

I. SUMMARY OF FINDINGS

EXHIBIT I-1
METHODOLOGY OVERVIEW
TEMPE, ARIZONA
OCTOBER 2015

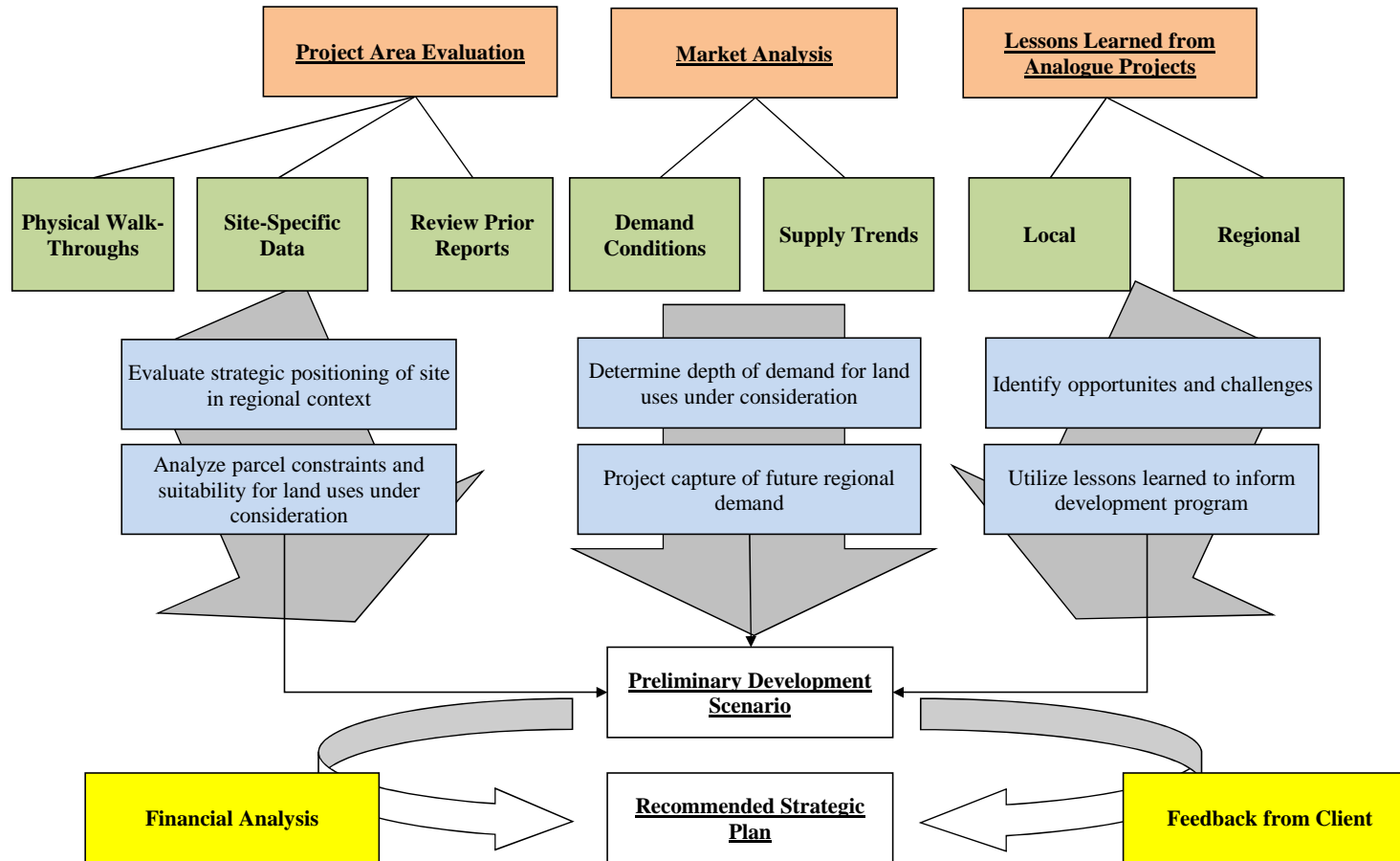


EXHIBIT I-2
LAND USE ASSESSMENT
TEMPE, ARIZONA
OCTOBER 2015

Uses Under Consideration

	For-Rent Residential	For-Sale Residential	Retail	Office	Hotel
Concept	High-rise/Mid-rise Apartments	High-rise/Mid-rise Condos	Mixed Use/Neighborhood Center Retail	High-rise/Mid-rise Office	Mid-rise/boutique
Marketability (Near/Mid-Term)	Moderate	Moderate	Moderate	Moderate	Weak
Marketability (Mid/Long-Term)	Moderate	Good	Good	Good	Moderate
Key Strengths	<ul style="list-style-type: none"> Moderate rental pricing attracts deep pool of target rental households to this location Increased rental density continues to add to urban living amenities associated with Tempe location Synergies with ASU provide deep pool of young professional demand in graduate school or employed by university 	<ul style="list-style-type: none"> Undersupplied market Relatively affordable market, as young singles/professionals age in location; will find buying option that continues to offer urban amenities attractive Tempe acts as regional discount relative to Central Scottsdale options; Deeper pool of demand at target price points 	<ul style="list-style-type: none"> Major retail clusters/cores are well occupied and push relatively impressive rents for local market Tempe attracts consumers from across metro, with a particular focus on dining/drinking retail options 	<ul style="list-style-type: none"> Tempe continues to draw new employment into local market; including State Farm High-rise newly built office product is very well occupied and earns significant premiums to overall office market Phoenix metro returns to peak into 2016 - demand for new office will grow at increasing run rate over next five years 	<ul style="list-style-type: none"> Strong weekday contingency from individuals attending local conferences/need access to regional employment nodes Upscale market comparables average high 80% occupancy numbers
Weaknesses	<ul style="list-style-type: none"> Rental appreciation in local market has been sluggish given contemporary deliveries ASU "party" reputation can lead new young/professionals out of local market to Central Scottsdale locations High-rise construction often not feasible given modest rents and high construction costs 	<ul style="list-style-type: none"> Financing remains challenging for many potential for-sale developers Household growth projections at higher incomes is relatively weak Target buyers will also have SFD option at similar price point to condo Home price recovery as been sluggish 	<ul style="list-style-type: none"> Majority of retail is strip/convenience/local serving Retail in this market is very car-centric; limited ability to provide large scale parking options may limit ability to attract higher end long-term tenants 	<ul style="list-style-type: none"> Metro experienced very deep recession; recovery has been sluggish and uneven New jobs being added to market are not necessarily high income Many of target new employers to area (Zenefits, Yelp, etc.) are opting for Scottsdale location Limited ability to push pricing given large market vacancy Majority of market inventory (sprawling office park, 1980s built vacant buildings) earning \$20/sf while new, well-occupied product earning \$40/sf 	<ul style="list-style-type: none"> Strong seasonality effect; very weak weekend occupancy Local market has limited ability to compete with high end Scottsdale tourism
