

MIXED-USE INVESTMENT OPPORTUNITY

SCOTTSDALE RIDGE

NEC Scottsdale Road & Deer Valley Road | Scottsdale, Arizona 85255



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CONFIDENTIALITY AGREEMENT

Cushman & Wakefield ("Advisor") serves as the exclusive advisor in connection with the solicitation of offers for the purchase of a portion of Scottsdale Ridge ("Asset"). The solicitation and potential sale is to be governed by this Confidential Offering Memorandum, as it may be modified or supplemented ("Offering Memorandum") and the Purchase Agreement governing the sale of the Asset. Prospective purchasers are advised that as part of the solicitation process, Seller will be evaluating a number of factors including the current financial qualifications of the prospective purchaser. Prospective purchasers are further advised that the Seller expressly reserves the right, in its sole and absolute discretion, to evaluate the terms and conditions of any offer and to reject any offer without providing a reason. Further, Seller reserves the right to terminate the solicitation process at any time prior to final execution of the Purchase Agreement.

The information contained in this Offering Memorandum is confidential, furnished solely for the purpose of a review by a prospective purchaser of the Asset, and is not to be used for any other purpose or made available to any other person without the express written consent of the Seller or Advisor. Prospective purchasers should conduct their own due diligence, including, but not limited to, engineering and environmental inspections, to determine the condition of the Property and the existence of any potentially hazardous material located at the Asset or used in the construction or maintenance of the building(s) at the Asset.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Asset, or information provided herein or in connection with the sale of the Asset shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Advisor or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees or agents, for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Asset. A Prospective purchaser is not to construe the contents of the Offering Memorandum or any prior or subsequent communications from the Seller or Advisor or their affiliates or any of their respective officers, directors, shareholders, owners, employees or agents as legal, tax or other advice. Prior to submitting an offer, prospective purchasers should consult with their own business advisors, legal counsel and tax professionals to determine the consequences of an investment in the Asset and arrive at an independent evaluation of such investment.

PROPERTY HIGHLIGHTS

| | |
|----------------------|---|
| ADDRESS | 21811 N. Scottsdale Rd. Scottsdale, AZ 85255 |
| OFFERING PRICE | \$3,302,055 |
| NET OPERATING INCOME | \$319,638.96 |
| PRICE PER SF | \$212 |
| CAP RATE | 9.68% |
| OCCUPANCY | 50.3% |
| TENANCY | Multi-Tenant |
| PARCEL | 212-02-970A |
| LAND AREA | ±1.67 AC |
| BUILDING GLA | ±15,584 |
| YEAR BUILT | 2007 |
| ZONING | C-2 City of Scottsdale |

