



AllWest Environmental, Inc.

Specialists in Physical Due
Diligence and Remedial Services

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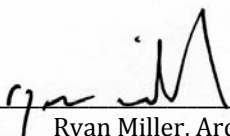
PROPERTY CONDITION ASSESSMENT

***Smith Tower
506 2nd Avenue
Seattle, Washington***

PREPARED FOR:
CPUSI Co Investment Cayman LLC
c/o Goodman Real Estate
2801 Alaskan Way, Suite 310
Seattle, WA 98121

ALLWEST PROJECT 14116.60
July 11, 2014

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PROPERTY CONDITION ASSESSMENT

***Smith Tower
506 2nd Avenue
Seattle, Washington***

I. EXECUTIVE SUMMARY

AllWest has completed a Property Condition Assessment of the above referenced property in accordance with industry standards. On June 30, and July 1 and 2, 2014, AllWest visited the property and visually observed the condition of the structure, interior areas, and tenant spaces. AllWest interviewed the building's general manager, Crystal Estrada of Goodman Real Estate. Cory Jackson and Chris White, the building engineers conducted the site visits with AllWest personnel. AllWest reviewed records from the City of Seattle Department of Planning and Development and Fire Department, as well as various architectural, structural, mechanical, electrical, plumbing, and fire protection construction documents.

This Executive Summary is provided solely for the purpose of overview. Any party who relies on this report must read the full report. The Executive Summary may have omitted important details, any one of which could be crucial to a proper understanding of the subject matter and to risk assessment.

The purpose of this report is to inform the reader of the existing condition of the civil, architectural, mechanical, electrical, plumbing, and landscape components that comprise the property and identify what conditions, if any, should be corrected to improve building systems and appearance.

A. Property Description

The subject property is a 42-story mixed-use building with a two level basement on a 12,121

square foot (SF) parcel. The fully developed site descends in elevation from east to west.

Non-office uses (mechanical and electrical service rooms, restaurants, and a health club) occupy the building's basement and first floor. A 2-story residential apartment is located on the 37th and 38th floors; offices occupy the floors in between. Four non-habitable, open landing levels are provided for the spiral staircase to the tower summit. The building's rentable floor area is 264,074 SF, including 15,784 SF added during the renovation which occurred in 1998 through 2000. A rent roll dated June 25, 2014, lists an occupancy rate of 72% with 69 tenant units.

Built between 1910 and 1914, the Smith Tower is listed in the National Registry of Historic Places and is a City of Seattle landmark. It is located within the Pioneer Square Preservation District.

The building is irregularly shaped, with a total height of 562'. From a 27' tall base, comprising the 1st and 2nd floors, a 120' x 108' main tower rises 236' to the top of the 21st floor. A smaller, 54.5' x 44' tower rises off-center another 229' from the 22nd floor to the 35th; this latter floor contains the Chinese Temple room and observation deck. At the 36th floor level, a pyramidal roof rises 70' to a glass beacon.

The structure has a concrete covered, riveted steel frame resting on a steel grillage foundation supported by concrete pile caps over concrete piles. The floors are 5" concrete slabs reinforced with wire-mesh. A portion of the light court between the 3rd and 21st floors was filled in during the 1998-2000 renovation. The infill consists of concrete-filled metal deck floors supported by

steel beams and columns. Steel diagonal braces added during the renovation provide seismic support to the steel frame across the light court.

The property contains no off-street parking. Dumpsters, located at the rear of the adjacent Florence Building, are accessed from the alley. The sidewalks along Yesler Way to the south and 2nd Avenue to the west are concrete slabs with glass block inserts.

Exterior finishes are light gray granite cladding on the lower two floors, white glazed terra cotta tiles on the upper floors, bronze metal cladding over wood window frames, and fully glazed wood main doors.

The primary roof is flat and covers the main tower above the 21st floor. It is composed of a mineral granule capsheet over a multi-ply built-up membrane on a reinforced concrete deck. A pyramidal skylight covers a portion of the infill renovation area. A secondary roof is located above the second floor at the base of the north light well. This roof consists of an aluminized coating over the concrete deck and glass block inserts. The third, pyramidal roof covers the tower and consists of terracotta tiles on concrete covered steel frames.

The HVAC system consists of two direct expansion water cooled chillers that reject heat to a forced-air, 3-cell cooling tower located on the Florence Building roof. Space heating is provided by three gas-fired boilers that provide heat to a hydronic water heating loop serving fan coil units with hot and cold decks. A Niagara direct digital building energy management system controls all major HVAC equipment and fan coil unit discharge temperatures. Outside air supply and exhaust fans, along with opening windows ensure that an adequate mix of outside air is blended with recirculated air. A central rooftop horizontal exhaust fan discharges restroom air.

Seattle City Light provides 480/277-volt, 3-phase, 4-wire power from an underground utility transformer to the main electrical panels located in the electrical room in the utility easement in the rear of the Florence Building. A 4,000 amp rated main panel with a 4,000 amp main breaker distributes power to other circuit breaker panels and transformers for further distribution

throughout the building. Most of the electrical system was installed as part of the 2000 renovation project.

The City of Seattle provides domestic water to the building through a 6" branch off the municipal main that enters through the basement wall along 2nd Avenue. A 6" backflow prevention device, pressure regulators, and booster pumps located in the basement and in the 22nd floor mechanical room ensure that the water is delivered to all floors at acceptable pressures. All observed domestic water piping is copper.

Interior amenities include lobby receptionist, tenant mailboxes, mail chute, common restrooms per floor, and manned elevators.

The property has 7 passenger traction elevators. Five of the elevators serve the 1st to 22nd floors; two are elevators providing express service from the 1st to the 23rd through 35th floors. Uniformed attendants operate the elevator cabs which are original, with polished brass walls and ceilings, carpeted floors, and manually-operated glass and metal accordion doors. (The vertical transportation systems were excluded as part of AllWest's scope of work for this report and were assessed in a separate analysis prepared by Lerch Bates & Associates.)

The building is fully sprinkled with an automatic wet standpipe sprinkler system. One 6" riser, located in the basement utility room feeds the distribution system with the assistance of an electric firewater pump that is tied to the standby power generation system.

Portable fire extinguishers are provided throughout the building. Smoke detectors, illuminated exit signs, and emergency lighting with battery back-up are provided in the appropriate locations.

Building security in the form of an intrusion alarm is not provided. However, the first floor lobby receptionist monitors security camera feeds and direct visitors to their desired destinations within the building.

B. Summary of Findings

AllWest found the building and its various mechanical systems to be in generally "Good" condition with the following exceptions:

Code/Life Safety:

- Investigate the cause of the basement slab deflections;
- Perform ground fault testing on breakers rated at greater than or equal to 1,000-amps on a triennial basis;
- Perform infrared scanning of building's major electrical equipment to identify hot spots and potentially overloaded circuits on a triennial basis;
- Replace rigidly piped natural gas lines with flexible connections at each boiler skid;
- Strap or anchor hot domestic water storage tanks for earthquake safety;
- Install truncated domes at driveway along Yesler Way;
- Install ISA sign at primary entrance.