Opportunities	<ul style="list-style-type: none"> Ability to deliver relatively dense product in this location with mixed use amenities/walkable retail provides a unique opportunity to attract large pools of rental cohorts to this location Site location offers attractive commuting option to variety of renters. Tempe offers central location to commute to DT Phoenix, Scottsdale, or stay in local market. 	<ul style="list-style-type: none"> Significant runway for home price appreciation Given relatively affordable home prices, condo development opens deep pools of demand across many income levels Overall market is undersupplied Given suburban nature of market, Site offers key opportunity to capture homeowners seeking relatively rare urban lifestyle amenities 	<ul style="list-style-type: none"> Ability to deliver mixed use/walkable retail in this market will provide additional synergies to office/resi development Boutique nature of retail attracts a plethora of consumers to the local market due to "cool factor" not necessarily present in analogue submarkets 	<ul style="list-style-type: none"> Tempe is in a position to compete for new tech/business professional jobs currently funneling to Central Scottsdale Delivery of high-rise high end office product will attract new tenants from outside local market Runway in employment growth bodes well for increased demand for new class A office 	<ul style="list-style-type: none"> As local market transforms via residential/office/retail product building; Tempe has opportunity to attract additional weekday business clientele as well as attract tourism market attracted to urban/mixed use development
Threats	<ul style="list-style-type: none"> Historic multi-family pipeline are the biggest short term risk Large oversupply may limit ability to push rents in this location attract more development 	<ul style="list-style-type: none"> Large rental pipeline and inventory at relatively modest pricing may keep potential buyer households in rental tenure for longer Millennial population earning relatively modest incomes may lack ability to afford down payment 	<ul style="list-style-type: none"> Tempe Town Marketplace as regional power center will limit ability to attract large scale national tenants already in that location Inability to deliver parking option may hinder ability to attract tenants 	<ul style="list-style-type: none"> Large overall vacancy in market; tenants will have many 1980s office build options at very meager pricing options Large office pipeline in market may create large oversupply, curbing office development 	<ul style="list-style-type: none"> Oversupply in market relative to future hotel demand. Market will deliver approximately 1,000 hospitality units over next five years; short term opportunity is weak