INVESTMENT HIGHLIGHTS

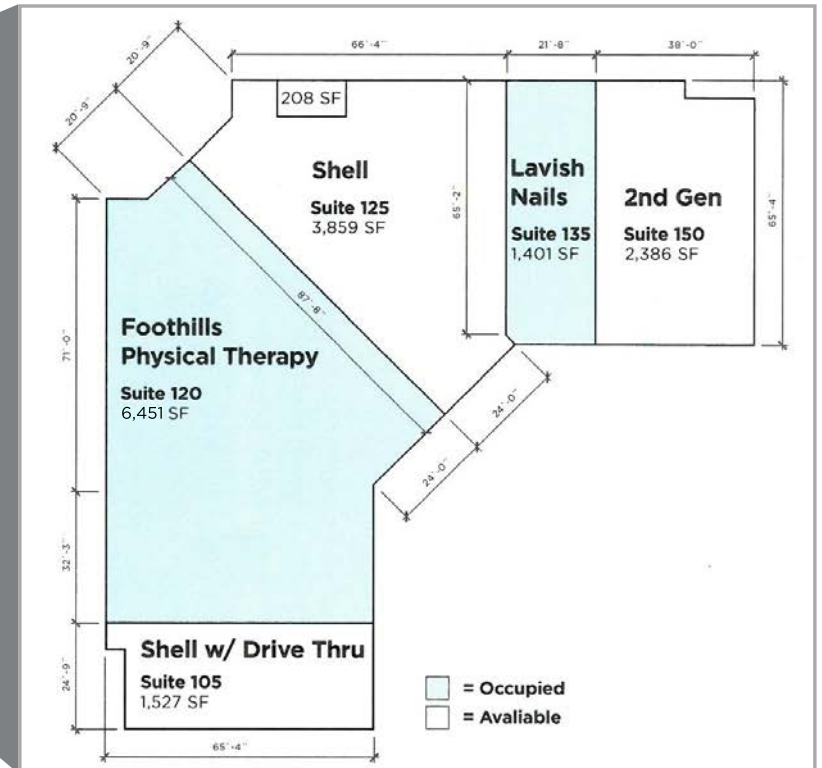
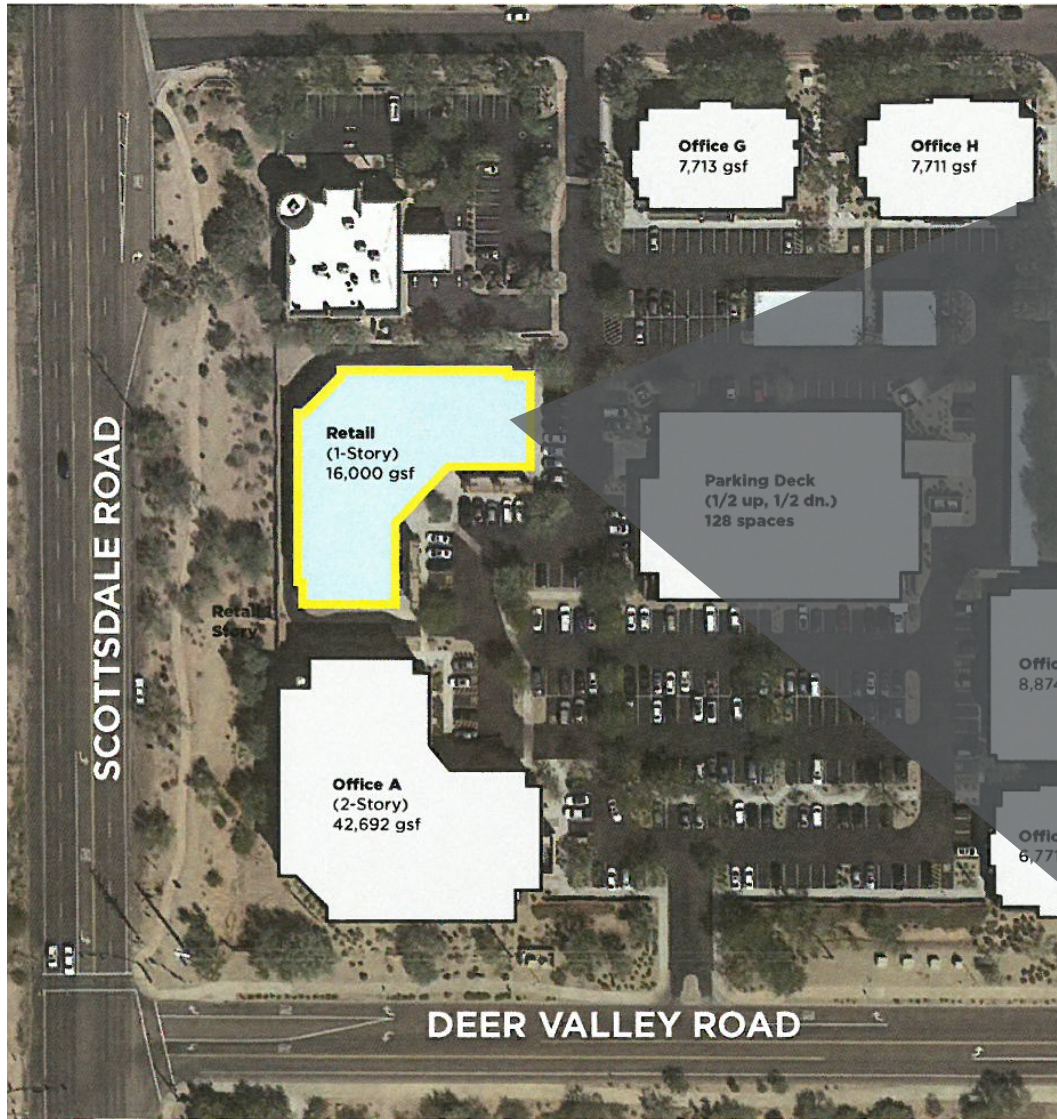
- 50.3% occupied with upside to lease the remaining space and a one year rent guaranty
- Perfect owner/use opportunity
- Over 111,000 population with a median household income of \$124,243 within 5 miles
- Newer construction; built in 2007
- Rent guaranty on remaining vacant spaces up to 12 months or when a new lease is signed
- Rent guaranty set at below market rent giving additional upside through leasing opportunities

PROPERTY OVERVIEW

- Easy access to the Loop 101 Freeway allowing for high traffic heading North & South
- Over 105,000 daytime employees within 5 miles
- Multiple retail, office, and medical buildings surrounding the subject property
- C-2 Zoning, City of Scottsdale

