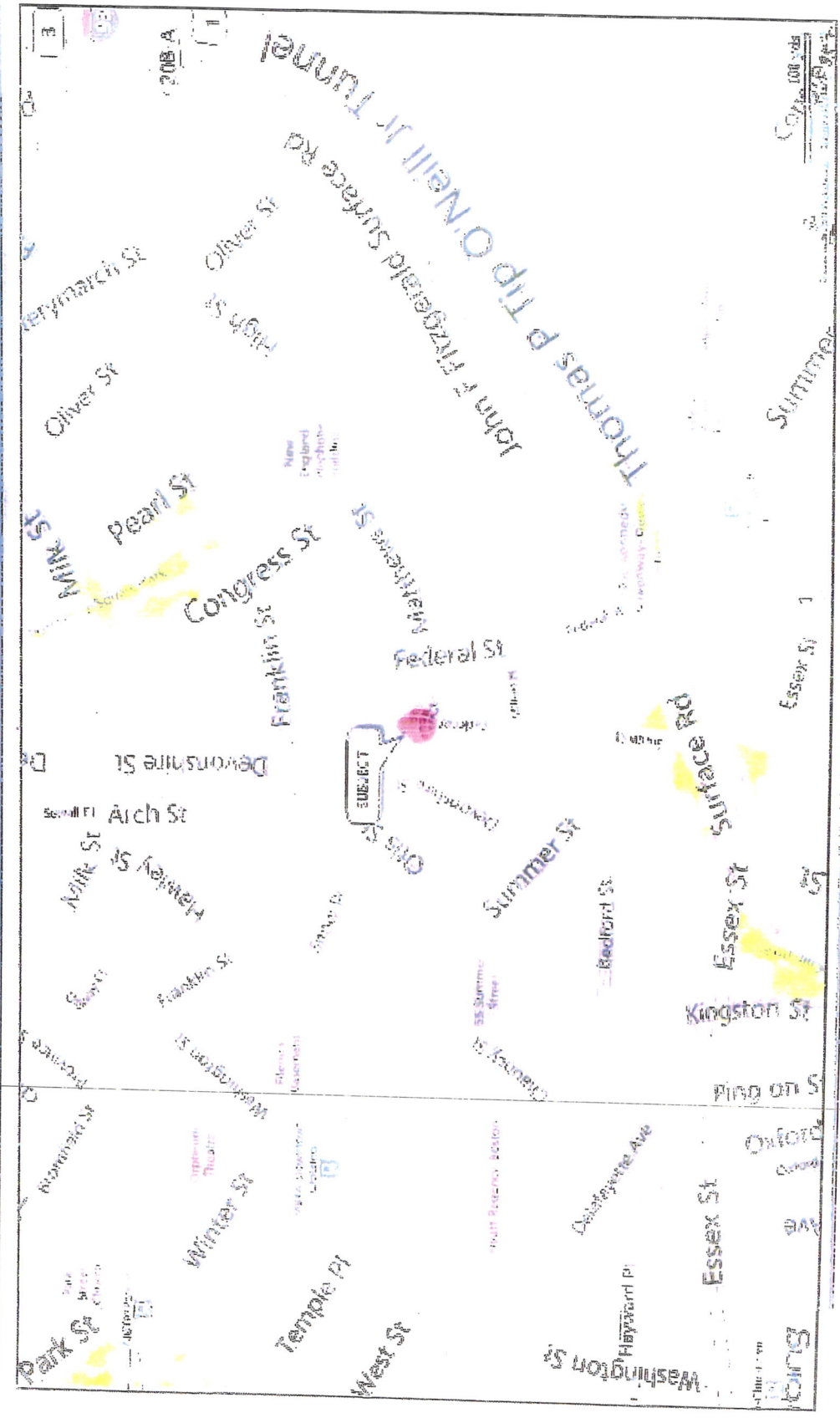
will also be vital to the Boston MSA's Construction industry, which experienced a 3.7 percent improvement through mid 2013. While these anticipated increases are signs of a stable regional economy, federal budget cuts have frozen hiring in some sectors – including state funded Construction and Trade, Transportation, and Utilities – and that will continue into 2014. Over the long run, Boston will benefit from a concentration of high-skill, well-paying jobs in healthcare and high-tech. High business and living costs coupled with slow population growth will hinder the region's growth in the long term. Even so, based on numerous construction projects in the Seaport, rising rents in each submarket, and declining vacancy rates, the outlook in Greater Boston overall appears positive over the next few years.

Further considerations are as follows:

- Biotechnology and high-tech companies are major growth drivers in the region and the development of new facilities will allow for future expansion. The area's concentration of premier services at the regions' top universities is vital to biotechnology, high-tech, and R&D focused companies who desire access to the first-class services found at these universities. As science-based industries progress and hiring increases, demand for the area's high-tech goods and services will serve to aid in the economic recovery. Cambridge, in particular, is home to some of the nation's fastest growing companies that need to be positioned near other high-tech and start-up organizations for collaboration purposes.
- The area's largest employment sector of Education & Health Services has sheltered the region from the depths of the recession and paved the way for a strong recovery. National healthcare reform is expected to increase employment in Education & Health Services and further strengthen the sector. With the expansion of healthcare coverage to nearly 30.0 million uninsured Americans, more jobs and agencies in the Education & Health Services sector will be needed in order to help accommodate those individuals in the coming years. As such, employment in this area should grow 1.5 percent annually over the next five years according to Moody's Analytics.
- Massachusetts added 3,800 jobs in February 2014 after shedding jobs in January. The Boston MSA contributed 3,400 of those jobs, most of which were seen in Education & Health Services and Professional & Business Services. Trade, Transportation, & Utilities and Leisure & Hospitality lost jobs at the beginning of the year. Looking forward, most new nonfarm wage and salary jobs will emerge in Health Services and Professional & Business Services where the MSA has a competitive advantage over other areas. Because of this growth, demand for new professionals in these sectors will increase and drive most of the new jobs in Boston through 2016. Most of the fastest growing occupations are concentrated in Health Services and Technology.

Local Area Analysis

LOCAL AREA MAP



LOCATION OVERVIEW

The property is located in the heart of Boston's Financial District on the west side of Federal Street. The subject is within walking distance of Faneuil Hall and Quincy Market, Boston City Hall and Government Center. Other landmarks in the vicinity of the subject include the Old State House, Post Office Square and Norman B. Leventhal Park. The neighborhood is also within easy walking distance of Downtown Crossing and Boston's waterfront.

ACCESS

Local area accessibility is generally good, relying on the following transportation arteries:

Congress Street	<p>Congress Street is the Financial District's primary north/south artery. Congress Street generally travels south from the Government Center area through the Financial District into South Boston.</p> <p>Other significant north/south arteries in the Financial District include Summer, Federal, Pearl, Oliver, and Broad Streets. Atlantic Avenue runs north/south along the waterfront east of Interstate 93.</p>
Purchase Street	<p>Purchase Street generally runs east/west along the southern edge of the Financial District. Other significant east/west arteries in the Financial District include High, Franklin, Milk, and State Streets.</p>
Storrow Drive	<p>Storrow Drive is a multi-lane limited access roadway that travels along the Charles River and provides access to Cambridge and points west of downtown Boston.</p>
Interstate 93	<p>Interstate 93 travels north from Braintree, Massachusetts through downtown Boston to New Hampshire and Vermont. I-93 provides access to I-95/Route 128, Route 3, I-495 and all other regional roadways.</p>
Interstate 90 (Mass Pike)	<p>The Mass Pike is the region's primary east/west artery. The Mass Pike travels west from Boston through the state of Massachusetts into New York state. The Mass Pike provides access to I-95/Route 128 and I-495.</p>

The greater Boston area and the Financial District have a highly-developed public transportation system that includes subway, commuter rail, bus, and water shuttle systems throughout the metropolitan area. The subject's local area is well-located relative to transportation access. The property is in close proximity to both North and South Station. Logan International Airport can be accessed by subway or water shuttle.

NEIGHBORHOOD ANALYSIS

NEARBY AND ADJACENT USES

The subject's local area is composed primarily of office assets including 75/101 Federal Street, One Federal Street, 100 High Street (150 Federal Street), 50 Post Office Square (Verizon Building), 200 State Street, 99 High Street, Exchange Place, 99 High Street, International Place, 225 Franklin Street, 100 Federal Street (Bank of America Building), One Financial Center, the Federal Reserve Building (600 Atlantic Avenue), Independence Wharf (470 Atlantic Avenue) and the recently completed Atlantic Wharf.

Additionally, the subject's neighborhood is home to many tourist destinations including the New England Aquarium, Faneuil Hall, the Rose Kennedy Greenway, Boston's North End and the Boston Children's Museum.

NEIGHBORHOOD MAP



SPECIAL HAZARDS OR ADVERSE INFLUENCES

We observed no detrimental influences in the local market area, such as landfills, flood areas, noisy or air polluting industrial plants, or chemical factories.

CONCLUSION

The local area is a well-established office oriented location within the Boston CBD. There are several modern and historic office properties nearby and an extensive array of nearby shops and restaurants, many of which attract the high volume tourist trade. More importantly, the Financial District has the CBD's largest concentration of office space totaling 34.6 million square feet in 162 buildings. It is the office market that is expected to provide the majority of the demand for the subject were it to be a parking garage. The subject, under either valuation scenario, would benefit from its location and should contribute positively to the local area for the foreseeable future.

Boston Office Market Analysis

OVERVIEW

A variety of factors influence the performance of a property in the market. In this section, we provide an in-depth analysis of the U.S. office market, the local office market in which the subject property competes and its position within that market.

NATIONAL OFFICE MARKET OVERVIEW

INTRODUCTION

The fourth quarter of 2013 began with one of the biggest confrontations in Washington in decades as the inability of Congress to pass a budget led to a partial government shutdown. After two weeks of acrimony and debate, a temporary budget was passed and a process was put in place to pass a budget for the year and diminish the brinkmanship that has characterized the budget discussion in Washington for the past two and a half years. Surprisingly, the process appears to have worked. In early 2014 Congress passed a budget that was signed by the President and for the first time in nearly three years the confrontational politics of Washington appear to be shifting more toward compromise.

This change in the climate in Washington is having a positive impact on the national economy. Since mid-2011 one of the major constraints on the economy has been the ongoing uncertainty caused by the inability of Congress and the Administration to agree on a budget and the seemingly endless confrontations that have characterized this debate. This uncertainty has caused both businesses and consumers to remain cautious even as their finances continued to improve. With the uncertainty diminished confidence has increased and both business and consumer spending appear to have picked up. In December 2013, real (inflation adjusted) retail sales were 4.9% above their year-earlier level, the strongest growth since 2010 and the second strongest year since 1999. In addition, shipments of capital goods excluding defense products and aircraft (so-called "core capital goods") increased 2.9% from a year ago as of November, the best growth in nearly 2 years and these shipments are now at an all-time high.

U.S. gross domestic product (GDP) expanded at a 3.2% annual rate in the fourth quarter. This followed an unexpectedly strong 4.1% annual rate of growth in the third quarter. Importantly, the fourth quarter growth was driven by rising consumer and business spending along with increasing exports. This stronger demand should lead to healthier growth in 2014 as well. Another important positive development during 2013 that bodes well for 2014 was the steady improvement in the housing sector. Rising home sales and prices led to increases in housing starts that will boost economic activity in 2014 as consumers buy durable goods to fill their homes and as they feel wealthier due to higher home values.

Employment growth did not reflect the stronger GDP performance in the second half of the year. Job growth in the first half and second half were almost identical, as the economy added 1.2 million jobs in the first six months of the year and 1.0 million in the second half. Significantly, employment in office-using industries (financial, information and professional and business services) grew somewhat more strongly during the year (2.5%, versus 1.6% for total employment). As a result, the economy has now fully recovered all the office-using jobs lost in the recession and as of December, office-using employment was at an all-time high.

Overall, 2013 was a year of transition and the U.S. economy appears to be poised for stronger growth in 2014 when employment growth should finally kick into high gear leading to stronger income growth and boosting consumer and business spending further.

NATIONAL OFFICE INVENTORY

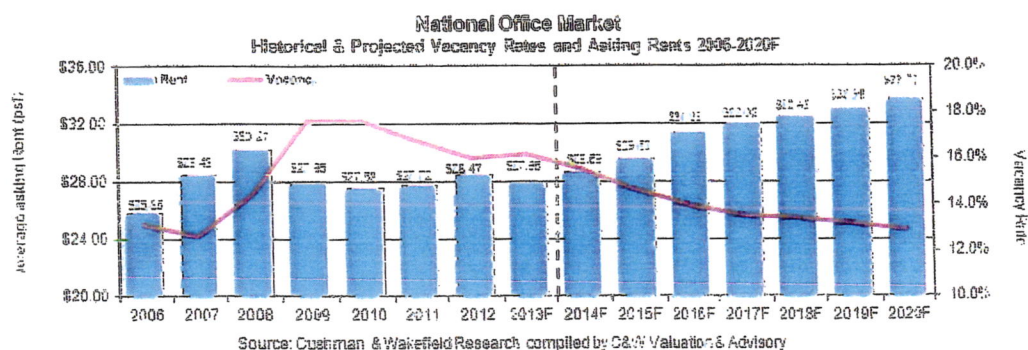
The national office market, as tracked by Cushman & Wakefield, contained a total of 4.8 billion rentable square feet as of fourth quarter 2013, consisting of approximately 1.5 billion square feet of CBD inventory and 3.2 billion square feet of suburban inventory. The following sections provide a statistical overview of the CBD and suburban markets nationally, by submarket. The national CBD markets have direct and overall vacancy rates of 14.2 percent and 13.1 percent, respectively, while the national suburban markets have an aggregate vacancy rate of 15.9 percent on a direct basis and 15.1 percent including sublease space.

NATIONAL OFFICE MARKET FUNDAMENTALS

The severe recession of 2008-2009 led to higher national office vacancy rates and decreased tenant demand, which in turn began driving asking rents down, beginning in 2009. National office market fundamentals have shown signs of rebounding as a bottom appear to have been reached. In 2010, overall average asking rents stood at \$27.53 per-square-foot annually. Through year-end 2011, average national asking rents increased by 0.7 percentage points on a year-over-year basis to \$27.72 per-square-foot annually. As of year-end 2012, the overall average asking rents experienced an increase to \$28.47 per-square-foot annually, representing a 2.7 percent increase from the previous year-end rate of \$27.72 per-square-foot, annually. During third quarter 2013, average rental rates in the National office market was \$26.03 per-square-foot, annually, while CBD rents experienced an uptick of 11.3 percent to \$34.54 per-square-foot, annually from the previous year-end 2012 rate.

Cushman & Wakefield forecasts indicate the national office vacancy rate has stabilized and will gradually decline to 12.9 percent by year-end 2020. The subsequent exhibit includes the recessions of the early 2000s and the most recent and most severe recession of late 2007 to mid 2009. The recovery period following each downturn corresponded with improving conditions in the office market. Furthermore, the upward trend in vacancy rates appears to have slowed in 2010 and 2011 trending towards stabilization for the CBD and suburban markets through year-end 2012, with an overall vacancy 13.1 percent and 17.6 percent, respectively. During fourth quarter 2013, direct vacancy rates decreased in suburban markets by 120 basis points to 15.3 percent from the fourth quarter 2012 rate (16.5 percent). National office asking rental rates are expected to gradually increase through year-end 2020, as indicated by the improving market fundamentals through the forecast period, as exhibited below.

The following graph shows the historical and projected vacancy rates nationally based on projections by Cushman & Wakefield Research, as well as the average asking rents from 2006 to 2020:



Presented in the following tables are the national office market statistics for the major CBD and suburban markets as of fourth quarter 2013:

Office Market Statistics by Market												
CBD												
Fourth Quarter 2013												
Market	Inventory	Q4 2013	Q4 2012	Q4 2011	Q4 2010	Q4 2009	Q4 2008	Q4 2007	Q4 2006	Q4 2005	Q4 2004	Q4 2003
Atlanta, GA	49,336,398	10,192,855	23.5%	9,373,321	20.2%	2,856,184	650,000	0	133,973	521,57		
Austin, TX**	8,630,127	890,641	11.5%	830,333	10.9%	812,466	17,370	73,119	556,42			
Baltimore, MD	12,694,025	1,536,475	18.2%	1,672,924	12.8%	351,478	0	0	360,460	520,46		
Boston, MA**	3,079,054	785,523	9.9%	721,589	9.9%	754,175	0	0	147,036	636,91		
Buffalo, NY**	1,762,875	616,055	10.5%	706,053	10.5%	12,721	0	0	75,157	512,59		
Birmingham, AL**	5,365,754	616,955	11.8%	510,033	9.5%	121,857	0	0	414,13	515,79		
Boston, MA	64,014,575	5,415,779	10.0%	5,194,457	9.0%	4,554,475	1,750,000	1,572,735	1,578,953	244,21		
Buffalo, NY**	19,478,555	2,113,651	20.2%	2,113,651	20.2%	0	0	0	724,425	040,33		
Charlotte, NC**	2,559,535	369,152	2.7%	137,375	3.9%	74,445	0	73,232	2,930	520,73		
Chicago, IL	22,751,945	1,514,953	2.4%	1,036,901	9.2%	737,342	0	0	471,025	520,52		
Chicago, IL	122,080,435	15,145,833	14.2%	15,751,445	12.5%	5,030,148	1,050,000	0	1,711,392	030,61		
Cincinnati, OH**	12,752,612	2,510,077	21.9%	2,723,535	20.5%	0	0	0	5,160	520,33		
Cleveland, OH**	32,870,517	5,754,021	17.5%	5,516,600	16.7%	1,842,297	0	534,077	411,985	510,73		
Columbus, OH**	1,030,132	399,189	11.5%	376,689	9.0%	0	0	0	67,569	514,33		
Columbus, OH**	10,430,040	1,619,059	15.4%	1,570,059	15.6%	275,079	0	0	0	516,45		
Dallas, TX	25,442,642	5,772,809	25.6%	5,556,459	24.6%	1,763,350	454,900	0	50,634	522,43		
Denver, CO	26,410,550	2,526,550	11.1%	2,031,459	10.9%	2,756,472	975,900	0	461,732	520,52		
Denver, CO	25,410,350	4,091,165	16.3%	4,784,125	18.0%	510,397	0	0	99,904	515,34		
Denver, CO	85,536,254	10,630,839	12.3%	9,527,958	11.6%	6,173,910	5,553,144	2,000,430	461,943	540,40		
Fort Worth, TX	8,630,127	2,173,059	23.2%	1,616,604	21.2%	452,155	0	0	470,832	556,74		
Fort Worth, TX	5,074,591	587,153	10.7%	573,233	10.7%	413,118	0	0	770,987	520,52		
Houston, TX	6,694,785	573,433	8.6%	570,189	8.6%	352,695	0	460,030	213,592	517,55		
Houston, TX	5,271,455	792,025	15.0%	709,053	15.0%	1,75,000	0	0	30,175	510,45		
Houston, TX	7,451,575	1,465,559	19.4%	1,373,040	18.5%	507,507	0	0	640,734	520,77		
Houston, TX	27,594,439	4,434,747	11.7%	3,675,613	10.2%	2,175,445	0	0	127,425	532,25		
Indianapolis, IN**	11,398,450	2,239,115	20.2%	2,273,740	20.8%	2,970,200	0	0	427,136	519,64		
Jacksonville, FL	7,402,250	1,030,123	10.4%	1,404,467	10.1%	510,763	0	0	26,447	510,73		
Jacksonville, FL	12,409,595	2,232,713	22.6%	2,064,750	21.3%	144,317	0	0	103,855	515,33		
Kansas City, MO**	3,034,230	377,130	15.1%	507,600	14.5%	67,680	0	0	36,912	512,59		
Los Angeles, CA**	1,656,102	291,023	17.5%	734,817	17.5%	58,352	0	270,000	150,647	526,61		
Los Angeles, CA	27,325,151	5,020,235	21.4%	5,105,977	21.2%	1,849,610	384,610	0	407,638	535,31		
Los Angeles, CA	8,301,383	1,699,352	20.3%	1,695,489	17.2%	203,574	0	102,639	164,051	517,55		
Los Angeles, CA	3,559,551	592,553	16.9%	510,179	17.4%	153,549	0	0	34,612	515,33		
Los Angeles, CA	14,365,643	2,415,439	16.8%	2,242,163	15.1%	817,392	0	0	214,080	507,73		
Los Angeles, CA	242,730,051	27,635,710	11.5%	22,735,137	9.2%	15,091,032	2,305,937	1,300,000	515,349	514,54		
Los Angeles, CA	55,555,155	5,639,295	10.2%	4,302,212	7.2%	3,455,006	477,000	746,154	551,455	553,57		
Los Angeles, CA	6,552,722	2,870,420	20.9%	2,456,356	20.7%	400,155	73,100	0	25,977	519,70		
Los Angeles, CA	23,125,753	5,651,052	20.1%	5,002,711	19.4%	0	0	0	53,616	521,53		
Los Angeles, CA	5,575,473	1,781,585	17.7%	1,530,123	16.2%	652,248	0	38,000	10,090	520,34		
Los Angeles, CA	2,830,015	465,057	16.5%	355,057	15.9%	46,375	508,000	0	43,428	524,65		
Los Angeles, CA	12,635,451	1,570,615	12.6%	1,570,615	12.6%	992,404	0	0	130,025	527,31		
Los Angeles, CA	7,670,812	1,249,653	16.3%	1,249,653	16.3%	0	0	0	0	515,63		
Los Angeles, CA	4,840,323	489,374	9.9%	430,073	9.6%	281,350	0	131,359	189,927	518,20		
Los Angeles, CA	28,431,567	5,441,443	14.7%	5,120,613	14.5%	3,283,353	788,685	0	946,535	524,67		
Los Angeles, CA	7,353,715	1,200,511	16.3%	1,134,773	15.1%	846,466	0	0	120,001	524,27		
Los Angeles, CA	3,107,472	571,580	18.2%	505,257	16.1%	188,149	0	0	67,651	534,69		
Los Angeles, CA	41,777,115	5,110,427	12.2%	4,000,659	11.5%	2,134,679	0	0	471,988	525,57		
Los Angeles, CA	15,445,349	2,315,141	18.2%	3,430,178	19.4%	409,453	155,000	0	330,455	521,60		
Los Angeles, CA	77,466,015	1,384,732	12.0%	2,500,294	10.6%	759,601	928,000	0	160,615	522,03		
Los Angeles, CA	22,770,103	2,465,425	10.9%	2,285,089	10.5%	770,954	219,000	0	41,920	522,27		
Los Angeles, CA	5,870,051	635,090	9.3%	570,300	9.6%	152,108	48,000	0	72,200	519,78		
Los Angeles, CA	3,721,236	487,981	4.6%	481,691	4.6%	205,447	957,053	0	1,558	530,33		
Los Angeles, CA	10,845,000	1,355,730	11.9%	1,290,755	11.2%	405,252	307,000	0	34,791	520,55		
Los Angeles, CA	1,390,801	445,075	10.0%	408,721	9.1%	71,153	0	0	327,173	515,42		
Los Angeles, CA	6,642,675	1,280,093	21.3%	1,205,065	21.5%	85,301	0	0	55,934	519,50		
Los Angeles, CA	10,455,573	2,387,494	11.6%	2,301,740	11.4%	389,633	0	0	495,613	525,94		
Los Angeles, CA	7,330,590	1,330,035	17.3%	1,169,573	16.1%	322,063	354,784	0	185,009	522,65		
Los Angeles, CA	5,041,275	1,100,380	19.7%	1,104,707	19.6%	362,105	0	0	73,180	519,33		
Los Angeles, CA	10,557,605	1,535,783	17.5%	1,647,207	16.8%	1,193,428	0	0	73,002	526,04		
Los Angeles, CA	10,046,104	4,472,535	3.1%	4,022,302	0.3%	4,323,769	1,073,055	0	75,739	536,23		
Los Angeles, CA	4,634,654	574,059	11.3%	524,253	11.3%	0	0	0	0	517,75		
Los Angeles, CA	1,770,226	300,254	17.1%	300,254	17.1%	0	0	0	0	520,11		
Los Angeles, CA	41,505,325	5,330,913	12.8%	5,070,992	12.2%	2,922,119	2,375,425	301,899	1,130,080	531,21		
Los Angeles, CA	7,616,257	1,515,015	21.5%	1,405,353	21.2%	502,232	0	0	102,235	527,33		
Los Angeles, CA	11,578,302	2,586,735	24.7%	2,637,287	24.3%	208,731	0	0	162,185	516,10		
Los Angeles, CA	5,782,022	1,714,763	29.3%	1,635,441	28.5%	240,573	0	0	122,898	515,54		
Los Angeles, CA	5,493,007	517,291	9.4%	586,346	10.9%	430,993	0	0	0	521,61		
Los Angeles, CA	4,632,601	430,321	9.4%	431,728	9.3%	38,803	27,065	0	42,555	518,35		
Los Angeles, CA	9,000,639	2,012,264	22.4%	2,022,264	22.5%	0	0	0	145,155	512,55		
Los Angeles, CA	107,253,141	16,575,275	14.4%	14,282,891	13.2%	3,348,359	750,140	1,262,480	34,990	550,55		
Los Angeles, CA	6,207,675	1,235,055	19.6%	1,030,057	16.3%	417,109	0	0	51,557	532,11		
NATIONAL TOTALS:	1,180,828,767	186,484,774	13.5%	172,870,103	12.4%	60,057,060	16,853,035	0,355,782	2,133,973	941,29		
ALL MARKET TOTALS:	471,125,470	80,591,744	17.1%	62,955,853	15.3%	12,180,841	5,473,095	2,434,572	2,314,476	520,27		
CBS & ALLIANCE TOTALS:	1,575,364,845	222,936,510	14.2%	206,828,725	13.1%	80,187,701	23,267,330	3,790,325	4,440,446	634,76		