EXHIBIT I-3

PRODUCT PROGRAM MENU
TEMPE, ARIZONA
OCTOBER 2015

	For-Rent			For-Sale		Hospitality		Office		Retail	
	Low-Rise	Mid-rise	High-rise	Mid-rise	High-rise	Upscale	Midscale	Mid-rise	High-rise	Neighborhood	Mixed-Use
RECOMMENDED PLANS											
Program:											
<i>Timeframe</i>	2018	2018-2023	2018-2023	2018-2023	2018-2023	2020-2030	2020-2030	2018-2023	2018-2023	2018-2023	2018-2023
<i>Target Product</i>	2-3 story stick build	6-8 story mid-rise podium	Type 1 high-rise 10+s	3-8 story mid-rise	Type 1 high-rise 8+s	Starwood, Marriott	aLoft, Country Inn ---	5-8 story midrise	8+ story high-rise	Trader Joe's, Sprouts, Kierland Commons Retail	Mom & Pop Restaurants Bars, Botique Dining
<i>Average Price/ Rent/ Rate</i>	\$1,650/unit/mo.	\$1,800/unit/mo.	\$2,000/unit/mo.	\$465,000	\$550,000	\$210/night	\$180/night	\$35/SF/yr	\$40/SF/yr	\$25/SF/yr	\$35/SF/yr
<i>Average Unit/ Room Size</i>	875 SF	850 SF	800 SF	1,430 SF	1,500 SF	420 SF	385 SF	n/a	n/a	n/a	n/a
<i>Absorption (per Year)</i>	150 units	150 units	150 units	96 units	96 units	200 rooms	100 rooms	145,000 SF	250,000 SF	150,000 SF	60,000 SF
<i>Years Recommended</i>	1	3	5	5	5	1	1	2	3	2	4
<i>Total Scale of Development Through 2022</i>	150 units	450 units	750 units	480 units	480 units	200 keys	100 keys	290,000 SF	750,000 SF	300,000 SF	240,000 SF
<i>Density</i>	33.0 du/ac	75.0 du/ac	200.0 du/ac	65 units/yr	160.0 du/ac	---	---	---	---	---	---
<i>FAR</i>	---	---	---	---	---	0.45 - 0.85	0.25 - 0.65	0.5 - 1.0	3.0 - 6.5	0.4	Ground Floor
<i>Implied Acreage Through 2022</i>	4.5 AC	6.0 AC	3.8 AC	7.4 AC	3.0 AC	3 - 6 AC	2 - 5 AC	7 - 13 AC	3 - 6 AC	17 AC	---
Land Allocation Strategy	Target existing low-rise residential neighborhoods (Farmers Ave)	Waterfront orientation/ Tempe Beach Park in order to view earn premiums and activate public space				Retail oriented parcels offering walkability to major office nodes		Tempe Beach Park oriented parcels; encourage daytime park activation		Farmers Ave/Rio Salado Orientation	Activate in mixed used environment in conjunction with resi/office
Total 5-Year Scale of Development (2018-2022)	For-Rent			For-Sale		Hospitality		Office		Retail	
<i>Scale</i>	1,350 units			960 units		300 keys		1,040,000 SF		540,000 SF	
<i>Acreage</i>	14 AC			10 AC		5 - 11 AC		10 - 19 AC		17 AC	
Note: Market Area has potential to capture more than its fair share due to "placemaking" opportunities.											
Total 5-Year Scale of Development (2023-2027)	For-Rent			For-Sale		Hospitality		Office		Retail	
<i>Scale</i>	878 units			624 units		195 keys		676,000 SF		351,000 SF	
<i>Acreage</i>	9 AC			7 AC		3 - 7 AC		7 - 12 AC		11 AC	
Note: Given economy and household growth projections in market, future phases expect to achieve 65% of initial 5-year phases due to likely economic cycles.											
Total 10-Year Scale of Development (2018-2027)	For-Rent			For-Sale		Hospitality		Office		Retail	
<i>Scale</i>	2,228 units			1,584 units		495 keys		1,716,000 SF		891,000 SF	
<i>Acreage</i>	24 AC			17 AC		8 - 18 AC		17 - 31 AC		28 AC	