Repair/Maintenance:

- Remove rust and the paint steel fence on the roof above 21st floor;
- Repair soft spots and restore positive roof slopes near southeast corner of main roof above 21st floor;
- Provide lightwell roof deck above 2nd floor with new aluminized coating;
- Perform remedial measures to stop water intrusion, repair and repaint damaged interior plaster in stairwell near roof above 21st floor;

- Replace cooling tower internals to extend the serviceable life;
- Budget for air handler and pump motor replacements as units fail prematurely or reach the end of their serviceable lives;
- Repair and refurbish condenser water, chilled water and hot hydronic water circulation pumps to extend their serviceable lives;
- Refurbish exhaust fans and fresh air supply fans to extend their serviceable lives;
- Replace fan coil unit motors as they reach the end of their serviceable lives;
- Replace fan coil actuators as they reach the end of their serviceable lives;
- Repair chiller #2 shaft seal leak;
- Perform eddy current testing on both evaporator and condenser tube bundles of both chillers;
- Budget allowance for chiller tube repairs;
- Repair and refurbish domestic water pumps to extend serviceable lives;
- Conduct 5-year NFPA testing of firewater system and maintain testing records on site.

Capital Expenditure:

- Inspect and repair, as needed, terra cotta cladding (every five years);
- Replace gas-fired boilers as they reach the end of their serviceable lives;
- Budget allowance for motor replacement or overhaul of one centrifugal chiller;
- Budget allowance for cooling tower fan motor replacement;

- Budget allowance for replacement of variable frequency drives (VFDs) as they reach the end of their serviceable lives.

Modernization/Improvement:

Items in this category are not mandatory or essential, but are recommendations for general improvements and modernization to bring the property up to current standards or best practices. The spreadsheet includes Modernization items in a discrete column from the main body of the spreadsheet so that the costs for this work are totaled separately.

- Install new built-up roofing system on main roof above 21st floor;
- Repair damaged mosaic floor tiles in elevator lobbies;
- Annual allowance for repairs and repainting of service and secondary area walls;
- Install refrigerant leak detection in the chiller room;
- Install synchronous strobes in the few tenant spaces where non synchronous strobes exist.

Modernization expenses total **\$137,200**.

C. Immediate Repairs & Replacement Reserves

Immediate Needs

Immediate Needs are defined as physical deficiencies that require immediate action to correct: (1) existing or potentially unsafe conditions; (2) significant negative conditions impacting marketability or habitability; (3) material building code violations; (4) poor or deteriorated condition of critical element or system: or (5) a condition that if left "as is" would cause or contribute to critical element or system failure within one year or a significant escalation in repair costs.

Immediate Repair Needs as indicated in the Immediate Needs & Replacement Reserves Analysis are **\$60,844**. Expenditures include investigation of basement slab deflection and inspection of terra cotta cladding and repairs; if needed, ground fault testing, and infrared scanning.

Replacement Reserves

Replacement Reserves are funds for: (1) priority-based repairs of physical deficiencies resulting from poor design, faulty installation, or the substandard quality of original systems or materials; (2) deferred maintenance; or (3) replacements of components or systems that have realized or exceeded their Expected Useful Life (EUL).

EUL is defined as the average amount of time in years that an item, component, or system is estimated to function when installed new, assuming routine maintenance is practiced. AllWest applies EUL standards established by such organizations as the American Society of Heating, Refrigeration and Air-conditioning Engineering, Inc. (ASHRAE) and the U.S. Department of Housing and Urban Development (HUD), but may modify them following a subjective evaluation of an item, component or system by experienced, licensed professionals.

The 5-year replacement reserves are estimated at **\$1,248,830**, which includes a 2.5% per year inflation factor. Expenditures include exterior roofing repairs, recoating of the roof at north lightwell, and various HVAC system repairs and refurbishments.

II. REGULATORY REVIEW

Located within the Pioneer Square Preservation District, the Smith Tower is listed in the National Registry of Historic Places and as a City of Seattle landmark. Because of the historic designations, various agencies exercise jurisdiction; these include the City of Seattle Landmarks Preservation Board, Pioneer Square Preservation Board, State of Washington Office of Archeology and Historic Preservation, and the National Parks Service of the U.S. Department of Interior. The State of Washington has a facade easement on the property.

Project No:	14116.60
Property Name:	Smith Tower
Property Address:	506 2nd Avenue, Seattle WA
No. of Buildings:	1
Building Age in Years:	100
No. of Floors:	42
Gross Area (SF):	264,074

No	Sec	Photo No	ITEM	Avg EUL (yr)	EFF AGE (yr)	RUL (yr)	Quantity	Unit	Cost Estimate Source	Unit Cost		Immediate Needs
SITE WORK												
1	B.06	39	Remove rust and repaint steel fence on roof above 21st floor.	N/A	N/A	N/A	1	LS	Estimate	\$1,750.00		
EXTERIOR ENVELOPE												
2	C.01	32-38	As an optional Modernization expense listed for informational purposes, install new built-up roofing system on main roof above 21st floor.	14	20	6	8,700	SF	Contractor	\$6.00		
3	C.01	33	Repair soft spots and restore positive roof slopes near southeast corner of main roof above 21st floor.	N/A	N/A	N/A	1	LS	Contractor	\$3,500.00		
4	C.01	41,42	Provide lightwell rook deck above 2nd floor with new aluminized coating.	10	14	N/A	616	SF	Contractor	\$3.25		
5	C.02	43	Inspect & repair terracotta cladding (every five years).	5	5	0	83,218	SF	Contractor	\$0.50		\$41,609
STRUCTURAL ELEMENTS												
6	D.03	44,45	Investigate basement slab deflections.	N/A	N/A	N/A	1	LS	Estimate	\$2,750.00		\$2,750
INTERIOR FINISHES												
7	E.01	46	As an optional Modernization expense, repair damaged mosaic floor tiles in elevator lobbies.	N/A	N/A	N/A	1	LS	Estimate	\$15,000.00		
8	E.02	47	Perform remedial measures to stop water intrusion and repair and repaint damaged interior plaster in stairwell near roof above 21st floor.	N/A	N/A	N/A	1	LS	Estimate	\$1,500.00		\$1,500
9	E.02	48	Annual allowance as an optional Modernization expense for service and secondary area wall repairs and repainting.	N/A	N/A	N/A	5	LS	Allowance	\$5,000.00		
EQUIPMENT & SYSTEMS												
10	F.02	M-15	Replace three boilers as they reach the end of their serviceable lives.	25	21	4	1	LS	Contractor	\$750,000.00		
11	F.02	M-3	Budget allowance for motor replacement or overhaul of one centrifugal chiller.	30	16	14	1	LS	Contractor	\$85,000.00		
12	F.02	M-29	Refurbish cooling tower internals to extend serviceable life of unit.	30	16	14	1	LS	Contractor	\$35,000.00		
13	F.02	M-29	Budget allowance for cooling tower fan motor replacement.	N/A	N/A	N/A	3	EA	Contractor	\$10,000.00		
14	F.02	M-4	Budget allowance to replace variable frequency drives as they reach the end of their serviceable lives.	15	16	N/A	4	EA	Contractor	\$10,000.00		
15	F.02	M-2, M-12	Budget for air handler and pump motor replacement to extend the serviceable lives of major equipment.	N/A	N/A	N/A	6	EA	Estimate	\$3,000.00		
16	F.02	M-2	Repair and refurbish condenser water, chilled water, and hot hydronic water circulation pumps.	N/A	N/A	N/A	8	EA	Estimate	\$2,000.00		
17	F.02	M-11	Refurbish exhaust and fresh air supply fans to extend their serviceable lives.	35	16	19	6	EA	Estimate	\$1,000.00		
18	F.02	M-5	Replace fan coil unit motors as they reach the end of their serviceable lives.	15	12	3	250	EA	Estimate	\$250.00		
19	F.02	M-5	Replace fan coil unit actuators as they reach the end of their serviceable lives.	20	12	8	200	EA	Estimate	\$100.00		
20	F.02	M-3	Repair chiller #2 seal leak.	N/A	N/A	N/A	1	LS	Contractor	\$21,000.00		
21	F.02	M-3	Perform eddy current testing on both evaporator and condenser tube bundles of both chillers.	N/A	N/A	N/A	2	EA	Contractor	\$4,500.00		
22	F.02	M-3	Budget allowance for chiller tube repairs.	N/A	N/A	N/A	2	EA	Estimate	\$5,000.00		
23	F.02	-	As an optional Modernization expense, install refrigerant leak detection system in chiller room.	N/A	N/A	N/A	1	LS	Contractor	\$35,000.00		
24	F.03	M-27, M-28	Perform ground fault testing on circuit breakers greater than or equal to 1,000 amps on a triennial basis.	N/A	N/A	N/A	10	EA	Estimate	\$800.00		\$8,000
25	F.03	M-1, M-27, M-28	Perform infrared scanning of electrical system on a triennial basis.	N/A	N/A	N/A	1	LS	Estimate	\$4,500.00		\$4,500
26	F.04	M-16	Replace rigidly piped natural gas connections to boilers with flexible connections.	N/A	N/A	N/A	3	EA	Estimate	\$300.00		\$900
27	F.05	M-14, M-22, M-24	Repair and refurbish hot and cold domestic water distribution pumps to extend their serviceable lives.	30	16	14	8	EA	Estimate	\$1,500.00		
28	F.05	M-23	Strap and/or anchor hot water storage tanks for earthquake safety.	N/A	N/A	N/A	1	LS	Estimate	\$1,000.00		\$1,000
29	F.07	M-25	Conduct 5-year NFPA testing on firewater system and maintain testing records on site.	N/A	N/A	N/A	1	LS	Estimate	\$6,000.00		
30	F.07	-	As an optional Modernization expense, install synchronous strobes in the few tenant spaces where non synchronous strobes exist.	N/A	N/A	N/A	1	LS	Estimate	\$10,000.00		
ACCESSIBILITY COMPLIANCE												
31	G.01	52	Install truncated domes at driveway along Yesler Way.	N/A	N/A	N/A	2	EA	Contractor	\$275.00		\$550
32	G.01	6	Install ISA sign at primary entrance.	N/A	N/A	N/A	1	LS	Estimate	\$35.00		\$35