SITE PLAN

MULTI-TENANT BUILDING FOR LEASE



VALUATION - INCOME ANALYSIS

Current In-Place

Income

| | |
|--------------------|--------------|
| Base Rent | \$312,606.12 |
| CAM Reimbursements | \$89,876.78 |

Total Income **\$402,482.90**

Expenses

| | |
|-----------------------|-------------|
| Repairs & Maintenance | \$10,006.41 |
| Utilities | \$5,543.82 |
| Insurance | \$4,522.92 |
| Management Fee | \$16,458.75 |
| Property Taxes | \$46,312.05 |

Total Operating Expenses **\$82,843.94**

Net Operating Income **\$319,638.96**

RENT ROLL

| Suite | Tenant | SF | Rent PSF | Lease Start | Lease End | Base Rent | Annual CAM | Annual Gross Rent | % of Rent |
|--------------|---------------------------|---------------|----------|-------------|-----------|--------------|-------------|-------------------|---------------|
| 1 | Foothills Sports | 2,071 | \$23.08 | 9/1/2014 | 9/30/2020 | \$47,795.40 | \$11,908.20 | \$59,703.60 | 27.5% |
| 2 | Foothills Sports Medicine | 4,398 | \$23.08 | 10/4/2007 | 9/30/2020 | \$101,498.76 | \$25,288.56 | \$126,787.32 | 58.4% |
| 3 | Lavish Nails and Spa | 1,400 | \$17.51 | 10/1/2013 | 3/31/2020 | \$24,513.96 | \$8,232.00 | \$32,745.96 | 14.1% |
| Vacant | | 2,346 | \$18.00* | | | \$42,228.00 | \$13,489.00 | \$55,717.00* | |
| Vacant | | 1,527 | \$18.00* | | | \$27,486.00 | \$8,795.52 | \$36,281.52* | |
| Vacant | | 3,842 | \$18.00* | | | \$69,156.00 | \$22,091.50 | \$91,247.50* | |
| Total | | 15,584 | | | | | | 402,482.90 | 100.0% |

*12 Month Rent Guranty



SALES COMPARABLES

| # | Property Name | Address | RBA | Sales Price | Price Per SF | Year Built | Cap Rate | Occupancy |
|---|----------------------------|---|----------|-------------|-----------------|------------|----------|-----------|
| 1 | Johnson Bank Office Center | 8700 E. Pinnacle Peak Rd. Scottsdale, AZ 85255 | 9,975 SF | \$2,600,000 | \$260.65 | 1986 | 7.05% | 100% |
| 2 | Grayhawk Office Villas | 21020 N. Pima Rd. Scottsdale, AZ 85255 | 8,230 SF | \$2,400,000 | \$291.62 | 2005 | | 0% |
| 3 | Scottsdale Ridge | 7304 E. Deer Valley Rd. - Bldg E Scottsdale, AZ 85255 | 7,190 SF | \$1,800,000 | \$250.35 | 2006 | | 100% |
| 4 | The Offices at Grayhawk | 7930 E. Thompson Peak Pky, #101 Scottsdale, AZ 85255 | 6,700 SF | \$1,550,000 | \$231.34 | 2001 | | 100% |
| 5 | Northsight 101 Corporate | 14201 N 8th St. Scottsdale, AZ 85260 | 6,348 SF | \$1,460,040 | \$230.00 | 2004 | 7.80% | 27% |
| 6 | BMO Harris Bank | 21911 N. Scottsdale Rd. Scottsdale, AZ 85255 | 6,001 SF | \$2,436,000 | \$405.93 | 2005 | 4.68% | 100% |