EXHIBIT I-4

REGIONAL LOCATION AND SUBMARKET DELINEATION
GREATER PHOENIX METRO, ARIZONA
OCTOBER 2015

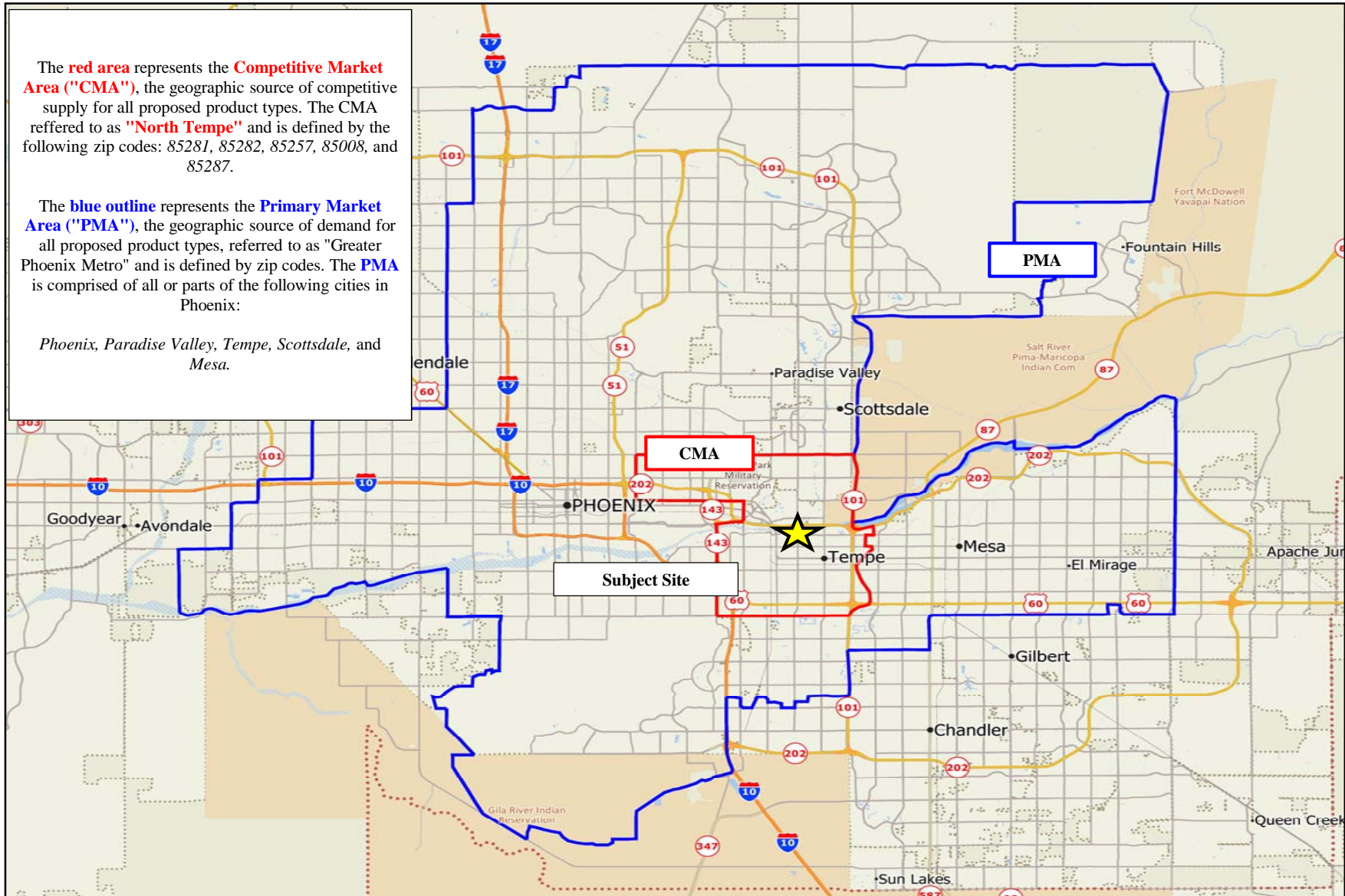


EXHIBIT I-4

REGIONAL LOCATION AND SUBMARKET DELINEATION
GREATER PHOENIX METRO, ARIZONA
OCTOBER 2015

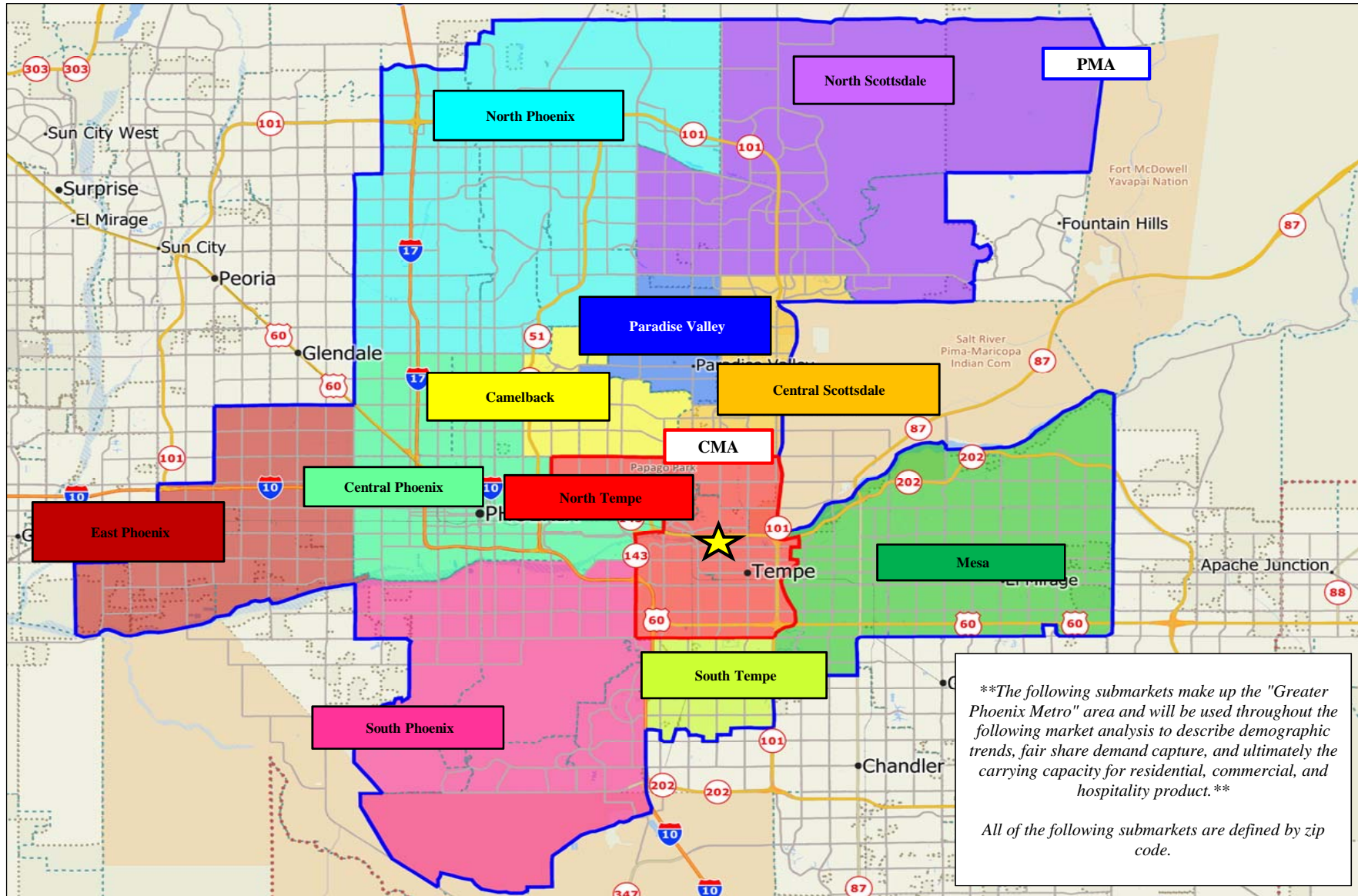


EXHIBIT I-5

RENTAL APARTMENT MARKET OVERVIEW
MARKET AREA
OCTOBER 2015

Summary Trends

- **Flat Rent Market:** While new communities have been opening up, rents have been relatively flat in the area over the past year with minimal rent growth
 - Vacancies are down in 2014 but are at an average of 7% in Tempe (non-student housing)
- **Strong renter base:** Rentership at a strong 60% in the CMA, the highest percentage in all PMA submarkets
 - Renters comprised mostly of families, young singles, and couples
- **Newer inventory with recent projects:** Inventory in submarket is new (average 2006 built) and a number of recent projects have come to market in past two years, especially in North Tempe and around the Subject Site
 - Approximately 5,450 institutional-grade rental units in submarket, representing about 36% of total survey markets (including Central Phoenix and Central Scottsdale)