ABBREVIATIONS:

LS = Lump Sum

EA = Each

SF = Square Foot

RUL = Remaining Useful Life

EFF AGE = Effective Age

UNK = Unknown

V = Various

EUL = Expected Useful Life

TOTAL IMMEDIATE NEEDS COSTS\$60,844

Sub-Total

2.5% Inflation Factor per Year

Inflation Amount

Total with Inflation

TOTAL ANNUAL RESERVES\$1,248,830

Total Annual Reserves Per SF

Total Annual Reserves (\$ Per SF Per Year)

TOTAL MODERNIZATION COSTS (Optional)\$137

The renovation project completed in 2000 was designed to meet the following governing codes:

1. 1994 Seattle Building Code,
2. City of Seattle Zoning and Land Use Code,
3. 1997 Seattle Mechanical Code
4. 1997 Uniform Fire Code

AllWest contacted the City of Seattle municipal departments for building, planning, and fire information. Information on building permits was received from the City of Seattle Department of Planning and Development. Various Building Permits for current tenant improvement projects are active. No active violations or complaints were on file with any agency. Copies of pertinent documents are included in the Appendix A.

III. PROPERTY CONDITION ASSESSMENT

Please refer to the attached Figures and Photos to supplement the site descriptions and building conditions.

A. General

A.01 Introduction

The Smith Tower is located on the northeast corner of the intersection of 2nd Avenue and Yesler Way. Commercial office buildings neighbor the north and east sides of the property. Primary access is through the bronze and glass doors of the entrance vestibule off 2nd Avenue; these lead to the main lobby and elevators. Secondary access is through a single door located along Yesler Way at the southeast corner of the building and via the rear doors on the second floor from the alley. The secondary entrances require a keycard for entry. The brick-paved alley on the east side of the site provides access to the dumpsters and mechanical equipment located in the utility easement at the rear of the adjacent Florence Building.

Construction was completed in 1914 in presumed compliance with building codes applicable at that time. The first 21 floors are built on the property lines, except for light wells on the north and east sides rising above the second floor base. The basement extends beyond the property lines underneath the sidewalks along 2nd Avenue and Yesler Way.

The property appears well maintained. An in-house maintenance staff of two building engineers and one day-porter perform routine maintenance under the direction of the chief building engineer, Cory Jackson, while major repairs are outsourced to specialty contractors. A vendor list is included in the Appendix A.

The property underwent a major renovation in 1986. The elevators were refurbished, including hoistway door tracks, locks, closers, hall lanterns, gates, switches and contactors. A smoke control system was installed, consisting of pressurization fans for the main stairwell and the elevator hoistway. A 3,000 amp, 120/208-volt electrical switchgear was installed, along with a 350 KVA emergency diesel generator, which provides back-up power for the emergency lighting system, fire pump, and elevators. A sprinkler system was installed in the basement, stairwell, lobbies, and the tenant spaces immediately adjacent to the elevator hoistway.

During the second major renovation completed in 2000, seismic, Disabled Accessibility, and fire & life safety upgrades were added in addition to the infill of the east light well. Improvements included the decommissioning of the freight elevator and expansion of the sprinkler system. Another electrical switch panel was added, supplying an additional 4,000 amp, 277/480-volt, 3-phase, 4-wire service.

Our 2006 report stated:

An elevator modernization program is proposed by the property management. Lerch, Bates & Associates submitted a modernization study in March 2004, and contractor bids were reviewed in December 2004.

Crystal Estrada informed us that no elevator modernization recommendations were undertaken following the issuance of our 2006 report.

The design reflects popular architectural motifs of the early 20th century. The style is transitional modern with classical elements. The quality of its design and construction has allowed the building to survive through 100 years with only minor damage. The terra cotta cladding was at one time suspected of having deteriorated ties and anchors, but was later shown to be in relatively sound condition. The DC power supply system for the

elevators is outdated; the 2004 report by Lerch, Bates & Associates recommended that it be replaced when other elevator modernization upgrades are performed. Upgrades to seismic, fire & life safety, mechanical, and electrical systems have combined to significantly extend the expected useful life of the building.

A.02 Property Summary Data

APN/Address:

APN: 093900-0060
506 2nd Avenue
Seattle WA 98104

Zoning: PSM-100, Approved height variance

Occupancy Type: B (Office)

Construction System: Steel frame

Construction Type: Type I-Fire Resistive
rated

Construction date: 1914

Seismic retrofit: 2000 (following 1994
Seattle Building Code)

Flood Zone: FEMA Zone X (outside of the
500-Year Flood Plain)

Overlay District: Pioneer Square
Preservation District

Site Area: 0.278 acres (12,121 SF)

No. of Buildings: 1

No. of Stories:
Nominal: 42
Habitable: 38 + two basement levels

Rentable Leasing Area: 264,074 SF

Approximate Height: 562' max.