CWS Allstate Market *Data Not Available

Source: Cushman & Wakefield Research; compiled by CWS Valuation & Advisory

Office Market Statistics by Market

Suburban

Fourth Quarter 2013

Market	Inventory	Overall Available	Overall Vacancy Rate	Direct Available	Direct Vacancy Rate	YTD Leasing Activity	Under Construction	YTD Completions	YTD Absorption	Direct Rent	Wtd Avg Rent
Atlanta, GA	91,785,599	16,919,263	18.4%	16,349,260	17.8%	5,885,282	111,176	344,476	1,689,069	\$18.63	
Aurora, IL**	34,869,575	3,737,730	10.7%	3,591,729	10.3%	****	****	527,173	1,188,579	\$26.17	
Baltimore, MD	51,427,336	7,576,007	14.7%	7,189,274	13.9%	2,934,730	869,809	827,445	816,975	\$24.05	
Bellmore, WA**	22,789,644	3,175,617	13.9%	3,273,895	14.4%	1,859,703	0	0	429,432	\$26.59	
Birmingham, AL**	2,807,337	335,285	12.0%	305,389	7.5%	28,305	****	****	4,638	\$7.82	
Birmingham, AL**	12,934,643	1,903,482	14.7%	1,310,439	10.1%	478,136	****	****	380,979	\$18.31	
Boston, MA	124,889,688	20,576,540	16.5%	20,287,495	16.2%	9,189,384	3,821,149	902,859	1,288,806	\$22.55	
British Columbia, CA**	9,781,019	1,240,789	12.7%	1,240,789	12.7%	****	125,000	0	78,709	\$17.86	
Charlotte, NC**	5,950,674	1,014,320	17.0%	1,011,189	16.9%	459,700	149,089	112,597	441,893	\$16.28	
Charlotte, NC**	90,487,664	10,162,254	11.2%	9,778,072	10.6%	3,781,824	458,921	1,125,483	1,373,281	\$18.59	
Chicago, IL	85,932,985	28,586,074	33.3%	28,180,896	32.8%	8,546,142	0	0	1,871,887	\$21.75	
Chicago, IL**	21,031,360	8,237,119	39.6%	8,080,526	38.4%	****	177,789	21,555	57,299	\$17.45	
Chicago, IL**	110,934,745	71,516,261	64.5%	71,368,264	64.3%	2,891,183	519,169	1,671,239	1,078,680	\$18.78	
Cincinnati, OH**	7,247,005	1,705,085	23.5%	1,634,017	22.5%	****	****	****	206,730	\$22.20	
Cincinnati, OH**	29,442,188	3,023,406	10.3%	2,972,124	10.1%	1,094,783	****	****	****	\$27.72	
Concord, CA	21,798,080	4,170,916	19.1%	3,936,623	18.1%	2,653,987	0	0	516,399	\$23.00	
Dallas, TX	188,284,001	27,067,895	14.4%	27,069,122	14.4%	12,162,653	4,292,684	1,567,333	3,276,226	\$20.80	
Dallas, TX	79,124,463	11,155,155	14.1%	10,645,639	13.5%	8,758,351	783,135	183,444	1,489,470	\$19.55	
Dallas, TX**	90,285,515	15,410,355	17.1%	15,791,672	17.5%	2,780,784	55,020	0	946,329	\$18.10	
Dayton, OH**	21,637,289	8,211,572	37.9%	8,076,631	37.3%	1,633,369	0	0	112,929	\$30.86	
Fort Myer, VA**	27,698,375	3,522,125	12.7%	3,498,789	12.6%	1,059,166	****	3,088	247,004	\$18.71	
Franklin, OH**	9,245,425	1,332,475	14.4%	1,303,037	14.1%	368,261	47,263	69,977	49,950	\$21.87	
Fort Lauderdale, FL	20,943,370	3,563,105	17.0%	3,420,224	16.3%	1,225,786	04,789	0	217,705	\$25.15	
Greenville, SC**	29,607,916	1,970,487	6.7%	1,965,899	6.6%	603,417	0	0	853,888	\$12.72	
Hampton Roads, VA**	43,080,194	4,786,359	11.1%	4,692,309	10.9%	1,843,838	328,583	423,216	691,645	\$18.14	
Hartford, CT	18,743,679	3,882,135	20.7%	3,729,406	19.9%	822,661	0	0	122,907	\$20.12	
Houston, TX	132,478,757	17,887,481	13.5%	16,885,140	12.7%	10,819,530	7,107,375	3,999,844	3,639,955	\$21.86	
Indianapolis, IN**	25,162,031	4,361,067	17.3%	4,213,632	16.7%	1,672,934	149,671	74,035	445,155	\$18.68	
Irving, TX**	30,995,383	4,824,416	15.6%	4,702,136	15.2%	872,527	0	0	410,835	\$20.45	
Jacksonville, FL	17,816,180	3,785,921	21.3%	3,705,954	20.8%	1,426,912	0	0	244,953	\$18.71	
Kansas City, MO**	24,081,222	4,631,150	19.2%	4,534,421	18.8%	1,780,165	615,720	822,705	1,040,016	\$17.80	
Kansas City, MO**	10,421,889	1,707,429	16.4%	1,645,421	15.8%	247,841	18,000	22,775	172,435	\$14.66	
Las Vegas, NV**	30,469,686	11,669,670	38.3%	11,492,939	37.8%	2,126,400	2,918,819	45,865	253,364	\$22.40	
Long Island, NY	33,234,482	5,927,267	17.8%	5,709,125	16.9%	1,657,854	10,000	0	263,716	\$30.35	
Los Angeles, CA**	167,576,600	29,575,883	17.6%	29,378,171	17.5%	11,018,202	458,120	0	889,800	\$20.79	
Los Angeles, CA**	10,576,621	1,315,281	12.4%	1,282,176	12.1%	659,659	161,680	0	245,945	\$18.81	
Los Angeles, CA**	18,288,021	3,951,057	21.6%	3,428,257	18.8%	852,184	235,000	0	169,517	\$17.59	
Los Angeles, CA**	32,210,202	5,122,187	15.9%	4,947,938	15.4%	1,780,065	84,202	68,595	247,052	\$20.28	
Los Angeles, CA**	17,767,060	3,957,482	22.3%	3,769,127	21.2%	1,250,032	107,480	75,088	285,565	\$17.80	
Minneapolis, MN**	38,670,642	6,597,457	17.1%	6,414,355	16.6%	****	****	****	556,656	\$17.80	
Minneapolis, MN**	24,488,353	2,759,675	11.3%	2,708,063	11.1%	1,540,904	1,026,471	0	55,323	\$19.35	
New Haven, CT	7,639,291	1,489,044	19.5%	1,389,137	18.1%	221,792	0	0	142,397	\$19.86	
New Jersey - Central	17,770,902	13,634,384	76.8%	12,136,851	68.4%	4,614,416	121,088	339,628	546,039	\$24.77	
New Jersey - Hudson	110,160,832	20,121,417	18.3%	19,418,281	17.6%	3,089,935	1,387,842	535,089	1,702,843	\$27.31	
New York, NY	33,282,455	25,233,450	75.9%	24,057,135	72.3%	5,659,871	1,380,485	1,616,677	32,294	\$30.90	
Oakland, CA	13,781,763	2,265,392	16.4%	2,200,418	16.0%	916,440	0	0	142,359	\$24.69	
O'Fallon, IL**	14,071,034	1,483,572	10.6%	1,430,364	10.2%	****	0	0	189,019	\$24.00	
O'Fallon, IL**	16,153,063	3,252,249	20.1%	3,173,533	19.6%	575,955	480,000	105,000	1,486	\$17.87	
Orange County, CA	47,737,247	7,123,671	14.9%	6,973,488	14.6%	4,088,228	0	0	478,115	\$21.16	
O'Fallon, IL**	20,607,475	5,413,095	26.3%	5,192,229	25.2%	1,916,363	0	161,127	398,981	\$19.39	
Palm Beach, FL	21,711,657	3,977,373	18.3%	3,902,122	18.0%	1,432,551	51,800	0	278,255	\$26.45	
Palm Beach, FL	17,836,725	14,541,241	81.6%	14,025,112	78.7%	4,572,115	2,018,000	389,889	1,021,728	\$22.55	
Phoenix, AZ	62,230,274	13,368,736	21.5%	12,784,161	20.5%	4,717,864	245,622	288,270	2,895,621	\$20.40	
Phoenix, AZ**	69,549,205	9,807,215	14.1%	9,617,845	13.9%	2,487,572	829,674	898,589	1,128,145	\$18.35	
Portland, OR	20,416,135	3,036,266	14.8%	2,881,792	14.1%	1,221,351	65,005	0	895,146	\$26.29	
Providence, RI**	12,953,809	2,158,009	16.6%	2,128,709	16.4%	297,180	34,000	0	705,500	\$18.16	
Raleigh, NC**	30,483,641	7,424,712	24.4%	7,193,685	23.6%	2,267,786	125,000	****	871,614	\$18.75	
Richmond, VA**	40,141,429	4,263,960	10.6%	4,186,125	10.4%	1,676,113	200,000	0	443,886	\$18.72	
Riverside, CA**	8,233,584	833,222	10.1%	819,674	9.9%	187,217	0	0	70,597	\$12.98	
Rochester, NY**	10,013,779	914,144	9.1%	914,144	9.1%	485,736	0	0	369,946	\$16.50	
Sacramento, CA	65,242,371	10,176,733	15.6%	9,989,235	15.3%	2,993,915	55,148	243,825	1,509,955	\$19.29	
Salt Lake City, UT**	29,207,759	3,154,911	10.8%	2,992,839	10.2%	1,933,774	349,044	386,545	855,971	\$19.13	
San Antonio, TX**	24,472,804	3,715,595	15.2%	3,596,792	14.7%	1,240,271	133,510	155,989	367,877	\$19.53	
San Diego, CA	92,172,345	7,265,059	7.9%	6,617,366	7.2%	4,989,462	588,555	518,122	1,029,931	\$28.28	
San Francisco North Bay, CA	26,431,409	4,369,813	16.5%	3,820,893	14.5%	1,292,337	0	0	71,451	\$24.83	
San Francisco Peninsula, CA	38,524,726	3,634,318	9.4%	3,589,828	9.3%	3,781,605	268,171	72,439	881,381	\$43.17	
San Francisco, CA	24,071,304	2,773,187	11.5%	2,623,997	10.9%	2,852,355	178,900	0	442,899	\$49.44	
San Jose, CA**	6,712,635	852,011	12.6%	852,011	12.6%	****	****	****	****	\$17.86	
San Jose, CA**	2,189,382	424,835	19.4%	424,835	19.4%	****	0	0	****	\$19.81	
Seattle, WA**	7,641,982	1,367,697	17.9%	1,338,795	17.5%	242,271	0	0	72,263	\$21.45	
Sioux Valley, IA	41,538,118	4,330,770	10.3%	4,180,165	10.0%	4,481,036	3,357,139	1,385,454	1,304,290	\$34.42	
Southwest, FL	12,988,210	2,002,295	15.4%	1,934,295	14.9%	317,839	57,000	0	122,339	\$16.14	
St. Louis, MO**	35,041,780	5,226,522	14.9%	5,026,429	14.3%	1,935,921	363,000	0	549,435	\$18.61	
St. Petersburg/Clearwater, FL	13,392,950	2,417,889	18.1%	2,362,022	17.6%	725,195	110,000	345,069	368,832	\$17.57	
Suburban MD	55,903,919	10,186,998	18.2%	9,969,690	17.8%	1,873,626	848,388	729,677	317,610	\$26.60	
Suburban, NY**	10,157,537	1,323,755	13.0%	1,292,430	12.7%	424,239	0	0	118,207	\$14.30	
Tampa, FL	25,830,383	4,081,304	15.7%	3,957,496	15.3%	1,986,703	0	345,272	388,935	\$22.08	
Tucson, AZ**	12,524,130	2,323,124	18.5%	2,271,273	18.1%	57,131	44,392	3,539	125,267	\$18.14	
Tulsa, OK**	15,617,579	2,360,382	15.1%	2,280,835	14.6%	****	0	186,248	392,966	\$14.09	
Westchester County, NY	22,894,360	3,900,015	17.0%	3,702,246	16.2%	1,231,463	300,000	0	204,518	\$28.18	
NATIONAL TOTALS:	2,199,610,490	359,517,594	16.4%	350,519,099	15.9%	137,791,777	26,267,125	14,677,288	24,187,215	\$24.60	
ALLIANCE TOTALS:	1,129,028,077	185,093,093	16.4%	181,085,116	16.0%	36,670,233	8,224,281	5,735,110	11,773,989	\$18.16	
CDW & ALLIANCE TOTALS:	3,228,638,567	544,610,687	16.9%	531,604,215	16.1%	174,462,010	34,491,406	20,412,516	35,961,204	\$22.66	

CDW Alliance Market **Data Not Available

Source: Cushman & Wakefield Research, compiled by C&W Valuation & Advisory

EMPLOYMENT

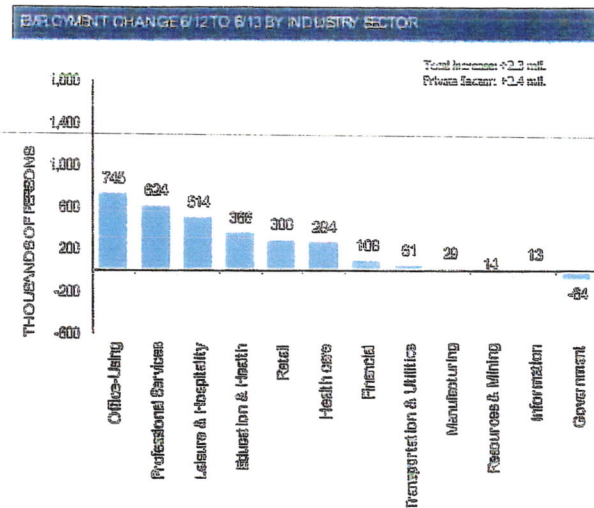
The most critical component of any recovery is obviously job growth when determining demand for office space. Following the loss of 8.4 million jobs in the US during 2008 and 2009, non-farm employment totals experienced an increase by approximately 5.9 million jobs during the recent recovery cycle. The unemployment rate has since trended downward from its peak in the third quarter 2009 of 10.0 percent, representing a decline of 330 basis points. The nation's recovery has experienced moderate growth during the recovery and is in on pre-recession levels. The widening of the "job gap" is a result of workforce entrants expanding the labor force and growth in the overall population. Since its bottom in 2009, employment in key office-using industries (financial, professional business services and information) has increased by about 1.3 million jobs.

Through the month of December, the US Labor Department reported that US employment increased significantly during the current recovery phase; slightly below the employment growth in 2012 when an average of 183,000 jobs per month were added. The number of preliminary payroll jobs for the month of December was lower than the year-to-date 2012 increase of 219,000 jobs, and further below the 230,000 jobs added during December 2011. The unemployment rate has experienced a decline to a level last recorded in 2008, below the 7.0 percent range (6.7 percent). The labor market have shown signs of improvement across the nation, however, the outlook will be determined by the adaptation to the evolution of the workplace. New trending technology platforms have reduced the demand of office space-per-worker, while promoting utilization of remote employees.

As exhibited below, private sector labor gains outpaced the total increase in jobs in June 2013. The office-using industry sector during June posted the largest net employment increase notably with 745,000 jobs from the previous year-to-date. Job increases were also reported in the Professional Services, Leisure & Hospitality, Education & Health, Retail, Health Care, and Financial sectors.

The following graph provides a breakdown of the employment change by industry sectors of the economy for the national office market, as calculated by Cushman & Wakefield's market research group.

OFFICE DRIVERS



Office-Using and Professional Services sectors have been the most active in adding jobs since the recovery began.

Source: Moody's Analytics, CBW Capital Markets

CUSHMAN & WAKEFIELD

ABSORPTION

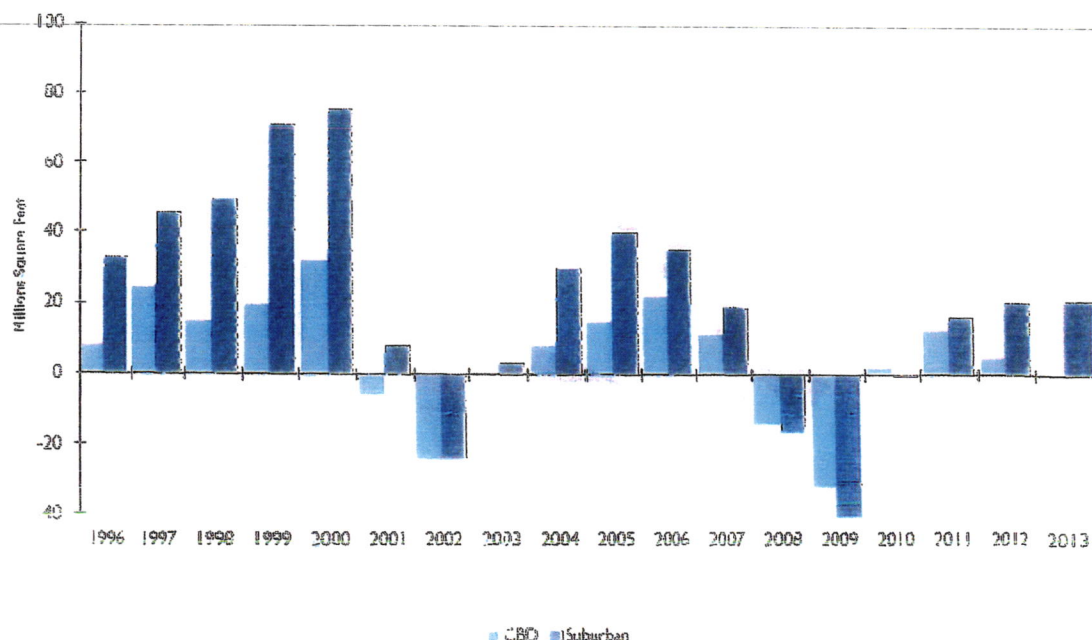
Leasing activity, absorption and the corresponding rental growth trends are directly related to employment growth. The severity of the recent recession is evident from the significant negative absorption, including approximately 75.1 million square feet of negative national absorption, or 33.5 million in the CBD and 41.6 million square feet within the suburban market, respectively, during 2009. On a national basis, the trend turned positive during 2010 with 2.2 million square feet of positive net absorption in the CBD while the suburban market experienced significant improvement from the previous year, however remained at negative 0.2 million square feet. Throughout 2011, the suburban market posted 16.5 million square feet of positive net absorption, supporting the contention that the market is poised for favorable growth over the near term. A comparison of the periods following prior recessions indicates that the market experiences "spikes" in absorption beginning about two years following the end of a recession. The severity of the most recent "great recession" resulted in a more delayed period of recovery, but the trend stabilized in 2010 and turned positive in 2011 and 2012.

While construction activity in the national office market have fallen to their lowest totals in over a decade during the recovery period from year-end 2010 through third quarter 2013, overall net absorption has outpaced construction levels since 2011. As expected, the recovery momentum slowed as leasing levels declined from the previous year-end, contributing to the CBD markets posting 5.2 million square feet and the suburban markets posting 20.7 million square feet of absorption. During fourth quarter 2013, the positive recovery trend in the national CBD has increased moderately, while the trend in the suburban office market absorption has offset the negative rate recorded during the downturn.

The following chart summarizes national office absorption trends in the U.S. from 1996 through fourth quarter 2013, segmented between the CBD markets and the non-CBD markets:

NATIONAL OFFICE

CBD & Suburban Overall Absorption, Year-to-Date



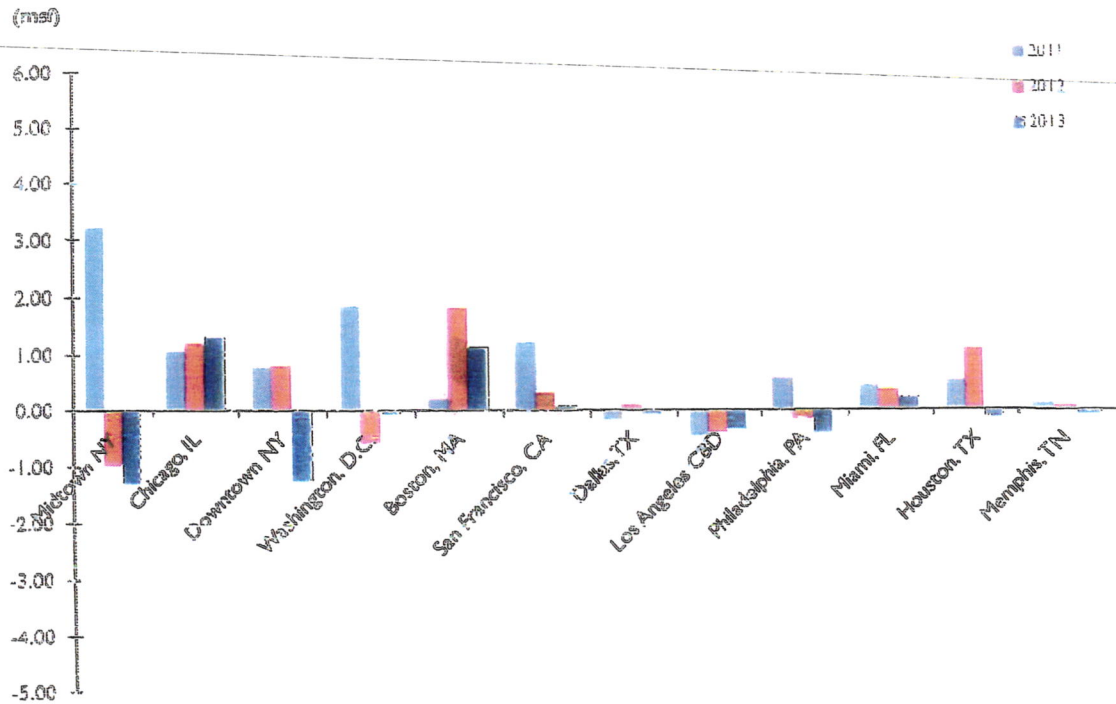
CUSHMAN & WAKEFIELD 20

While the trends on a national level have turned positive, the recovery in the job markets and office markets will not be across the board. The following chart, "Comparative Office Overall Absorption," provides a breakdown of the preceding absorption exhibit broken down by the relative performance of the major CBD and suburban markets. Indicated below, the CBD and suburban absorption, and leasing momentum, are proportionately distributed in submarkets in the middle of the recovery arc. A majority of absorption activity was experienced accelerating earlier in the cycle including Downtown New York, Denver, and Silicon Valley. Consistently improving CBD and suburban markets include Atlanta, Boston, Dallas, Ft. Lauderdale, Baltimore, Orange County, San Diego, Miami, Palm Beach, Oakland, Los Angeles, Contra Costa, Sacramento, Inland Empire, Houston, Portland, and Denver, respectively.

The charts below highlight the national office absorption trends for the major markets in the U.S. from 2011 through fourth quarter 2013 segmented between the CBD markets and the suburban markets.

COMPARATIVE CBD

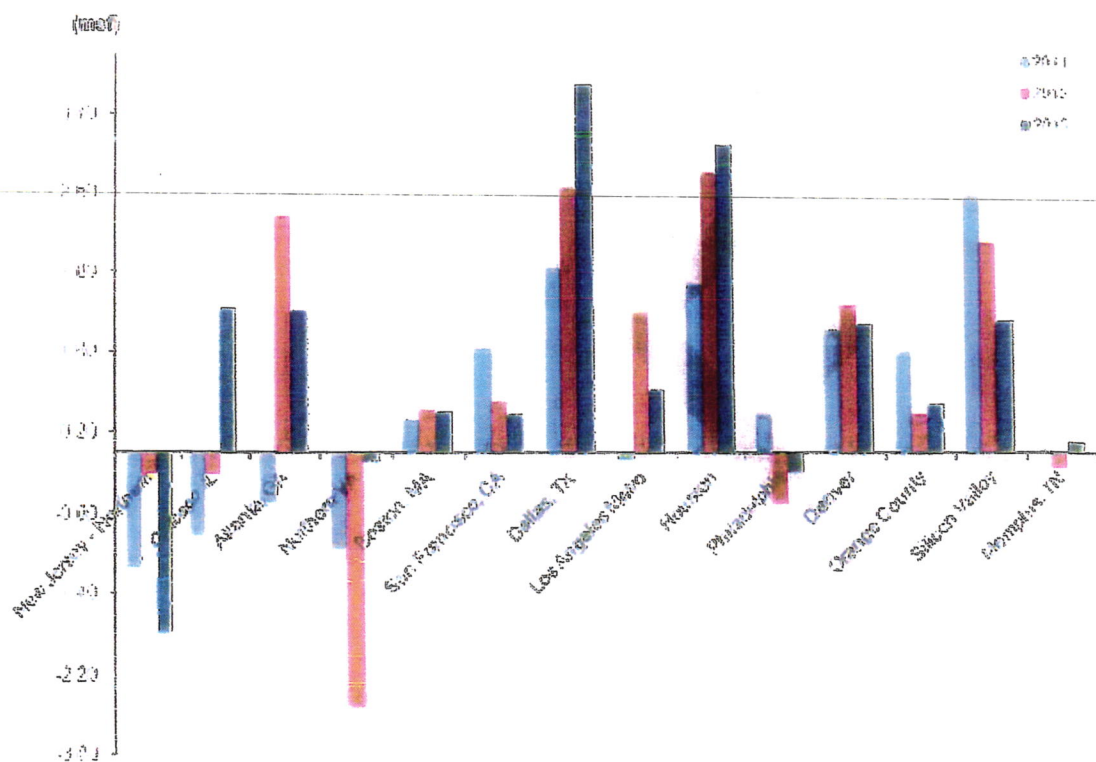
Office Overall Absorption, Year-to-Date



CUSHMAN & WAKEFIELD 21

COMPARATIVE SUBURBAN

Office Overall Absorption, Year-to-Date



Cushman & Wakefield

NATIONAL OFFICE INVESTMENT SALES MARKET

BIFURCATED MARKETS

Investors targeted the best quality assets in "core" markets early in the recovery, and are gradually showing an inclination to move "down the food chain" in terms of quality and market location where there is currently less competition and better yield potential over the mid-term. There is no doubt however, that assets located outside of the major "core" markets are considerably in less demand.

Cushman & Wakefield's Research group evaluated the stage in the market cycle for the major CBD and Suburban markets in the U.S. in the following charts. The following *U.S. Market Cycles* chart includes the most current data available in third quarter.



Abstract



As shown on the exhibits, the CBD markets are ahead of the suburban markets in the recovery cycle, led by San Francisco, New York, Houston, and Boston. The Los Angeles CBD is positioned on the "cusp" of recovery, while suburban Los Angeles is in the early stages of recovery.

According to the PwC Emerging Trends in Real Estate 2014, investor momentum will broaden its scope to include secondary markets focused on higher yields. The San Francisco economy is expected to continue to flourish in 2014 with increased net migration and improving productivity. Housing, nonresidential construction, and a revival in exploration industries will be the key economic drivers in the Houston market. The energy economy has propelled growth in Houston in recent years, as well as the following companies relocating headquarters operations to Houston including: EPL Oil & Gas, Exxon Mobil, Chevron, CIRCOR International, Inc., and Noble Energy. The San Jose office market's major drivers are its technology presence and highly educated population. This will continue to develop and draw innovative companies towards its economy. General concerns in New York view prices are reaching elevated levels, causing cap rates to drop precipitously low. Employment creation has notably exceeded benchmarks, leading amongst other metropolitan areas. The construction sector in New York is expected to uptick in 2014. While Dallas is not typically considered a volatile market, the area is supported by technology companies, corporate headquarters operations, robust logistics, and above-average population gains.

As of fourth quarter 2013, positive net absorption and significant leasing activity is attributable in large part to significant leases signed including: Dallas, Far North Central submarket (State Farm Insurance; 805,600 square feet), Boston, Somerville-Medford-Malden submarket (Partners HealthCare; 675,552 square feet), Northern Virginia, Huntington/Eisenhower submarket (National Science Foundation; 660,848 square feet), Northern Virginia, Tysons Corner/McLean submarket (SAIC; 640,000 square feet), Houston, West Loop/Galleria submarket (BHP Billiton Petroleum; 540,000 square feet), Houston, Katy Freeway submarket (ConocoPhillips; 530,000 square feet), Manhattan, World Trade Center submarket (GroupM; 516,000 square feet), Silicon Valley, Mountain View, North submarket (Google, Inc.; 500,000 square feet), Central New Jersey, Middlesex South/8A submarket (Lam Cloud Management; 491,000 square feet), Denver, Denver / Boulder Turnpike submarket (DigitalGlobe; 450,000 square feet).

Notable national sale transactions have occurred in Los Angeles (Brookfield Properties; Undisclosed amount in a 4 Building Portfolio), Houston (Cousins Properties Inc.; \$950.0 million at the Greenway Plaza (10-bldg portfolio), Houston (Parkway Properties; Undisclosed amount in a 5 Building Portfolio), Los Angeles (Commonwealth Partners; \$752.3 million at 515 & 555 South Flower Street), Manhattan (Fosun International Ltd; \$725.0 million at 1 Chase Manhattan Plaza), Manhattan (Zhang Xin/ Moise Safra, \$1.3 billion at 767 Fifth Avenue), Manhattan (American Realty Capital, \$647.0 million at 825 Eighth Avenue), Dallas (M-M Properties, Undisclosed amount at Comerica Bank Tower).

The following table summarizes the rankings of CBD and Non-CBD markets as tracked by C&W and Alliance offices:

CBD

Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy Rate	Core/Alliance Market	Market	Direct Vacancy Rate	Direct Vacancy 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OFFICE INVESTMENT ACTIVITY

Office transactions (total dollar volume) more than doubled during 2010 in comparison to 2009 as closed transactions alone totaled approximately \$47.3 billion in 2010, or more than during all of 2009 (from \$17.5 billion). In 2011, office sales volume totaled \$67.0 billion, representing an increase of 41.8 percent over the comparable period during 2010. The bulk of the major sales occurred in the prime markets of Manhattan and Washington, D.C., which represented about 22.0 percent of all office sales volume nationally in 2010 and 30.2 percent of all sales through 2011. A shift occurred in 2012, as investment volume in Suburban properties and secondary markets increased 41.2 percent, compared to 10.2 percent in trophy CBD towers. As of fourth quarter 2013, CBD office sales totaled \$51.7 billion, a 28.0 percent significant increase from \$40.4 billion on a year-end 2012. The suburban market also experienced increase growth of 26.0 percent in 2013, totaling \$49.9 billion in office transactions. The chart below summarizes total office sales volume through year-end 2009 through fourth-quarter 2013.

Total Office Sales Volume		
Year	Volume	Year-over-year Change
2009	\$17,484,734,017.08	—
2010	\$47,267,079,432.31	170.3%
2011	\$67,004,463,707.67	41.8%
2012	\$80,126,300,241.41	19.6%
2013	\$101,619,643,915.56	55.2%
Source: Real Capital Analytics		

The five largest transactions in terms of investment volume were recorded primarily in New York, while the most significant transaction was reported in New York at the General Motors Building acquired by Zhang Xin JV M. Safra & Co. for a purchase price of \$1.36 billion, or \$1,766 per square foot (per Real Capital Analytics, or "RCA").

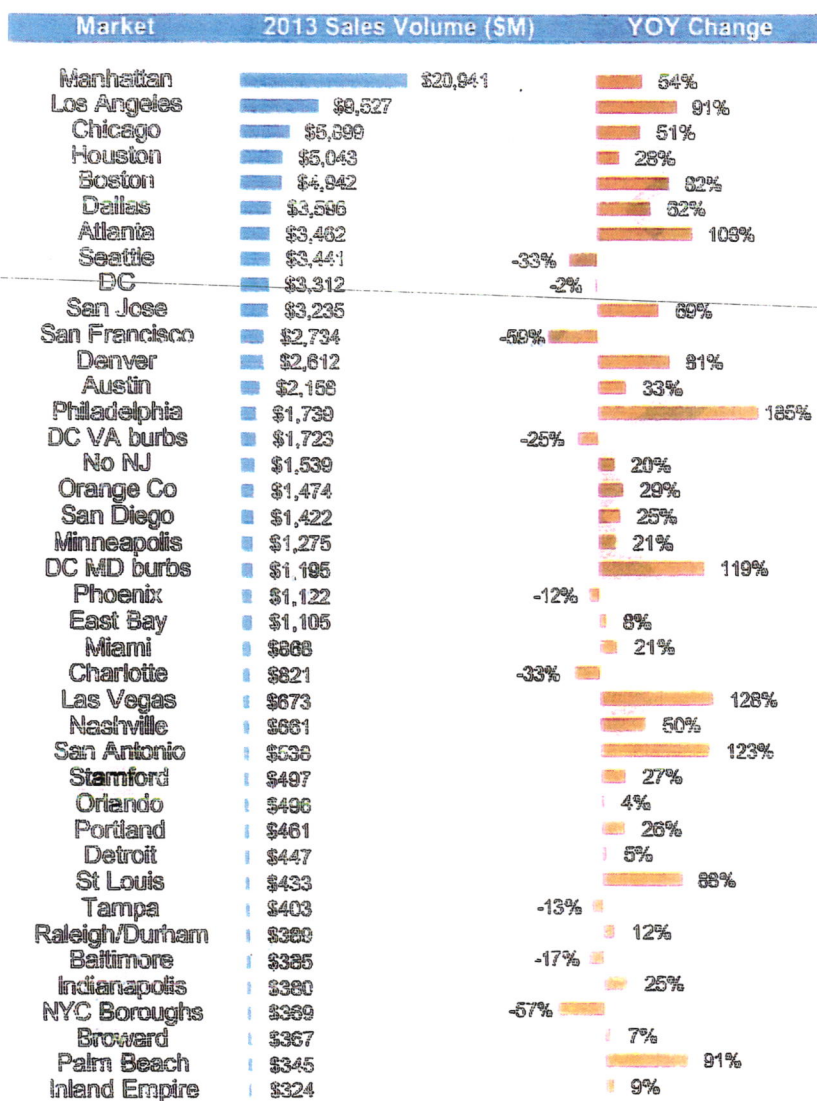
DISTRESSED SALES ACTIVITY DECLINES

The chart below summarizes the total office transaction volume in the US on an annual basis since 2009, based on data from RCA. The data includes "non-distress" and "distress" investment activity, with a corresponding column showing the percentage relationship of distress investments to the total activity. "Distress" sales consist of transactions involving properties which are considered "Troubled", including in delinquency or default, foreclosure, and facing loan maturity. As shown in the chart, distress activity as a percentage of total sales as declined during 2012 and YTD 2013, marking a return to a more "normalized" marketplace in comparison to the activity during the recession.

Office Distress Sales				
Year	Non-Distress	Distress	Total	% of Total Sales
2009	\$14,951,445,586.76	\$2,533,288,430.32	\$17,484,734,017.08	14.49%
2010	\$41,244,562,296.47	\$5,901,550,635.89	\$47,046,112,934.36	12.33%
2011	\$56,747,105,706.97	\$9,986,659,000.71	\$66,733,764,707.67	14.96%
2012	\$72,257,538,369.19	\$7,206,734,642.92	\$79,464,273,012.11	9.07%
2013	\$90,361,841,265.39	\$10,309,639,716.84	\$100,671,480,982.23	10.24%
Source: Real Capital Analytics				

The following chart reflects the top office markets for fourth quarter 2013 as reported by RCA:

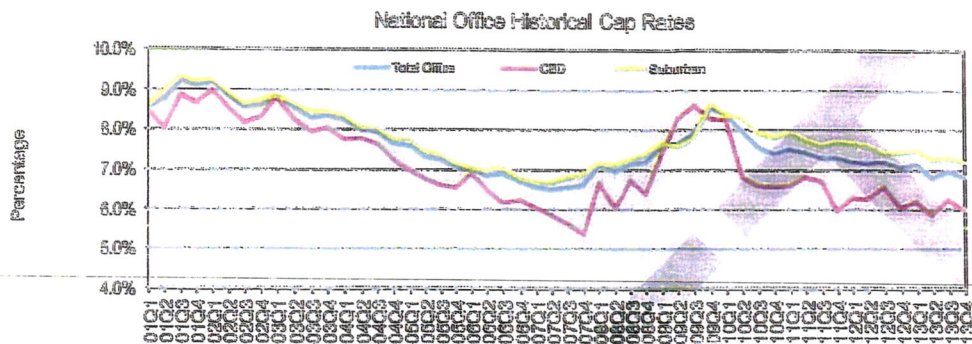
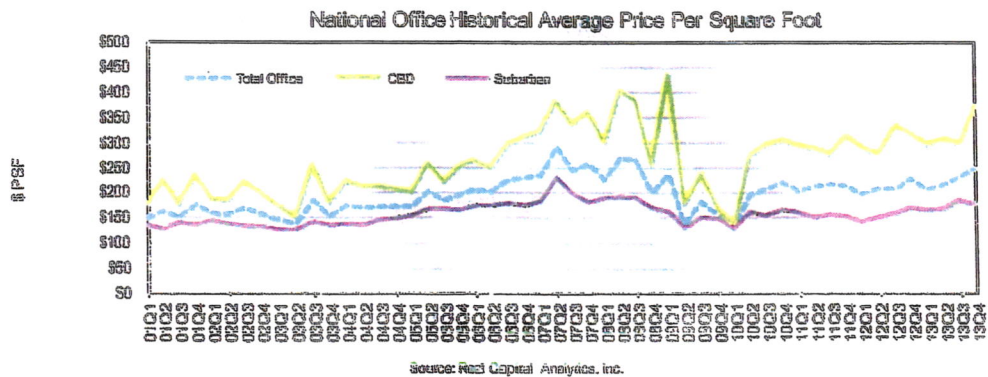
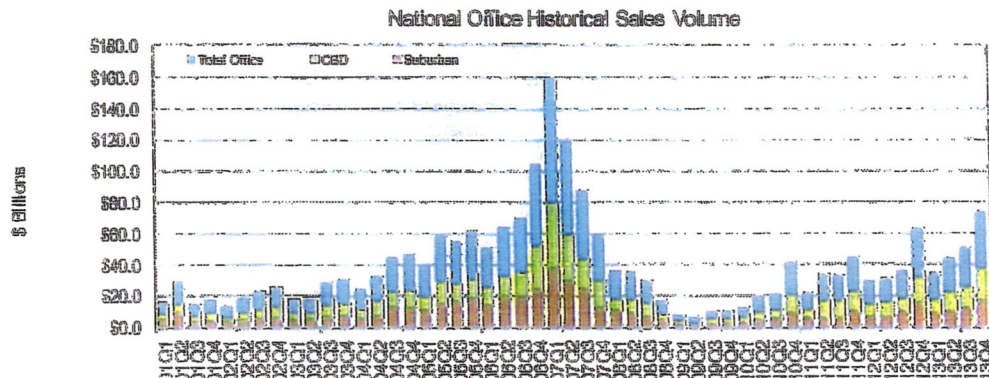
Year-End 2013 Top Office Markets



Source: Data courtesy of Real Capital Analytics, Inc.