 - Tempe had three new rental projects deliver this year - Hanover Mill Avenue, Alta Tempe, and Residences at Fountainhead - all of which are absorbing at a speedy rate of approximately 20 units per month
 - Strong opportunity for rental product given denser multi-family growth in market
- **Survey of local market:** Survey of 16 rental properties in CMA:
 - Average project size = 341 units
 - Vacancies = 6.5%
 - Average unit size = 982 s.f.
 - Average unit price = \$1,350 per month, or \$1.35 per square foot
 - Recently built projects = \$1.54 - \$2.11 per square foot
- **Large rental pipeline:** 7,300 units planned, represents 134% growth in submarket's total overall inventory
 - Near 5,200 units expected to deliver by 2020, with large portion currently under construction and/or approved by the City
- **Thin Household Growth:** PMA demand of near 2,900 units annually, of which the CMA is expected to capture 20%
 - With ASU and Office Demand Uplift, TCG projects demand for 445 new units per year
- **Market may be over-supplied mid-term:** Supply in market outweighs demand, resulting in an overall oversupply in the market of up to 1,250 units by 2020
 - Could impact rental and/or vacancies

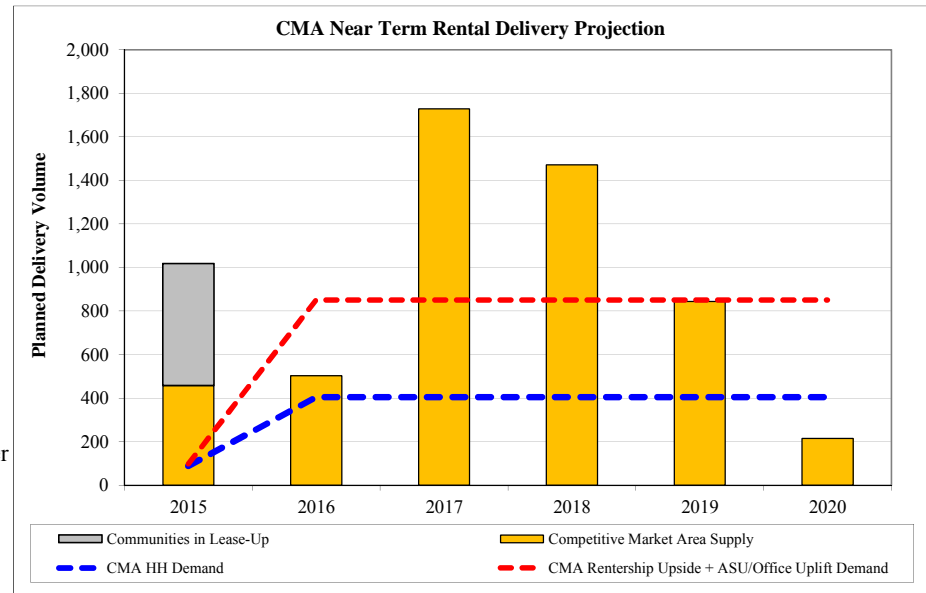
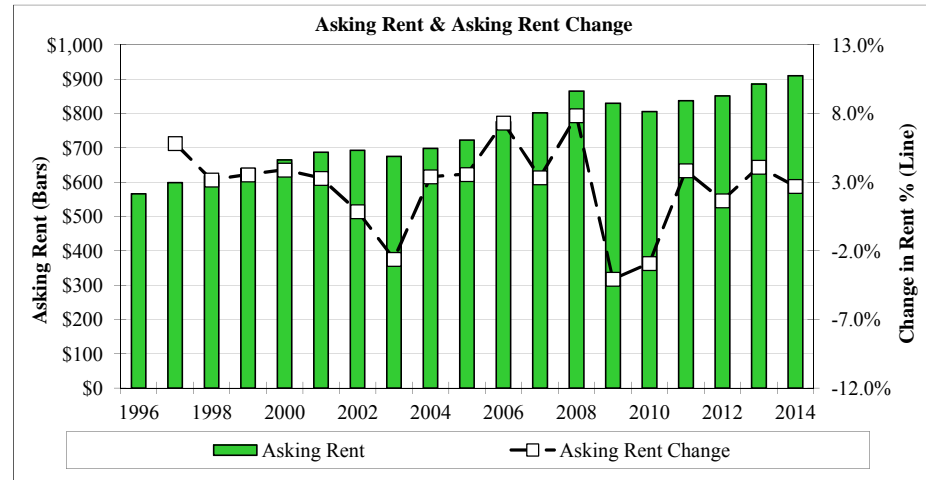