Parking: None provided

Path of Travel: Generally Accessibility
compliant

Restrooms: Generally Accessibility
compliant on floors 1-21; non-
compliant on floors 22-38

A.03 Property Directory

Owner:

CPUSI Co Investment Cayman, LLC,
Seattle WA,

Property Management:

Goodman Real Estate, Inc., Seattle WA

Architect of Record: Gaggin & Gaggin,
Syracuse NY

Building Maintenance: In-house building
engineers

Mechanical Maintenance: McKistry
Company, Seattle WA

Elevator Maintenance: Thyssen-Krupp,
Seattle WA

Fire Alarm Monitoring: Fire One
Algona, WA

Fire Protection Testing: Columbia Fire
Seattle, WA

A.04 Utility Services

Water: City of Seattle

Sewer: City of Seattle

Electricity: Seattle City Lights

Gas: Puget Sound Energy

Steam: Seattle Steam

B. Site Development & Landscaping

B.01 Landscaping & Irrigation

The site is fully developed with the building and with public sidewalks. One mature street tree is located along Yesler Way. There is no other landscaping. There is no irrigation system on the property.

B.02 Parking, Driveways, Sidewalks & Curbs

The physical condition of the sidewalks and curbs is "Good."

As originally built, the property provides no off-street parking and is exempt from current parking requirements. Parking is available in paid parking facilities across the street.

The building is constructed on the property lines with the basement level extending beneath the sidewalks along 2nd Avenue and Yesler Way. The sidewalks are constructed of reinforced concrete with glass block inserts. The glass block sidewalks are listed as part of the property's historic character and are required by the Pioneer Square Preservation Board to be retained.

Our 2006 report stated:

A portion of the sidewalk along Yesler Way was damaged during construction work on the adjacent hotel property and has been temporarily replaced with reinforced concrete. Smith Tower chief engineer Chris Ulrich indicated that a glass block replacement panel has been ordered by the responsible contractor and will be installed to replace the temporary sidewalk slabs.

The damaged sections of sidewalk have been replaced with matching panels of concrete with glass blocks.

Chris White informed us that the sealants between sidewalk panels and between the building and sidewalks are inspected regularly and repairs are made by in-house staff on an as-needed basis.

B.03 Site Drainage

The physical condition and adequacy of site drainage appeared "Good."

Roof drains collect rain water and discharge to the underground municipal storm drain system along 2nd Avenue. Storm water sheet flows over the sidewalks into street drains.

Our 2006 report stated:

Leaks during the recent heavy rains were reported in the basement health club ceiling along the joint

between the building wall and the sidewalk slab along Yesler Way. The leak has been repaired, according to the Chief Engineer, but the damaged ceiling panels have not been replaced.

The damaged ceiling tiles have been replaced.

B.04 Exterior Lighting

The physical condition of exterior lighting appeared "Good."

Exterior site lighting consists of wall mounted sconces along Yesler Way and 2nd Avenue. The building entrance soffit has recessed spot can fixtures with compact fluorescent lamps. Municipal lighting fixtures provide most of the functional illumination around the property. Exterior lighting is controlled by mechanical timers.

Although not observed after dark, exterior lighting appears to be adequate for tenant needs and is typical of other commercial office buildings in the area.

B.05 Miscellaneous Items, Transformers, and Vaults

The physical condition of miscellaneous items, transformers and vaults was not observed due to accessibility reasons.

Seattle City Lights' transformer is located under the Florence Building and was not observed or accessible. The City of Seattle's domestic and fire water meters are installed in subterranean vaults along the 2nd Avenue sidewalk on the west side of the building.

B.06 Fencing and Screening

The physical condition of the fencing and screening appeared "Good," with deficiencies noted below.

The roof above the 21st floor has a 4' high wire mesh enclosure approximately three feet from the roof edge. The 35th floor observation deck is fully enclosed with a floor-to-ceiling steel fence.

We observed rust and peeling paint on the steel frame of the fence on the roof above the 21st floor.

AllWest recommends that remedial measures be performed to remove the rust and that the fence be repainted. The cost is included as in the Immediate Needs & Replacement Reserves Analysis.

B.07 Signs & Identification

The physical condition of signage appeared “Good.”

The property is identified by the name “Smith Tower” on brass panels mounted above the main entry door and on the southwest corner of the building. The foyer at the main entrance has a brass plaque describing the history of the site. Street address numbers are painted above the main doors.

B.08 Walkways, Stairs, Ladders, and Railings

The physical condition of stairs, and railings appeared “Good.”

There are no walkways (other than public sidewalks) or exterior ladders at the site.

A concrete stair provides access from the Yesler Way sidewalk to the second floor entrance at the southeast corner of the building. The handrails are bronze tube construction.

B.09 Support, Service, and Dock Areas

The physical condition of support, service, and dock areas appeared “Good.”

Service access is provided along the brick-paved, City-owned alley at the rear of the property.

A sliding, galvanized steel gate at the rear of the Florence Building property opens to the dumpsters and trash compactor which serve the Smith Building. A metal service door and two roll-up metal doors are located behind the dumpsters and lead to the chiller room.

C. Exterior Envelope

C.01 Roof and Accessories

The physical condition of the roof appeared “Good,” with deficiencies noted below.

The primary roof is a flat, multi-ply, built-up membrane with a mineral granule capsheet on a reinforced concrete deck and covers the roof portion above the 21st floor. It was installed in 2000 and had a one-year warranty. The roof has minimal slopes.

The roof contains several curb-mounted HVAC units as well as a diamond grid steel mesh fence with steel posts mounted into the roof. The roof-mounted HVAC equipment installed in 2000 has adequate flashings. All other flashings also appeared adequate.

We did, however, note several areas near the southeast corner of the building where the roofing membrane has delaminated from the substrate; soft spots in the roofing system that compress underfoot have formed.

Another roof occurs over a portion of the second floor at the base of the north light well. The roof is an extension of the third floor reinforced concrete slab and contains glass block inserts. An aluminized elastomeric coating was applied to the slab prior to 2000; the exact date of installation is unknown.

A third roof covering the pyramidal tower consists of white, glazed terra cotta cladding over a concrete-covered steel frame. The steeply pitched roof is punctuated with three levels of arched windows. This roof was not accessed or observed at close range.

The major flat roof roofing systems of the building are 14 years old. Built-up roofing systems that have been provided adequate maintenance during their lifetime are typically assigned a 20-year life span. Chris White informed us that roof repairs are performed on an as-needed basis when leaks occur.

For informational purposes, we are including as an optional Modernization expense the cost for new built-up roofing systems in the Immediate Needs & Replacement Reserves Analysis.

Repairs of the soft spots in the roofing system are recommended, as is recoating of the aluminized roofing system. Estimates are included as two separate line items in the Immediate Needs & Replacement Reserves Analysis.

Roof Drainage

The physical condition of the roof drainage appeared “Good,” with deficiencies noted below.

Roof drainage on the roof above the 21st floor is towards the center where atrium grated drain pots carry runoff through internal downspouts directly to the municipal storm water system. Penthouse roof drainage was not accessible or observed.

On the roof above the 21st floor, several areas of ponding were observed, typically around the HVAC equipment; lichen growth indicates the condition has existed for some time. Standing water and plant growth can undermine the integrity of the roof membrane over time and should be avoided. Depressed areas on the roof should be built to a positive slope and all lichen growth removed.

Chris White reported that the in-house staff performs roof inspections/cleanings monthly. AllWest recommends that areas where lichen growth has accumulated be cleaned thoroughly. Since this is a minor repair which can be done by staff maintenance personnel, the cost to clean the roof is not included in the Immediate Needs & Replacement Reserves Analysis.

An allowance to restore proper roof slopes is included in the Immediate Needs & Replacement Reserves Analysis in the cost to repair the soft spots in the roofing membrane.