PROPERTY ANALYSIS

DEMOGRAPHICS

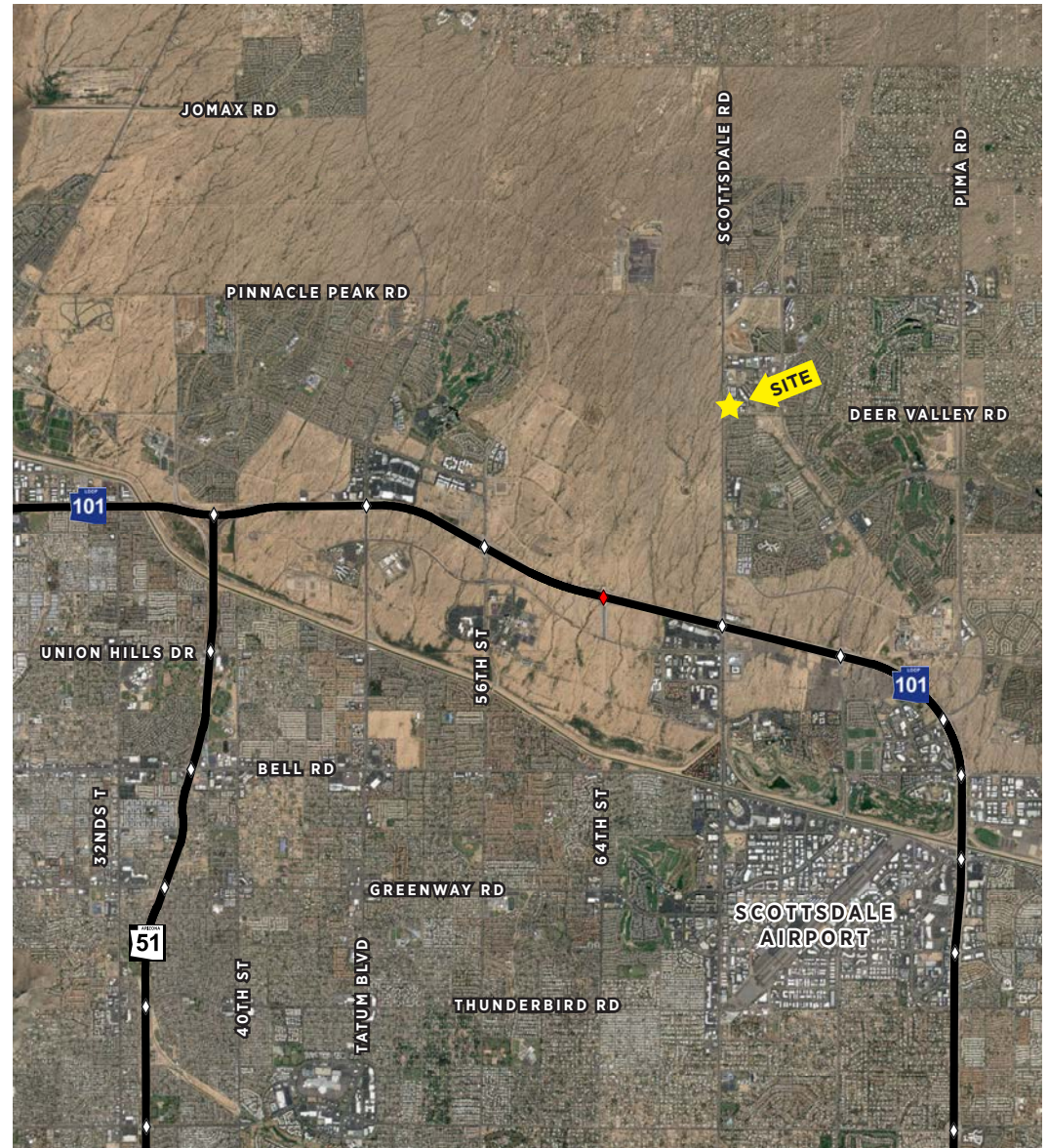
| Population | 1 Mile | 3 Mile | 5 Mile |
|------------------|--------|--------|---------|
| 2022 Projection | 4,569 | 31,714 | 121,042 |
| 2017 Estimate | 4,223 | 29,004 | 111,752 |
| 2010 Census | 3,799 | 24,264 | 99,755 |
| Growth 2017-2022 | 8.19% | 9.34% | 9.31% |
| Growth 2010-2017 | 11.16% | 19.54% | 12.03% |

| Households | 1 Mile | 3 Mile | 5 Mile |
|------------------|--------|--------|--------|
| 2022 Projection | 1,569 | 14,030 | 50,518 |
| 2017 Estimate | 1,457 | 12,834 | 46,673 |
| 2010 Census | 1,350 | 10,733 | 41,765 |
| Growth 2017-2022 | 7.69% | 9.32% | 8.24% |
| Growth 2010-2017 | 7.93% | 19.58% | 11.75% |

| | | | |
|---------------------------|-----------|-----------|-----------|
| 2017 Avg Household Income | \$150,308 | \$134,102 | \$124,243 |
| 2017 Med Household Income | \$127,751 | \$100,269 | \$94,970 |