The increased demand and availability of debt led to a decline in capitalization rates, an increase in per-square-foot pricing, and the initial signs in the recovery of the market in terms of total volume, particularly for CBD assets.

The following graphs summarize the trends in historical cap rates, average price per square foot, and sales volumes for the national office annually since 2001:



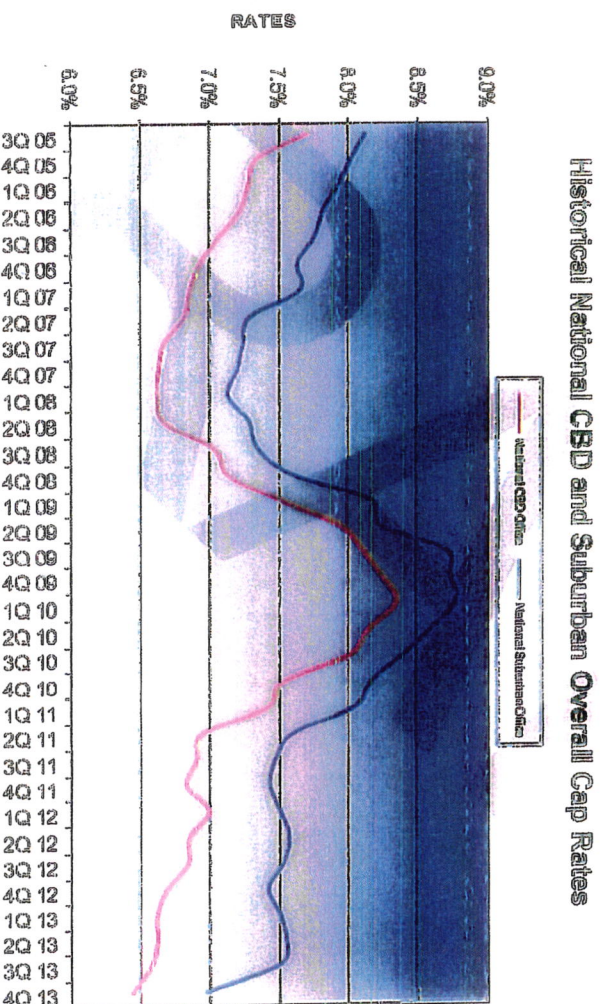
OVERALL RATES

Rising vacancy rates and a growing preference among businesses to remain closer to urban cores resulted in suburban office assets falling out of favor among investors. This is beginning to change as strong investment demand and low interest rates continue to apply downward pressure on suburban OARs (Overall Capitalization Rates). The office sector's momentum has also been enlivened by robust investor demand for CBD properties in major markets. The performance of individual CBD office markets is extremely bifurcated with top-tier CBDs outperforming the country as a whole and smaller downtown areas struggling. Average overall cap rates remain

lower for most CBD submarkets than for their suburban counterparts since higher barriers to entry and a lack of land for new development tend to keep supply and demand a bit more balanced in a market's CBD. As a result, CBD assets typically achieve higher rental rates.

The PwC Real Estate Investor Survey states that the national CBD and Suburban OARs both appeared to bottom in 2007 at an average of 5.8 percent and 6.7 percent, respectively. During 2008, both groups increased by about 50 basis points, and in 2009 the national CBD witnessed an OAR jump of 170 basis points while the Suburban office experienced an increase of nearly 70 basis points. Through 2011, the National CBD OAR was 6.6 percent, a 10 basis point decrease over year-end 2010. The National Suburban OAR also declined 30 basis points on a year-over-year basis starting at 7.7 percent. As of 2012, the OAR for the National CBD declined 30 basis points to 6.3 percent from year-end 2011, while the Suburban cap rate similarly experienced a decline on a year-over-year basis of 20 basis points (7.5 percent). During fourth quarter 2012, the National CBD OAR declined by 30 basis points on a year-over-year basis at 6.5 percent and a 40 basis point decline in the National Suburban office market, respectively.

The following graph reflects national historical trends for CBD and Suburban overall capitalization rates as surveyed by the PwC Real Estate Investor Survey.



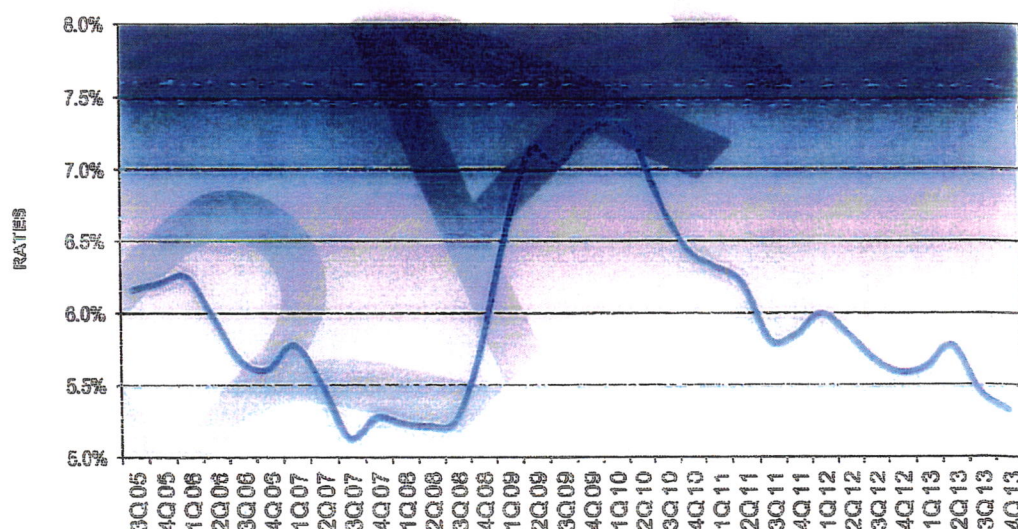
Sources: PwC Real Estate Investor Survey

The PwC Real Estate Investor Survey and the National Council of Real Estate Investment Fiduciaries (NCREIF) methodologies offer unique perspectives on capitalization rate trends. The PwC Real Estate Investor Survey calculates its data based on a personal survey of major institutional equity real estate market participants. In contrast, NCREIF looks at data from actual appraisals included in their benchmark property return index. The index contains quarterly performance data for unlevered investment-grade income-producing properties that are owned by, or on behalf of, exempt institutions.

Despite displaying distinct rates, similar trends are apparent in both PwC Real Estate Investor Survey and NCREIF data. According to NCREIF, national office cap rates declined until the end of 2007 and then started to increase precipitously at the end of 2008 before beginning their dissension at the beginning of 2010. Through year-end 2012, the average cap rate decreased to 5.6 percent, representing a 30 basis point decline from the previous year-end rate. Through the fourth quarter 2013, the national office cap rate increased 30 basis points to 5.34 percent on a year-over-year basis. The trend for overall capitalization rates are expected to show further growth as the market recovers from recessionary effects.

The following graph reflects national historical cap rate trends as reported by NCREIF:

Historical National Office Cap Rates



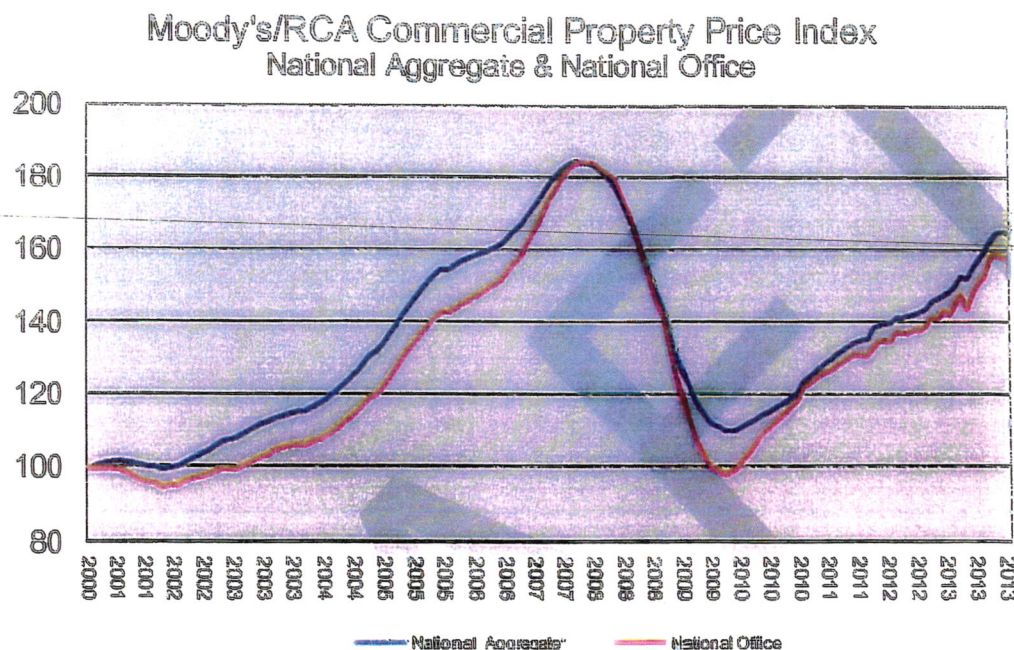
THE MOODY'S/RCA COMMERCIAL PROPERTY INDEX

The Moody's/RCA Commercial Property Index (CPPI) measures the change in price of commercial real estate and reflect the empirical results of direct investments over time. Developed by MIT's Center for Real Estate in conjunction with a consortium of firms including Moody's and RCA, the index tracks price changes based on closed transactions, and implements advanced repeat-sale regression (RSR) analytics to gauge performance in current and prior periods.

The current national aggregate index (November 2013) was 164.75, an increase of 13.1 percent over November 2012 and a 10.4 percent decline since its peak in December 2007. The national office index (property type information released on a monthly basis) is at 141.18, up 11.9 percent from the same period one-year prior, and down 14.2 percent since its highest point in fourth quarter 2007. Of the four property types, national retail

experienced the largest year-over-year increase of 22.9 percent, while national office and apartments followed closely, each with 11.9 percent.

The following graph displays the CPPI Index from fourth quarter 2000 to November 2013:



Source: Moody's/RCA CPPI; National Aggregate reflects November 2013 data

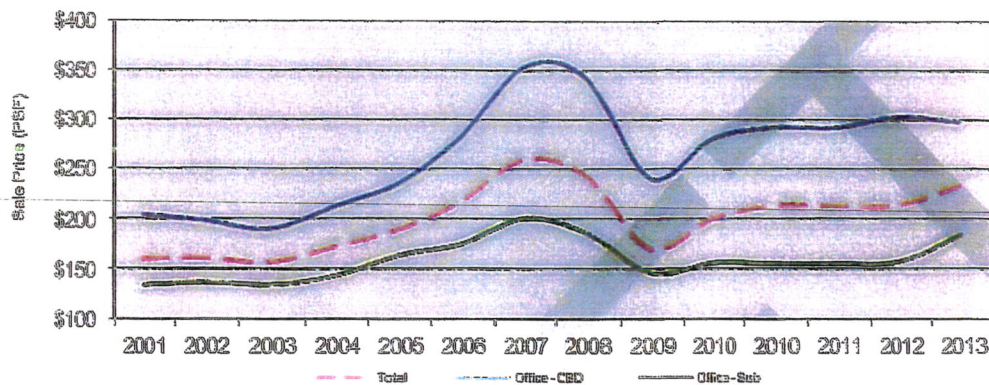
SALE PRICE PER-SQUARE-FOOT

Historically, office pricing did not experience the same dramatic fluctuations as seen in the sales volume trends. This was, in large part, due to sellers holding out and waiting for market fundamentals to improve. Between 2003 and 2007, the annual average CBD office price per-square-foot increased from \$191 to \$353, or 85.3 percent. In 2008, the total annual average price per-square-foot declined by 5.7 percent to \$245, from year-end 2007 peak figures. In 2009, total office sale volumes sharply declined by 30.1 percent to \$171 per-square-foot, annually. In 2010 and 2011, the annual average price per-square-foot increased from \$201 to \$214, representing a 6.7 percent increase on a year-over-year basis. As of year-end 2012, overall office pricing exhibited an increase of 0.5 percent from the previous year-end 2011 to \$215 per-square-foot, annually. The suburban markets are experiencing a surge in pricing with the recovery in the non-major metro sectors.

Suburban properties in fourth quarter 2013 increased 10.3 percent to \$175 per-square-foot, annually over the same time one-year prior. The transaction volume in the CBD slightly trailed the suburban markets for the first time in the recovery cycle. During fourth quarter 2013, prices increased in the CBD class by 6.2 percent to \$323 per-square-foot, annually. In many of the secondary markets, investors are migrating capital to selective markets, which appear to apply upward pressure on property prices.

The following graph reflects the national office historical average price per-square-foot, annually trends as surveyed by RCA for fourth quarter 2013:

National Office Historical Average Price Per Square Foot



Source: Real Capital Analytics <http://www.rcanalytics.com>

Notes: Fourth Quarter 2013; totals based on sales of properties \$5.0 million +

NATIONAL OFFICE MARKET SUMMARY

Property owners' perceptions are gravitating towards disposition in response to cap rate compression occurring in certain sectors of office locations. Property values are returning to their peaks as a result of market fundamentals and capital markets improving in favor of property owners. The trend in office space utilization in National CBDs however, has slowed employment creation in urban infill locations within office-using spaces. Generation Y will be a major determinant in the commercial real estate landscape adapting to office reconfigurations.

Many investors anticipate a near-term modest increase in interest rates and 10-year Treasuries, according to the PwC Emerging Trends 2014. As the national economy improves, the rising interest rates should balance the cost of leveraging with higher absorption and increasing office rents. The fiscal stimulus bond repurchasing program is anticipated to begin tapering with expectations leading to an increase in the GDP and improving Treasury yields. Concern still persists as Federal monetary policies are under scrutiny over the timing of rate guidance.

BOSTON OFFICE MARKET ANALYSIS

INTRODUCTION

Quarter Trends

The Boston office market continued to flourish after strong performances in 2012 and 2013. Relocations were prevalent in all the CBD markets, and development activity grew as anchor tenants have broken ground on several built-to-suit projects. PricewaterhouseCoopers and Goodwin Procter LLP are two companies that are following this trend in the Seaport District, and should occupy their new buildings in 2015 and 2016, respectively. The technology sector continues to migrate from Cambridge and Route 128, desiring the downtown area with small speculative spaces with immediate availability. While leasing in the CBD was down 25.0 percent year-over-year, the Non-CBD markets picked up the slack and helped the total Boston office market close the quarter 15.9 percent higher than last year's mark. The Suburban office market continued to see demand as the inner Route

128 submarkets outperformed the Route 495 submarkets. Rental rates pushed higher in these markets resulting from the increase in demand over the past few quarters.

Robust expansion in high-tech and healthcare has led the way in Boston's recovery effort. Over the past year, 53,700 jobs were added to Massachusetts overall, 14,400 of which were in Professional & Business Services. Currently, there is 3.4 million square feet of office space under construction, with a significant portion of the development concentrated in the CBD. Low-rise office space (floors 0 to 19) has seen its vacancy rate drop 2.0 percent in the Financial District over the past two years. These spaces are typically less expensive than CBD high-rise office space and allow for many tenants to relocate to the downtown market without paying a premium office price. Likewise, high-rise vacancy improved 20 basis points over the past two years.

Further considerations are as follows:

- **Cambridge:** DivcoWest increased its Boston-area assets in early 2014 after purchasing One Kendall Square for \$395.0 million. The nine-building, 670,000 square foot campus and 1,500-car garage is home to some of Greater Boston's best office, laboratory, and retail space.
- **Financial District:** Colonnade Properties sold 400 Atlantic Avenue, the 100,000 square foot office building to Credit Suisse for \$50.0 million in the first quarter. The building has been home to Goulston & Storrs, P.C. since 1985 and features private deck views of the water and the Greenway. This property was 100.0 percent leased at the time of the sale.
- **Downtown Crossing:** Millennium Partners began construction of the Millennium Tower/Burnham Building in Boston. Located in the city's Downtown Crossing District at the site of the former Filene's Department Store, the \$630.0 million project consists of the landmark 1912 Burnham Building and a new, mixed-use tower that will rise 625 feet tall. This building will have first floor retail (Roche Brothers Grocery committed 30,000 square feet), new office space, and 442 luxury condominiums. Arnold Worldwide will be the first occupant in the office space beginning September 2014. Arnold and its sister agency, Havas Media, will occupy about 125,000 square feet.
- **Greater Boston:** Boston's office market is improving after years of weakness, with rents rising swiftly as local companies add employees and move forward on construction of new buildings in the city and nearby suburbs. During the first quarter 2014, average rents in Boston's Class-A buildings jumped to \$37.21 per square foot, their second highest level in four years. In addition to consistent leasing activity, several major firms are building new office complexes, including Converse Inc., PricewaterhouseCoopers, and State Street Corp. Additional buildings are being planned in the Back Bay, Cambridge's Kendall Square, the Seaport District, and near North Station, totaling 3.4 million square feet of office space under construction. With an unemployment rate of 5.5 percent as of February 2014, Boston has more than regained all the jobs it lost during the economic downturn.
- **Seaport:** PricewaterhouseCoopers, one of downtown Boston's largest employers, signed a 15 year lease for 333,000 square feet at a new building in Seaport Square at the end of 2013. The firm will occupy a majority of the office space and will relocate more than 2,500 employees from its current space at 125 High Street. Employees will also have access to a fitness center and interactive cafés with lounge areas in the building as well as exclusive access to an ocean-view outdoor terrace on the fifth floor. This is one of the largest current office construction sites in Greater Boston. Goodwin Procter LLP is undergoing a large built-to office space in the Seaport for 378,000 square feet. The law firm will occupy all of the commercial space in the tower and bring more than 600 employees to Fan Pier.

- **Suburbs:** The lack of available large, Class-A space in prime suburban markets has pushed rents and resulted in new development. Most notable is TripAdvisor Inc.'s new 282,000 square foot office building that broke ground in November at Center 128 in Needham. The company is expected to move into its new building in 2015 where it will relocate more than 500 jobs. TripAdvisor Inc. is experiencing 30.0 percent growth annually and the increase in space will support future company expansion.
- **Financial District:** The Rockefeller Group and Mitsubishi Estate New York purchased 28 State Street in March 2014 from Blackstone's Equity Office Properties Trust for \$345.0 million or \$605.22 per square foot. The 40-story building is located near Faneuil Hall and has 572,000 square feet of office space with an additional 7,000 square feet of ground floor retail. Major tenants at 28 State Street include Morgan Stanley and Citizens Financial Group.
- **128 West:** Blackstone Group continued to offload its properties in its local Equity Office portfolio with the sale of Wellesley Office Park for \$237.0 million. Manulife Financial Corporation purchased the 650,000 square foot, eight building portfolio. The complex is located on William Street off Route 9 and overlooks the Charles River.
- **Suburbs:** After years of delays, University Station has officially broken ground at its development site in Westwood. The development, located at the junction of Interstate 95/Route 128, includes approximately 750,000 square feet of retail and restaurant space, 350,000 square feet of office space, 650 residential units, a 160-room hotel and an assisted living facility with 100 units. Much of the project is expected to open in 2015. Town Administrator Michael Jalliet said this development would bring net revenues of \$5.0 million annually once it is completed and help balance the tax base.

Market Characteristics

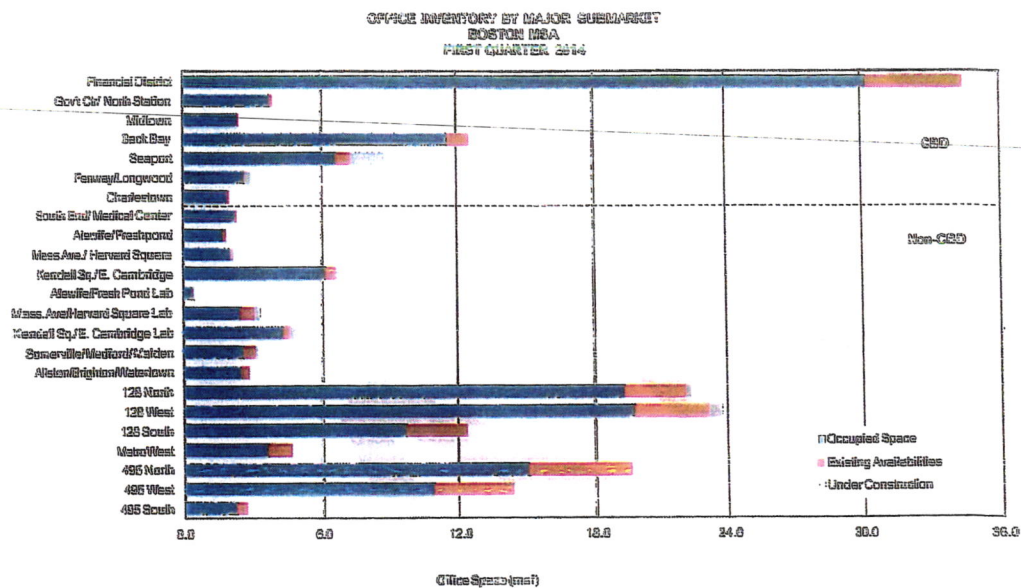
With over 191.8 million square feet of office inventory between the CBD and Non-CBD markets, Boston ranks in the top 10 as one of the nation's largest office markets. The CBD contains approximately 65.5 million square feet of office space while the Non-CBD contains nearly 126.3 million square feet. Roughly 100.0 million square feet of office space is classified as Class-A, or 52.1 percent of the Greater Boston office market's total inventory. The CBD contains 406 buildings while the Non-CBD holds 1,136 buildings across all asset classes.

Further considerations are as follows:

- Boston's Financial District, containing almost 34.6 million square feet of office space across 162 buildings, is the largest submarket in the CBD and the entire Boston office market. The second largest district in the CBD is Back Bay, which maintains 12.6 million square feet of inventory spanning 59 buildings.
- Since the beginning of 2010, the Seaport district has added over 2.1 million square feet of new office space. This area is one of the more popular areas of development due to the availability of construction sites and re-development opportunities of existing buildings which are attractive to start-ups, professional services, and tech companies. The area currently has 1.4 million square feet of office space under construction and delivered the Vertex Pharmaceuticals building (1.1 million square feet) at the end of 2013.
- The Charlestown submarket, with almost 2.0 million square feet of inventory spread out across 18 buildings, is the smallest submarket in the CBD.

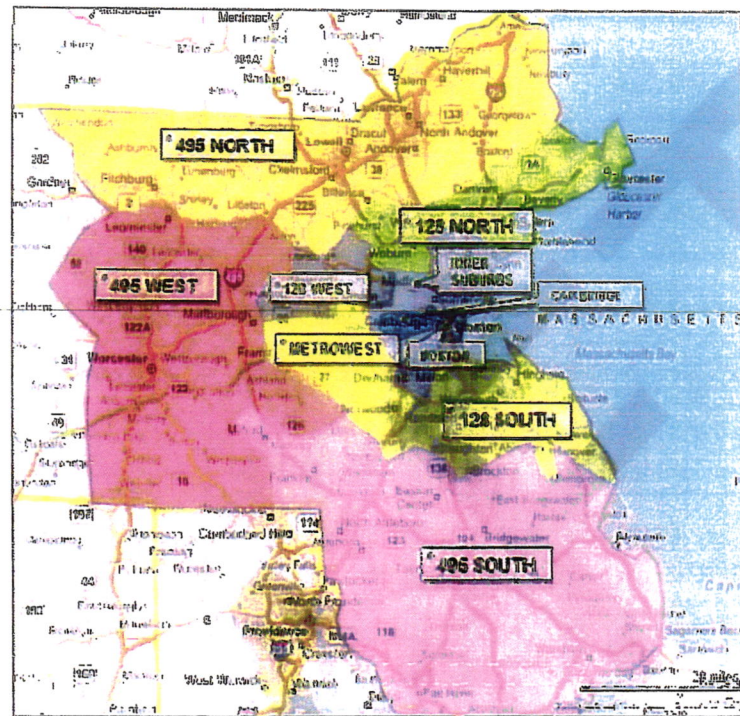
- With 23.1 million square feet and 272 buildings, the 128 West submarket is the largest among the Suburban submarkets. 53.6 percent of the office inventory in 128 West is considered Class-A space, yet only 30.1 percent of the buildings contain Class-A space.
- The Alewife/Fresh Pond Lab submarket, with 480,789 square feet in 12 buildings, is the smallest submarket. It is located within the Cambridge market.

The following is a graph detailing the Boston office market inventory by submarket:



The following map highlights the Boston office market as broken down by major submarket:

BOSTON OFFICE SUBMARKET MAP



Source: Microsoft Virtual Earth

SUPPLY ANALYSIS

Vacancies

Greater Boston witnessed a 30 basis point decrease in its vacancy rate through first quarter 2014 from the same time last year, falling to 14.7 percent. Both the CBD and Non-CBD markets saw improvements in the beginning of 2014 after a strong leasing total in 2013. Direct vacancy rates in Class-A space edged up 50 basis points to 9.9 percent in the CBD as several blocks of quality space returned to the market. Moreover, Class-B office space remained in-line with the previous quarter, staying at 8.2 percent vacancy in the CBD. Overall, CBD vacancies has been trending downward since 2010 and increased demand in this area should continue to tighten the market in this area. The Non-CBD office market has remained below 20.0 percent vacancy since the beginning of 2012 and should continue to strengthen through the 2014 calendar year. Vacancies in the Boston office market have improved at a steady rate over the last few quarters and are expected to follow this trend over the next few quarters as the downtown markets remain tight.

Further considerations are as follows:

- In first quarter 2014, the CBD recorded an overall vacancy rate of 10.0 percent, which was flat compared to the previous quarter. However, this rate marks a 30 basis point reduction from first quarter 2013. Four out of the six submarkets available for year-over-year analysis (Fenway/Longwood not available) located in the CBD reported declines in vacancy with the Midtown area recording the lowest vacancy rate at 2.9 percent. These rates have improved in line with the economy as Professional & Business Services and high-tech have seen improved employment growth numbers through the end of 2013 and into the beginning of 2014.

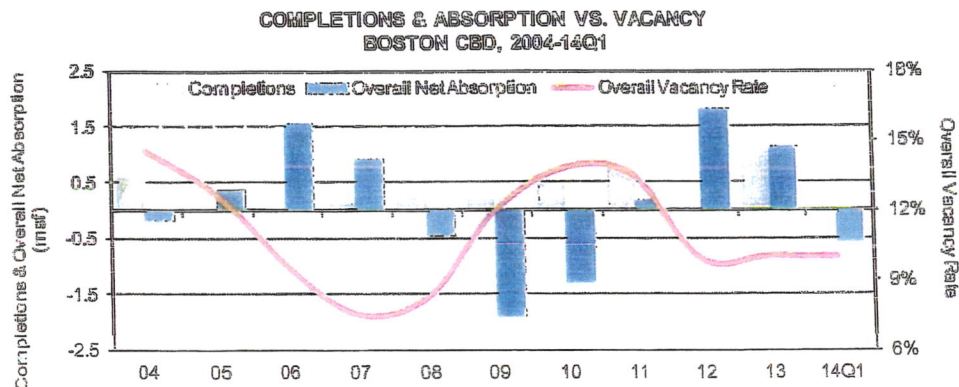
- The Cambridge market recorded the lowest overall vacancy rate in the Boston office market at 9.9 percent in first quarter 2014, slightly below the CBD rate. This rate worsened by 80 basis points from the previous quarter but improved 20 basis points since the same time last year. This market is very tight and boasts a high demand from high-tech and life science businesses that benefit from the high concentration of lab space and university resources at Harvard University and MIT. Vacancy rates in this area should remain relatively consistent over the next few quarters as construction completions are not expected until 2015 and 2016.
- While the Suburban market recorded the highest overall vacancy rate in the Boston office market, the long term health of this area seems bright. Suburban vacancy closed first quarter 2014 at 18.9 percent, a 30 basis point increase from the previous quarter and flat from first quarter 2013. The most sought after markets of 128 North and 128 West saw each of their vacancy rates drop as large blocks of quality space are limited. Given the constrained market, landlords have become cautious about offering concessions to prospective tenants.
- The 495 North submarket, with over 19.6 million square feet of office inventory, experienced the largest decrease in vacancy over the past twelve months. Since second quarter 2012, 495 North saw its vacancy fall to 23.1 percent from 26.3 percent (3.2 percentage points). Leasing activity in this submarket slowed in 2013 compared to previous years, but performed well compared to other areas in Greater Boston. Through first quarter 2014, leasing is behind last year's volume by 27.6 percent.