EXHIBIT I-6

FOR-SALE ATTACHED RESIDENTIAL MARKET OVERVIEW
MARKET AREA
OCTOBER 2015

Summary Trends

- **Stable market, still off of peak:** Flat sales volume of attached product in the CMA past 5 years - attached volume remains at 54% of peak
 - Relatively no new home sales over past five years
 - Sales lowest amongst North Tempe, Central Scottsdale, and Central Phoenix
- **Recovering prices:** Prices for attached resale product in the CMA are growing while currently at 66% of peak year prices
 - New Home sale prices are at peak
- **Limited supply of new product:** Limited supply and urban revitalization in the CMA creates an opportunity for for-sale development, but prices for new attached product in Tempe are still weaker than neighboring Scottsdale
 - Absorption and sale prices need to be strong to support development of new attached product
- **Survey of new home sales:** Survey of one actively selling project in the CMA:
 - Average unit size = 1,820 s.f.
 - Average unit price = \$427,700, or \$150 per square foot
 - While attached product prices in Tempe are weak, newly developed Portland on the Park project in Midtown Phoenix (comparable location and amenities to Tempe product) presents a positive opportunity given its sales pace and prices
- **Survey of local market:** Survey of 131 sales in CMA over past 12 months:
 - Average year built = 2006
 - Average unit size = 1,327 s.f.
 - Average unit price = \$276,338, or \$208 per square foot
 - Recently built projects = \$217 - \$290 per square foot
- **Few units in pipeline:** Only 189 units planned in the CMA at current
 - 171 units expected to deliver by 2020
- **Potential under-supply mid-term:** TCG projects demand for 375 new units per year in the CMA, with no significant projects in the pipeline to match this demand
 - Could lead to higher prices as buyers bid up limited inventory

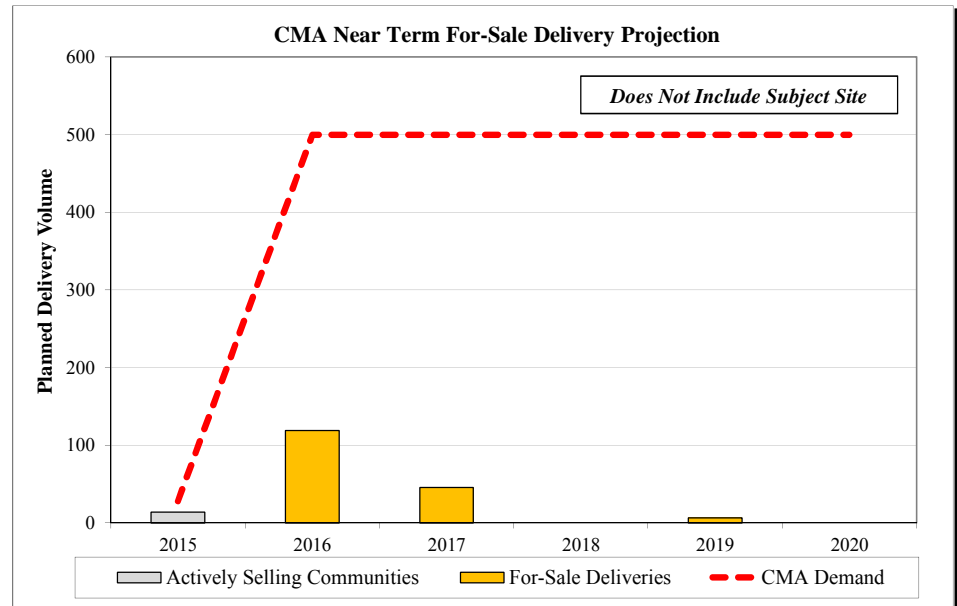
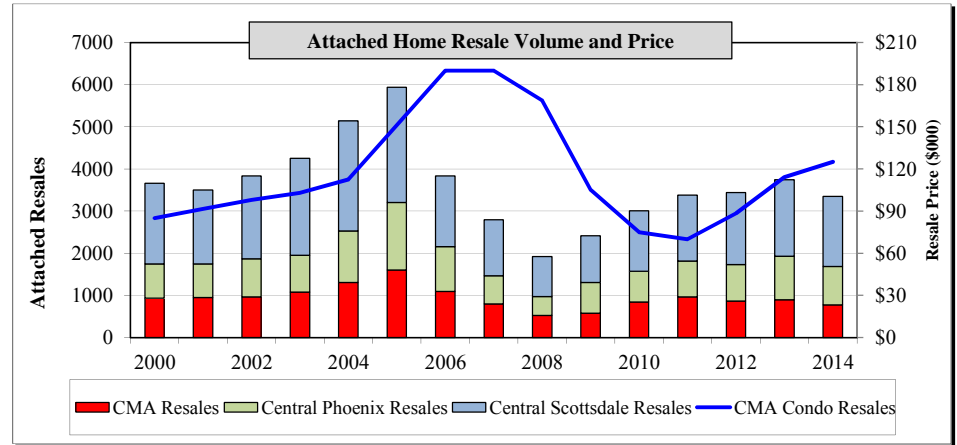