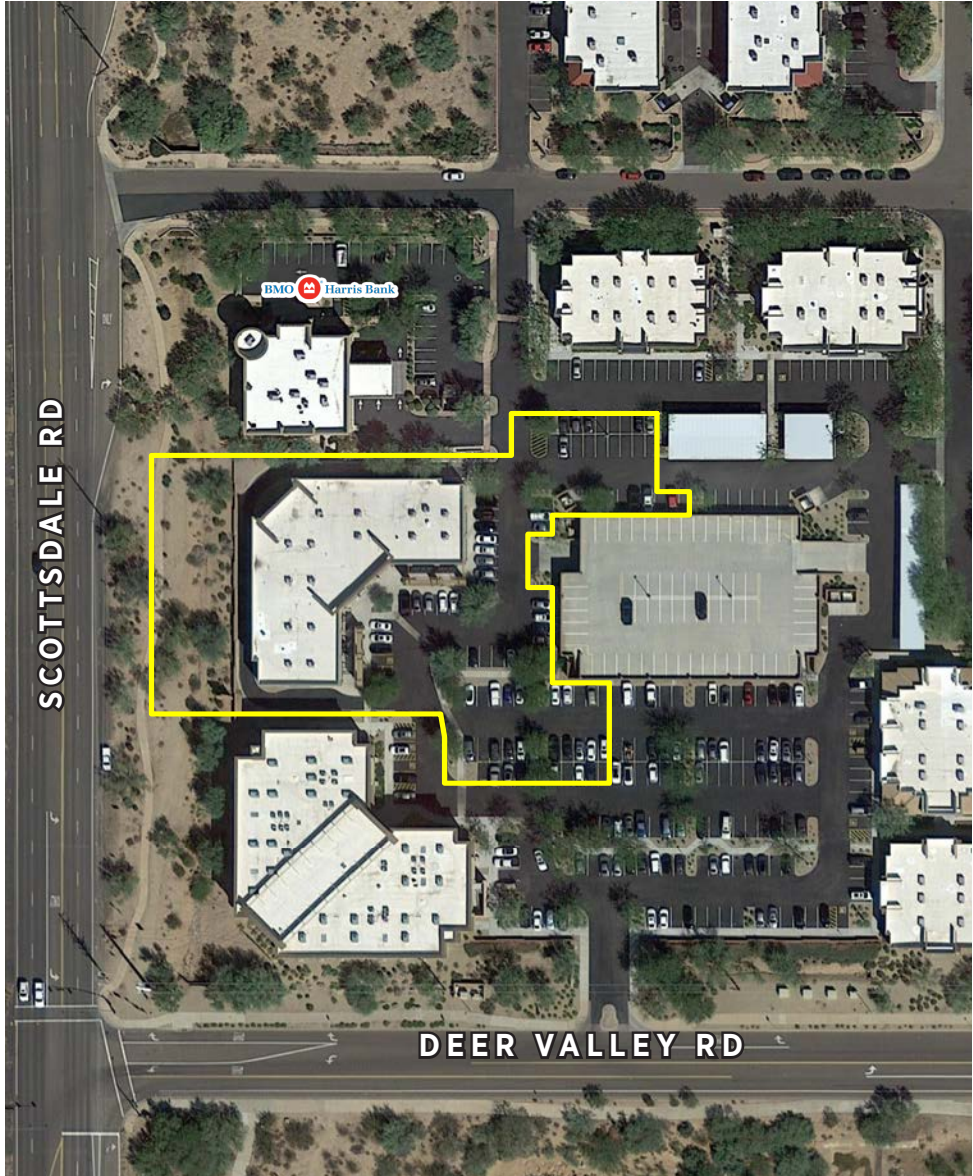
| Traffic Counts* | N. on Scottsdale Rd: | S. on Scottsdale Rd: |
|-----------------|-----------------------|-----------------------|
| | 17,130 | 17,318 |
| | E. on Deer Valley Rd: | W. on Deer Valley Rd: |
| | 1,300 | 1,300 |

ESRI, 2017



PROPERTY ANALYSIS

LOCATION MAPS

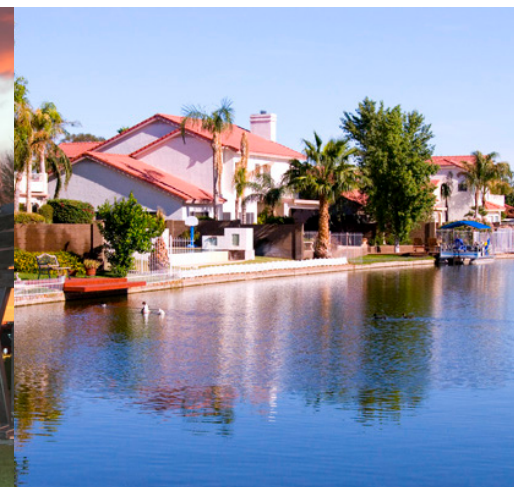


MARKET OVERVIEW

Metro Phoenix is the sixth largest city in the United States and anchors the nation's 12th largest metropolitan area. The population of Greater Phoenix is 4.7 million and is expected to grow to nearly 5.1 million in the next five years. That rapid growth makes Phoenix one of the fastest-growing communities in the nation.