The following table is a compilation of the Boston office market statistics by submarket:

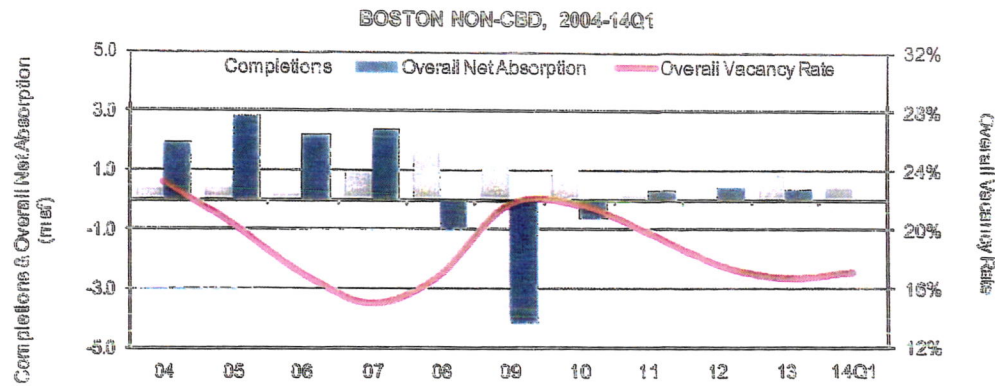
Boston MSA First Quarter 2014								
Market/Submarket	Inventory	Overall Vacancy Rate	Direct Vacancy Rate	YTD Completions	YTD Overall Absorption	Under Construction	Direct Wtd Avg Class A Rents	Overall Avg Asking Rents
CBD								
Financial District	34,858,174	12.5%	11.5%	0	(181,874)	0	\$80.24	\$46.75
Gov't Ctr/ North Station	3,801,881	4.4%	4.1%	0	(17,006)	0	\$83.55	\$25.57
Midtown	2,406,073	2.9%	2.9%	0	31,642	0	N/A	\$26.37
Back Bay	12,569,078	8.0%	6.5%	0	(245,977)	0	\$65.24	\$52.26
South Station/ Fort Pl. Channel	7,406,613	9.5%	8.5%	0	(82,066)	1,438,000	\$64.55	\$36.83
Pennsylvania/Longwood	2,952,729	3.8%	3.5%	0	(53,000)	238,000	N/A	\$30.00
Charlestown	1,982,781	8.4%	8.4%	0	(5,646)	0	N/A	\$30.25
CBD TOTAL	65,645,989	10.0%	9.1%	0	(860,720)	1,676,000	\$68.90	\$48.03
NON-CBD								
South End/ Medical Center	2,312,125	3.9%	3.9%	0	2,725	0	N/A	\$25.59
CAMBRIDGE								
Alexis/ Fresh Pond	1,853,835	11.7%	10.4%	0	4,023	0	\$57.82	\$34.11
Mass Ave./ Harvard Square	2,070,774	5.2%	4.3%	0	(9,025)	66,463	\$38.91	\$43.35
Kendall Sq./ E. Cambridge	6,706,326	8.0%	6.3%	0	(663)	57,000	\$52.43	\$60.60
Alexis/ Fresh Pond Lab	490,769	13.9%	13.3%	0	(44,074)	0	N/A	\$38.59
Mass. Ave./ Harvard Square Lab	3,043,534	20.0%	12.1%	0	(232,431)	230,000	\$58.76	\$55.84
Kendall Sq./ E. Cambridge Lab	4,601,236	8.6%	2.9%	250,000	304,802	386,540	\$59.53	\$56.17
CAMBRIDGE TOTAL	16,765,496	9.6%	6.8%	250,000	2,432	740,003	\$50.84	\$60.45
INNER SUBURBS								
Somerville/ Medford/ Malden	3,075,086	16.9%	13.0%	0	23,480	100,000	\$21.71	\$20.23
Allston/Brighton/Waterston	2,521,070	12.5%	11.1%	0	5,355	0	\$26.86	\$23.32
INNER SUBURBS TOTAL	5,596,156	14.6%	12.0%	0	28,835	100,000	\$23.17	\$21.48
SUBURBS								
128 North	22,120,549	12.7%	10.9%	120,000	86,036	275,000	\$31.44	\$24.69
128 West	23,198,190	14.7%	12.0%	0	(52,275)	590,000	\$31.03	\$27.55
128 South	12,442,595	22.9%	21.9%	0	(9,250)	0	\$21.36	\$19.74
MetrolWest	4,731,173	24.1%	18.4%	0	(21,129)	0	\$24.02	\$21.16
495 North	19,663,730	23.1%	20.6%	75,000	52,574	0	\$20.11	\$17.83
495 West	14,484,285	25.0%	22.2%	0	(78,509)	0	\$19.14	\$16.23
495 South	2,650,894	18.5%	17.7%	0	(20,706)	0	\$20.29	\$17.21
SUBURBS TOTAL	99,231,416	18.9%	16.7%	195,000	(43,250)	865,000	\$25.90	\$20.76
NON-CBD TOTALS	120,296,775	17.1%	14.8%	445,000	(9,266)	1,705,003	\$28.41	\$23.31
BOSTON TOTALS	181,942,764	14.7%	12.5%	445,000	(568,666)	3,381,003	\$37.21	\$28.48

Source: Cushman & Wakefield Research; compiled by C&W Valuation and Advisory

The following graphs highlight building completions and absorption with overall vacancy rate in the Boston CBD and Non-CBD:



Source: Cushman & Wakefield Research; compiled by C&W Valuation and Advisory



Source: Cushman & Wakefield Research; compiled by C&W Valuation and Advisory

Construction

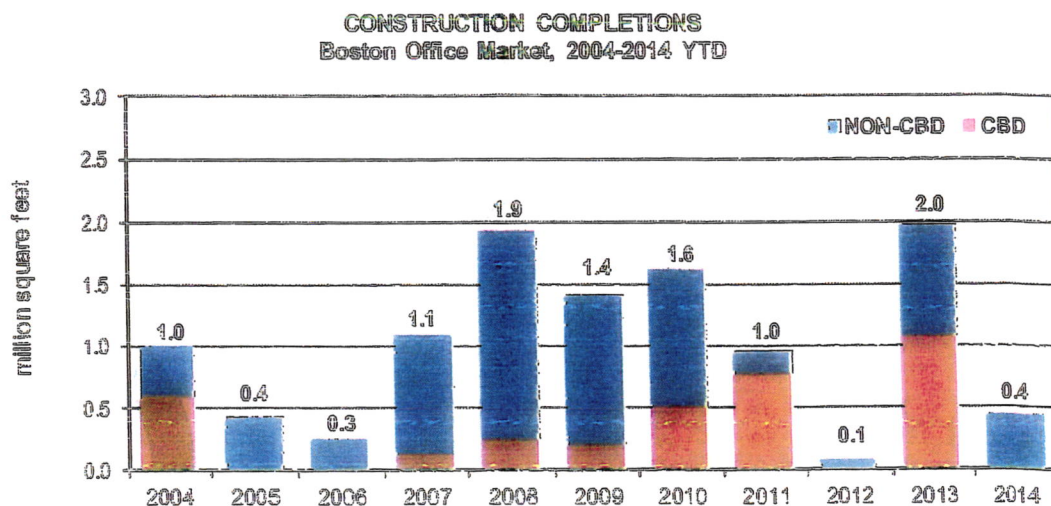
There is currently 3.4 million square feet of new office construction underway in the Boston office market with some large projects expected to come online by the end of 2014. A major contributing factor is the activity in the Seaport District that is currently undergoing 1.4 million square feet of office construction and several additional projects are expected to start soon. At the end of 2013, Vertex Pharmaceuticals completed 1.1 million square foot of build-to-suit space at Fan Pier in the Seaport submarket. One Channel Center in the Seaport, which will be occupied by State Street Bank, is expected to reach completion in the middle of 2014. Plenty of construction projects are underway in Cambridge in the Kendall Square Laboratory area as that submarket is a popular destination for pharmaceutical and life science firms.

Further considerations are as follows:

- ▣ Alexandria Real Estate Equities officially opened Biogen Idec's new corporate headquarters at Alexandria Center in Kendall Square. Roughly 1,200 employees have relocated from Biogen Idec's former Weston headquarters to the life science cluster ecosystem in Kendall Square, where the largest biotech company based in Massachusetts has leased 306,000 square feet of high-quality life science space. This building was officially delivered in late 2013, is the first of Alexandria's 1.4 million square foot world-class science park.
- ▣ Other facilities are currently under construction and coming to market over the next few years in Alexandria Center. The second project is 75/125 Binney Street, which is fully leased to Ariad Pharmaceuticals. This 386,540 square foot facility is expected to reach completion at the beginning of 2015. The science park will provide leading life science entities with a unique opportunity to drive productivity, accelerate innovation, and recruit and retain the brightest scientific minds.
- ▣ State Street Bank is in the process of developing a 485,000 square foot space at 1 Channel Center in the Seaport District. Slated for completion in mid 2014, State Street Bank will join PricewaterhouseCoopers and Goodwin Procter LLP in the Seaport District this year. Despite the large size of this new space, State Street's move to the Seaport will be a reduction in occupied space from its current location at the Hancock Tower and Copley Place.

- Skanska USA is investing \$265.0 million in a 455,000 square foot office building in the Seaport District that will be primarily occupied by PricewaterhouseCoopers. Construction of this building began in August and is expected to reach completion by late 2015. About 20,000 square feet of space on the ground floor will be designated for retail space. PwC signed a 15 year lease for 333,000 square feet of the building. The firm expects to move 2,500 employees to the new workplace and the lease will support additional expansion.
- Goodwin Procter will occupy 378,000 square feet of the 498,000 square foot building at Fan Pier in the Seaport. In addition to the 378,000 square feet that Goodwin Procter will occupy, there will be an additional 120,000 square feet of office space below the law firm available in the same building and 18,000 square feet of retail space. Goodwin Procter's move-in date has been pushed out by about three months. The firm was expecting to move in somewhere around March or April of 2016 and now is planning for a June or July move-in date that same year.
- In the Massachusetts Avenue/Harvard Square Laboratory submarket, Takeda/Millennium Pharmaceuticals is developing a 230,000 square foot build-to-suit Class-A office building at 300 Massachusetts Avenue, Cambridge. Scheduled for completion in early 2016, the estimated cost for this facility is \$56.9 million.
- In Burlington, 78 Blanchard Road reached completion in the first quarter of 2014 for 120,000 square feet of speculative office space. This building is located directly across the highway from the Burlington Mall and is outfitted with a fitness center and new energy efficient mechanical systems. This space is currently 100.0 percent vacant.

The following is a graph detailing construction completions within the Boston office market from 2004 to 2014 year-to-date:



Source: Cushman & Wakefield Research; compiled by C&W Valuation and Advisory

Leasing Review

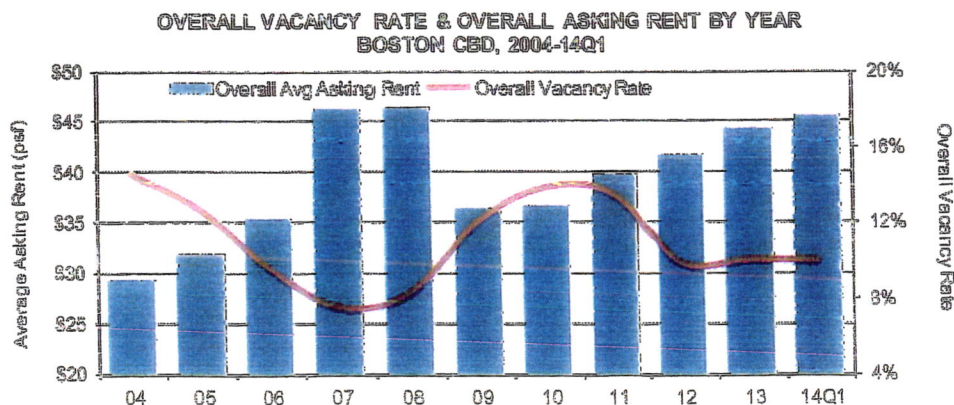
Overall asking rents in the Greater Boston office market showed a slight increase in the first quarter of 2014 due to tightening inventory levels and strong leasing volume in the second half of 2013, especially in the CBD market. Leasing activity in the suburban market is up compared to the first quarter of last year, but tight availability

especially in large spaces will drive rental rates upward. On a year-over-year basis, the overall asking rent within the Boston office market increased by 3.0 percent to \$28.48 per square foot in first quarter 2014. This was driven by the CBD and the suburban market that saw rental rates surge 4.0 and 5.2 percent, respectively. Over the corresponding time period, Class-A asking rents posted a 4.2 percent improvement to \$37.21 per square foot. This growth in rental rates is indicative the added demand for office space in the Greater Boston area, specifically in the Class-A market. Going forward, rent levels are expected to experience steady growth over the next year.

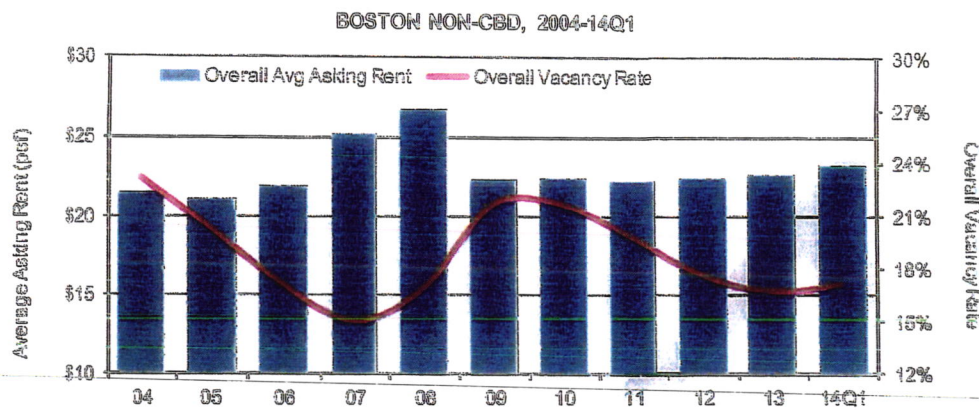
Closer examination of Boston's asking rents reveals the following:

- Even though the Greater Boston saw rent rates increase, some markets grew more than others. While the Cambridge market experienced a mere 0.7 percent increase in rents, the CBD market benefitted from strong demand and improved its overall rents by 4.0 percent. Four out of the six submarkets in the CBD experienced rental increases. The Financial District and Back Bay office markets, the two largest in terms of office inventory, saw year-over-year rental increases of 5.5 and 5.6 percent.
- The Cambridge market is the most expensive in the Boston area, due to its high proportion of expensive laboratory space and limited inventory. Overall asking rents in this market experienced a minimal decrease of 0.7 percent on a year-over-year basis, ending first quarter 2014 at \$50.46 overall per square foot. Over the past two years, several large firms have moved into or expanded their presence in this market including: Google, Microsoft, Monsanto, Biogen and Sanofi-Aventis (which bought Genzyme). Ariad Pharmaceuticals signed a large lease and moved into the Kendall Square area during the third quarter.
- The Suburban market saw its average rent rates increase 5.2 percent year-over-year. Class-A rental rates surged 8.4 percent in the suburban market, driven by the 128 West and 128 North submarkets continued to lead the suburbs at \$31.03 and \$31.44 per square foot, respectively. Demand for this space is expected to continue especially with some larger built-to-suit office spaces coming online within the next year.

The following charts illustrate asking rents as compared to overall vacancies within the Boston CBD and Non-CBD:



Source: Cushman & Wakefield Research; compiled by C&W Valuation and Advisory



Source: Cushman & Wakefield Research; compiled by C&W Valuation and Advisory

DEMAND ANALYSIS

Leasing Activity

First quarter leasing kicked off the year with strong activity in the Non-CBD markets. Cambridge posted 449,189 square feet of total leasing, a 7.2 percent increase year-over-year highlighted by the Aegerion Pharmaceuticals lease for 85,640 square feet in East Cambridge. The Suburban market closed the first quarter with nearly 1.5 million square feet of leasing, 1.0 million square feet of which was leased on the 128 West, 128 North, and 128 South corridor. There was a high demand for Class-A space across these suburban markets, especially for larger spaces. In office requirements over 50,000 square feet there were twenty three new leases signed totaling approximately 2.3 million square feet over the past fifteen months. Sixteen of these leases were Class-A product.

Many companies are opting for more open, consolidated office footprints in the downtown area that allow for improved collaboration to attract prospective employees to the urban center. First quarter 2014 leasing in the CBD was 25.0 percent lower than last year's mark despite robust demand from prospective tenants. Businesses located in the CBD area prefer its public transit accessibility and concentration of professional services resources. Online home retailer Wayfair.com accounted for 20.0 percent of the total leasing activity in the CBD, signing a 170,000 square foot lease in the Back Bay. This company, which signed for 105,000 square feet last year, will occupy 275,000 square feet in Copley Place beginning this year. The lingering, tough winter hindered Boston CBD's leasing numbers, which closed the quarter with its slowest quarter of leasing since 2005.

Further considerations are as follows:

- Wayfair.com completed the largest lease of the first quarter with 170,000 square feet at One Copley Place in the Back Bay. The company will occupy this additional beginning in the third quarter of 2014.
- Also in the CBD, Cambridge Innovation Center (CIC) signed a 12-year lease in March 2014 for 69,207 square feet. CIC will take up three floors at 50 Milk Street in the Financial district. Cushman & Wakefield represented the tenant in this lease agreement.
- Arrowstreet Capital signed a 90,000 square foot lease in the first quarter at 200 Clarendon Street (John Hancock Tower). This expansion will give Arrowstreet 60,117 additional square feet of space beginning April 2015.

- The 128 West submarket experienced a large amount of leasing activity in the first quarter of 2014, reaching 545,401 square feet. This is 113.7 percent higher than the submarkets first quarter volume from 2013. Forum Pharmaceuticals signed a 122,000 square foot lease at a Class-B building at 225 Second Avenue in Waltham. The pharmaceutical company will take the entire building space, which boasts 532 total parking spots. Wolters Kluwer signed a 113,000 square foot lease at 230 Third Avenue in Waltham during the first quarter. This Class-A building has a day care center, cafeteria, wellness center, hotel and restaurants on site.

The largest new leases signed during first quarter 2014 are presented in the following table:

Building Address	Submarket	Tenant	Sq. Ft.
One Copley Place	Back Bay	Wolters Kluwer	170,000
225 Second Avenue, Waltham	128 West	FORUM Pharmaceuticals	122,000
230 Third Avenue, Waltham	128 West	Wolters Kluwer	113,000
200 Clarendon Street (John Hancock Tower)	Back Bay	Arrow Street Capital	80,000
900 Technology Park Drive, Billerica	485 North	Insulet Corporation	89,782
One Main Street & 101 Main Street	Kendall Square/Cambridge	Aegerion Pharmaceuticals	68,840
60 Milk Street	Financial District	CIC (Cambridge Innovation Center)	66,200
200 Donald J. Lynch Boulevard, Marlborough	485 North	Sandisk	57,964

Source: Cushman & Wakefield Research; compiled by C&W Valuation and Advisory

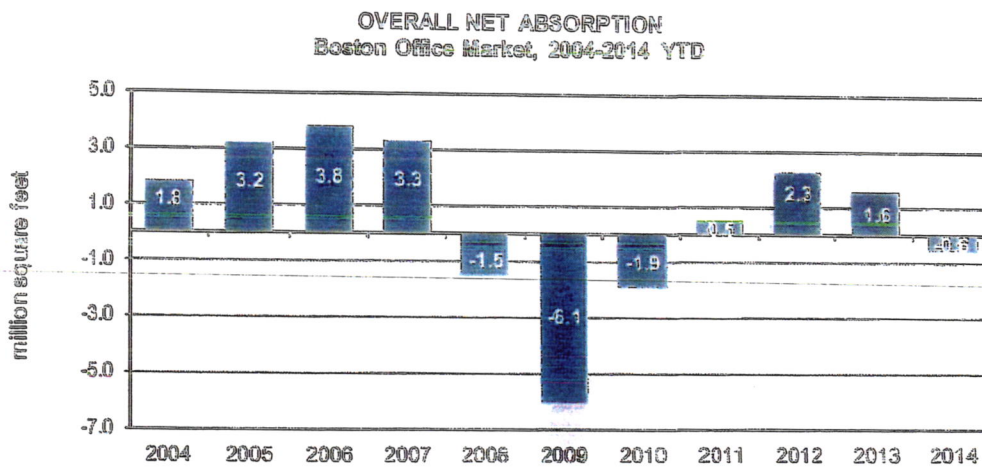
Historical Net Absorption

After finishing 2013 with healthy absorption numbers (mostly due to Vertex Pharmaceuticals in the Seaport), the first quarter of 2014 put 568,986 square feet of space back on the market. These poor absorption numbers were most prominent in the Financial District and the Seaport. MetLife vacated their space at 501 Boylston and returned 181,092 square feet to the market, which accounts for most of the negative absorption in Back Bay. In the Financial District, 100 Federal Street saw 51,644 square feet return to the market when Bank of America vacated a portion of their space, and One Financial Center witnesses 120,364 square feet of negative absorption. Tenants that contributed to that number were Columbia Management and Westfield Capital. Demand in the CBD remains high as vacancy rates and rental rates have both improved, which should help strengthen absorption numbers over the next few quarters. Outside of the CBD, absorption was essentially flat with negative 9,266 square feet.

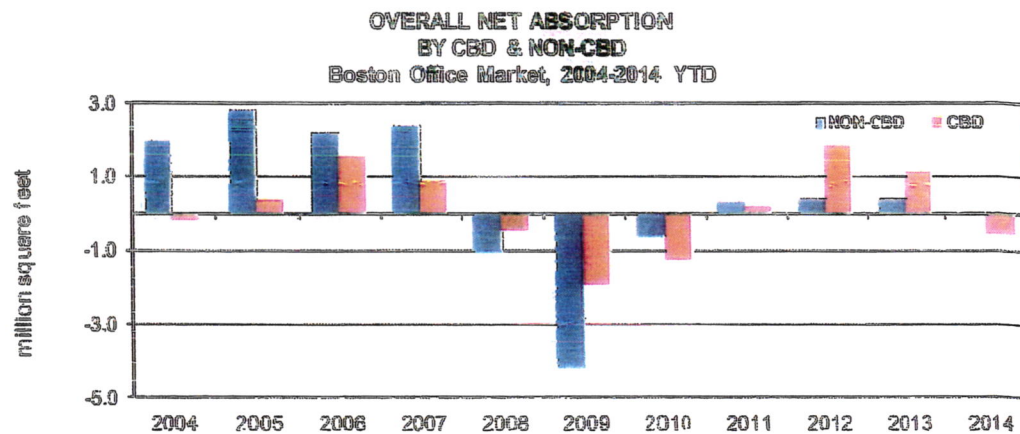
The following bullet points illustrate the current trends within Greater Boston's overall absorption:

- The Suburban market saw negative 43,259 square feet of absorption through the first quarter of 2014. This decrease was largely driven by 128 West and 495 West that experienced 130,784 square feet of negative absorption combined. Conversely, 128 North saw 86,038 square feet of positive absorption. This submarket in particular performed very well in the first quarter as rental rates cruised ahead of 128 West. Even with factors working against the absorption rate (78 Blanchard Road in Burlington reached completion and is vacant), the submarket still showed strength after a strong quarter of leasing.
- The Cambridge office market saw a 7.2 percent increase in leasing volume year-over-year and its absorption numbers, which influenced the slight positive absorption in the first quarter. More than 300,000 square feet was absorbed in the Kendall Square/East Cambridge Laboratory submarket. This helped offset the negative 250,000 square feet of negative absorption seen in the Massachusetts Avenue submarket. There are significant amount of new availabilities including the old Vertex Pharmaceuticals space at 88 Sidney Street for 145,000 square feet and Pfizer's 90,000 square foot space at 620 Memorial Drive.

The following charts detail Boston's overall net absorption and historical net absorption by CBD versus Non-CBD:



Source: Cushman & Wakefield Research; compiled by C&W Valuation and Advisory



Source: Cushman & Wakefield Research; compiled by C&W Valuation and Advisory

Demand Drivers

Greater Boston's core industries of Education, Healthcare, Technology and Life Science helped insulate the market from the negative effects of the past national recession. These employment sectors are stimulated by the presence of some of the finest learning institutions and universities in the world and their highly trained and qualified staff and faculty that go along with them. While the unemployment rate worsened in the middle of the year, Boston saw moderate improvement in office-using and laboratory-based industries through the end of 2013. As of February 2014, job growth stood at 1.4 percent year-over-year in Massachusetts. More than 3,400 jobs have been created in the Boston MSA since the beginning of 2014, driven largely by Professional & Business Services. Office-using employment is expected to add to its payroll at 0.9 percent for 2014 and 1.5 percent annually over the next five years. Boston continues to experience healthy demand from tenants across an increasingly diverse mix of employment segments. While Professional & Business Services comprise a significant

portion of that demand, the requirements of technology, biotechnology, and pharmaceutical tenants are on the rise.

Further considerations are as follows:

- Education & Health Services is the largest employment sector in the Boston MSA, accounting for 20.4 percent of total employment. Despite the recent recession, this sector experienced continual job gains in 2013 and is poised to be a major growth driver in 2014. Employment growth in this sector is expected to continue over the next five years, at an average annual rate of 1.5 percent.
- Growth in the Technology and Life Science sector is forecast to drive both employment and demand for office space in the region (especially in the Cambridge and CBD markets) in the near term. Boston has emerged as a hub for technology-based companies, a sector which is forecast to fuel the region's recovery over the next several years.
- Professional & Business Services is the second leading industry in terms of employment share in Greater Boston, at 17.3 percent. Despite falling 5.8 percent in 2009, this sector has recovered, showing positive growth every year since 2010. The Boston MSA is responsible for than half of the states jobs and 65.0 percent of the new jobs in 2014 are classified at Professional & Business Services. This sector is expected to see payroll growth of 2.5 percent annually through 2018.

Demand Forecast

Cushman & Wakefield's office market forecasts are derived using a regression model developed by our Research staff. The model is based on trends in historical occupancy and rental rate movements as well as factors such as employment growth, new construction and absorption tendencies. (Please note: fourth quarter 2013 statistics are the most current available data for this demand forecast.)

Mathematical assumptions underlying our approach are as follows:

- Occupancy is a function of employment. For the historical portion of this analysis we use total nonfarm employment as defined by the U.S. Bureau of Labor Statistics (BLS), and utilizing North American Industry Classification System (NAICS) coding. For the forecast portion we use Moody's Analytics figures.
- Vacancy is a function of demand, available space and new supply (including both under construction and proposed projects).
- Rent is a function of overall and direct vacancy, taking into account both inflationary and deflationary tendencies, as well as current, historical and anticipated trends.

This mathematical approach limits subjectivity and the forecasts are statistically estimated to have an approximate 90.0 percent accuracy level. Highlights of the demand analysis are as follows:

- Economic data suggests that office-occupying employment will grow over the next four years, peaking at 2.1 percent in 2015. This supports the notion of a growing economic marketplace in the Greater Boston area.
- Overall inventory is expected to remain relatively constant over the next four years. New construction projected to come on-line in the next four years amounts to approximately 4.4 percent of current total office inventory.

- Demand for space in the Boston office market will experience marginal growth in the near term. Absorption levels are predicted to experience improvement and return positive through the end of 2014 and the next few years. With significant demand improvement expected in subsequent quarters, the market is projected to become under-supplied in 2015.
- Overall vacancy is expected to decline over the next two years, dropping from 14.6 percent to 13.3 percent by the end of 2016. This predicted decline in vacancy will be a result of the significant absorption, additional employees, and stronger demand for office space.
- Looking at the Boston office market as a whole, vacancy and absorption will improve over the next four years. Total occupied space is forecast to increase by 3.6 percent from 2014 to the close of 2018, highlighting the anticipated improvement in the job market.

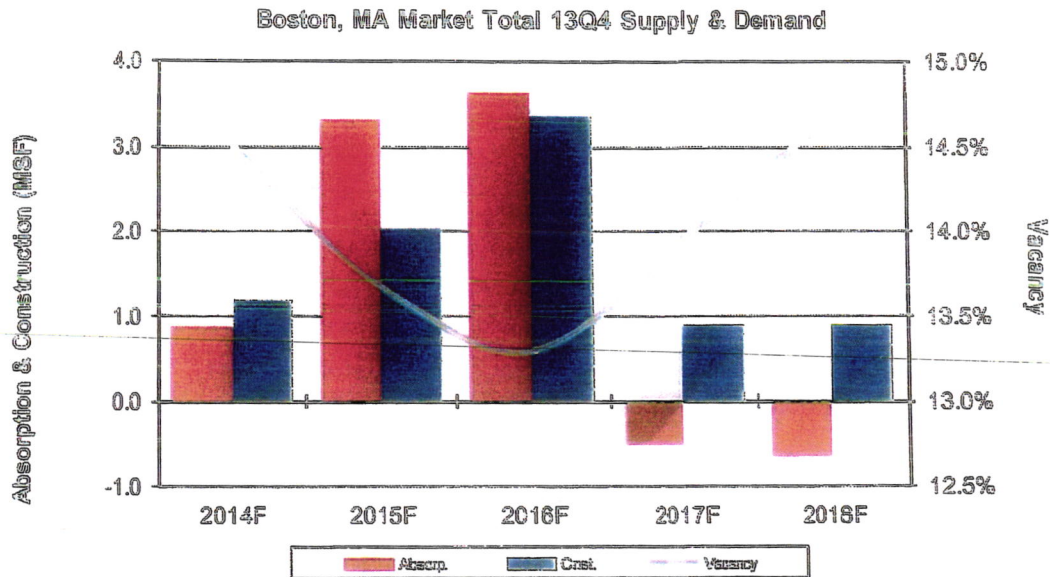
The below table and subsequent graph outline the demand analysis for the Boston office market:

Office Market Demand Analysis Boston 13Q4					
Item	2014F	2015F	2016F	2017F	2018F
EMPLOYMENT					
Total Employment	2,545,890	2,599,780	2,646,840	2,664,890	2,667,190
Total Employment Growth Rate	1.7%	2.1%	1.8%	0.7%	0.1%
Net New Jobs	42,660	53,890	46,660	18,250	2,300
SUPPLY					
Year-end Inventory	190,060,277	192,086,717	195,475,717	196,379,717	197,263,717
New Construction CBD	485,000	685,000	1,482,000	246,000	246,000
New Construction Non-CBD	700,000	1,353,440	1,885,000	658,000	658,000
New Construction Total Market	1,185,000	2,038,440	3,377,000	904,000	904,000
CBD					
Occupied Space (Sq. Ft.)	58,182,685	59,269,831	60,224,871	60,529,950	60,472,560
Vacant/Available (Sq. Ft.)	6,316,914	5,914,748	6,441,708	6,382,629	6,886,019
Overall Vacancy Rate	9.8%	9.1%	9.7%	9.5%	10.0%
Forecast Net Absorption (Sq. Ft.)	569,544	1,067,187	955,036	305,079	(57,390)
SF Over (Under) Supply	(37,124)	(506,772)	(125,807)	(209,121)	70,035
Non-CBD					
Occupied Space (Sq. Ft.)	104,318,955	106,553,485	109,247,661	108,448,980	107,867,961
Vacant/Available (Sq. Ft.)	21,241,743	20,360,653	19,561,477	21,018,158	22,257,177
Overall Vacancy Rate	16.9%	18.0%	15.2%	16.2%	17.1%
Forecast Net Absorption (Sq. Ft.)	309,994	2,234,530	2,694,176	(798,681)	(581,018)
SF Over (Under) Supply	287,152	(819,811)	(1,935,241)	(588,371)	540,834
TOTAL MARKET					
Occupied Space (Sq. Ft.)	162,501,620	165,823,316	169,472,532	168,978,930	168,340,521
Vacant/Available (Sq. Ft.)	27,558,657	26,275,401	26,003,185	27,400,787	28,943,196
Overall Vacancy Rate	14.5%	13.7%	13.3%	14.0%	14.7%
Forecast Net Absorption (Sq. Ft.)	879,537	3,321,696	3,649,216	(493,602)	(638,409)
SF Over (Under) Supply	250,028	(1,326,563)	(2,061,048)	(797,492)	610,870

Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Research

Note: Over (Under) Supply is based on historical stabilized occupancy trends within the market.

Absorption is based on a proprietary regression model using historical occupancy, rental rate movements, employment growth, new construction and absorption tendencies.