EXHIBIT I-7

RETAIL MARKET OVERVIEW
MARKET AREA
OCTOBER 2015

Summary Trends

- Market improvement:** Strong growth in taxable retail sales in the RTA past 2 years, but relatively moderate regional capture (Approx. 7% of all Maricopa County)

 - Retail stock is relatively well occupied, averaging 93%. Core retail clusters within the market area are very well occupied (Mill Ave at 96.4%, Tempe Town Market Place at 97%,)
- Tempe Retail Characteristics:** The Tempe Retail market is largely made up of smaller scale trip/convenience/local serving retail. The major exception is the large scale power center, Tempe Town Marketplace.

 - The major retail nodes (Mill Ave, Rural/University, and Apaca Corridor) are made up almost exclusively of smaller scale strip retail, often with boutique tenants.
 - The majority of retail product was built pre-2000. Tempe Town Marketplace is the only major contemporary retail delivery in the Tempe Market
- Tempe Regional Food/Drink Destination:** Tempe enjoys a large influx inflow of regional retail expenditures relative to the local population. Much of the inflow of spending is lead by Eating and Drinking oriented retail categories due to the high number of dining options/bars in the market place.
- Survey of Retail Market Area:**

 - Total space: 9.4 million s.f.
 - Vacancies = 8.0%
 - Average annual rental rate = \$18/s.f. NNN
 - Average annual rental rate range = \$7/s.f. NNN to \$24/s.f. NNN
- Key Retail Cluster Performance**

 - Retail performance varies widely between major retail clusters within Tempe.
 - Mill Ave, Rural/University, and Tempe Town Market Place are regional outperformers.
 - Mill Ave corridor rents avg \$28/s.f. NNN; 10% vacancy
 - Rural/University rents avg \$27/s.f. NNN; 6.7% vacancy
 - Tempe Town Marketplace rents avg \$38/s.f. NNN; less than 1.0% vacancy
 - Mill Ave and Rural Clusters retail stock made up almost exclusively of strip/convenience/boutique retail
 - These clusters bode well for retail development opportunity at Site due to similar target retail tenants and consumer demand pools
- Over 500K s.f. in pipeline:** Approximately 412K will deliver over next 5 years

 - Planned inventory in North Tempe is approx. 4X greater than any analogue market in region (117K in S Tempe, 120K in Central Phoenix, 128K in Central Scottsdale)
- Overall under-supply of retail over next five years**

 - TCG projects market will me approximately 2M SF undersupplied given current/future supply demand conditions

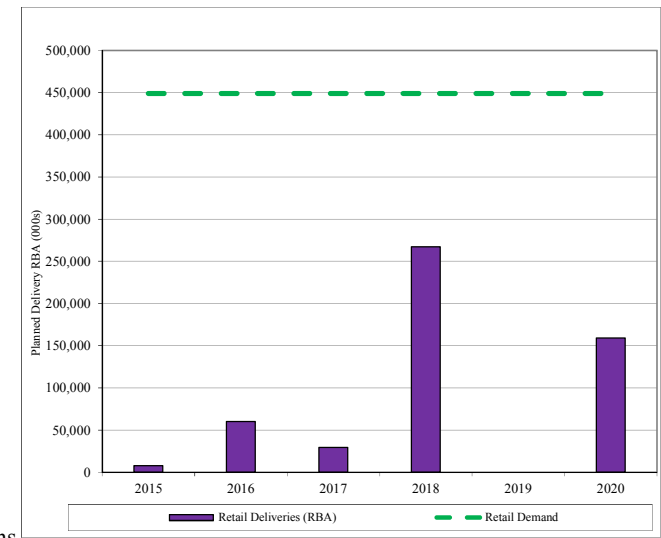
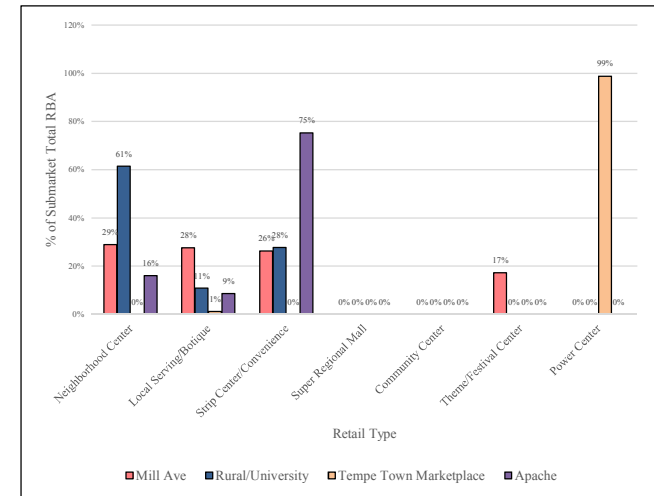