Key Assets:

- Freeway development sites are premium locations in Greater Phoenix for new retail, restaurants, hotels, offices and business parks.
- Phoenix continues to bring a diversified, high quality employment base that offers opportunities beyond measure
- Business friendly climate for healthcare, education, and manufacturing
- Foreign trade zone supported
- Leading educational institutions including, Maricopa Community Colleges, ITT Technical Institute (ITT), ASU/ASU West, and more
- Focus on healthcare and healthcare technology; advanced manufacturing; advanced business services; amateur sports recreation and tourism; retail; and higher education/lifelong learning



MARKET OVERVIEW

Economy

The Metro Phoenix job market continued to show signs of improvement, adding over 28,000 jobs year-over-year through August. During the same time period, the unemployment rate decreased 10-basis-points (bps) to close the third quarter at 4.3%.

Market Overview

After a negative second quarter, the Metro Phoenix shopping center market experienced a healthy third quarter recording the strongest positive absorption since the first quarter of 2016. Neighborhood & community centers saw the largest recorded increase with over 410,000 sf of positive absorption in the third quarter of 2017.

Positive absorption was not only limited to just neighborhood & community centers but also strip centers (86,520 sf), power & regional malls (60,072 sf) and lifestyle centers (6,686 sf). The strong quarterly performance helped push positive absorption to over 1 million square feet (msf) year-to-date (YTD). The East Phoenix submarket saw the largest recorded positive absorption of 135,522 sf in the third quarter of 2017. The North I-17 (-51,786 sf) and North Central Phoenix (-16,291 sf) were the only submarkets with negative absorption in the Metro Phoenix shopping center market.

Construction for the Metro Phoenix shopping centers increased in the third quarter of 2017 compared to the second quarter of 2017. The sum area of under construction

buildings totals just over 696,000 sf for the third quarter of 2017, a significant increase from the 368,429 sf from the second quarter of 2017. Of the nearly 696,000 sf that is under construction, 168,000 sf (24%) is the San Tan Pavilions power center in the Southeast Phoenix submarket. Mesa (14,000 sf) and Northwest Phoenix (10,300 sf) submarkets saw the completion of new construction projects this quarter.

Although third quarter of 2017 saw a decrease in vacancies and strong positive absorption, by the end of the quarter the average asking rates fell -1.9% from \$14.97 per square foot (psf) in the second quarter of 2017 to \$14.68 psf on a triple net basis. This marks a \$0.29 psf decrease quarter-to-quarter. Although the psf decreased slightly in the third quarter of 2017, the year-to-date price psf increased \$0.33 from the third quarter of 2016 to the third quarter of 2017. Neighborhood & community centers saw a -7% decrease in average asking rates while strip -0.9% centers and lifestyle -1.7% centers also decreased in the third quarter of 2017. Only power & regional malls saw an increase of 2.4%, rising from \$18.58 psf to the second quarter of 2017 to \$19.03 psf in the third quarter of 2017 while Central Business



MAJOR PHOENIX EMPLOYERS

- State of Arizona
- Wal-Mart Stores, Inc.
- Banner Health
- City of Phoenix
- Wells Fargo
- Maricopa County
- Arizona State University
- Apollo Group, Inc.
- JPMorgan Chase & Co.
- Intel Corp.
- US Airways
- Mesa Public Schools

MARKET OVERVIEW

RETAIL MARKET SNAPSHOT

Metro Phoenix • Third Quarter • 2017

ECONOMIC INDICATORS

| National | Q3 2016 | Q3 2017 | 12-Month Forecast |
|--------------------------|---------|---------|-------------------|
| GDP Growth | 1.2% | 2.2%* | ▲ |
| CPI Growth | 1.1% | 2.0% | ▲ |
| Consumer Spending Growth | 2.8% | 2.7%* | ▼ |
| Retail Sales Growth | 2.3% | 3.9% | ▲ |

*Q2 values. **Forecast by Cushman & Wakefield. Values Represent year-over-year %.

| Regional | Q3 2016 | Q3 2017 | 12-Month Forecast |
|-------------------|----------|----------|-------------------|
| Household Income | \$56,825 | \$61,708 | ▲ |
| Population Growth | 2.3% | 2.3% | ▬ |
| Unemployment | 4.4% | 4.3% | ▼ |

Moody's data buffet for HH Income, Population Growth

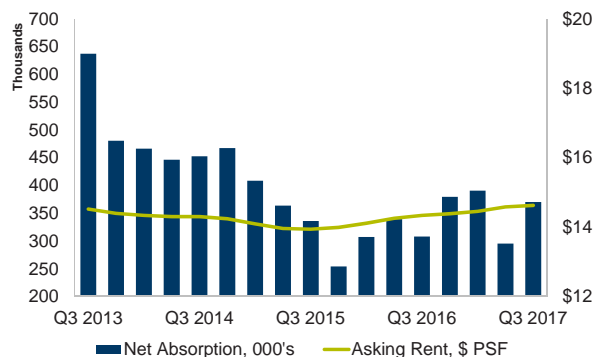
District (CBD) continued to have the highest average asking rates in the Metro Phoenix retail market with a recorded \$25.10 psf. Only East Phoenix (\$18.29 psf), Scottsdale (\$19.85 psf), Sky Harbor (\$20.53 psf) and Southwest Phoenix (\$13.44 psf) saw increases in overall average asking rent.