SUBJECT SUBMARKET

The subject property, if redeveloped as an office use, is presumed to be a Class A mixed-use property with a significant portion of its net rentable area dedicated to office. The Financial District is the largest of Boston's CBD office markets and contains approximately 35.1 million square feet across all classes in 169 buildings. The overall vacancy at the end of 2013 was 12.5 percent while direct vacancy was 11.6 percent. The overall weighted average rent for the submarket was \$45.75 per square foot. In terms of Class A metrics, the current direct vacancy rate was 12.6 percent combined with a weighted average rental rate of \$49.74 per square foot. The table and chart present historic Class A trends for the Financial District

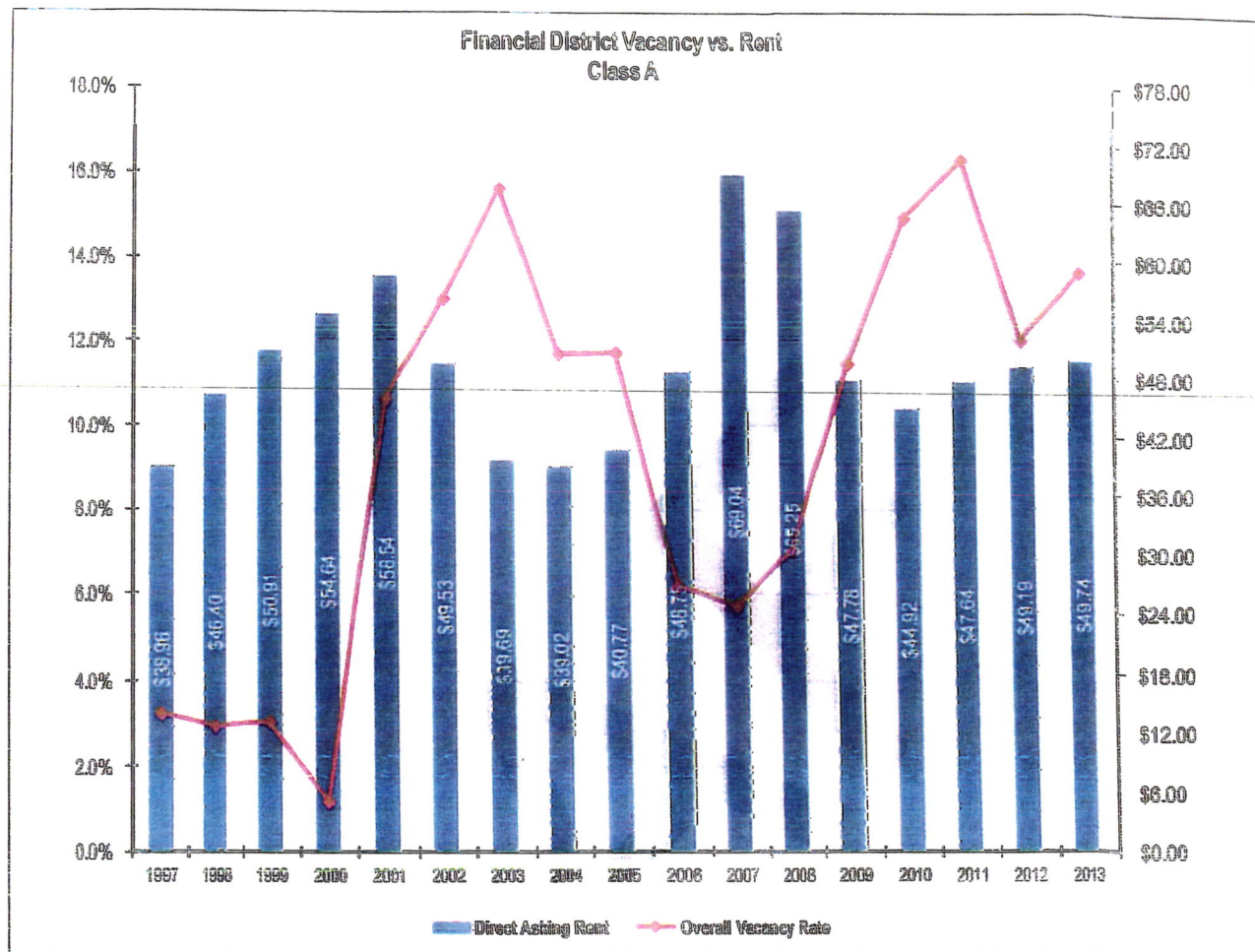
Greater Boston Office Statistics Financial District - Class A

Year	Total Inventory ¹	# of Bldgs.	Overall Vacancy Rate	Direct Vacancy Rate	YTD Leasing Activity	YTD Overall Absorption	Direct Wtd. Avg. Rental Rate ²
1997	21,219,614		3.2%	2.3%	1,336,124	833,574	\$38.96
1998	21,219,614		3.0%	2.0%	1,199,232	51,983	\$46.40
1999	21,219,614		3.1%	2.4%	791,613	(130,775)	\$50.91
2000	21,528,250		1.2%	1.1%	2,828,836	585,676	\$54.64
2001	21,528,250		10.6%	5.2%	818,859	(748,180)	\$58.54
2002	21,491,276	40	13.0%	8.5%	1,689,714	(754,446)	\$49.53
2003	21,603,001	39	15.6%	11.8%	1,924,982	(702,302)	\$39.69
2004	22,563,637	38	11.7%	8.8%	1,893,274	806,400	\$39.02
2005	22,857,394	39	11.7%	8.9%	2,071,799	(232,839)	\$40.77
2006	22,841,394	39	6.2%	5.6%	2,189,567	1,124,527	\$48.75
2007	22,841,394	39	5.7%	4.7%	1,667,803	33,435	\$69.04
2008	23,104,150	40	7.0%	6.0%	1,819,557	(276,268)	\$65.25
2009	23,149,550	39	11.4%	9.1%	628,071	(825,499)	\$47.78
2010	23,149,550	39	14.9%	13.4%	1,175,489	(933,187)	\$44.92
2011	23,909,550	40	16.3%	15.2%	1,293,324	102,061	\$47.64
2012	24,153,192	40	12.0%	11.8%	2,099,439	862,748	\$49.19
2013	25,145,356	41	13.6%	12.6%	1,456,233	(28,477)	\$49.74

Notes:

¹ Changes in inventory reflect additions/deletions to database as well as new construction. Owner-occupied buildings are excluded from inventory.

² Weighted average rental rate on direct space.



CONCLUSION

Strong leasing across many employment sectors was the story of the first quarter. The Suburban market saw a 68.3 percent jump in leasing volume and rental rates soared in select markets compared to first quarter 2013, an indication that demand is growing. While first quarter CBD leasing numbers were the lowest total since 2005, new office projects in a majority of the CBD submarkets coupled with a healthy office-using employment forecast for the metro area should keep prospects bright. Job growth in Professional & Business Services and Education & Health Services will help absorb space over the next few quarters. Cambridge is poised for another solid year as it continues to be at the top of the nation in obtaining capital funding for research and development. Further, development within Technology firms relocating from outside the market will continue to drive office space occupancy upward in the CBD. The CBD has seen both rental and vacancy rates improve in 2014 as businesses are seeking the "live, work, play" amenities that the downtown market provides.

Further considerations are as follows:

- Due to the lack of large, available, premium office product in the Greater Boston market, built-to-suit development continues to be strong. In recent quarters, TripAdvisor, Keurig, Novartis, PricewaterhouseCoopers, and most recently Goodwin Procter LLP, which recently broke ground and is slated for completion in the middle of 2016.

- Overall vacancy in the Greater Boston office market remained steady in the first quarter, dropping 30 basis points year-over-year. Though lower than previously forecasted, continued job growth will aid in reducing vacancies throughout the near term. Vacancy in the CBD has continued to decline since 2011 as the area has transformed itself into a leading life sciences and business services hub for the nation. The Greater Boston market should experience improved vacancy rates through 2014.
- The Boston Suburban market is expected to see demand from tenants in biotechnology and Professional & Business Services industries. The highly sought after 128 North and 128 West submarkets, where large blocks of quality space is limited, will continue to see market fundamentals tighten over the next few quarters.
- There are substantial construction projects already underway or expected to commence in Greater Boston. Currently 3.4 million square feet of new office construction is in progress and is expected to come online over the next two years.
- Overall, the Greater Boston office market is expected to experience improvement in rental rates and occupancy levels in 2014. CBD fundamentals should improve at a slow, steady pace. In the Financial District, the largest of the seven submarkets in the CBD, will continue to see steady demand from tenants seeking more diverse public transportation options and a lower cost alternative to the Class-A rates in Cambridge, the Back Bay, and the surging Seaport District.

Parking Garage Market Analysis

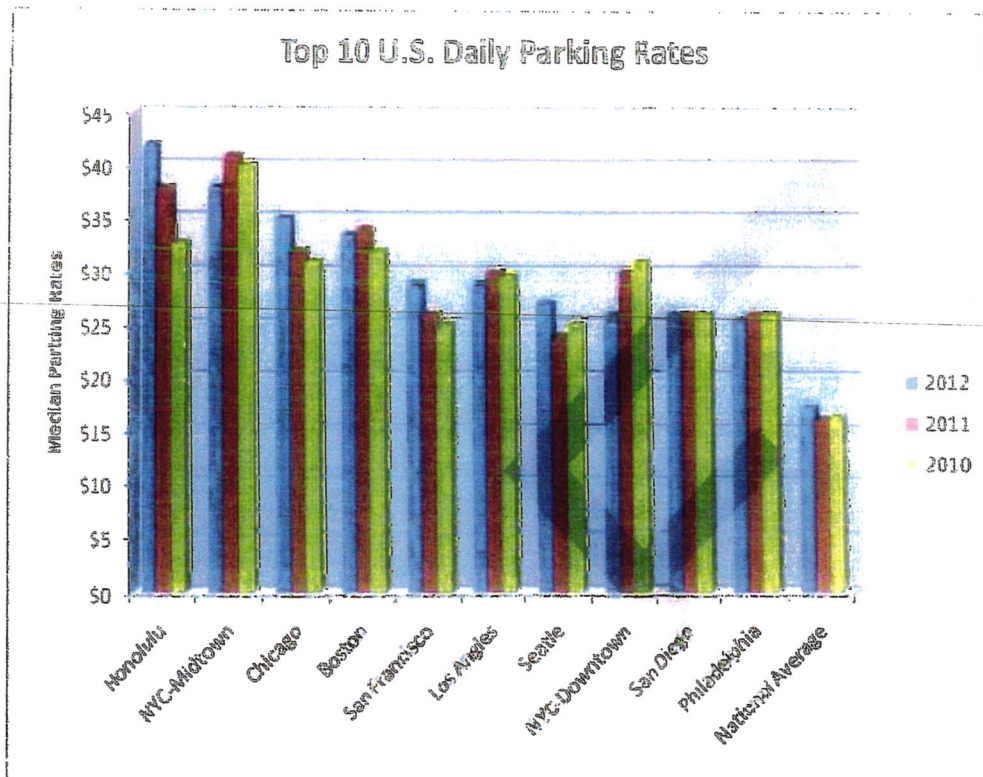
The following garage market analysis is based upon all available information, inclusive of published reports and the appraiser's market observations.

NATIONAL CBD PARKING RATES AND TRENDS

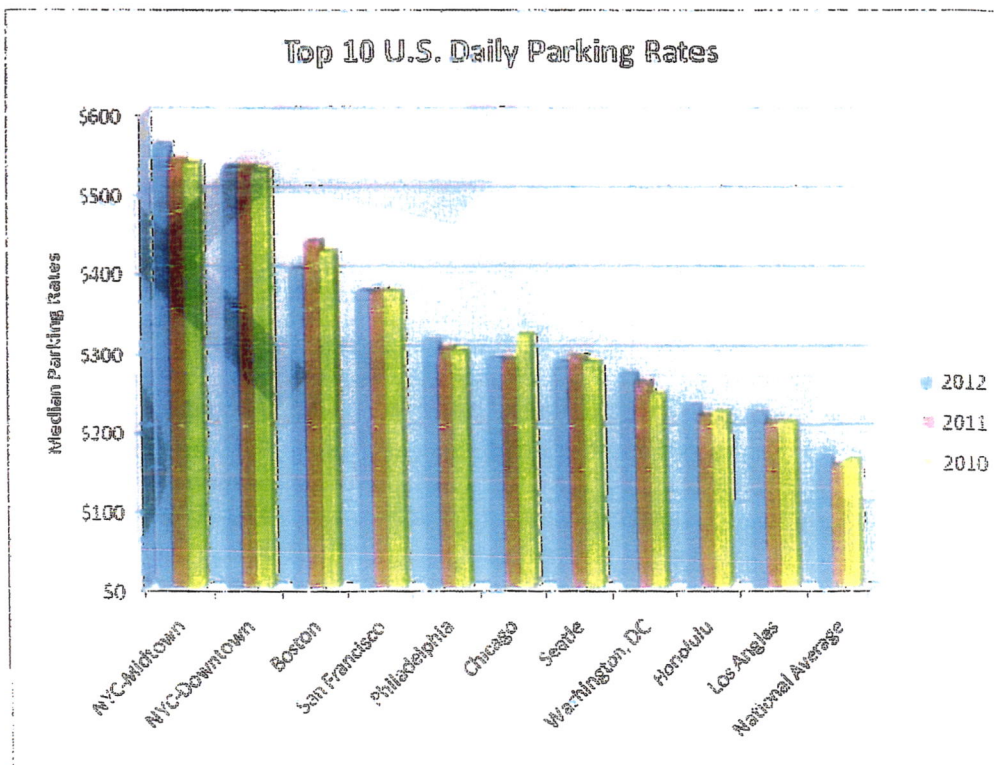
The analysis of national parking rates and trends is based upon review of the *2012 CBD Parking Rate Survey* published by Colliers International. This survey is inclusive of the top 56 CBD markets in North America (US: 44; Canada: 12). On a national basis, Collier's notes the following:

- Monthly unreserved parking rates increased year-over-year by \$5.47 or 3.4 percent.
- The average monthly U.S. median unreserved parking rate is \$166.26 USD.
- Daily rates increased by 2.9 percent to an average of \$17.19, up from \$16.71.
- The five most expensive median unreserved parking rates in the U.S. are Midtown Manhattan (\$562), Downtown Manhattan (\$533), Boston (\$405), San Francisco (\$375) and Philadelphia (\$313).
- The five least expensive are Las Vegas (\$65), Columbia, SC (\$65), West Palm Beach (\$56), Phoenix (\$55) and Bakersfield (\$55).
- One-third of all U.S. markets have waiting lists for new parking customers. The average wait time is 9.3 months.
- Only 13 percent of markets characterize weekday parking availability as "abundant", with parking garages consistently less than 60% full. The majority of markets (55 percent) characterize parking availability as fair, with parking garages 60-80% full on weekdays and on weekends during special events.
- Just six of the U.S. markets surveyed expect new parking to be constructed in the next two years.

The charts on the following page present the top 10 monthly and daily parking rates in the United States for 2012.

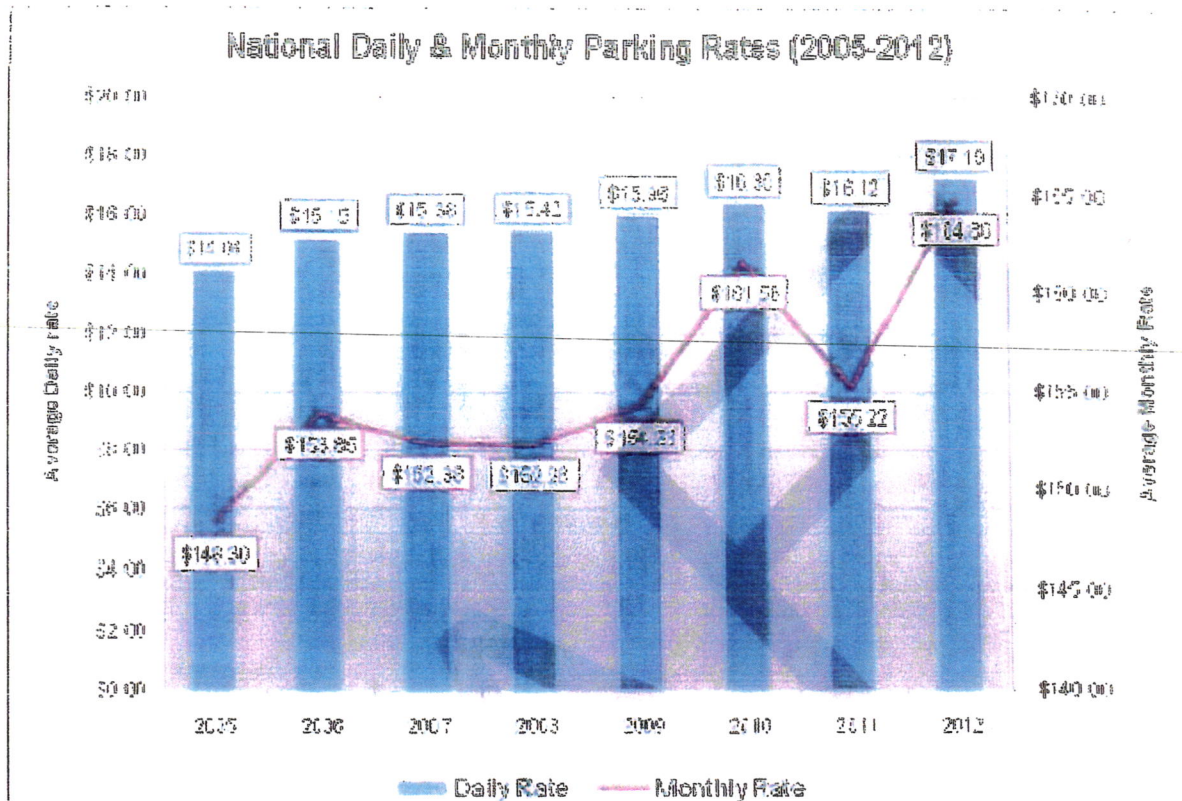


Source: Colliers International



Source: Colliers International

The chart below illustrates the trends in average national daily and monthly parking rates.



Source: CoStar International

BOSTON CBD PARKING RATES AND TRENDS

The most recent report that is specific to parking in the City of Boston is based upon a December 2001 report. This report is identified as "Access Boston 2000-2010, Parking in Boston". The 73-page study was commissioned by the City of Boston and released in its First Edition in December 2001. The report is intended to provide a direction for planning and growth with regard to Boston parking for the foreseeable future.

INVENTORY & AVAILABILITY

The study includes an estimate of parking inventory & availability for the City of Boston, which is summarized below from Table 3 of that report. The total 1997/1998 inventory of 118,900 spaces in the City (excluding Logan Airport) is most heavily concentrated in Downtown, where 40,500 spaces or 34 percent of the total can be found. Not surprisingly, the Downtown area is by far the most dense in terms of parking per square mile, as would be expected relative to office development in the Financial District. Nonetheless, with the highest concentration of employees per square mile at 160,000+/- persons, the Downtown area offers among the lowest per capita inventory, at only 0.16 spaces per employee. Note that the total inventory excludes resident only parking associated with some areas of the city. Also, it is important to note that the City has never updated this report. At the time of the report, the City had approved an additional 14,000 spaces citywide combined with another 12,000 that were proposed. Assuming that the bulk of these spaces were constructed, the total inventory would be increased by approximately 26,000 spaces. While this appears to be a significant increase, it must be noted that total office inventory in Boston has increased by 6.3 million square feet over the same time period.

BOSTON PARKING INVENTORY AND AVAILABILITY

SUBMARKET	PARKING SPACES (1)	SQUARE MILES	EMPLOYEES/ SQ. MI.	SPACES/ SQ. MI.	SPACES/ EMPLOYEE
Downtown	40,500	1.4	159,700	29,100	0.16
Back Bay	11,000	0.6	103,400	19,700	0.17
LMA/Fenway/Kenmore	20,200	1.5	34,900	13,100	0.32
South End	7,600	0.7	22,100	10,300	0.44
Allston	6,600	0.6	14,600	8,100	0.56
South Boston	17,700	2.8	9,900	6,500	0.42
Lower Roxbury/Dudley Sq.	5,500	1.0	8,700	5,300	0.47
Charlestown	5,600	1.3	6,300	4,600	0.48
East Boston	3,800	1.0	3,600	3,800	0.58
SUBTOTAL	118,900	11.1	363,600	10,700	0.25
Logan Airport	14,800	2.9	5,300	5,100	0.30
TOTAL	133,700	14.0	31,700	9,500	0.28

(1) excludes parking restricted or hotel guests

Source: Table 3, Access Boston, Parking in Boston, December 2001

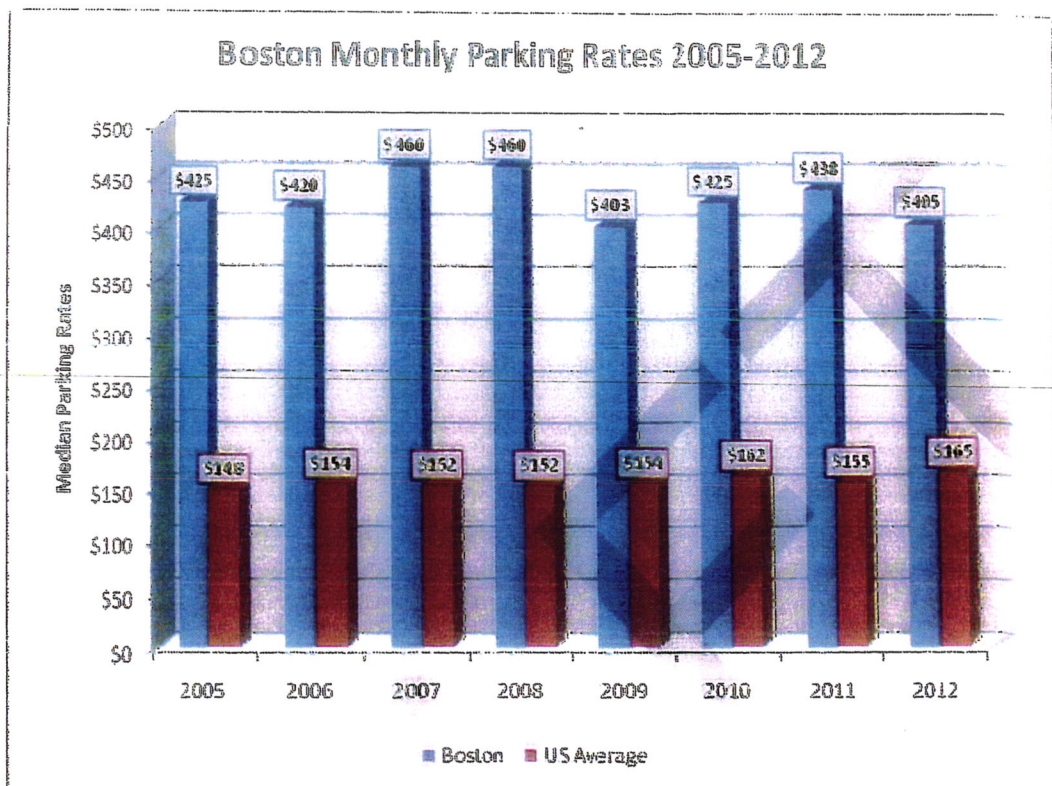
1975 BOSTON PARKING FREEZE

In 1975, the Environmental Protection Agency (EPA) established a moratorium on the construction of new public parking spaces in Downtown Boston. The moratorium limited off-street commercial public parking to the 1973 level of approximately 35,500 spaces. Over the past two decades, new additions to parking inventory have been associated with new residential, hotel and office developments for the exclusive use of tenants in the particular development, which are considered exempt.

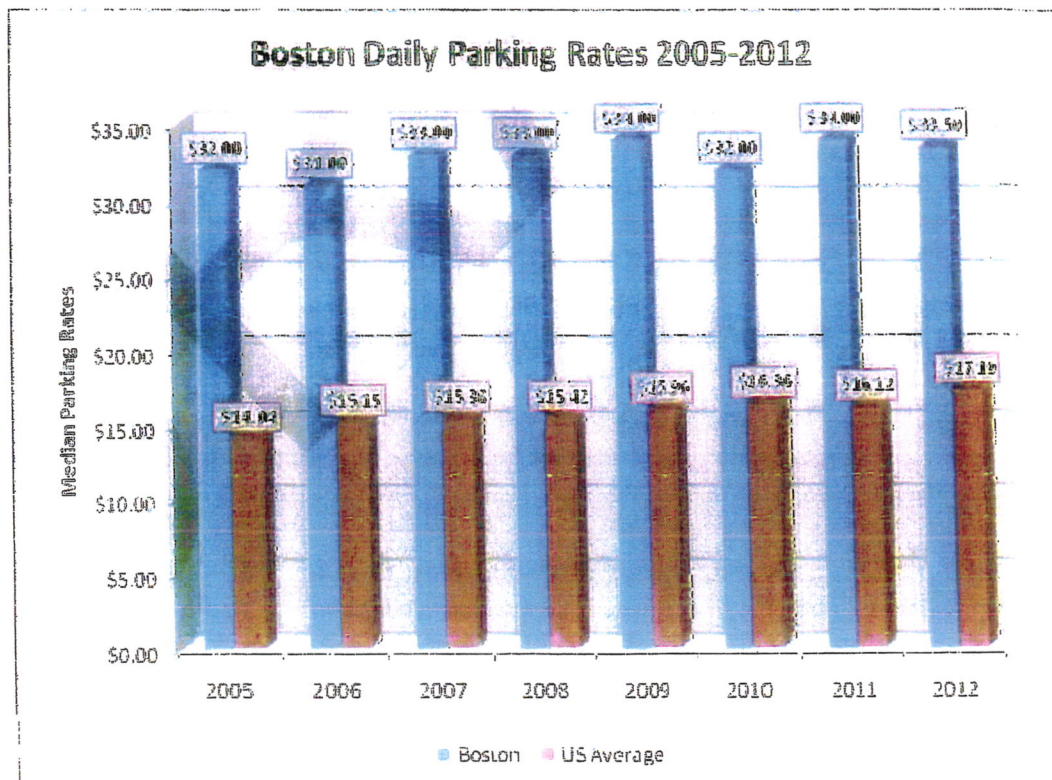
The study indicates that the inventory of public spaces has increased only 9.0 percent, but that the number of exempt spaces has increased by 26 percent. The moratorium is monitored by the Air Pollution Commission in conjunction with other City of Boston agencies. Any new garage development component must be approved by, and a permit must be issued by the commission.

HISTORIC BOSTON RATES

According to the Colliers International parking survey, Boston ranks third, behind only midtown Manhattan and Honolulu in terms of monthly parking rates. The survey reports a monthly parking range from a low of \$375 and a high \$600 per space per month. Daily parking rates ranged from a low of \$24.00 to a high of \$39.00 per space per day. The charts on the following page present historic monthly and daily parking rates for Boston along with the national median for reference.



Source: Colliers International



Source: Colliers International

COMPETITIVE PARKING PROJECTS

Both the Financial District and Back Bay are typically associated with the city's highest parking charges. These areas charge daily parking in the range of \$25 to \$40 per day and monthly rates of \$350 to \$450 per month. Our competitive set includes only public parking garages not affiliated with a specific building. In the Financial District, several office buildings have significant related garage parking below their building. These include International Place, One Lincoln, 125 High Street, 60 State Street, 200 State Street, Exchange Place, 75/101 Federal Street, 99 High Street, 225 Franklin Street, One Federal Street, 33 Arch Street and One Post Office Square. While these garages also offer transient and monthly parking to those outside of their respective buildings, we have focused only on those garages without a built-in demand generator.

The table below presents several public parking garages that are deemed most competitive with the subject, assuming its full renovation. This table is followed by a map on the following page that shows the competitive parking projects in relation to the subject.

COMPETITIVE PARKING GARAGES					
MAP	LOCATION	OPERATOR	# SPACES	DAILY MAX	MONTHLY
	SUBJECT	N/A	1,125	N/A	N/A
1	Government Center Garage	Standard Parking	1,850	\$35.00	\$350
2	Haymarket Garage	MTA	325	\$33.00	\$340
3	Dock Square Garage	Dock Square Parking	696	\$35.00	\$410
4	Post Office Square	AmeriPark	1,460	\$34.00	\$445
5	North End Garage	Central Parking	690	\$25.00	\$260
6	North Station Garage	MBTA	1,275	\$19.00/\$54.00	\$260 ¹
7	Pi Alley Garage	Icon	300	\$38.00	\$475
8	Boston Common Garage	Central Parking	1,318	\$28.00	\$360
9	Boston Harbor Garage	InterPark	1,380	\$35.00	\$400

¹ 24-hour access is not available. Due to Boston Garden events, monthly parkers only have access from 5:00 a.m. to 6:00 p.m.

COMPETITIVE PARKING MAP



CONCLUSION

According to Collier's "Reflecting slow growth trends in the greater economy, the cost of downtown daily parking rates increased by an average of 1.6 percent year-over-year in 2012. Fees remained flat or grew slightly in most North American cities. Only nine cities in the U.S. and Canada saw a drop in daily rates. This positive trend reflects the overall economic narrative of recent years. In 2010, daily parking rates dropped by 1.4 percent. Rates stabilized in 2011, showing a small increase of 0.8 percent. This price increase in 2012 shows garage owners and operators beginning to test the waters with modest rate increases as demand slowly rises.

The cost for monthly unreserved parking grew by 2.5 percent. Only 10 cities saw decreases in monthly unreserved rates, including Toronto, Boston and Vancouver. Hourly parking rates grew as well, increasing by an average 3.7 percent. Fifteen North American markets saw increases, including Chicago, Washington DC and San Francisco.

North American office markets have seen modest positive absorption each quarter since Q2 2010. With more office space leasing, we generally expect monthly parking to see a higher demand, which results in higher prices. Meanwhile, consumer gasoline costs have seen peaks and valleys in the past year, with lower prices early in the year now making way for recent price jumps. With gasoline futures climbing, we expect consumers to see even further cost hikes at the pump. This could prompt more urban commuters to carpool or take public transportation, decreasing demand for paid parking and dropping rates. However, continued positive demand for office space will help to counteract the effects of gasoline prices."

In terms of the local market, Boston has historically ranked third nationally in terms of parking rates, behind only midtown and downtown Manhattan. A driving force on the high parking charges is the aforementioned 1975 parking moratorium that prohibits additions to the public parking inventory—outside of what is required to support a particular project. Assuming the subject were a good quality, functioning parking garage, the majority of the subject's demand is presumed to come from daily parkers, both those working in Boston as well as those visiting (tourism).

Property Analysis

SITE DESCRIPTION

Location:	115 Federal Street Boston, Suffolk County, Massachusetts 02110 The subject property is located between Devonshire Street and Federal Street, south of Franklin Street and north of Summer Street in Boston's Financial District.										
Shape:	Irregularly shaped										
Topography:	Level at street grade										
Land Area:	1.10 acres / 47,738 square feet										
Frontage:	The subject property has good frontage.										
Access:	The subject property has good access.										
Visibility:	The subject property has good visibility.										
Soil Conditions:	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.										
Utilities:	Utility providers for the subject property are as follows: <table><tr><td>Water</td><td>City of Boston</td></tr><tr><td>Sewer</td><td>City of Boston</td></tr><tr><td>Electricity</td><td>National Grid</td></tr><tr><td>Gas</td><td>National Grid</td></tr><tr><td>Telephone</td><td>Verizon</td></tr></table>	Water	City of Boston	Sewer	City of Boston	Electricity	National Grid	Gas	National Grid	Telephone	Verizon
Water	City of Boston										
Sewer	City of Boston										
Electricity	National Grid										
Gas	National Grid										
Telephone	Verizon										
Site Improvements:	The site is currently improved with a 5-level, 750-space parking garage that has been shuttered due to structural issues.										
Land Use Restrictions:	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.										
Flood Zone Description:	The subject property is located in flood zone X (Areas determined to be outside the 500 year flood plain) as indicated by FEMA Map 2502860081G, dated September 25, 2009.										
Wetlands:	We were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.										

Hazardous Substances: We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.

Overall Site Utility: The subject site is functional for its proposed use. That said, the site will present several challenges to a developer including access and the lack of staging areas for construction.

Location Rating: Good

Comment: We have valued the subject under two different scenarios. The first assumes that the existing improvements will be razed and that the site will be redeveloped with a 477,380 square foot office building based on the as-of-right zoning of a 10.0 FAR. Scenario 2 assumes that the improvements are removed and are replaced with a 1,125-space parking garage.