Skylights

A curb-mounted skylight bordered by a gutter with clear glazing covers a portion of the infill addition.

Our 2006 report stated:

According to the Chief Engineer, the skylight leaked the previous year along its gutter and damaged the drywall ceiling in the tenant unit below. The leak was repaired, but the ceiling was not.

Interior finishes adjacent to the skylight have been repaired. No current leaks were reported and we observed no indications of such.

C.02 Exterior Finishes

The physical condition of the exterior appeared “Good,” with deficiencies noted below.

Our observations of the exterior elevations were limited in that they were made from grade and from adjacent roof areas when possible.

Our 2006 report stated:

The first two floors are clad with a light gray granite veneer. The upper floors are clad with white glazed terra cotta tiles. Wire ties anchor the cladding to the brick masonry backing and the steel frame. The sealants and caulking were last inspected in 1996, and the south and west walls should have been re-inspected in 2001, per the recommendations of the Pacific Engineering Technologies’ exterior wall cladding study. No signs of water intrusion were observed or reported. According to the chief engineer, the walls were not inspected in 2001. The entire exterior wall area should be inspected this year.

We were informed that inspections have not been performed subsequent to the issuance of our 2006 report. Owing to the limited nature of our observations, AllWest once again recommends that periodic inspection of the exterior elevations be performed on a five-year schedule as a preventive measure.

The cost for inspections is included in the Immediate Needs & Replacement Reserves Analysis.

C.03 Doors and Windows

The physical condition of doors and windows appeared “Good.”

The main entry and vestibule doors are bronze-framed with plate glass insets and push plates. Copies of the original doors were installed as part of the 2000 renovation. The double-hung windows are wood-framed with bronze cladding. Single-pane clear glass is provided in an overwhelming majority of windows, though some dual-pane insulated glass was observed in the windows of the Chinese Temple Room.

C.04 Patios, Terraces, Porches, and Balconies

There are no patios, terraces, porches, or balconies at the subject property.

An exterior observation deck rings the Chinese Temple Room on the 38th floor. Six inch square terra cotta tiles set in mortar are provided on the walking surface. Area drains are also provided. Other preventive measures were taken in the vicinity of the deck to prevent water intrusion into the interior. These upgrades were performed in September of 2012. The steel tube guardrail and full-height barrier were repainted at that time.

D. Structural Elements

The Smith Tower was not originally designed for significant lateral resistance, but nonetheless survived the region's last major seismic event, the 2001 Nisqually earthquake, with minor damage. Some seismic upgrades were a part of the 2000 renovation.

Concurrent with this report a separate seismic and structural evaluation is being prepared by Todd Perbix Structural Engineer. Please refer to that document for a more thorough discussion of the building's structural elements.

D.01 Foundations

The physical condition of foundations appeared "Good."

The concrete pile foundation is reportedly driven 22' deep into hard clay strata. Reinforced concrete pile caps support a grillage of concrete covered steel beams underneath the basement.

The basement has 24" thick brick masonry retaining walls and extends beyond the property line beneath the sidewalks along 2nd Avenue and Yesler Way.

D.02 Wall Construction

The physical condition of the wall construction appeared "Good."

The exterior walls are constructed of riveted steel framing encased in fire-protective concrete. The walls are infilled with 12" thick unreinforced brick

masonry. The interior faces of the walls are furred with 2" clay tile and plaster. Steel girders and beams along each floor's perimeter walls add stiffness to the structural frame.

D.03 Roof & Floor Framing

The physical condition of roof and floor framing appeared "Good," with deficiencies noted below.

Our 2006 report stated:

The roof and floor slabs are constructed of cast-in-place reinforced concrete supported by concrete encased steel beams 5' to 8' on center. The basement floor slab was apparently poured over a formwork with integral steel mesh ceiling panels. The panels are rusted and sagging in a few locations, either separated from the floor slab or deflecting from the weight of the concrete. The suspect floor slab, which supports the rectifiers for the elevators, shows no visible signs of cracking or distress on its upper surface. It is possible that the deflection of the metal panels occurred during the initial concrete pour. However further study by a structural engineer is advisable.

Chris White informed us that a study has not been performed since the issuance of our 2006 report. Though it is once again our assessment that it is likely the deflections occurred during the original concrete pour, we repeat our earlier recommendation calling for further study of the condition. The cost is included in the Immediate Needs & Replacement Reserves Analysis.

E. Interior Finishes

The Seattle Landmark Preservation Board specifies the preservation of interior finishes and furnishings in the first and second floor lobbies and corridors, the elevator lobby in floors 3 through 21, the elevator interiors, the 10th and 32nd floor corridors, the Chinese Temple Room's ceiling, and the elevator machine room and machinery on the 35th floor. Proposed alterations to the above, except maintenance and repairs, will require a Certificate of Approval from the Board.

Construction of tenant improvement projects are typically the responsibility of the tenants, subject to an allowance provided by the landlord. Maintenance is provided by the property

management for office tenants which have full-service leases. Retail tenants are responsible for the maintenance and repair of their interior finishes.

Generally, the interiors are in “Good” condition, but show signs of wear and tear commensurate with the use and duration of occupancy in the various tenant spaces. No egregious deficiencies in interior finishes were observed.

E.01 Floor & Base Finishes

The physical condition of floor finishes appeared “Good,” with deficiencies noted below.

The entry vestibule has a mat-covered travertine floor while the main lobby has gray terrazzo floors. The upper floor elevator lobbies and corridors have white hexagonal mosaic tile floors with blue tile border. Common restrooms have gray marble floors.

Tenant units typically have carpeted floors with painted metal bases. Utility areas have vinyl tile or unfinished concrete floors.

Some of the mosaic tile floors on the elevator lobbies and corridors show hairline cracks and minor chipping. To preserve the mosaic tiles, damage to the floor tiles should be repaired.

This is primarily an aesthetic concern. Because the lobby floors have historic status, complete replacement of the tiles is problematic, and piecemeal replacement would likely result in a noticeable difference in appearance when the new tiles are compared to the old, which may be unacceptable.

Nonetheless, the cost for piecemeal replacement of the cracked tiles is included as an optional Modernization expense in the Immediate Needs & Replacement Reserves Analysis.

E.02 Wall Finishes

The physical condition of wall finishes appeared “Good.”

The entry vestibule and main lobby on the first floor have onyx veneer walls. The main lobby walls have a border of ornamental plaster frieze

featuring Indian heads below the ceiling. The upper floor elevator lobbies have gray marble wainscoting with a painted plaster upper wall. All plaster walls have expanded steel mesh as a lath. Common area restrooms have gray marble walls.

Tenant units have painted plaster or hardwood paneled walls. Utility areas have painted plaster walls.

Some minor water damage to the plaster wall in the east stairwell leading to the roof above the 21st floor was observed. Remedial measures to address the water intrusion and to repair the plaster finish are recommended. The cost is included in the Immediate Needs & Replacement Reserves Analysis.

Some portions of interior walls in various service areas exhibit levels of wear and tear that warrant remedial measures to restore the appearance to a “Good” condition. This is an aesthetic concern only in portions of the building that are not seen by the general public. As such, we are listing a yearly allowance as an optional Modernization expense in each year on the spreadsheet for corrective measures for these walls.

The costs are included in the Modernization category of the Immediate Needs & Replacement Reserves Analysis.

E.03 Ceiling Finishes

The physical condition of ceiling finishes appeared “Good,” with deficiencies noted below.