The main trend in the third quarter of 2017 throughout the Metro Phoenix shopping center market was increased demand for all retail types. The amount of available retail space decreased more than 400,000 sf from the second quarter of 2017 to the third quarter of 2017 and absorption increased from the second quarter of 2017 (-38,055 sf) to the third quarter of 2017 (563,501 sf). The third quarter of 2017 saw growth in all retail categories while the second quarter of 2017 saw the shopping center market bifurcate into strong and weak categories. Neighborhood & community centers vacancy dropped 40 bps and absorption increased

nearly 49% from the second quarter of 2017 to the third quarter of 2017. Strip centers recorded a 90 bps drop in vacancy from 14.1% in the second quarter of 2017 to 13.2% in the third quarter of 2017 and power & regional malls dropped 80 bps quarter-to-quarter. Across the board, vacancies have decreased as retailers prepare for the upcoming holiday season while brick and mortar locations remain steady despite the continuing growth of eCommerce. In stark contrast to the previous quarter, overall demand on retail centers has shifted higher. This could be either a correction or a new trend of retail growth in Metro Phoenix.

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE (IN THOUSANDS)



POSITIVE ABSORPTION WAS THE NARRATIVE FOR THE THIRD QUARTER OF 2017 AND DEPICTED A STRONG UPTICK FOLLOWING THE SECOND QUARTER'S FIRST RECORDED NEGATIVE ABSORPTION SINCE 2013. A 17% INCREASE IN POSITIVE ABSORPTION WAS RECORDED YEAR-OVER-YEAR.

MARKET OVERVIEW

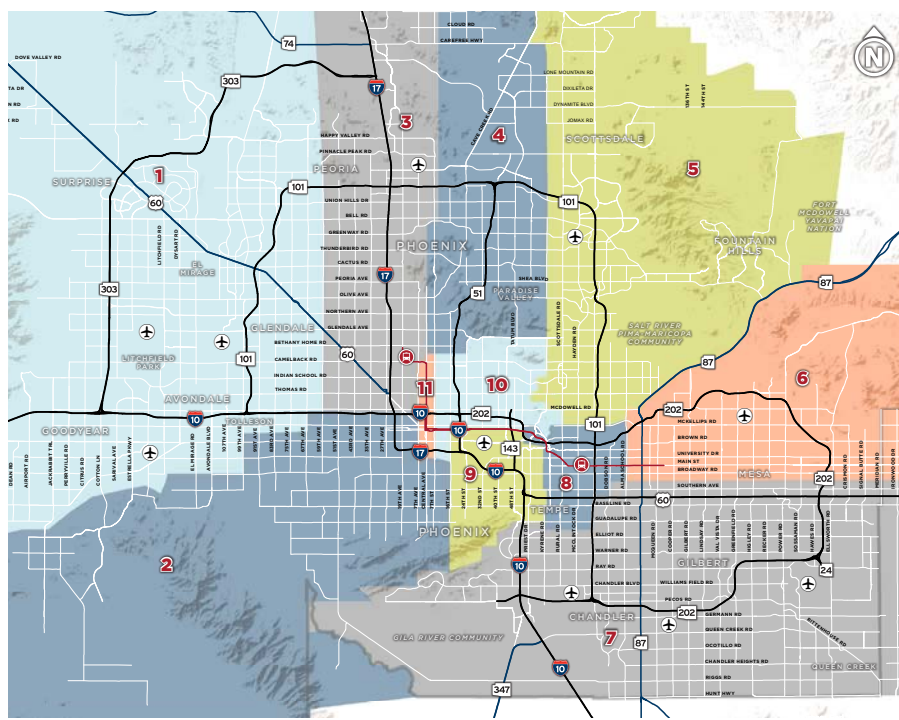
RETAIL MARKET SNAPSHOT

Metro Phoenix • Third Quarter • 2017

Outlook

- The Central Business District submarket's average asking rate will continue to out-perform all other submarkets due to the lack of new inventory and rising demand.
- A strengthening economy brings consumers back to the retail market as retailers prepare for the upcoming holiday season.
- Neighborhood and community centers continue to hold the strongest despite the rise of eCommerce, absorbing over 985,000 sf YTD (year-to-date).