TAX MAP

Planned

Devonshire St

Windrop Square

1 3 4 5

276

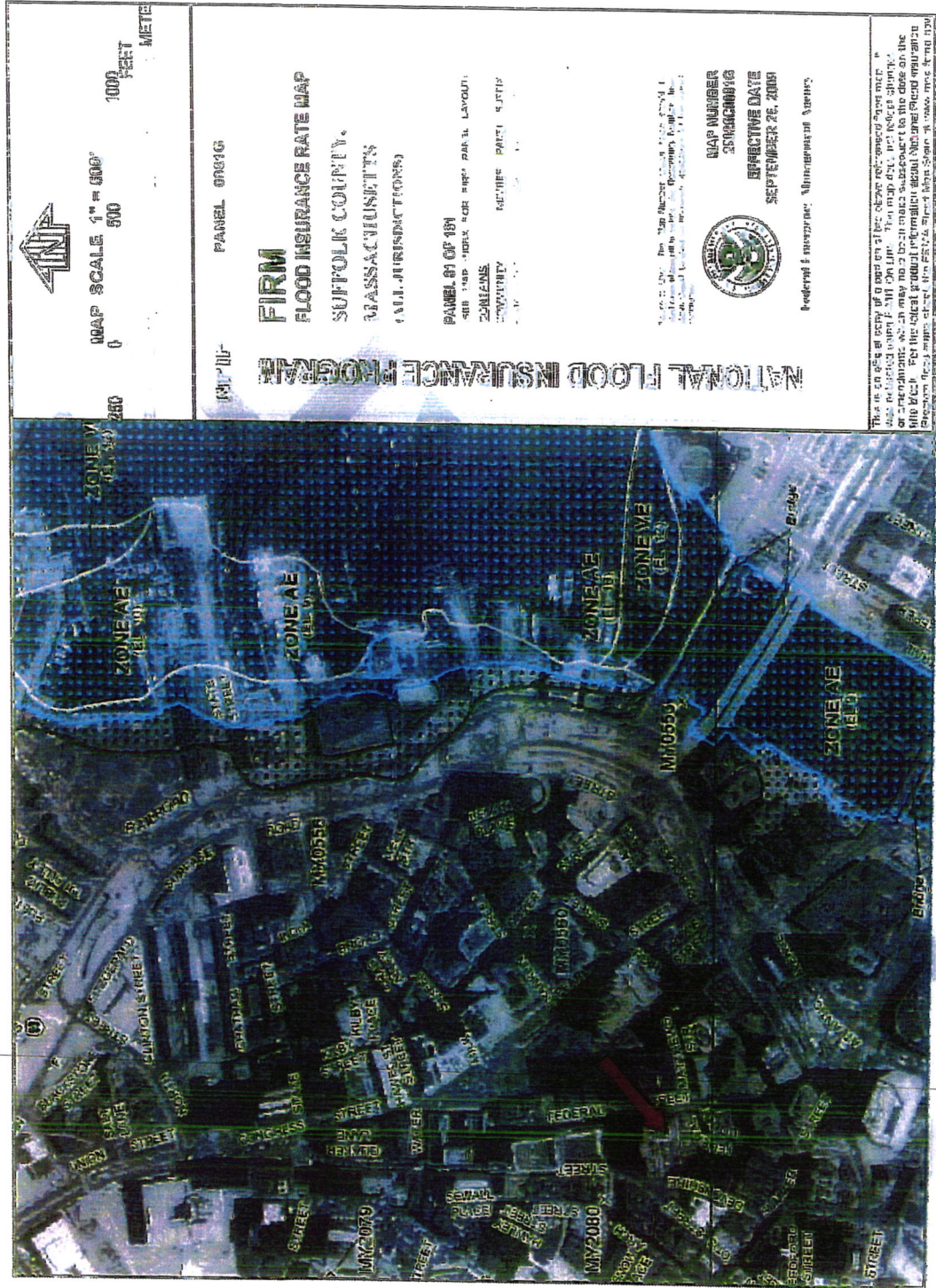
291 289 287
Devonshire St

115

150

133

FLOOD MAP



FIRM
FLOOD INSURANCE RATE MAP
SUFFOLK COUNTY,
MASSACHUSETTS
(ALL JURISDICTIONS)

PANEL 81 OF 181
SHEETS FOR MAP LAYOUT
ZONING
COUNTY
SHEET 81 OF 181

MAP NUMBER
350000010
EFFECTIVE DATE
SEPTEMBER 26, 2009



Federal Emergency Management Agency

This is an official copy of a map of a flood insurance rate map. It is not to be used for any other purpose. The map is subject to change without notice. The map is not to be used for any other purpose. The map is subject to change without notice. The map is not to be used for any other purpose. The map is subject to change without notice.

REAL PROPERTY TAXES AND ASSESSMENTS

CURRENT PROPERTY TAXES

The subject property is located in the taxing jurisdiction of The City of Boston, and the assessor's parcel identification number is 0304225000. Because the subject site is owned by the City, it is exempt from all property taxes. The assessment for the property is presented below:

PROPERTY ASSESSMENT INFORMATION	
Assessor's Parcel Number:	0304225000
Assessing Authority:	The City of Boston
Current Tax Year:	FY2014
Assessment Ratio (% of market Value):	100%

ASSESSMENT INFORMATION	
Assessed Value	Totals
Land:	\$4,135,000
Improvements:	<u>25,305,000</u>
Total:	\$29,440,000

TAX LIABILITY	
Total Tax Rate (Per \$1,000 Assessed Value)	\$31.18
Property Taxes	EXEMPT

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Taxes in the City of Boston are assessed on a fiscal year basis, running from July 1st to June 30th. Tax payments are made on a quarterly basis in August, November, February, and May. The property's assessment is based on its estimated market value as of January 1 preceding the current fiscal year (i.e., January 1, 2013 for FY 2014).

Under state law, the total tax burden for the City can increase by a maximum of 2.5% each year, although an individual property's tax burden may change by a greater or lesser amount. The reader should note that a property is not reassessed upon sale.

REAL PROPERTY TAX CONCLUSION

This report assumes that the subject property is assessed in line with comparable properties. Additionally, it is assumed that were the site to transfer to a third-party, it would be assessed and tax at market levels commensurate with area comparables.

ZONING

GENERAL INFORMATION

The property is zoned Boston Proper — B-10 by The City of Boston. A summary of the subject's zoning is provided below:

ZONING

Municipality Governing Zoning:	The City of Boston
Current Zoning:	Boston Proper — B-10
Current Use:	Parking Garage (not operating)
Is current use permitted:	Yes
Permitted Uses:	Permitted uses within this district include multi-family residential, hotel, office and retail uses
Prohibited Uses:	Prohibited uses within this district include single-family residential, open storage, automotive service and most industrial uses

ZONING REQUIREMENTS	CODE	SUBJECT COMPLIANCE
Minimum Lot Area:	None	Not Applicable
Maximum Building Height:	None	Not Applicable
Maximum Floor Area Ratio (FAR):	10.0 times lot area	Not Applicable

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ZONING COMPLIANCE

Property value is affected by whether or not an existing or proposed improvement complies with zoning regulations, as discussed below.

Complying Uses

An existing or proposed use that complies with zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

Pre-Existing, Non-Complying Uses

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

Non-Complying Uses

A proposed non-complying use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

OTHER RESTRICTIONS

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or title company can usually uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

ZONING CONCLUSIONS

We analyzed the zoning requirements in relation to the subject property, and considered the compliance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the subject property, as proposed and described by our client, is assumed to be a complying use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

Valuation

HIGHEST AND BEST USE

HIGHEST AND BEST USE DEFINITION

The *Dictionary of Real Estate Appraisal*, Fifth Edition (2010), a publication of the Appraisal Institute, defines the highest and best use as:

The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

To determine the highest and best use we typically evaluate the subject site under two scenarios: as vacant land and as presently improved. In both cases, the property's highest and best use must meet the four criteria described above. Since this property is land only, evaluating it as presently improved is not applicable.

HIGHEST AND BEST USE OF PROPERTY AS VACANT

Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned Boston Proper — B-10 by The City of Boston. We are not aware of any further legal restrictions that limit the potential uses of the subject.

Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 1.10 acres, or 47,738 square feet. The site is irregularly shaped and level at street grade. It has good frontage, good access, and good visibility. The overall utility of the site is considered to be average. All public utilities are available to the site including public water and sewer, gas, electric and telephone. Overall, the site is considered adequate to accommodate most permitted development possibilities.

Financially Feasible and Maximally Productive

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the cost of acquiring the site, and constructing the improvements. Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use.

CONCLUSION

We considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible, and considered the financial feasibility of these uses to determine the use that is maximally productive. Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as vacant is a mixed-use development built to the maximum feasible density.

VALUATION PROCESS

METHODOLOGY

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. We considered each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

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

We considered each approach in developing our opinion of the market value of the subject property. We discuss each approach below and conclude with a summary of their applicability to the subject property.

Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

Sales Comparison Approach

In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. A unit of comparison such as price per square foot of building area or effective gross income multiplier is typically used to value the property. When developing an opinion of land value the analysis is based on recent sales of sites of comparable zoning and utility, and the typical units of comparison are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. In both cases, adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.

Income Capitalization Approach

In the Income Capitalization Approach the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

SUMMARY

This appraisal employs the Sales Comparison Approach to determine the value of the subject as a potential development site. In addition, we have employed the Income Capitalization Approach to determine the value of the subject assuming it were a fully functioning parking garage. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered necessary and applicable for market participants. Typical purchasers do not rely on the Cost Approach when purchasing a property such as the subject. Therefore, we have not employed the Cost Approach to develop an opinion of market value. The absence of this approach does not diminish the reliability of the analysis.

LAND VALUATION

We used the Sales Comparison Approach to develop an opinion of land value. We examined current offerings and analyzed prices buyers have recently paid for comparable sites. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made.

The most widely used and market-oriented units of comparison for properties with characteristics similar to those of the subject is price per square foot of potential building area. All transactions used in this analysis are based on the most appropriate method used in the local market.

The major elements of comparison used to value the subject site include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its utility and the physical characteristics of the property.

This analysis is predicated on the assumption that the existing improvements will be razed and that the site will be redeveloped with a 477,380 square foot office building based on the as-of-right 10.0 FAR. The comparables and our analysis are presented on the following pages. Comparable land sale data sheets are presented in the Addenda of this report.

SUMMARY OF LAND SALES

PROPERTY INFORMATION					TRANSACTION INFORMATION					COMMENTS
No.	Location	Size (Acres)	Potential Building Area	Proposed Use	Grantor	Grantee	Sale Date	Sale Price	\$/SF Bld.	
3	Subject Property	1.10	477,380	Office						
1	Seaport Boulevard and Boston Wharf Road, Boston, MA	1.00	475,000	Office	MB Boston Seaport, LLC	Skanska USA Commercial Development	12/13	\$36,100,000	\$76.00	The 1 acre parcel is located in the Seaport District within the Seaport Square mixed-use development. The site will be used to develop a 425,000 square foot (net) office building with retail at grade. At this time, the buyer does not have any tenants. Thus, this was a speculative purchase.
2	426 Washington Street, Boston, MA	1.46	1,319,474	Mixed Use	Vornado	Millennium Partners	5/13	\$63,400,000	\$70.79	This transaction represents the sale of the former Filene's Basement site (One Franklin). The main parcel was to include a 52-story mixed-use tower to include 451 residential condos, 77,000 square feet of retail space and 460 parking spaces. The 8-story Burnham Building (Filene's Basement) was to be redeveloped to include 198,750 square feet of office space and 75,724 square feet of retail space. The buyer had executed a lease for nearly all of the office space.
3	Seaport Boulevard @ Boston Wharf Road, Boston, MA	3.93	466,000	Office	Morgan Stanley	Skanska USA	12/12	\$33,000,000	\$72.63	This parcel (L1) was purchased for a 466,000 Class A office building with street-level retail space. Skanska recently purchased the adjacent parcel (K) with the intention of building a 350-unit apartment tower. Both parcels are part of the master-planned Seaport Square which has been approved for 6.36 million square feet of mixed-use space.
4	Seaport Boulevard, Boston, MA	1.20	276,000	Residential-Multi-Family	Morgan Stanley	Skanska & Twining	2/12	\$20,825,000	\$75.00	This represents the sale of Block K of Seaport Square. Skanska and Twining Properties will develop Watermark Seaport, a 276,000-square-foot apartment tower with 346 units and 25,000 square feet of retail. The site is located on the southeast corner of Seaport Boulevard and Boston Wharf Road within the 28-acre Seaport Square, which is approved for 6.36 million square feet of residential, office, retail, hotel, and civic/cultural space. Construction is expected to commence in the first quarter of 2013.
5	60 South St, Boston, MA	0.43	207,129	Office	Rose Associates	Lincoln Property Company	6/07	\$19,877,900	\$95.97	This property was purchased by Lincoln Property Company D/E/A 60 South Street LP. Proposed is a 12 story 207,129 SF (10.9 FAR) first class office building with 10,000 SF of retail and 200 below grade parking spaces. Total projected project costs \$537.48/SF.
6	Congress Street, Boston, MA	2.18	881,000	Mixed Use	The Blackstone Group	Boston Properties Inc.	3/07	\$106,400,000	\$122.42	Atlantic Wharf is a mixed-use development which is approved for 330,000 square feet of residential units and a new, 500,000-square-foot, 31-story office tower. The plan also includes 31,000 square feet of retail and civic uses as well as 23,500 square feet of open space. The site was improved with a three building complex of older brick buildings, that have their historic facades retained as part of the redevelopment.
STATISTICS										
Low		0.43	207,129				3/07	\$19,877,900	\$70.79	
High		3.93	1,319,474				12/13	\$106,400,000	\$122.42	
Average		1.70	666,767				2/11	\$51,400,463	\$86.45	

Compiled by Cushman & Wakefield of Massachusetts, Inc.

LAND SALE ADJUSTMENT GRID

Economic Adjustments (Cumulative)						Property Characteristic Adjustments (Additive)							
	Price PSF of Building	Property Rights Conveyed	Conditions of Sale	Financing	Market ⁽¹⁾ Conditions	PSF of Building Subtotal	Location	Size	Public Utilities	Utility ⁽²⁾	Other	Adj. Price PSF of Building	Overall
1	\$76.00 12/13	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 1.2%	\$76.92 1.2%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Superior -10.0%	Superior -10.0%	\$61.54 -20.0%	Superior
2	\$70.79 5/13	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 3.0%	\$72.90 3.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$72.90 0.0%	Similar
3	\$72.53 12/12	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 4.3%	\$75.61 4.3%	Similar 0.0%	Larger 5.0%	Similar 0.0%	Superior -10.0%	Superior -10.0%	\$64.27 -15.0%	Superior
4	\$75.09 2/12	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 6.8%	\$80.14 6.8%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Superior -10.0%	Superior -10.0%	\$64.11 -20.0%	Superior
5	\$95.97 5/07	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Superior -24.2%	\$72.75 -24.2%	Similar 0.0%	Smaller -5.0%	Similar 0.0%	Superior -10.0%	Similar 0.0%	\$61.94 -15.0%	Superior
6	\$122.42 3/07	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Superior -23.8%	\$93.26 -23.8%	Superior -5.0%	Similar 0.0%	Similar 0.0%	Superior -10.0%	Superior -10.0%	\$80.94 -25.0%	Superior
	\$76.79	Low									Low	\$61.54	
	\$122.42	High									High	\$72.90	
	\$95.45	Average									Average	\$65.77	

Compiled by Cushman & Wakefield of Massachusetts, Inc.

(1) Market Conditions Adjustment Footnote

See Variable Growth Rate Assumptions Table

Date of Value for adjustment calculations: 4/29/14

(2) Utility Footnote

Utility includes shape, access, frontage and visibility.

Variable Growth Rate Assumptions

Starting Growth Rate:	3.0%
Inflection Point 1 (IP1):	8/1/2007
Change After IP1:	-10.0%
Inflection Point 2 (IP2):	9/1/2008
Change After IP2:	-20.0%
Inflection Point 3 (IP3):	1/1/2010
Change After IP3:	3.0%

LAND SALE LOCATION MAP



DISCUSSION OF ADJUSTMENTS

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the sale price of a property. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

Market Conditions

The sales that are included in this analysis occurred between March 2007 and December 2013. The market has fluctuated over this time period, reflecting the subprime crisis that began in August 2007, and the ensuing credit crisis that began in September 2008. We acknowledge inflection points occurring following these two pivotal moments. Please refer to the adjustment grid for reference to these assumptions.

Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. The subject property is rated good in location. We made a downward adjustment to those comparables considered superior in location compared to the subject. Conversely, an upward adjustment was made to those comparables considered inferior.

Size

The adjustment for size generally reflects the inverse relationship between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. In our opinion, four of the six comparables were of a size similar to the subject and therefore did not warrant a size adjustments. Comparable 3 was larger and adjusted upward while Comparable 5 was smaller and adjusted down.

Public Utilities

The availability of public utilities has a significant impact on the value of a property. Municipal utility providers often, but not always, provide utilities such as gas, water, electric, sewer, and telephone. It is therefore important to understand any differences that may exist in the availability of public utilities to the subject property and its

comparables. All of the sales, like the subject, had full access to public utilities at the time of sale. Therefore, no adjustments were required.

Utility

The subject parcel is adequately shaped to accommodate a typical building. It has good access, good frontage and good visibility. Overall, it has been determined that the site has average utility. Adjustments were made where a comparable was considered to have superior or inferior utility. These included Comparables 1 and 3-6 as each was superior in terms of staging for a proposed construction project.

Other

In some cases, other variables will have an impact on the price of a land transaction. Examples include soil or slope conditions, restrictive zoning, easements, wetlands or external influences. In our analysis of the comparables we found that Comparables 1, 3, 4 and 6 offered potential tenants good water views that would be lacking at the subject.

DISCUSSION OF COMPARABLE SALES

Comparable Sale No. 1

This comparable property is located along Seaport Boulevard in Boston's Seaport District. The parcel contains 43,560 square feet, or 1.00 acre. MS Boston Seaport, LLC sold this property to Skanska USA Commercial Development in December 2013 for a total price of \$36,100,000, or \$76.00 per square foot of potential building area. This property has good utility, and all available public utilities. Its intended use at the time of sale was a office project. The 1 acre parcel is located in the Seaport District within the Seaport Square mixed-use development. The site will be used to develop a 425,000 square foot (net) office building with retail at grade. At this time, the buyer does not have any tenants. Thus, this was a speculative purchase.

Following a market conditions adjustment, negative adjustments were required for both superior utility and water views. After all adjustments this sale indicated a value of \$61.54 per square foot of potential building area.

Comparable Sale No. 2

Comparable No. 2 is located at 426 Washington Street in Boston's Downtown Crossing neighborhood and it contains 63,598 square feet, or 1.46 acres. Vornado sold this property to Millennium Partners in May 2013 for a price of \$93,400,000, or \$70.79 per square foot of potential building area. Public utilities on this site are all available and its utility is good. This transaction represents the sale of the former Filene's Basement site (One Franklin). The main parcel was to include a 52-story mixed-use tower to include 451 residential condos, 77,000 square feet of retail space and 450 parking spaces. The 8-story Burnham Building (Filene's Basement) was to be redeveloped to include 198,750 square feet of office space and 75,724 square feet of retail space. The buyer had executed a lease for nearly all of the office space.

This site was considered similar to the subject and required only a market conditions adjustment. After all adjustments this sale indicated a value of \$72.90 per square foot of potential building area.

Comparable Sale No. 3

Located along Seaport Boulevard and Boston Wharf Road in Boston's Seaport neighborhood, this property was sold from Morgan Stanley to Skanska USA in December 2012 for \$33,000,000, or \$72.53 per square foot of potential building area. At the time of sale, this site was intended for an office use. It contains 170,980 square feet, or 3.93 acres. The site has good utility, and public utilities are all available. This parcel (L1) was purchased for a 455,000 Class A office building with street-level retail space. Skanska recently purchased the adjacent

parcel (K) with the intention of building a 350-unit apartment tower. Both parcels are part of the master-planned Seaport Square which has been approved for 6.35 million square feet of mixed-use space.

Following a market conditions adjustment, an upward adjustment for size was necessary as larger sites typically trade at a slight discount. Additionally, negative adjustments were required for both superior utility and water views. After all adjustments this sale indicated a value of \$64.27 per square foot of potential building area.

Comparable Sale No. 4

This comparable property is located along Seaport Boulevard in Boston's Seaport neighborhood and it encompasses 52,272 square feet, or 1.20 acres. At the time of sale the intended use of this site was residential-multi-family. Morgan Stanley sold the property to Skanska & Twining in February 2012 for a price of \$20,625,000, or \$75.00 per square foot of potential building area. This site has good utility, and public utilities are all available. This represents the sale of Block K of Seaport Square. Skanska and Twining Properties will develop Watermark Seaport, a 275,000-square-foot apartment tower with 346 units and 25,000 square feet of retail. The site is located on the southeast corner of Seaport Boulevard and Boston Wharf Road within the 25-acre Seaport Square, which is approved for 6.35 million square feet of residential, office, retail, hotel, and civic/cultural space. Construction is expected to commence in the first quarter of 2013.

Following a market conditions adjustment, negative adjustments were required for both superior utility and water views. After all adjustments this sale indicated a value of \$64.11 per square foot of potential building area.

Comparable Sale No. 5

This lot is located at 60 South Street in Boston's Financial District. Its size is 18,948 square feet, or 0.43 acres. Lincoln Property Company acquired this property from Rose Associates in May 2007 for \$19,877,900, or \$95.97 per square foot of potential building area. The utility of this site is good with all available public utilities. The intended use of this site at the time of sale was a Class A office space. This property was purchased by Lincoln Property Company D/B/A 60 South Street LP. Proposed is a 12 story 207,129 SF (10.9 FAR) first class office building with 10,000 SF of retail and 200 below grade parking spaces. Total projected project costs \$537.48/SF.

This project required a market conditions adjustment as well as size and utility adjustments and is considered very similar to the subject. After all adjustments this sale indicated a value of \$61.84 per square foot of potential building area.

Comparable Sale No. 6

Comparable No. 6 was a sale from The Blackstone Group to Boston Properties Inc., which occurred in March 2007 for a price of \$105,400,000, or \$122.42 per square foot of potential building area. Located at the intersection of Congress Street and Atlantic Avenue in Boston's Financial district, this parcel contains 95,000 square feet, or 2.18 acres. The site has good utility and public utilities are all available. Atlantic Wharf is a mixed-use development which is approved for 330,000 square feet of residential units and a new, 500,000-square-foot, 31-story office tower. The plan also includes 31,000 square feet of retail and civic uses as well as 23,500 square feet of open space. The site was improved with a three building complex of older brick buildings, that have their historic facades retained as part of the redevelopment.

Following a market conditions adjustment, a slight negative adjustment for location was deemed necessary based on this parcel's location adjacent to the Rose Kennedy Greenway. Additional downward adjustments were required based utility and this parcel's water views. After all adjustments this sale indicated a value of \$69.94 per square foot of potential building area.

CONCLUSION OF SITE VALUE

After a thorough analysis, the comparable land sales reflect adjusted unit values ranging from a low of \$61.54 per building square foot to \$72.90 per building square foot, with an average of \$65.77 per building square foot.

We placed greatest reliance on Land Sale 1 based on its recent timing as well Comparables 3, 5 and 6 for their similar uses. Therefore, we concluded that the indicated land value by the Sales Comparison Approach is:

AS IS VALUE CONCLUSION	Price Per Building SF
Indicated Value	\$65.00
Building Area Measure	x 477,360
Indicated Value	\$31,029,700
Rounded to nearest \$100,000	\$31,000,000
\$/Area Basis	\$64.94
LESS: Demolition Costs	(\$3,000,000)
LAND VALUE CONCLUSION	\$28,000,000
\$/Area Basis	\$58.65

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As presented above, it was necessary to deduct the estimated costs to demolish the existing improvements which consist of a shuttered 5-level parking structure with approximately 750 spaces. These costs were provided to us by our client and are assumed to be accurate.

INCOME CAPITALIZATION APPROACH—PARKING GARAGE

METHODOLOGY

The Income Capitalization Approach determines the value of a property based on the anticipated economic benefits. The principle of "anticipation" is essential to this approach, which recognizes the relationship between an asset's potential future income and its value. To value the anticipated economic benefits of a property, potential income and expenses must be projected, and the most appropriate capitalization method must be selected.

The most common methods of converting net income into value are Direct Capitalization and Yield Capitalization. In direct capitalization, net operating income is divided by an overall capitalization rate to indicate an opinion of market value. In the yield capitalization method, anticipated future cash flows and a reversionary value are discounted to an opinion of net present value at a chosen yield rate (internal rate of return).

Investors acquiring this type of asset will typically look at year one returns but must also consider long-term strategies. Hence, depending on certain factors, each of the income approach methods has merit. This appraisal gives most consideration to the Direct Capitalization Method.

OVERVIEW

The subject, as proposed, would be a multi-level 1,125-space public parking garage located in the heart of Boston's Financial District. The subject would represent one of a few structured public parking garages in the Financial District that is not within an existing office use. The subject would be proximate to several significant demand drivers in the form of Class A office towers including 75/101 Federal Street, 100 Summer Street, One Federal Street and 133 Federal Street. In addition, the subject would be a short walk to several of Boston's most visited tourist attractions.

POTENTIAL GROSS INCOME

Potential gross income is generated by a number of distinct elements including both monthly and transient parking revenue. The first step in this appraisal is to analyze the potential gross income from similar parking operations.

COMPETITIVE PARKING RATES

As stated in the Market section of the report, the Financial District has a host of available garage parking options. However, unlike the subject, many are part of existing office towers. The subject is somewhat unique in that it is a dedicated public parking facility, not affiliated with a specific building. Due to the continued Boston parking moratorium, new dedicated public parking garages are not allowed. Garage parking can only be built to support another use within the same development i.e. office, hotel or residential. While the subject does lack the built in demand driver of many of the area garages, it is well positioned to capture much of the area's tourist demand as well as overflow from those smaller garages within existing office projects.

The table below presents the public parking garages not affiliated with a specific office tower that are deemed most competitive with the subject.

COMPETITIVE PARKING GARAGES					
MAP	LOCATION	OPERATOR	# SPACES	DAILY MAX	MONTHLY
	SUBJECT	N/A	1,125	N/A	N/A
1	Government Center Garage	Standard Parking	1,850	\$35.00	\$350
2	Haymarket Garage	MTA	325	\$33.00	\$340
3	Dock Square Garage	Dock Square Parking	696	\$35.00	\$410
4	Post Office Square	AmeriPark	1,460	\$34.00	\$445
5	North End Garage	Central Parking	690	\$25.00	\$260
6	North Station Garage	MBTA	1,275	\$19.00/\$54.00	\$260 ²
7	PI Alley Garage	Icon	300	\$38.00	\$475
8	Boston Common Garage	Central Parking	1,318	\$28.00	\$360
9	Boston Harbor Garage	InterPark	1,380	\$35.00	\$400

As the table shows, the daily transient (exclusive of early bird specials) ranges from a low of \$25.00 to a high of \$38.00. Further, the range for monthly rates is from a low of \$260 to a high of \$475 per month.

PARKING REVENUE

Because the subject lacks a reliable history, we analyzed the per space revenue generated by several area garages deemed similar to the subject, as proposed.

PARKING GARAGE REVENUE COMPARABLES				
COMPARABLE	# SPACES	MONTHLY \$	TRANSIENT \$	TOTAL \$
Garage 1	1,380 spaces	\$2,769/space	\$6,461/space	\$9,230/space
Garage 2	600 spaces	\$1,933/space	\$5,279/space	\$7,212/space
Garage 3	698 spaces	\$770/space	\$10,520/space	\$11,290/space
Garage 4	561 spaces	N/A	N/A	\$6,452/space
Garage 5	900 spaces	N/A	N/A	\$4,901/space
Garage 6	825 spaces	N/A	N/A	\$6,615/space
AVERAGE:	827 spaces	\$1,824/space	\$7,420/space	\$7,617/space
MEDIAN:	762 spaces	\$1,933/space	\$6,461/space	\$6,914/space
C&W ESTIMATE:	1,125 spaces	\$2,100/space	\$5,000/space	\$7,100/space

² 24-hour access is not available. Due to Boston Garden events, monthly parkers only have access from 5:00 a.m. to 6:00 p.m.

The table above presents per space revenue for six Boston parking garages. Comparables 1 and 3 are located adjacent to two of Boston's top tourist destinations and therefore have a high percentage of transient or daily parkers. Total per space revenue ranged from a low of \$4,901 per space to a high of \$11,290 per space with an average of \$7,617 per space. In addition, monthly parking revenue as a percentage of total income ranged from a low of 7 percent to a high of 29 percent. The low end of the range is from a garage situated adjacent to one of Boston's top tourist attractions which has an abnormally low percentage of monthly parkers. Finally, transient revenue as a percentage of total income ranged from a low of 71 percent to a high of 83 percent.

Based on the above comparables, we project total per space revenue of \$7,100 per space allocated 30:70 between monthly and transient revenue. In our opinion, our revenue estimate appears reasonable based on the above comparable data and is between the median of \$6,914 per space and the average of \$7,617 per space.

OPERATING EXPENSE ANALYSIS

Cushman & Wakefield, Inc. recognizes the standards defined by the Appraisal Institute as the definitive standards by which operating expense data should be analyzed. All operating statements provided by ownership have been recast to reflect these definitions, which are provided in the Glossary section of this appraisal report. In forecasting expenses, we analyzed expense levels at competing properties as presented in the following table

PARKING GARAGE EXPENSE COMPARABLES

COMPARABLE	# SPACES	TOTAL \$
Garage 1	1,380 spaces	\$3,194/space
Garage 2	600 spaces	\$3,964/space
Garage 3	698 spaces	\$2,726/space
Garage 4	561 spaces	\$3,099/space
Garage 5	900 spaces	\$1,634/space
Garage 6	1,318 spaces	\$2,360/space
AVERAGE:	910 spaces	\$2,830/space
MEDIAN:	799 spaces	\$2,913/space
C&W ESTIMATE:	1,125 spaces	\$2,875/space

The table above presents per space expenses for six Boston parking garages. Comparables 1 and 2 each have significant retail components which elevate the typical parking garage expense load. Expenses can vary significantly based on the type of operation (self-park or valet) as well as the structure of the management and operating agreements.

Based on the above comparables, we project total per space expenses of \$2,875 per space. In our opinion, our expense estimate appears reasonable based on the above comparable data and is between the average of \$2,830 per space and the median of \$2,913 per space.

INCOME AND EXPENSE PRO FORMA

The following chart summarizes our opinion of income and expenses for year one.

SUMMARY OF REVENUE AND EXPENSES		
Stabilized Year For Direct Capitalization:		
REVENUE	Year One Annual	\$/Space
Monthly Parking Revenue	\$2,362,500	\$2,100
Transient Parking Revenue	5,625,000	\$5,000
Subtotal	\$7,987,500	\$7,100
POTENTIAL GROSS REVENUE	\$7,987,500	\$7,100
Vacancy and Collection Loss	0	\$0
EFFECTIVE GROSS REVENUE	\$7,987,500	\$7,100
OPERATING EXPENSES		
TOTAL EXPENSES	\$3,234,375	\$2,875
NET OPERATING INCOME	\$4,753,125	\$4,225
<i>Compiled by Cushman & Wakefield of Massachusetts, Inc.</i>		

Based on our revenue and expense projections, we have estimated net operating income of \$4,753,125 or \$4,225 per space.