The entry vestibule has a hardwood paneled ceiling and the main lobby has a coffered plaster ceiling. The ceilings of the upper floor elevator lobbies, corridors, and tenant office units are the plastered and painted underside of the concrete floor slabs and beams above.

Some of the office and retail tenants have dropped ceilings of gypsum wallboard or acoustic tile. Portions of the basement health club ceiling have stained wood with paneled 12” x 12” insets.

E.04 Doors and Windows

The physical condition of interior doors and interior sides of windows appeared “Good.”

Interior doors are generally painted hollow steel – typically with lites – in steel frames. Both the doors and the frames have been hand painted to simulate the appearance of wood. Window frames have the same finish.

Some of these original doors and window frames have been painted over with conventional single color finishes. Building management now has a policy to prevent tenants from painting over any wood-look doors or windows.

Single-glazed, double hung windows with bronze covered wood stiles and rails on the exterior are typical on all above floors above the second. These windows are operable. Windows on the first and second floor have large fixed panes of glass in bronze clad wood frames. All interior sides of windows are in generally “Good” condition.

E.05 Interior Stairs

The physical condition of interior stairs appeared “Good.”

A concrete stair adjacent to the front entrance provides access to the second floor while a second concrete stair at the rear provides access to the basement. The stair treads and risers are marble with brass handrails mounted to the stairwell walls. A steel-framed stairway, located at the rear of the building, originates from the basement and discharges to the second floor rear exit corridor.

Two exit stairs are located along the corridors between floors 3 and 21. The stairs are steel-framed with textured metal treads and closed risers. The handrails are wood with metal balusters. One of the stairs is a 2000 addition in the infill area and has painted treads and risers. The other stair is original, with mosaic-tiled landings, and terminates at the rooftop penthouse above the 21st floor.

A metal-framed stairway provides access and exiting between the 22nd through the 36th floors. The stairs continue beyond the door at the landing to the apartment on the 37th floor. Wood-clad, steel-framed stairs connect the apartment’s two levels. From the 38th floor, a steel spiral stair rises four levels to the top of the tower roof.

The exit stairs and elevator hoistways are pressurized. Smoke evacuation fans are located in the 22nd floor mechanical room.

F. Equipment and Systems

The mechanical, electrical, plumbing, and fire/life-safety equipment and systems appeared in “Good” condition.

F.01 Meters

An electric meter is provided in the main electrical switchboard located in the main electrical room in the Florence Building.

Gas meters are located in the basement utility area near Yesler Way and each of the two metered branches is equipped with an automatic seismic shut-off valve.

Domestic and fire water is metered under the sidewalk along 2nd Avenue. Backflow prevention devices are located in the basement.

F.02 Mechanical - HVAC

The physical condition of the HVAC system appeared “Good.”

The HVAC system consists of two direct expansion water cooled chillers that reject heat to a forced-air, 3-cell cooling tower located at the rear of the Florence Building roof. Space heating is provided by three gas-fired boilers that provide heat to a hydronic water heating loop serving fan coil units with hot and cold decks. A Niagara direct digital building energy management system controls all major HVAC equipment and fan coil unit discharge temperatures. Outside air supply and exhaust fans, along with opening windows ensure that an adequate mix of outside air is blended with recirculated air. A central rooftop horizontal exhaust fan discharges restroom air.

A split system air conditioner unit is located in the basement that serves the athletic club tenant on the ground floor and in the basement.

The chillers use R-123 refrigerant while the split system uses R-410A refrigerant. Both of these refrigerants are considered more environmentally friendly than the refrigerants they replaced.

R-123 is a HCFC hydrochlorofluorocarbon transition compound of usage regulated over time by the Montreal Protocol. While more environmentally friendly than R-11, it will be phased out over time with new production being terminated in 2030. Recycled refrigerant may be used after 2030. Serviceable chiller life expectancy is expected to occur around 2030; however, since recycled R-123 refrigerant may be used after 2030, no refrigerant availability issues for the chillers are anticipated.

R-410A, which contains only fluorine, unlike alkyl halide refrigerants that contain bromine and chlorine, does not contribute to ozone depletion, and is therefore becoming more widely used, as ozone-depleting refrigerants like R-22 are phased out. Since R-410A allows for higher system efficiencies than an R-22 system, by reducing power consumption, the overall impact on global warming of R-410A systems will be substantially lower than that of R-22 systems due to reduced greenhouse gas emissions from power plants.

Space Cooling and Heating

Space cooling is provided by either a rooftop cooling tower or by two York direct expansion, water cooled chillers. During cool weather days, the cooling tower's condenser water loop, by exchanging heat with the chilled water loop provides adequate cooling capacity to fan coil units on each floor. When the condenser water loop cooling capacity isn't sufficient to provide adequate space cooling, one or both chillers are used to keep up with cooling demand. Each chiller has a cooling capacity 500 tons and both reject heat to a 1,000 ton, three cell forced air cooling tower. Both the chillers and the cooling tower are located within or on the roof of the Florence Building. The total building cooling load is 209 square feet/ton which is well within ASHRAE's recommended cooling load for a building in this service and geographical location.

Space heating is provided by three gas-fired Laars boilers located on the roof above the 21st floor. Each unit has an output capacity of 3,240,000 BTU/hr., putting total heat output at 9,720,000 BTU/hr. This provides a total building heating capacity of 46.5 BTU/hour/square foot which is more than adequate for a building in this geographical location and service. Hot hydronic

water is circulated to fan coils located on each floor by centrifugal pumps located in the 22nd floor mechanical room.

Fan coil units on each floor recirculate inside air across either hot or chilled water coils to regulate room air temperature at local thermostat settings.

Control System

A Niagara building energy management system monitors thermostats, controls fan coil units, and adjusts primary heating and cooling equipment according to overall heating and cooling demand. Variable frequency drives are installed on chillers, cooling towers and heating/chilled water circulation pumps for optimal energy consumption. The control system can be dialed up and adjusted remotely by the building engineer. The system can also be programmed for special after-hours climate control at tenant's request.

Ventilation

Outside air is drawn in on the 21st floor roof through air handlers which distribute the fresh air to each floor. Windows are also operable throughout the building for additional outside air as desired.

Restroom ventilation is provided by one horizontal rooftop exhaust fan located on the 21st floor roof. Other exhaust fans are in dedicated utility room service, such as the chiller room, main electrical room, condenser unit exhaust (basement) and basement utility exhaust applications.

The fresh air and exhaust fans appear to be in "Good" condition and are running without excessive noise or vibration. Typical replacement of exhaust fan motors and belts will be required as part of routine maintenance during the evaluation period.

Servicing of HVAC equipment is performed by McKinstry and the building's engineering staff on a regular basis.

Equipment

The attached mechanical equipment list provides a brief description of the major core-building

components and indicates the age and the estimated remaining useful life. With the exception of the gas-fired boilers which are expected to reach the end of their serviceable lives during the evaluation period, replacement of other major HVAC equipment as a whole unit is not anticipated during the evaluation period. However, repair, replacement, refurbishment, and overhaul of some components such as pumps, variable frequency drives (VFD's), and motors can be anticipated to extend the serviceable life of individual units.

Due to age, a budget allowance should also be made for either a compressor overhaul or motor replacement of one of the chillers during the evaluation period.

Funds for a chiller compressor overhaul, cooling tower and pump refurbishment, and fan coil unit motor and actuator replacement have been included in the Immediate Needs & Replacement Reserves Analysis.

It was noted that chiller #2 has a shaft seal oil leak which is currently being addressed by McKinstry, the HVAC contractor. Costs for the repair have been included in the Immediate Needs & Replacement Reserves Analysis.