| SUBMARKET | INVENTORY | SUBLET VACANT | DIRECT VACANT | VACANCY RATE | Q3 NET ABSORPTION | YTD NET ABSORPTION | AVG ASKING RENT (All Classes) |
|--------------------------|--------------------|-------------------|----------------|--------------|-------------------|--------------------|-------------------------------|
| Neighborhood & Community | 90,770,329 | 10,414,101 | 252,638 | 11.8% | 410,223 | 985,938 | \$14.11 |
| Strip | 13,169,943 | 1,734,840 | 8,457 | 13.2% | 86,520 | 79,835 | \$14.88 |
| Power & Regional Mall | 31,196,093 | 1,732,089 | 127,328 | 6.0% | 60,072 | -20,868 | \$19.03 |
| Lifestyle | 1,721,626 | 95,053 | 0 | 5.5% | 6,686 | -16,115 | \$26.39 |
| Total | 136,857,991 | 13,976,083 | 388,423 | 10.5% | 563,501 | 1,028,790 | \$14.68 |



- 1 - Northwest Phoenix
- 2 - Southwest Phoenix
- 3 - North I-17
- 4 - North Central Phoenix
- 5 - Scottsdale
- 6 - Mesa
- 7 - Southeast Valley
- 8 - Tempe
- 9 - Sky Harbor Airport
- 10 - East Phoenix
- 11 - Central Business District

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SUBMARKET OVERVIEW

SCOTTSDALE - URBAN COOL

The City of Scottsdale is a premier Arizona community with a distinguished history of economic vitality and prosperity. It is a place where people from around the globe flock to be a part of “the vibe” that is Scottsdale. Scottsdale is Arizona’s mecca for corporate business professionals and new technology startups. It is a business-friendly community where stakeholders create environments which generate some of the world’s most successful companies and entrepreneurs. Scottsdale attracts industry and people who are seeking a higher quality of life and a superior corporate climate.

Business and people who locate in Scottsdale enjoy:

Higher quality of life with a lower cost of living in comparison to other major urban centers across the U.S.

Close proximity and accessibility to major domestic and international markets via Phoenix Sky Harbor International Airport and Scottsdale Municipal Airport

World-class research and development opportunities with a highly educated and well-trained workforce

With an impressive number of accolades, Scottsdale continues to be recognized nationally and internationally for its beautiful landscape, vast retail offerings, attainable quality of life and community safety.

The city offers a mix of lifestyle options for all income levels and living preference, such as modern urban living, high-end estates and family neighborhoods. Scottsdale is an environmentally conscious community with a long history of open space preservation, environmentally and financially sustainable municipal operations and facilities.

Scottsdale’s Appaloosa Library was named one of 10 Landmark Libraries in the United States, Sunset Magazine named Scottsdale one of the West’s best places to live, and America’s Promise Alliance named it as one of the 100 Best Communities for Young People, for five consecutive years.

Scottsdale, one of Arizona’s 10 largest cities is a premier visitor location as well as a tremendous place to live and do business. Scottsdale is home to 125 golf courses, 220 tennis courts, dozens of parks and hundreds of miles of bike paths and hiking trails, and a Downtown with more than 20 hotels, 90 restaurants, 320 retail shops and 80 art galleries. Scottsdale Airport and its surrounding Commerce Airpark area is home to nearly 2,500 businesses with more than 48,000 jobs. The high-tech innovation center SkySong, located just a few miles from Downtown, is designed to help companies grow through a unique partnership with Arizona State University. Scottsdale was recently named one of the Top 100 Best Places to Live in the United States, and was honored as Arizona’s 2013 “eCity” by Google.

SUBMARKET OVERVIEW



VISITORS LOVE ARIZONA. VISITORS LOVE SCOTTSDALE.

The city hosts an estimated 9.1 million visitors each year which translates to an economic impact of over \$4 billion. When asked what those visitors want to do, dining and shopping were two of the top three answers. One Scottsdale's location is primed to attract that large visitor market.

Arizona's tourism market continues to show demand for upscale, boutique hotels. In the area immediately surrounding One Scottsdale the majority of the rooms are in resort properties and several of those, including Scottsdale Princess, Westin Kierland and J.W. Marriott Desert Ridge are over 10 years old.

4,878 hotel rooms within 5 miles of One Scottsdale

\$181 million in annual dining and retail sales generated by hotel guests staying within 5 miles of One Scottsdale

6,695 hotel rooms within 7 miles of One Scottsdale

\$249 million in annual dining and retail sales generated by hotel guests staying within 7 miles of One Scottsdale

The majority of hotel rooms, 4,249, within 7 miles of One Scottsdale are resort properties

Hotel consulting firm, HVS, estimates \$275 ADR achievable with 150-200 key four star property

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