INVESTMENT CONSIDERATIONS

OVERVIEW

The U.S. economy entered 2014 with strong momentum following a solid fourth quarter of 2013. Both business and consumer confidence was rising and the risk-taking in Washington between Congress and the Administration was declining, as a budget was passed early in the year and the debt ceiling was raised without confrontations. With the uncertainty about budget policy reduced and confidence rising, the U.S. economy was expected to accelerate in 2014. Then the U.S. was hit with some of the worst winter weather in decades, which disrupted business and economic activity in most of the country during January and February. As a result, the U.S. economy slowed, as U.S. Gross Domestic Product (GDP) is now estimated to have increased at roughly a 1.5 percent annual growth rate in the first quarter, compared with a 2.6 percent growth in the previous quarter.

However, data released for March suggest that the economy will quickly rebound from the winter doldrums. Motor vehicle sales, which had dropped by roughly 6 percent between November and February, surged back to an annual rate of 16.3 million units in March, the strongest sales since the end of 2007. It is likely that this increase will be reflected in stronger retail sales for the month as well. Other indicators including an increase in the March Purchasing Managers' Index and falling jobless claims (which dropped to the lowest level since before the recession in early April) suggest that the economy has shaken off the winter weakness.

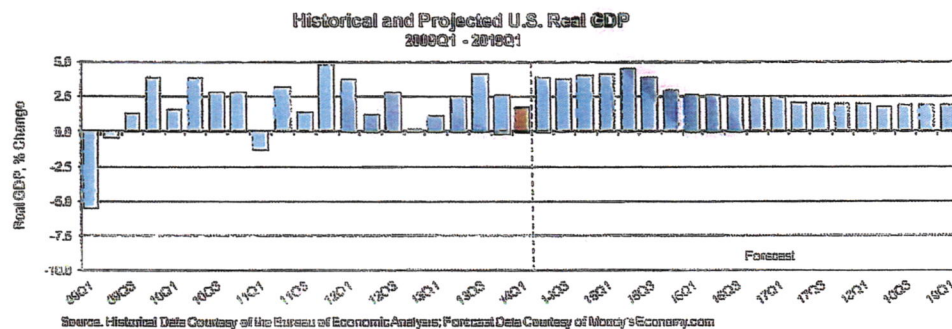
Investment in the commercial real estate market continued to improve, highlighted by an increase in transaction volume and consistently low overall capitalization rates. For the most part, the ongoing price appreciation and low interest rates have fueled the improvement in the commercial real estate market. However, price appreciation slowed during the first few months of 2014. According to Moody's Commercial Property Price Index, the value for properties in primary (or gateway) markets increased 2.4 percent during the first two months of 2014, the same amount of appreciation for properties in non-major markets during the same time.

CURRENT ECONOMIC CONDITIONS

The evidence of a stronger economy prompted the Federal Reserve's Open Market Committee (FOMC) to announce that the Central Bank would gradually reduce its purchases of long-term Treasury securities and mortgage backed securities widely referred to as quantitative easing. During the first few months of 2014, the FOMC has continued to reduce the amount of bonds purchased each month, indicating the Central Bank's confidence that the economy does not require the additional stimulation that this policy has been providing. This tapering of the Fed's bond purchases is leading to higher long term interest rates, which are expected to continue a slow and steady climb over the near term.

Often viewed as a forward-looking indicator to GDP growth, the slow start of the stock market in 2014, when compared to the previous three years, explains the weaker GDP growth in the first quarter. Nevertheless, stronger returns have shown through over the past several weeks. Not only does this support the premise of more confidence in the marketplace, it suggests that GDP growth will be healthy over the remainder of 2014.

The following graph displays historical and projected U.S. Real GDP percent change (annualized on a quarterly basis) from first quarter 2009 through first quarter 2019 (red bar underscores the most recent quarter 14Q1):



Notable concerns regarding current economic conditions are as follows:

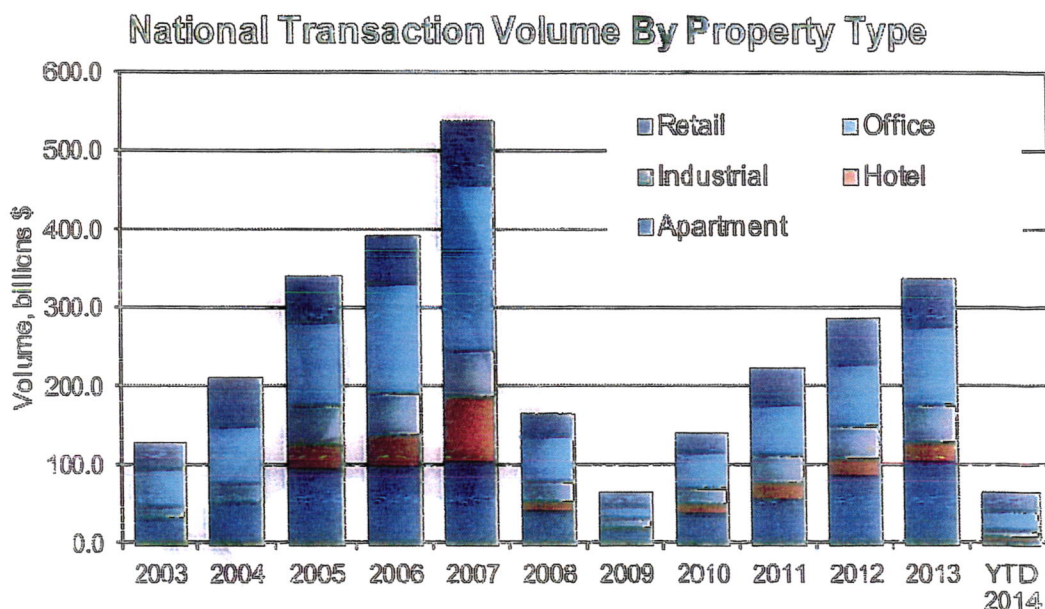
- The FOMC, which voted to reduce the pace of its monthly bond purchase program by \$10 billion to \$55 billion, stated an increase in interest rates would likely start six months after the monthly bond-buying program ends. As a result, 5-year U.S. Treasury rates increased about 20 basis points last month. Additionally, the difference between the yields on 5-year and 30-year bonds narrowed to the smallest margin since 2009, as many think the end of the stimulus could raise interest rates sooner than forecasted.
- Preqin reported that real estate funds have an unprecedented \$110.0 billion of "dry powder" targeting North American investments. This amount of committed equity available is up 4.0 percent from the end of 2013 and up 24.0 percent from year-end 2012.
- Floating rate lenders including banks, debt funds, and CMBS are actively bidding new loans. In addition to increase prepayment flexibility, floating rate loans typically offer some future funding component to pay for capital improvements, tenanting costs, or loan upsizing upon increasing cash flows. The pricing for loans with these features typically range from L + high 100s to 400s depending on leverage and other considerations.
- Home prices continued to increase. For the 12 months ending February 2014, home prices increased 12.9 percent; however, they remained steady from January to February.

US REAL ESTATE MARKET IMPLICATIONS

The commercial real estate market really started to pick up in 2012 and continued to show signs of strength in 2013. According to Real Capital Analytics, 23,015 properties traded hands in 2013 for a total transaction volume of approximately \$355.3 billion. This was 19.0 percent increase from year-end 2012, which was primarily driven by strong sales in office and apartment properties - these sectors recorded a transaction volume of \$101.5 billion and 103.5 billion, respectively. Commercial real estate sales volume remained strong during the first quarter of 2014, as transaction volume totaled \$87.0 billion. This is up 15.0 percent when compared to the same time last year. Investment in apartment and office properties remained robust; however, the retail sector was the real winner in terms of volume gains, as transaction volume was up 147.0 percent over the same time last year.

The competition for prime assets remained strong during the first quarter of 2014, causing capitalization rates to decline roughly 0.1 and 0.2 percentage points across the board. Apartment properties continued to trade hands at the lowest overall capitalization rates ending the quarter at 6.1 percent, which is down about 0.1 percentage points from the same time a year ago.

The following graph compares national transaction volume by property between 2003 and first quarter-end 2014:



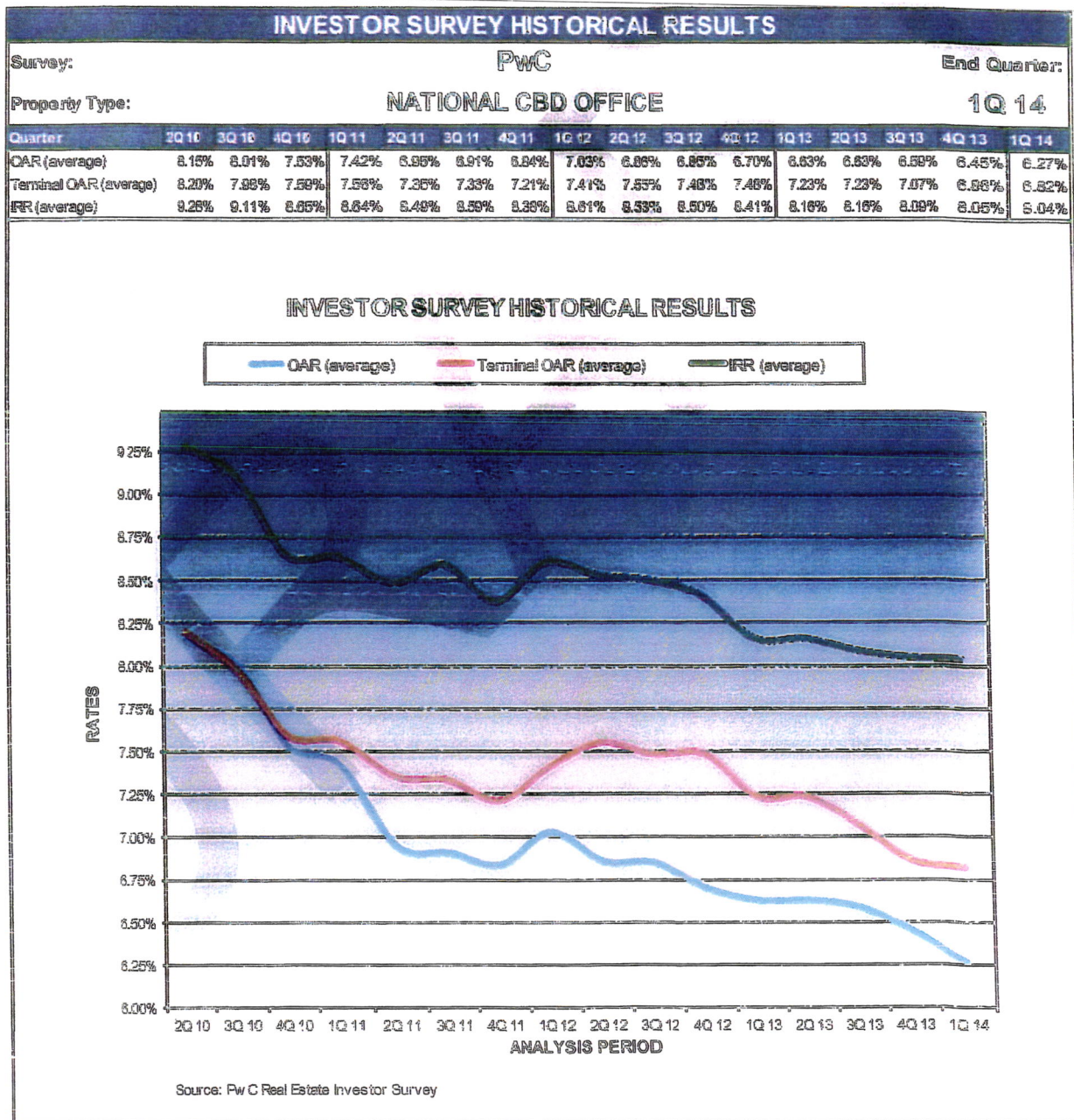
Source: Real Capital Analytics, Inc. Note: Hotel data not available until 2005.

CONCLUSION

Despite the slower economic growth in the early part of 2014, the Commercial Real Estate Investment market did not skip a beat. Transaction volume totaled \$87.0 million during the first quarter of 2014, up 15.0 percent from the same time last year, as the access to capital continues to be relatively easy for most investors. What's more, transaction volume might have been higher, if not for the lack of quality offerings in the marketplace. Going forward, prices for prime assets are expected to stay high, as the competition among buyers remains fierce, especially in core markets. Additionally, the flow of capital in the marketplace is expected to remain steady, despite the prospect of rising interest rates, according to PriceWaterhouseCoopers First Quarter 2014 Investment Survey. As a result, the commercial real estate investment market should continue to experience positive trends over the next six months.

INVESTOR SURVEY TRENDS

Historic trends in real estate investment help us understand the current and future direction of the market. Investors' return requirements are a benchmark by which real estate assets are bought and sold. The following graph shows the historic trends for CBD office space spanning a period of four years as reported in the PwC Real Estate Investor Survey published by PricewaterhouseCoopers. We employed the office yields and rates as a benchmark as PwC does not track parking specific investment returns. That said, parking operations in locations where supply is limited coupled with strong demand typically trade at cap rates below that of office product. This is due to the reduced risk associated with garages that operate in parking constrained markets.



The financial crisis has made investors more cautious and risk-averse resulting in higher return requirements. Investment rates have subsequently stabilized and declined as access to capital has increased and a greater number of quality properties have traded.

CAPITALIZATION RATE ANALYSIS

On the following pages we discuss the process of how we determine an appropriate overall capitalization rate to apply to the subject's forecast net income.

CAPITALIZATION RATE FROM COMPARABLE SALES

The most recent parking garage sale to occur in Boston was the 2013 sale of the Necco Garage. This 657 space above-grade garage is located in Boston's Fort Point neighborhood and traded at a report cap rate of 6.3 percent which resulted in a per space value of \$51,750.

Additionally, several Boston CBD office buildings have transacted over the past several years that had significant parking operations including the John Hancock complex, Landmark Center and 33 Arch Street). These three transactions offered an allocated range in parking returns from a low of 5.0 percent to a high of 5.7 percent.

CAPITALIZATION RATE FROM INVESTOR SURVEYS

We considered data extracted from the PwC Real Estate Investor Survey for competitive properties. As stated earlier, parking uses are perceived as having lower risk than more traditional assets such as office product. We have analyzed the capitalization rate trends of office product as a means of establishing a ceiling for a capitalization rate for the subject. Historically, parking uses trade at rates that are 25 to 50 basis points below similarly located office product. Earlier in the report, we presented historic office capitalization rates for the prior four year period. The most recent information from this survey is listed below:

CAPITALIZATION RATES			
Survey	Date	Range	Average
PwC	First Quarter 2014	3.75% - 8.00%	6.27%

PwC - Refers to National CBD Office market regardless of class or occupancy

DERIVATION OF R_o FROM MORTGAGE-EQUITY ANALYSIS

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. The lender/mortgagee must anticipate a rate of return that is appropriate for the investment's perceived risk in order to make the loan; the loan principal is typically repaid through periodic amortization payments. The equity investor/mortgagor must also anticipate a rate of return that is commensurate with the investment's perceived risk or they opt for an alternative investment.

Mortgage-equity analysis is defined by the fifth edition of *The Dictionary of Real Estate Appraisal* as "capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property." This analysis is also known as the Ellwood Formula, which is defined as a "yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern." Thus, rates of return for debt and equity are analyzed as well as anticipated changes in both income and value.

The Ellwood formula is as follows:

$$R_O = \frac{Y_E - M(Y_E + P1/S_n - R_M) - \Delta_O1/S_n}{1 + \Delta_I J}$$

Where:

R_O = overall capitalization rate

Y_E = equity yield rate

M = loan-to-value ratio

P = percentage of loan paid off

$1/S_n$ = sinking fund factor at the equity yield rate

R_M = mortgage capitalization rate or mortgage constant

Δ_O = change in total property value

Δ_I = total ratio change in income

J = J factor

The portion of the formula represented as: $Y_E - M(Y_E + P1/S_n - R_M)$ can be referred to as the basic capitalization rate, which satisfies the lender's requirement and adjustments for amortization; it also satisfies the investor's equity requirement before an adjustment is made for income and value changes. Therefore, the basic rate starts with an investor's yield requirement and adjusts it to reflect the effect of financing. The resulting basic capitalization rate is the building block from which an overall capitalization rate can be developed with additional assumptions.

If level income and no change in value are anticipated, the basic rate will be identical to the overall capitalization rate. The last part of the numerator, Δ_O1/S_n , allows the appraiser to adjust the basic rate to reflect an expected change in overall property value. If the value change is positive, referred to as property appreciation, the overall capitalization rate is reduced to reflect this anticipated monetary benefit; if the change is negative, referred to as depreciation, the overall capitalization rate is increased.

Finally, the denominator, $1 + \Delta_I J$, accounts for any change in income. The J-factor is always positive. Thus, if the change in income is positive, the denominator will be greater than one and the overall rate will be reduced. If the change in income is negative, the overall rate will be increased. For level-income applications, $\Delta = 0$, so the denominator is $1 + 0$, or 1.

The mortgage-equity procedure developed by Charles B. Akerson substitutes an arithmetic format for the algebraic equation in the Ellwood formula. This format is applicable to level income situations; when modified with the J or K factors, it can also be applied to changing income situations.

The Akerson formula for a level income situation is:

Loan Ratio x Annual Mortgage Constant	=	Mortgage Component
+ (Equity Ratio x Equity Yield Rate)	+	Equity Component
- (Loan Ratio x % Paid off in Projection Period x 1/S _n)	=	Credit for Equity Buildup
= Basic Rate	=	Basic Capitalization Rate
+ depreciation or - appreciation x 1/S _n	±	Appreciation/Depreciation adjustment
= Overall Capitalization Rate	=	R _O

In the following sections, we discuss the various components used in the Akerson formula, which are then followed by a calculation of the overall capitalization rate.

Mortgage Terms

The following mortgage interest rate is based on periodic conversations with representatives of lending institutions providing local mortgage financing. Thus, given the physical and economic characteristics of the subject property, and on the basis of our research, the market terms for conventional loans made on properties similar to the subject are as follows:

MORTGAGE COMPONENT	
TYPICAL LOAN TERMS	
Mortgage Rate	4.50%
Amortization Term (Years)	30
Number of Payments	360
Loan-to-Value Ratio (M)	60.00%
Equity Ratio (E)	40.00%
Mortgage Constant (R _M)	6.06%

Compiled by Cushman & Wakefield of Massachusetts, Inc.

The preceding data are used in the development of an overall capitalization rate (R_O) for the subject property.

The capitalization rate for debt (indicated in the preceding table) is known as the mortgage constant (R_M); it is the ratio of annual debt service to the principal amount of the mortgage loan. It is calculated as follows:

$$R_M = \frac{\text{Monthly Payment} \times 12}{\text{Amount of Loan}}$$

The monthly payment of a loan is calculated using the following formula:

$$\text{Monthly Payment} = \frac{\text{Interest Rate (I)}}{1 - \text{Present Value Factor}}$$

The Present Value Factor can be obtained from financial tables that show the six functions of a dollar.

Equity Yield Rate (Y_E)

The Appraisal Institute defines equity yield rate as a rate of return on equity capital over the investment period. It is the equity investor's internal rate of return. The equity yield rate that will be employed in this analysis is a reflection of current rates of return sought by equity investors.

Our selected Y_E is as follows:

EQUITY COMPONENT	
Equity Yield Rate (Y_E)	12.50%

Compiled by Cushman & Wakefield of Massachusetts, Inc.

Projection Assumptions

Projection assumptions are as follows:

PROJECTION ASSUMPTIONS	
Projection Period (n)	10 Years
Annual Appreciation/Depreciation	3.00% per Year
Total Appreciation/Depreciation	34.39%

Compiled by Cushman & Wakefield of Massachusetts, Inc.

The projection period represents a typical holding period for commercial real estate; this projected holding period is also consistent with the typical yield capitalization projections. The annual appreciation/depreciation is projected based on our view of current market conditions as well as future conditions anticipated during the holding period. Both assumptions are considered reasonable for the subject property.

Sinking Fund Factor & Percentage of Loan Paid Off

The Sinking Fund Factor ($1/S_n$) that is employed in this analysis is calculated based on the estimated Equity Yield Rate (Y_E) and the Projection Period using the following formula:

$$1/S_n = Y_E \div ((1 + Y_E)^n - 1)$$

The portion of the loan that is paid off during the projection period is calculated based on the mortgage rate, mortgage amortization term and the length of the projection period; this calculation is as follows:

$$\text{Percentage of Loan Paid Off} = \frac{1/S_n}{1/S_{Np}}$$

Where:

$$1/S_{Np} = \frac{(\text{Mortgage Rate} \div 12)}{((1 + (\text{Mortgage Rate} \div 12))^n - 1)}$$

The sinking fund factor and the percentage of the loan paid off during the projection period, which are calculated based on the foregoing assumptions, are as follows:

SINKING FUND FACTOR & PERCENTAGE PAID OFF	
Sinking Fund Factor ($1/S_n$)	5.56%
Percentage of Loan Paid Off	19.91%

Compiled by Cushman & Wakefield of Massachusetts, Inc.

Calculation of Overall Capitalization Rate (RO)

The calculation of the overall capitalization rate (RO) using the mortgage-equity technique is as follows:

MORTGAGE-EQUITY PROCEDURE - DEVELOPMENT OF CAPITALIZATION RATE				
Loan-to-Value Ratio x Mortgage Constant	=	60.00% x 6.08%	=	3.65%
Equity Ratio x Equity Yield Rate	=	40.00% x 12.50%	=	5.00%
Weighted Average				8.65%
<u>Less Credit for Equity Build-up</u>				
Loan-to-Value Ratio x % of Loan Paid off x Sinking Fund Factor	=	60.00% x 19.91% x 5.56%	=	0.66%
Basic Rate				7.99%
<u>Less Appreciation/Depreciation</u>				
Appreciation/Depreciation x Sinking Fund Factor	=	34.39% x 5.56%	=	1.91%
Indicated Overall Rate (RO)				6.07%

Compiled by Cushman & Wakefield of Massachusetts, Inc.

CAPITALIZATION RATE CONCLUSION

We considered all aspects of the subject property that would influence the overall rate. Our analysis suggests that a capitalization rate of 6.00 percent represents reasonable investor criteria under current market conditions based on the subject's location and proximity to demand drivers. This rate is supported by the fact that, according to the PwC survey, National CBD office space currently trades at average going in rate of 6.27 percent which is 27 basis points above our projection. As mentioned earlier, because a garage is perceived as less risky, they typically trade at cap rates which are 25-50 basis points below those of area office product.

In terms of comparable garage sales, we point to the 2013 sale of the Necco Garage. As stated earlier, this garage transacted at a going-in rate of 6.3 percent or \$51,750 per space. Given this comparable's inferior location we have selected a capitalization rate that is below this sale.

Finally, we have spoken to both investors and brokers and both have indicated that a capitalization rate between 5.50 and 6.00 percent would be reasonable for an asset similar to the subject (as proposed).

DIRECT CAPITALIZATION METHOD CONCLUSION

In the Direct Capitalization Method, we developed an opinion of market value by dividing year one net operating income by our selected overall capitalization rate. Our conclusion using the Direct Capitalization Method is as follows:

DIRECT CAPITALIZATION METHOD		
Market Value As-Is		
NET OPERATING INCOME	\$4,753,125	\$4,225
Sensitivity Analysis (0.25% OAR Spread)	Value	\$/Space
Based on Low-Range of 5.75%	\$82,663,043	\$73,478
Based on Most Probable Range of 6.00%	\$79,218,750	\$70,417
Based on High-Range of 6.25%	\$76,050,000	\$67,600
Preliminary Value	\$79,218,750	\$70,417
Rounded to nearest \$100,000	\$79,200,000	\$70,400
ADJUSTMENTS TO PRELIMINARY VALUE		
LESS Demolition Costs	(\$3,000,000)	(\$2,667)
LESS Development Costs	(\$46,600,000)	(\$41,422)
Indicated Value	\$29,618,750	\$26,326
Rounded to nearest \$100,000	\$29,600,000	\$26,311

Compiled by Cushman & Wakefield of Massachusetts, Inc.

The above analysis yields a stabilized parking garage value of \$79,200,000. However, for the purposes of this report, it was necessary to deduct the costs to demolish the existing improvements as well as the costs associated with constructing the new asset. As reported earlier in this report, our client provided us with a demolition cost which totaled \$3,000,000 which has been deducted from our above value.

The Marshall Valuation Service is used to determine the replacement cost of the proposed subject garage. These costs include labor, materials, supervision, contractor's profit and overhead, architect's plans and specifications, sales taxes and insurance. Base costs are provided by the Marshall and Swift (M&S) Square Foot Commercial Methodology. These costs are refined, if applicable, for differences in heating/cooling costs, and the presence of sprinklers and elevators. The refined base costs are then further adjusted, if applicable, to account for building height, interior wall height, building perimeter, current costs, location variations, and prospective value multipliers. Beyond the base building costs, specialty components or site improvements are provided by the segregated cost sections of the M&S Commercial Cost Explorer.

Due to extreme cost variation with below-grade and above-grade parking structures, we utilized two areas of Marshall. Our analysis assumes two levels of below-grade parking totaling 300 spaces plus six levels of above-grade parking totaling 825 spaces. Our analysis also assumes an average size of 325 square feet per space which includes travel lanes, etc. This exercise yielded a total replacement cost of \$46,600,000 or \$41,422 per space which was deducted from the stabilized value.

Our estimates of Replacement Cost New (RCN), Indirect Costs and Entrepreneurial Profit for the subject property are summarized on the following page.

COST APPROACH SUMMARY**IMPROVEMENTS (STRUCTURES)**

DESCRIPTION		Boston City Garage Parkade (345)
Marshall & Swift - Improvement Type	Underground Parking (3888)	
Construction Class	B	B
Quality of Construction	Good	Good
Marshall & Swift - Section	Section 14	Section 14
Marshall & Swift - Page	Page 34	Page 34
Date	Feb-14	Feb-14
Number of Stories	2	6
Base SF Cost	\$86.55	\$64.73

SQUARE FOOT REFINEMENTS

Sprinklers	\$2.00	\$2.00
Adjusted Base Cost	\$90.55	\$66.73

HEIGHT AND SIZE REFINEMENTS

Number of Stories	1.000	1.015
Height Per Story	1.000	1.000
Perimeter	1.000	1.000
Adjusted Base Cost	\$90.55	\$67.73

FINAL CALCULATIONS

Current Cost Multiplier	1.040	1.040
Local Area Multiplier	1.300	1.300
Prospective Multiplier	1.000	1.000
Adjusted SF Cost	\$122.42	\$91.57

TIMES: SF for Replacement Cost Purposes	97,500	268,125
Adjusted Cost	\$11,936,301	\$24,552,806
PLUS: Indirect Costs 5.0%	\$596,815	\$1,227,640
Adjusted Cost	\$12,533,116	\$25,780,446
PLUS: Entrepreneurial Profit (Structures) 20.0%	\$2,506,623	\$5,156,090
Replacement Cost New (RCN)	\$15,039,739	\$30,936,536

REPLACEMENT COST SUMMARY (STRUCTURES)

Total Adjusted Costs		\$36,489,109
PLUS: Total Indirect Costs		\$1,824,455
PLUS: Total Entrepreneurial Profit (Structures)		\$7,662,713
Total RCN		\$45,976,277
Total GBA (SF)	365,625	
PSF of GBA		\$125.75
Per Space (1,125)		\$40,868

Total includes all component / building costs as detailed above

SITE IMPROVEMENTS - REPLACEMENT COST NEW

Item	Unit Type	Area (Units)	Cost Per Unit	Cost New	Indirect 5.0%	Adjusted Cost	Profit 20.0%	Replacement Cost New
Site Improvements	SF	47,738	\$10.00	\$477,380	\$23,869	\$501,249	\$100,250	\$601,499
Totals				\$477,380	\$23,869	\$501,249	\$100,250	\$601,499

COST APPROACH VALUE SUMMARY**MARKET VALUE TYPE**

Market Value As-Is

COST SOURCE

Marshall & Swift (Commercial Cost Explorer)

IMPROVEMENTS (Structures)

Adjusted Costs

\$36,489,109

PLUS: Indirect Costs

\$1,824,455

PLUS: Entrepreneurial Profit

\$7,662,713

LESS: Total Depreciation

\$0

TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (Structures)

\$45,976,277

IMPROVEMENTS (Site)

Cost New

\$477,380

PLUS: Indirect Costs

\$23,869

PLUS: Entrepreneurial Profit

\$100,250

LESS: Total Depreciation

\$0

TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (Site)

\$601,499

SUMMARY (ALL IMPROVEMENTS)

Adjusted Costs/Cost New

\$36,966,489

PLUS: Total Indirect Costs

\$1,848,324

PLUS: Total Entrepreneurial Profit

\$7,762,963

TOTAL REPLACEMENT COST NEW

\$46,577,776

LESS: Total Depreciation

\$0

TOTAL DEPRECIATED VALUE OF IMPROVEMENTS

\$46,577,776

Depreciated Value PSF of GBA

\$145.04

Depreciated Value Per Unit

\$176,431

TOTAL DEPRECIATED VALUE OF IMPROVEMENTS

PLUS: Land Value (Primary Site)

\$0

INDICATED VALUE BY THE COST APPROACH

\$46,577,776

Rounded to the Nearest

\$100,000

\$46,600,000

TOTAL GBA (SF)

321,131

Conclusion PSF of GBA

\$145.11

Conclusion Per Space

\$41,422

RECONCILIATION AND FINAL VALUE OPINION

VALUATION METHODOLOGY REVIEW AND RECONCILIATION

This appraisal employs the Sales Comparison Approach to determine the value of the subject as a potential development site. In addition, we have employed the Income Capitalization Approach to determine the value of the subject assuming it were a fully functioning parking garage. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered necessary and applicable for market participants. Typical purchasers do not rely on the Cost Approach when purchasing a property such as the subject. Therefore, we have not employed the Cost Approach to develop an opinion of market value. The absence of this approach does not diminish the reliability of the analysis.

The approaches indicated the following:

FINAL VALUE RECONCILIATION

Date of Value	Market Value As-Is April 29, 2014		Hypothetical Value April 29, 2014	
		\$/SF		\$/Space
Land Valuation				
Land Value	\$28,000,000	\$58.65	N/A	N/A
Income Capitalization Approach				
Direct Capitalization	N/A	N/A	\$29,600,000	\$26,311
Final Value Conclusion	\$28,000,000	\$58.65	\$29,600,000	\$26,311

Compiled by Cushman & Wakefield of Massachusetts, Inc.

We relied on both the Sales Comparison and Income Capitalization Approaches because these mirror the methodologies used by purchasers of this property type.

EXPOSURE TIME

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately nine (9) months. This assumes an active and professional marketing plan would have been employed by the current owner.

ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.

- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.
- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.
- Any estimate of insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

CERTIFICATION OF APPRAISAL

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

- ▣ The statements of fact contained in this report are true and correct.
- ▣ 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.
- ▣ 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.
- ▣ We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▣ Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ▣ 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.
- ▣ 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- ▣ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ▣ Robert N. Skinner, MAI, MRICS did make a personal inspection of the property that is the subject of this report.
- ▣ We have performed a prior appraisal of the subject property within the three-year period immediately preceding the acceptance of the assignment.
- ▣ No one provided significant real property appraisal assistance to the persons signing this report.
- ▣ As of the date of this report, Robert N. Skinner, MAI, MRICS has completed the continuing education program for Designated Members of the Appraisal Institute.