It was noted that the chillers have not had eddy current testing on their tube bundles for determining overall tube condition. Funds have been included as two line items in the Immediate Needs & Replacement Reserves Analysis for this testing and a budget allowance for tube repair is also listed.

It was also noted the chiller room does not have a leak detection system installed. Although not required by code for existing buildings like the Smith Tower, costs for installing a chiller refrigerant leak detection system has been included in the Immediate Needs & Replacement Reserves Analysis as a optional Modernization item. Should there be a significant chiller upgrade or replacement, the requirement for a refrigerant leak detection system would be triggered.

F.03 Electrical

The physical condition of the electrical system appeared "Good."

Seattle City Light provides 480/277-volt, 3-phase, 4-wire power from an underground utility transformer to the main electrical panels located in the electrical room at the rear of the Florence Building. A 4,000 amp rated main panel with a 4,000 amp main breaker distributes power to other circuit breaker panels and transformers for further distribution throughout the building. Most of the electrical system was installed as part of the late 1990's to 2000 renovation project.

The high voltage municipal transformer is reportedly located under the Florence Building electrical room but was unavailable for inspection during the site visit.

Power Supply

The main electrical panel is comprised of a Cutler-Hammer Switchboard main panel rated at 4,000 amps. The multi-section panel has a 4,000 amp main breaker and multiple main sub-breakers for large electrical load equipment, transformers, or main sub panels.

Step-down transformers reduce voltage for 208/120-volt consumption at receptacles and for other low voltage power requirements. Electrical sub-panels are located in the basement of the tower or in stacked electrical rooms on each floor. Two bus risers (one 480/277-volt and one 208/120-volt) distribute power to electrical rooms on each floor.

The chiller mechanical room has a motor control center that provides 480/277-volt power to the chillers, cooling tower, and hydronic water pumping equipment.

Using an 80% power factor, the building electrical load is 12.7 watts/square foot which is adequate for buildings in this service and geographical location.

GFCI receptacles are provided in wet areas and at exterior locations as required.

Infrared scanning of the electrical system has not been performed in the recent past. AllWest recommends that infrared scanning be performed as an immediate need now that the building is over 90% occupied and on a triennial basis thereafter.

Job # 14116.60		MECHANICAL EQUIPMENT TABLE				 AllWest		
506 2nd Avenue		Seattle, WA						
Space Heating and Cooling Equipment								
Equipment	Quantity	Brand/ Refrig	Cooling / Heating Size	Replace*	Manf	Age	EUL	RUL
Water cooled chillers	2	York R-123	500 ton	N	1998	16	30	14
Cooling tower that supports York chillers	1	Evapco	500 ton	N	1998	16	30	14
Gas-fired boilers that provide hydronic heat to fan coil units	3	Laars	3,240,000 Btu/hour output	Y	1998	16	20	4
Elevator shaft pressurization fans	3	Baley		N	1998	16	40	24
			67,000 CFM; 25-hp					
Stairwell pressurization fan	1	Baley		N	1998	16	40	24
			26,500 CFM; 25-hp					
Outside supply air fan with cooling and heating coils (21st floor roof) AHU-1	1	York		N	1998	16	40	24
			15,600- CFM; 10-hp					
Air handler serving Chinese Room AHU-2	1	n/a		N	1994	20	40	20
			3,600 CFM					
Outside supply air fans with heating coils (21st floor roof)	3	n/a		N	1994	20	40	20
			4,000 CFM (est.)					
Condenser water pumps serving chillers	2	PACO		N	1998	16	40	24
			1,500 GPM at 50', 30-hp					
Chilled water distribution pumps	2	PACO		N	1998	16	40	24
			2,400 GPM at 120' TDH; 100-hp					
Chilled water booster pumps serving chillers	2	PACO		N	1998	16	40	24
			1,200 GPM at 30' TDH; 15-HP					
Boiler charge pumps	3	PACO		N	1998	16	40	24
			220 GPM at 25', 3-hp					
Hydronic hot water distribution pumps serving fan coil units	2	PACO		N	1998	16	40	24
			680 GPM at 105', 30-hp					
Plate and frame heat exchanger for economizer condenser water exchange	1	Uranus Thermal		N	1998	16	30	14
			1,200 GPM (hot); 1,500 GPM (cold)					
Fan Coil Units	504	International Environmental Corp.		N	1998	16	30	14
			600 to 1,200 CFM					
Air handling units above ceiling cavities	15	Williams		N	1998	16	30	14
			800 to 1,500 CFM (est.)					
Split system air conditioning unit serving health club (basement)	1	Ingersol Rand R-410A	5 ton	N	2013	1	20	19
EXHAUST FANS								
Equipment	Quantity	Brand	Size	Replace*		Age	EUL	RUL
Vertical Exhaust Fan serving chiller room	1	n/a		N	1998	16	35	19
			7,500 CFM; 1.5-hp					
Horizontal Exhaust Fan	1	Bayley		N	1998	16	35	19
			3,500 CFM (est.); 3-hp					
Horizontal Exhaust Fan	1	Greenheck		N	2003	11	35	24
			8,500 CFM (est.); 3-hp (est.)					
Horizontal Exhaust Fan serving restrooms	1	Bayley		N	1998	16	35	19
			14,500 CFM; 10-hp					
Horizontal Exhaust Fan serving yoga exercise room in health club	1	Dayton		N	1998	16	35	19
			2000 CFM, 3-hp (est.)					
Horizontal exhaust fan serving split system condenser unit in basement	1	unknown		N	1998	16	35	19
			1,500 CFM, 2-hp (est.)					
WATER HEATERS								
Equipment	Quantity	Brand	Size	Replace*		Age	EUL	RUL
Regency								
Water heater serving penthouse residence (not accessible)	1	n/a	n/a	N	-	-	-	-

Breakers with amperage ratings of 1,000 amps and higher have not been ground fault tested since installation in 1998. The National Electric Code requires periodic ground fault testing of breakers 1,000 amps and higher. AllWest recommends ground fault testing be performed on 1,000 amp and higher rated breakers now and then on a triennial basis.

The building has a 350 KW standby generator that provides power to the fire pump, one elevator, and the fire life safety panel for building evacuation. A 125 gallon diesel day tank provides fuel to the 475 hp Caterpillar diesel engine. Illuminated exit signs with bug-eye egress lighting fixtures are installed at frequent intervals throughout the building.

The costs to perform infrared scanning of the electrical system and ground fault testing of the main breaker are included in the Immediate Needs and Replacement Reserves Analysis.

Lighting

Interior lighting uses a combination of fixture types, including:

- Ceiling-hung fluorescent strip fixtures with T-8 fluorescent lamps;
- Wall mounted sconces with circular fluorescent lamps;
- Surface hung fixtures with fluorescent lamps in the elevator lobbies;
- Decorative elevator lobby wall-mounted sconces with incandescent lamps;
- A variety of tenant installed specialty decorative lighting fixtures.

Most fixtures operate on 277-volt power and are controlled by programmable lighting panels on every other floor for tenant spaces and/or by mechanical timers in common areas.

Energy Management System

The HVAC system is controlled by the previously mentioned Niagara energy management system. Programmable and mechanical timers control lighting in tenant spaces and common areas respectively.

F.04 Gas

The physical condition of the gas equipment and system appeared "Good."

Natural gas is provided by Peugeot Sound Energy through the basement wall along Yesler Way. The service includes a positive displacement meter serving the ground floor restaurant and a turbine meter serving the gas-fired boilers. Each meter branch has dedicated pressure regulators, isolation valves, and an automatic seismic shut-off valve.