EXHIBIT I-8

OFFICE MARKET OVERVIEW
OFFICE MARKET AREA
OCTOBER 2015

Summary Trends

- **Sluggish economic recovery in the Phoenix Metro**
 - Maricopa County experienced deep job loss during the Great Recession; with a total of 225K (12.1%) of jobs lost between 2008 and 2010.
 - Recovery has been sluggish and uneven; the metro will return to peak in early 2016
 - The local Tempe market has experienced a similar pattern, and has not returned to peak employment
- **Strong forecasted employment growth:** Moody's projects strong growth in future
 - Phoenix is projected to add approximately 191K jobs over the next five years.
 - Tempe has regionally been very competitive in capturing new jobs and major employers (i.e., State Farm, Northern Trust, etc.)
- **The move to denser office product:** The majority of office product in both the local and analogues market was built between 1970 and 1990 and is between 1-3 stories. There have been very few Class A office deliveries in Phoenix since 2005.
 - Phoenix metro delivered a large number of suburban office buildings product between 1970 and 1990; much of this product suffers from meager rents and high vacancies
 - Contemporary deliveries (many of which are mid/high-rise) boast stronger rents and occupancies north of 93%
- **Tempe Office Leading the way:** Tempe Delivered over 450K sf of class A office product between 2014 and 2015; three times as much product as any other major submarket
 - Office Clusters in the local area (Mill Ave, Rio Salado, and University) boast very high rents and strong occupancies (98%, 89% and 92% respectively)
 - High-rise product in the local market (Tempe Gateway, Hayden Ferry) are very well occupied and earn top of market rents (avg \$40+/.s.f./year FSG)
- **5M s.f. in pipeline:** Pipeline in Tempe is approximately 5X pipeline in any analogue market in Phoenix Metro
- **Mid-term Over-supply:** TCG projects demand for 100K s.f. total through 2020

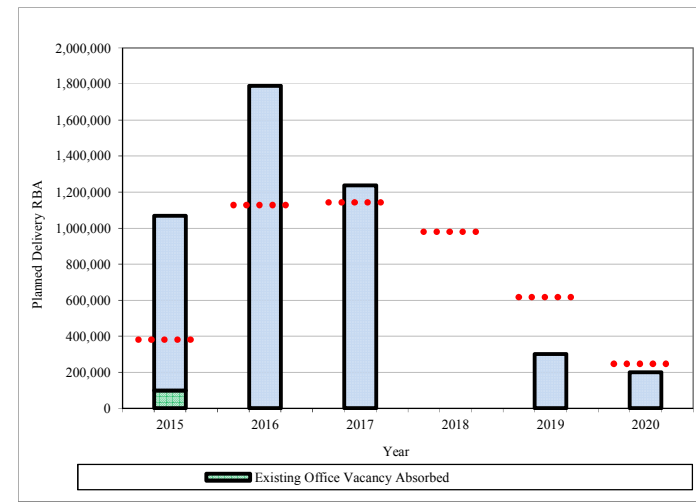
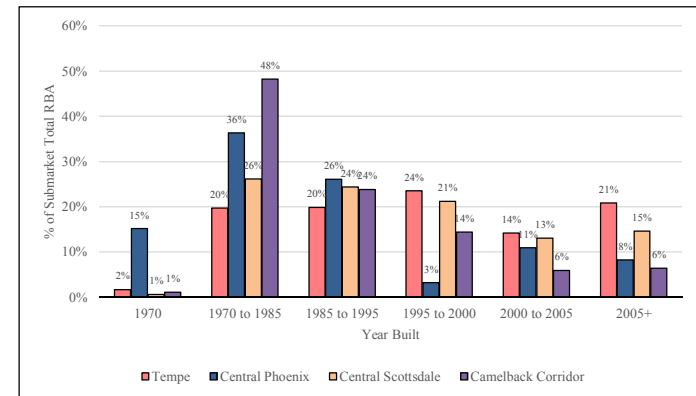


EXHIBIT I-9

HOTEL MARKET OVERVIEW
MARKET AREA
OCTOBER 2015

Summary Trends

- *Limited growth in inventory:* Only one new project in the Hotel Market Area since 2013, the 173 Residence Inn Tempe
- *Seasonality and Weekday orientation*
 - Occupancies and ADR plummet during the summer months; are far above average during peak tourism months (Jan-March)
 - Local market is largely occupied by business professionals. Occupancies and ADR drop on weekend days; lose significant weekend demand to Scottsdale competitors
- *Survey of Hotel Market Area (excluding budget/economy):*
 - Total rooms: 2,826
 - 2014 Occupancies = 71% (74% for upscale)
 - 2014 ADR = \$169/night (\$183 for upscale)
 - Top of market comparable are over 85% occupied on average with ADR approximately \$200+/night
- *Large Hospitality Pipeline:* Approximately 1,178 hotel rooms will delivery over the next 5 years
- *Market in Oversupply*
Approximately 500 units oversupplied over next five years. Pipeline much larger than historic deliveries (less than 150/year)