Robert N. Skinner, MAI, MRICS
Managing Director
MA Certified General Appraiser
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ADDENDA CONTENTS

ADDENDUM A:	GLOSSARY OF TERMS & DEFINITIONS
ADDENDUM B:	CLIENT SATISFACTION SURVEY
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ADDENDUM E:	QUALIFICATIONS OF THE APPRAISERS

ADDENDUM A: GLOSSARY OF TERMS & DEFINITIONS

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Fifth Edition (2010), published by the Appraisal Institute, Chicago, IL, as well as other sources.

AS IS MARKET VALUE

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%)

BAND OF INVESTMENT

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

CASH EQUIVALENCY

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

DEPRECIATION

1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

ELLWOOD FORMULA

A yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern. The formula is

$$RO = [YE - M (YE + P \frac{1}{S} n - RM) - \Delta O \frac{1}{S} n] / [1 + \Delta I J]$$

where

RO = Overall Capitalization Rate

YE = Equity Yield Rate

M = Loan-to-Value Ratio

P = Percentage of Loan Paid Off

$\frac{1}{S} n$ = Sinking Fund Factor at the Equity Yield Rate

RM = Mortgage Capitalization Rate

ΔO = Change in Total Property Value

ΔI = Total Ratio Change in Income

J = J Factor

Also called mortgage-equity formula.

EXPOSURE TIME

1. The time a property remains on the market. 2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See also marketing time.

EXTRAORDINARY ASSUMPTION

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

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.

HYPOTHETICAL CONDITIONS

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

INSURABLE VALUE

A type of value for insurance purposes.

INTENDED USE

The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

INTENDED USER

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

LEASED FEE INTEREST

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

LEASEHOLD INTEREST

The tenant's possessory interest created by a lease. See also negative leasehold; positive leasehold.

MARKET RENT

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

MARKET VALUE

As defined in the Agencies' appraisal regulations, 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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

MARKETING TIME

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

MORTGAGE-EQUITY ANALYSIS

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

OPERATING EXPENSES

Other Taxes, Fees & Permits - Personal property taxes, sales taxes, utility taxes, fees and permit expenses.

³ "Interagency Appraisal and Evaluation Guidelines." Federal Register 75:237 (December 10, 2010) p. 77472.

Property Insurance – Coverage for loss or damage to the property caused by the perils of fire, lightning, extended coverage perils, vandalism and malicious mischief, and additional perils.

Management Fees – The sum paid for management services. Management services may be contracted for or provided by the property owner. Management expenses may include supervision, on-site offices or apartments for resident managers, telephone service, clerical help, legal or accounting services, printing and postage, and advertising. Management fees may occasionally be included among recoverable operating expenses.

Total Administrative Fees – Depending on the nature of the real estate, these usually include professional fees and other general administrative expenses, such as rent of offices and the services needed to operate the property. Administrative expenses can be provided either in the following expense subcategories or in a bulk total. 1) **Professional Fees** – Fees paid for any professional services contracted for or incurred in property operation; or 2) **Other Administrative** – Any other general administrative expenses incurred in property operation.

Heating Fuel – The cost of heating fuel purchased from outside producers. The cost of heat is generally a tenant expense in single-tenant, industrial or retail properties, and apartment projects with individual heating units. It is a major expense item shown in operating statements for office buildings and many apartment properties. The fuel consumed may be coal, oil, or public steam. Heating supplies, maintenance, and workers' wages are included in this expense category under certain accounting methods.

Electricity – The cost of electricity purchased from outside producers. Although the cost of electricity for leased space is frequently a tenant expense, and therefore not included in the operating expense statement, the owner may be responsible for lighting public areas and for the power needed to run elevators and other building equipment.

Gas – The cost of gas purchased from outside producers. When used for heating and air conditioning, gas can be a major expense item that is either paid by the tenant or reflected in the rent.

Water & Sewer – The cost of water consumed, including water specially treated for the circulating ice water system, or purchased for drinking purposes. The cost of water is a major consideration for industrial plants that use processes depending on water and for multifamily projects, in which the cost of sewer service usually ties to the amount of water used. It is also an important consideration for laundries, restaurants, taverns, hotels, and similar operations.

Other Utilities – The cost of other utilities purchased from outside producers.

Total Utilities – The cost of utilities net of energy sales to stores and others. Utilities are services rendered by public and private utility companies (e.g., electricity, gas, heating fuel, water/sewer and other utilities providers). Utility expenses can be provided either in expense subcategories or in a bulk total.

Repairs & Maintenance – All expenses incurred for the general repairs and maintenance of the building, including common areas and general upkeep. Repairs and maintenance expenses include elevator, HVAC, electrical and plumbing, structural/roof, and other repairs and maintenance expense items. Repairs and Maintenance expenses can be provided either in the following expense subcategories or in a bulk total. 1) **Elevator** – The expense of the contract and any additional expenses for elevator repairs and maintenance. This expense item may also include escalator repairs and maintenance. 2) **HVAC** – The expense of the contract and any additional expenses for heating, ventilation and air-conditioning systems. 3) **Electrical & Plumbing** – The expense of all repairs and maintenance associated with the property's electrical and plumbing systems. 4) **Structural/Roof** – The expense of all repairs and maintenance associated with the property's building structure and roof. 5) **Pest Control** – The expense of insect and rodent control. 6) **Other Repairs & Maintenance** – The cost of any other repairs and maintenance items not specifically included in other expense categories.

Common Area Maintenance – The common area is the total area within a property that is not designed for sale or rental, but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. Common Area Maintenance (CAM) expenses can be entered in bulk or through the sub-categories. 1) **Utilities** – Cost of utilities that are included in CAM charges and passed through to tenants. 2) **Repair & Maintenance** – Cost of repair and maintenance items that are included in CAM charges and passed through to tenants. 3) **Parking Lot Maintenance** – Cost of parking lot maintenance items that are included in CAM charges and passed through to tenants. 4) **Snow Removal** – Cost of snow removal that are included in CAM charges and passed through to tenants. 5) **Grounds Maintenance** – Cost of ground maintenance items that are included in CAM charges and passed through to tenants. 6) **Other CAM expenses** are items that are included in CAM charges and passed through to tenants.

Painting & Decorating – This expense category is relevant to residential properties where the landlord is required to prepare a dwelling unit for occupancy in between tenancies.

Cleaning & Janitorial – The expenses for building cleaning and janitorial services, for both daytime and night-time cleaning and janitorial service for tenant spaces, public areas, atriums, elevators, restrooms, windows, etc. Cleaning and Janitorial expenses can be provided either in the following subcategories or entered in a bulk total. 1) **Contract Services** – The expense of cleaning and janitorial services contracted for with outside service providers. 2) **Supplies, Materials & Misc.** – The cost any cleaning materials and any other janitorial supplies required for property cleaning and janitorial services and not covered elsewhere. 3) **Trash Removal** – The expense of property trash and rubbish removal and related services. Sometimes this expense item includes the cost of pest control and/or snow removal. 4) **Other Cleaning/Janitorial** – Any other cleaning and janitorial related expenses not included in other specific expense categories.

Advertising & Promotion – Expenses related to advertising, promotion, sales, and publicity and all related printing, stationery, artwork, magazine space, broadcasting, and postage related to marketing.

Professional Fees – All professional fees associated with property leasing activities including legal, accounting, data processing, and auditing costs to the extent necessary to satisfy tenant lease requirements and permanent lender requirements.

Total Payroll – The payroll expenses for all employees involved in the ongoing operation of the property, but whose salaries and wages are not included in other expense categories. Payroll expenses can be provided either in the following subcategories or entered in a bulk total. 1) **Administrative Payroll** – The payroll expenses for all employees involved in on-going property administration. 2) **Repair & Maintenance Payroll** – The expense of all employees involved in on-going repairs and maintenance of the property. 3) **Cleaning Payroll** – The expense of all employees involved in providing on-going cleaning and janitorial services to the property. 4) **Other Payroll** – The expense of any other employees involved in providing services to the property not covered in other specific categories.

Security – Expenses related to the security of the Lessees and the Property. This expense item includes payroll, contract services and other security expenses not covered in other expense categories. This item also includes the expense of maintenance of security systems such as alarms and closed circuit television (CCTV), and ordinary supplies necessary to operate a security program, including batteries, control forms, access cards, and security uniforms.

Roads & Grounds - The cost of maintaining the grounds and parking areas of the property. This expense can vary widely depending on the type of property and its total area. Landscaping improvements can range from none to extensive beds, gardens and trees. In addition, hard-surfaced public parking areas with drains, lights, and marked car spaces are subject to intensive wear and can be costly to maintain.

Other Operating Expenses - Any other expenses incurred in the operation of the property not specifically covered elsewhere.

Real Estate Taxes - The tax levied on real estate (i.e., on the land, appurtenances, improvements, structures and buildings); typically by the state, county, and/or municipality in which the property is located.

PROSPECTIVE OPINION OF VALUE

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

PROSPECTIVE VALUE UPON REACHING STABILIZED OCCUPANCY

The value of a property as of a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

SPECIAL, UNUSUAL, OR EXTRAORDINARY ASSUMPTIONS

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

ADDENDUM B: CLIENT SATISFACTION SURVEY

Survey Link: http://www.surveymonkey.com/s.aspx?sm=_2bZUxc1p1j1DWj6n_2fsw1KQ_3d_3d&c=14-27001-900270

C&W File ID: 14-27001-900270

Fax Option: (716) 852-0890

1. Given the scope and complexity of the assignment, please rate the development of the appraisal relative to the adequacy and relevance of the data, the appropriateness of the techniques used, and the reasonableness of the analyses, opinions, and conclusions:

- ☐ Excellent
- ☐ Good
- ☐ Average
- ☐ Below Average
- ☐ Poor

Comments: _____

2. Please rate the appraisal report on clarity, attention to detail, and the extent to which it was presentable to your internal/external users without revisions:

- ☐ Excellent
- ☐ Good
- ☐ Average
- ☐ Below Average
- ☐ Poor

Comments: _____

3. The appraiser communicated effectively by listening to your concerns, showed a sense of urgency in responding, and provided convincing support of his/her conclusions:

☐ Not Applicable

☐ Excellent

☐ Good

☐ Average

☐ Below Average

☐ Poor

Comments: _____

4. The report was on time as agreed, or was received within an acceptable time frame if unforeseen factors occurred after the engagement:

☐ Yes

☐ No

5. Please rate your overall satisfaction relative to cost, timing, and quality:

☐ Excellent

☐ Good

☐ Average

☐ Below Average

☐ Poor

Comments: _____

6. Any additional comments or suggestions?

7. Would you like a representative of Cushman & Wakefield's National Quality Control Committee to contact you?

☐ Yes

☐ No

Your Name: _____

Your Telephone Number: _____

Contact Information: Scott Schafer

Managing Director, National Quality Control

(716) 852-7500, ext. 121

ADDENDUM C: ENGAGEMENT LETTER

Randell L. Harwood, MAI, CRE, FRICS
Senior Managing Director, Regional Manager



Cushman & Wakefield of Massachusetts, Inc.
225 Franklin Street, Suite 300
Boston, MA
617-204-4188 Tel
617-330-8488 Fax
randy.harwood@cushwake.com

April 15, 2014

Mr. Dennis M. Davis, CCIM, CPM
Deputy Director
BOSTON REDEVELOPMENT AUTHORITY
22 Dry Dock Ave.
Boston, MA 02110

Re: Development Parcel
115 Federal Street
Boston, MA

Dear Dennis:

Thank you for requesting our proposal for appraisal services. This proposal letter will become, upon your acceptance, our letter of engagement to provide the services outlined herein.

TERMS OF ENGAGEMENT

I. PROBLEM IDENTIFICATION

The Parties To This Agreement:	The undersigned Cushman & Wakefield affiliated company and BOSTON REDEVELOPMENT AUTHORITY (herein at times referred to as "Client")
Intended Users:	The appraisal will be prepared for Boston Redevelopment Authority and is intended only for the use specified below. The Client agrees that there are no other Intended Users.
Intended Use:	Internal review by the Client
Type of Opinion and Rights Appraised:	Market value of the Fee Simple Interest.
Date Of Value:	o Date of Inspection
Subject of the Assignment and Relevant Characteristics:	The property to be appraised is an existing parking garage at 115 Federal Street. The garage has been closed and is the proposed site of a high rise office building. The site is 47,738 square feet according to the assessors records. The property is located in Boston, MA.
Assignment Conditions:	The assignment should not incorporate any extraordinary assumptions or hypothetical conditions.

II. ANTICIPATED SCOPE OF WORK

USPAP Compliance: The undersigned Cushman & Wakefield affiliated company and/or its designated affiliate or subsidiary (herein at times "C&W") will develop an appraisal in accordance with USPAP and

the Code of Ethics and Certification Standards of the Appraisal Institute.

General Scope of Work:

- Property Inspection to the extent necessary to adequately identify the real estate
- Research relevant market data, in terms of quantity, quality, and geographic comparability, to the extent necessary to produce credible appraisal results
- Consider and develop those approaches relevant and applicable to the appraisal problem. Based on our discussions with the Client, we anticipate developing the following valuation approaches:
 - Sales Comparison Approach
 - Income Approach

III. REPORTING AND DISCLOSURE

Scope of Work Disclosure:

The actual Scope of Work will be reported within the report. As part of the assignment, we will estimate value based on redevelopment as a parking garage. We will also provide an additional value based on redevelopment at the highest and best use on an as of right basis under the zoning.

Reporting Option:

The appraisal will be communicated in an Appraisal Report consistent with the format previously identified as a self contained report.

Fee:

All invoices are due upon receipt. The Client shall be solely responsible for C&W's fees. Acknowledgement of this obligation is made by the countersignature to this agreement by an authorized representative.

Additional Expenses:

Fee quoted is inclusive of expenses related to the preparation of the report.

Retainer:

A retainer is not required for this assignment in order to commence work.

Report Copies:

The final report will be delivered in electronic format. Up to three hard copies will be provided upon request.

Start Date:

The appraisal process will initiate upon receipt of signed agreement, applicable retainer, and the receipt of the property specific data.

Acceptance Date:

This proposal is subject to withdrawal if the engagement letter is not executed by the Client within four (4) business days.

Final Report Delivery:

Three weeks from authorization, assuming prompt receipt of necessary property information. Payment of the fee shall be due and payable upon delivery of the report.

Changes to Agreement:

The identity of the Client, intended users, or intended use; the date of value; type of value or interest appraised; or property appraised cannot be changed without a new agreement.

Prior Services Disclosure:

The engaging or principal appraiser have not

performed a previous appraisal of the subject property within the three years prior to this assignment.

Conflicts of Interest:

C&W adheres to a strict internal conflict of interest policy. If we discover in the preparation of our appraisal a conflict with this assignment we reserve the right to withdraw from the assignment without penalty.

Further Conditions of Engagement:

The Conditions of Engagement attached hereto are incorporated herein and are part of this letter of engagement.

Thank you for calling on us to render these services and we look forward to working with you.

Sincerely,
CUSHMAN & WAKEFIELD OF MASSACHUSETTS, INC.



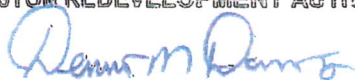
Randell L. Harwood, MAI, CRE, FRICS
Senior Managing Director, Regional Manager

cc:

AGREED:

CLIENT: BOSTON REDEVELOPMENT AUTHORITY

By:



Mr. Dennis M. Davis, CCIM, CPM

Date:

4/16/14

Title:

Deputy Director

E-mail Address/Phone & Fax Nos.:

Dennis.Davis@boston.gov

617-918-6254

CONDITIONS OF ENGAGEMENT

- 1) The Client and any Intended Users identified herein should consider the appraisal as only one factor together with its independent investment considerations and underwriting criteria in its overall investment decision. The appraisal cannot be used by any party or for any purpose other than as specified in this engagement letter.
- 2) Federal banking regulations require banks and savings and loan associations to employ appraisers where a FIRREA compliant appraisal must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions, including mortgage bankers/brokers. Because of that requirement, this appraisal, if ordered independent of a financial institution or agent, may not be accepted by a federally regulated financial institution. This appraisal will be prepared in accordance with the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, the Standards of Professional Practice and the Code of Ethics of the Appraisal Institute.
- 3) The appraisal report will be subject to our standard Assumptions and Limiting Conditions, which will be incorporated into the appraisal. All users of the appraisal report are specifically cautioned to understand any Extraordinary Assumptions and Hypothetical Conditions which may be employed by the appraiser and incorporated into the appraisal.
- 4) The appraisal report or our name may not be used in any offering memoranda or other investment material without the prior written consent of C&W, which may be given at the sole discretion of C&W. Any such consent, if given, shall be conditioned upon our receipt of an indemnification agreement from a party satisfactory to us and in a form satisfactory to us. Furthermore, Client agrees to pay the fees of C&W's legal counsel for the review of the material which is the subject of the requested consent. If the appraisal is referred to or included in any offering material or prospectus, the appraisal shall be deemed referred to or included for informational purposes only and C&W, its employees and the appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party which retained C&W to prepare the appraisal.
- 5) In the event the Client provides a copy of this appraisal to, or permits reliance thereon by, any person or entity not an identified Intended User at the time of the assignment and authorized by C&W in writing to use or rely thereon, Client hereby agrees to indemnify and hold C&W, its affiliates and the respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorney's fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the appraisal by any such unauthorized person or entity.
- 6) The balance of the fee for the appraisal will be due upon delivery of a report. Payment of the fee is not contingent on the appraised value, outcome of the consultation report, a loan closing, or any other prearranged condition. Additional fees will be charged on an hourly basis for any work, which exceeds the scope of this proposal, including performing additional valuation scenarios, additional research and conference calls or meetings with any party, which exceed the time allotted by C&W for an assignment of this nature. If we are requested to stop working on this assignment, for any reason, prior to our completion of the appraisal, C&W will be entitled to bill the Client for the time expended to date at C&W's hourly rates for the personnel involved.
- 7) If C&W or any of its affiliates or any of their respective employees receives a subpoena or other judicial command to produce documents or to provide testimony involving this assignment in connection with a lawsuit or proceeding, C&W will use reasonable efforts to notify the Client of our receipt of same. However, if C&W or any of its affiliates are not a party to these proceedings, Client agrees to compensate C&W or its affiliate for the professional time and reimburse C&W or its affiliate for the actual expense that it incurs in responding to any such subpoena or judicial command, including attorneys' fees, if any, as they are incurred. C&W or its affiliate will be compensated at the then prevailing hourly rates of the personnel responding to the subpoena or command for testimony.
- 8) By signing this agreement Client expressly agrees that its sole and exclusive remedy for any and all losses or damages relating to this agreement or the appraisal shall be limited to the amount of the appraisal fee paid by the Client. In the event that the Client, or any other party entitled to do so, makes a claim against C&W or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the appraisal, the maximum damages recoverable from C&W or any of its affiliates or their respective officers or employees shall be the amount of the monies actually collected by C&W or any of its affiliates for this assignment and under no circumstances shall any claim for consequential damages be made.
- 9) It is acknowledged that any opinions and conclusions expressed by the professionals of C&W or its affiliates during this assignment are representations made as employees and not as individuals. C&W's or its affiliate's responsibility is limited to the Client, and use of our product by third parties shall be solely at the risk of the Client and/or third parties.
- 10) The fees and expenses shall be due C&W as agreed in this letter. If it becomes necessary to place collection of the fees and expenses due C&W in the hands of a collection agent and/or an attorney (whether or not a legal action is filed) Client agrees to pay all fees and expenses including attorney's fees incurred by C&W in connection with the collection or attempted collection thereof.

ADDENDUM D: COMPARABLE LAND SALE DATA SHEETS



Seaport Square Parcel L2
 Seaport Boulevard and Boston Wharf Road
 Boston MA 02210
 MSA: Boston
 Suffolk County

Property Type: Land
 Property Subtype: Commercial
 ID: 268169
 APN: N/A

PROPERTY INFORMATION

Site Area (Acres):	1.00	Public Utilities:	All Available
Site Area (SqFt):	43,560	Electricity:	Yes
Zoning:	N/A	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Good	Gas:	Yes
Frontage:	Good	Proposed Use:	Office
Visibility:	Good	Maximum FAR:	N/A
Shape:	Rectangular	Building Area:	475,000
Topography:	Level	Potential Units:	N/A

SALE INFORMATION

Sale Status:	Recorded Sale	Price per SqFt:	\$828.74
Transaction Date:	12/2013	Price per Acre:	\$36,100,000
Sale Price:	\$36,100,000	Price per Building Area:	\$76.00
Grantor:	MS Boston Seaport, LLC	Price per Potential Units:	N/A
Grantee:	Skanska USA Commercial Development		
Value Interest:	Fee Simple		
Condition of Sale:	None		

VERIFICATION COMMENTS

N/A

COMMENTS

The 1 acre parcel is located in the Seaport District within the Seaport Square mixed-use development. The site will be used to develop a 425,000 square foot (net) office building with retail at grade. At this time, the buyer does not have any tenants. Thus, this was a speculative purchase.



Millennium Tower Site
 426 Washington Street
 Boston MA
 MSA: Boston
 Suffolk County
 Boston/Southern NH - Financial District

Property Type: Land
 Property Subtype: Planned Development (PUD)
 ID: 261564
 APN: N/A

PROPERTY INFORMATION

Site Area (Acres):	1.46	Public Utilities:	All Available
Site Area (SqFt):	63,586	Electricity:	Yes
Zoning:	Midtown PDA V	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Good	Gas:	Yes
Frontage:	Good	Proposed Use:	Mixed Use
Visibility:	Good	Maximum FAR:	N/A
Shape:	Irregular	Building Area:	1,319,474
Topography:	Level	Potential Units:	451

SALE INFORMATION

Sale Status:	Recorded Sale	Price per SqFt:	\$1,468.60
Transaction Date:	5/2013	Price per Acre:	\$63,972,208
Sale Price:	\$93,400,000	Price per Building Area:	\$70.79
Grantor:	Vornado	Price per Potential Units:	\$207,095
Grantee:	Millennium Partners		
Value Interest:	Fee Simple		
Condition of Sale:	None		

VERIFICATION COMMENTS

N/A

COMMENTS

This transaction represents the sale of the former Filene's Basement site (One Franklin). The main parcel was to include a 52-story mixed-use tower to include 451 residential condos, 77,000 square feet of retail space and 450 parking spaces. The 8-story Burnham Building (Filene's Basement) was to be redeveloped to include 198,750 square feet of office space and 75,724 square feet of retail space. The buyer had executed a lease for nearly all of the office space.



Seaport Square Parcel L1
 Seaport Boulevard @ Boston Wharf Road
 Boston MA
 MSA: Boston
 Suffolk County
 Boston/Southern NH - Seaport

Property Type: Land
 Property Subtype: Office
 ID: 241240
 APN: N/A

PROPERTY INFORMATION

Site Area (Acres):	3.93	Public Utilities:	All Available
Site Area (SqFt):	170,980	Electricity:	Yes
Zoning:	N/A	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Good	Gas:	Yes
Frontage:	Good	Proposed Use:	Office
Visibility:	Good	Maximum FAR:	N/A
Shape:	Irregular	Building Area:	455,000
Topography:	Level	Potential Units:	N/A

SALE INFORMATION

Sale Status:	Recorded Sale	Price per SqFt:	\$193.01
Transaction Date:	12/2012	Price per Acre:	\$8,407,301
Sale Price:	\$33,000,000	Price per Building Area:	\$72.53
Grantor:	Morgan Stanley	Price per Potential Units:	N/A
Grantee:	Skanska USA		
Value Interest:	Fee Simple		
Condition of Sale:	None		

VERIFICATION COMMENTS

N/A

COMMENTS

This parcel (L1) was purchased for a 455,000 Class A office building with street-level retail space. Skanska recently purchased the adjacent parcel (K) with the intention of building a 350-unit apartment tower. Both parcels are part of the master-planned Seaport Square which has been approved for 6.35 million square feet of mixed-use space.



Seaport Square Parcel K
Seaport Boulevard
Boston MA
MSA: Boston
Suffolk County
Boston/Southern NH - Seaport

Property Type: Land
Property Subtype: Multi-Family - Apartment
ID: 215583
APN: N/A

PROPERTY INFORMATION

Site Area (Acres):	1.20	Public Utilities:	All Available
Site Area (SqFt):	52,272	Electricity:	Yes
Zoning:	N/A	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Good	Gas:	Yes
Frontage:	Good	Proposed Use:	Residential-Multi-Family
Visibility:	Good	Maximum FAR:	N/A
Shape:	Irregular	Building Area:	275,000
Topography:	Level	Potential Units:	346
Density (Units/Acre):	288.33		

SALE INFORMATION

Sale Status:	Recorded Sale	Price per SqFt:	\$394.57
Transaction Date:	2/2012	Price per Acre:	\$17,187,500
Sale Price:	\$20,625,000	Price per Building Area:	\$75.00
Grantor:	Morgan Stanley	Price per Potential Units:	\$59,610
Grantee:	Skanska & Twining		
Value Interest:	Fee Simple		
Condition of Sale:	None		

VERIFICATION COMMENTS

N/A

COMMENTS

This represents the sale of Block K of Seaport Square. Skanska and Twining Properties will develop Watermark Seaport, a 275,000-square-foot apartment tower with 346 units and 25,000 square feet of retail. The site is located on the southeast corner of Seaport Boulevard and Boston Wharf Road within the 25-acre Seaport Square, which is approved for 6.35 million square feet of residential, office, retail, hotel, and civic/cultural space. Construction is expected to commence in the first quarter of 2013.

Two Financial Center
60 South St
Boston MA 02111
MSA: Boston
Suffolk County

Property Type: Land
Property Subtype: Office
ID: 116206
APN: CBCS-000000-000003-004296
CBCS-000000-000003-004299-000001

PROPERTY INFORMATION

Site Area (Acres):	0.43	Public Utilities:	All Available
Site Area (SqFt):	18,948	Electricity:	Yes
Zoning:	LD, Boston	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Good	Gas:	Yes
Frontage:	Good	Proposed Use:	Office
Visibility:	Good	Maximum FAR:	N/A
Shape:	Irregular	Building Area:	207,129
Topography:	Level	Potential Units:	N/A

SALE INFORMATION

Sale Status:	Recorded Sale	Price per SqFt:	\$1,049.08
Transaction Date:	5/2007	Price per Acre:	\$45,897,793
Sale Price:	\$19,677,900	Price per Building Area:	\$95.97
Grantor:	Rose Associates	Price per Potential Units:	N/A
Grantee:	Lincoln Property Company		
Value Interest:	Fee Simple		
Condition of Sale:	N/A		

VERIFICATION COMMENTS

Public Records/FSG

COMMENTS

This property was purchased by Lincoln Property Company D/B/A 60 South Street LP. Proposed is a 12 story 207,129 SF (10.9 FAR) first class office building with 10,000 SF of retail and 200 below grade parking spaces. Total projected project costs \$537.42/SF.

ADDENDUM E: QUALIFICATIONS OF THE APPRAISERS



ROBERT N. SKINNER, MAI, MRICS

MANAGING DIRECTOR | VALUATION & ADVISORY

CUSHMAN & WAKEFIELD OF MASSACHUSETTS, INC.

Mr. Skinner is the Managing Director of Cushman & Wakefield's Valuation & Advisory in New England. In this capacity, he manages Cushman & Wakefield's V&A activities in Massachusetts, Rhode Island, New Hampshire, Vermont and Maine. Prior to joining C&W in 2003, Mr. Skinner was in investment sales, where he spent five years with New England's top producing investment sales team. During his tenure, the team closed transactions in excess of \$4 billion. He is personally responsible for valuing and analyzing 15 million square feet of office, industrial and retail product as well as over 5,000 multi-family units all with a total consideration in excess of \$2.5 billion. From 1996 to 1998 he was an appraiser with Joseph J. Blake & Associates in Boston, MA, appraising all property types.

EXPERIENCE

In addition to his management duties, Mr. Skinner specializes in multi-family properties including garden, mid-rise and high-rise apartment and condominium assets as well as office product and proposed mixed-use developments. To date, Mr. Skinner has analyzed and valued over \$15 billion in for-rent and for sale housing totaling 65,000 units and \$9 billion in office product totaling 40 million square feet.

EDUCATION

- Boston University – Graduated 1996
 - Degree: Master of Business Administration in Real Estate Finance and Entrepreneurship
- University of Connecticut – Graduated 1991
 - Degree: Bachelor of Science in Landscape Architecture and Horticulture

MEMBERSHIPS, LICENSES AND PROFESSIONAL AFFILIATIONS

- Designated Member, Appraisal Institute # 451313
 - As of the current date, Robert Skinner, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Member, Royal Institution of Chartered Surveyors # 5604056
- Certified General Real Estate Appraiser in the following states:
 - Connecticut – RCG.0001388
 - Massachusetts – 75057
 - New Hampshire – NHCG-720
 - Rhode Island – A01325G
- Memberships: Rental Housing Association & Real Estate Finance Association

CONNECTICUT

STATE OF CONNECTICUT + DEPARTMENT OF CONSUMER PROTECTION

Be it known that

ROBERT N SKINNER
62 SANBORN ST
READING, MA 01867-3013

has been certified by the Department of Consumer Protection as a licensed

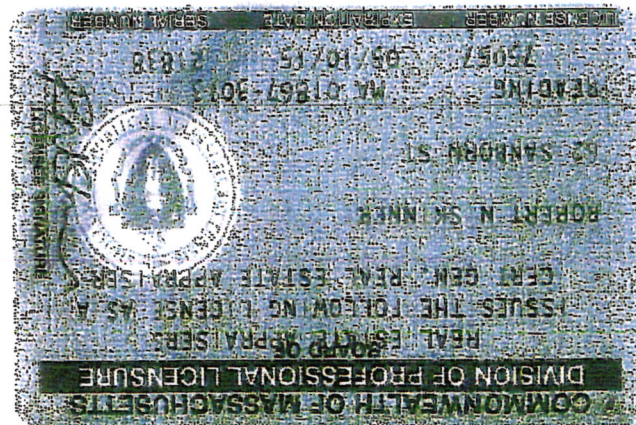
CERTIFIED GENERAL REAL ESTATE APPRAISER

License # RCG.0001388

Effective: 05/01/2014

Expiration: 04/30/2015


William M. Rubenstein, Commissioner



MASSACHUSETTS

NEW HAMPSHIRE

State of New Hampshire

REAL ESTATE APPRAISER BOARD
APPROVED TO PRACTICE AS A
CERTIFIED GENERAL APPRAISER
ISSUED TO: ROBERT N SKINNER



License No. NHCG-720

Expiration Date: 03/31/2016

State of New Hampshire
REAL ESTATE APPRAISER BOARD
APPROVED TO PRACTICE AS A
Certified General Appraiser
ISSUED TO: ROBERT N SKINNER



License No.
NHCG-720

Expiration Date:
03/31/2016

RHODE ISLAND



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
DIVISION OF COMMERCIAL LICENSING AND RACING AND ATHLETICS
REAL ESTATE APPRAISERS SECTION
JOHN C. PASTORE CENTER, BLDG. 60-1
1511 PONTIAC AVENUE
CRANSTON, RI 02920-0912

CERTIFIED GENERAL APPRAISER

Certification No. CGA-0001325

This Certification Expires on 04/22/2015

In accordance with Title 1, Chapter 20-7 of the General Laws of Rhode Island relating to Real Estate Appraisers' I warrant
to valid authority and having received full payment of the required fee, the Director of the Department of Business Regulation has
honored/certified

Robert N. Skinner

The person named herein may engage in the business of appraisal practice provided he shall in all respects conform to the
Provisions of Title 1, Chapter 20-7 of the General Laws of Rhode Island 1987 as amended and the rules and regulations issued
under authority thereof beginning 04/22/2013 and ending 04/22/2015 unless this license is
suspended, revoked or voluntarily returned to the Department during this period.

Kenneth P. Cato
Chairman, Real Estate Appraisers Board

[Signature]
Director of Business Regulation