Black iron piping distributes the natural gas to the 22nd floor roof where it is consumed by gas fired boilers for hydronic water loop heating. The boilers have rigid gas line connections. AllWest recommends that rigidly piped connections at the boilers be replaced with flexible gas connections for earthquake safety.

The cost to provide flexible gas connections for the boilers is included in the Immediate Needs & Replacement Reserves Analysis.

F.05 Plumbing

The physical condition of the plumbing system appeared "Good."

Supply Piping

The City of Seattle provides domestic water to the building through a 6" branch off the municipal main that enters through the basement wall along 2nd Avenue. A 6" backflow prevention device, pressure regulators, and booster pumps located in both the basement and the 22nd floor mechanical room ensure that the water is delivered to all floors at acceptable pressures. The meter was not observed during the site visit, but is reportedly located in an underground vault along the sidewalk bordering 2nd Avenue. All observed domestic water piping is copper.

All backflow prevention device testing records were available during the site visit and are current.

Waste Piping

Observed waste water and sewage piping is a combination of hub-type and no-hub cast iron. Adequate cleanouts were observed at both interior and exterior locations and no problems were observed or reported.

Fixtures

Bathroom plumbing fixtures are typically floor mounted with manual flush valves. Fixtures are manufactured by Eljer while flush valves are manufactured by Sloan. Sinks are counter or pedestal mounted vitreous china units with manual dual valve faucet controls. Toilets and urinals are reportedly equipped with low flush valves to conserve water while complying with the Pioneer Square Historical District fixture preservation requirements. Break room area sinks are stainless steel, counter mounted units with either single or dual lever faucet controls. Some break room sinks have instant water heating devices mounted under the cabinet.

Domestic Hot Water

Domestic hot water is heated by low pressure steam provided by Seattle Steam. Two plate and frame heat exchangers heat the cold domestic water prior to entering one of two storage tanks. The low pressure storage tank is 300 gallons and the higher pressure storage tank is 600 gallons. Water is pumped from the high and low pressure tanks to the upper and lower floors respectively by separate hot water booster pumps. Hot water is consumed in restroom and break room area sinks. AllWest recommends that these tanks be adequately strapped or anchored for earthquake protection.

The penthouse residential apartment also has a water heater, but the unit was not accessible during our site visit.

Routine refurbishment and pump motor replacement for all hot and cold water distribution pumps can be expected during the evaluation period. Budget allowances for repairs and component replacements have been included in the Immediate Needs and Replacement Reserve Analysis.

F.06 Vertical Transportation and Conveying Systems

The vertical transportation systems were excluded as part of AllWest's scope of work for this report and were assessed in a separate analysis prepared by Lerch Bates & Associates.

The property has 7 passenger traction elevators. Five of the elevators serve floors 1 to 22; two are express elevators serving floors 23 through 35. A freight elevator was decommissioned during the large-scale renovation completed in 2000; the cab is docked at the first floor and the shaft floored over on floors 2 to 22. The elevator equipment is powered by the original direct current (DC) system, converted by rectifiers in the basement electrical room from the alternating current (AC) service. Uniformed attendants operate the elevator cabs which are original with polished brass walls and ceilings, carpeted floors, and manually-operated glass and metal accordion doors.

F.07 Fire Protection

The physical condition of the fire protection system appeared "Good."

Firewater distribution and suppression devices

Firewater is provided to the property by the City of Seattle through a 6" branch off of the building water supply. One 6" riser, located in the basement utility room feeds the distribution system with the assistance of a 50 hp Patterson vertical centrifugal firewater pump capable of delivering 400 GPM of water at a differential pressure of 125 psig. A 1/2-hp jockey water pump keeps the system pressure charged to a preset level.

There were no 5-year NFPA inspection labels found and there were no testing records provided during the site visit. After the site visit, it was reported that the last 5-year NFPA test was performed in October of 2010. Test records are outstanding as of the time of writing.

Sprinkler heads were observed to be made by Globe. No recalled sprinkler heads were observed or reported.

ABC-type, 5 lb. dry chemical fire extinguishers are located at regular intervals throughout the building. The extinguishers are typically stored in semi-recessed wall cabinets with glass door fronts in common and tenant areas. In utility areas, the extinguishers are simply wall mounted. All observed extinguisher inspection tags were current with a July 2013 inspection date. Re inspection will be due during the month of July 2014.

Fire hydrants are provided at regular intervals along the surrounding streets.

Fire department connections to dry standpipes are located near the building entrance on 2nd Avenue and on the south side of the building along Yesler Way near the rear alley.

AllWest recommends that the 5-year NFPA inspection records be kept on site and that proper 5-year NFPA certification stickers be placed on the entrance riser when the next inspection is performed. Funds for this testing have been included in the Immediate Needs and Replacement Reserve Analysis.

No outstanding fire code violations or inspections were reported by the Fire Department.

Fire Alarm

A Simplex fully addressable fire monitoring and alarm panel supervises firewater system tamper and flow switches, pull stations, and smoke and heat detectors. The panel has an auto dialer for off-site monitoring by Fire One. The system was reportedly installed in 1999, and it appears to meet all current ADA strobe/horn device alarm placement requirements.

It was observed that some tenant spaces had strobes that did not appear be synchronous. These strobes should be upgraded if tenant improvements were implemented within the space. Funds for this upgrade have been included in the Immediate Needs and Replacement Reserve Analysis.

Smoke Detectors

Smoke detectors are located on the ceiling in elevator lobbies, utility rooms, corridors and on

HVAC ductwork. All detectors are monitored by the central fire alarm panel.

F.08 Other Systems

None observed.

F.09 Security System

The building security desk is manned 24/7 and a key pad access system is in use during both normal business and off-hours. Some individual tenants have installed their own tenant space entry security systems. There are 16 closed circuit security cameras placed throughout the property that monitor and record 24/7. The guard at the front security has the video monitoring screen at the front desk.

G. Accessibility Compliance

The Accessibility Standards of Chapter 11 of the International Building Code (IBC), as amended by the Washington State Building Code (WSBC) and adopted by the Seattle Department of Planning and Development in the Seattle Building Code (SBC), delineate the requirements for barrier-free design in that city. This code establishes guidelines to afford access to a site or building to persons with disabilities. These standards are modeled in part on Title III of the Americans with Disabilities Act (ADA) which prohibits discrimination by entities to access and use of areas of commercial facilities and public accommodations on the basis of disability.

Public-accessible facilities completed and occupied after January 26, 1992 are required to fully comply with the Americans with Disabilities Act Guidelines (ADAAG). In Seattle, all new construction, as well as substantial renovations and upgrades to existing facilities, are required to meet the current Accessibility requirements of the SBC for public, quasi-public, and multi-residential environments.

Where state or local Accessibility requirements differ from those found in the ADA and are equal to or more stringent than those found in the ADA, the state or local requirements shall govern.

Older facilities are often held to a lesser standard of compliance to the extent allowed by structural

feasibility, design logistics, historical status, or economics. Yet, regardless of age, areas accessible by the public must be maintained and operated to comply with the federal mandates of the ADA.

During the Property Condition Survey, a limited visual observation for Accessibility compliance was conducted. The visual observation scope was limited to areas of common use, such as the exterior site, entry areas, restrooms, doors, and hardware directly related to common areas. Off-site areas are typically not evaluated. The limited observation described herein is not a full Accessibility Compliance Survey.

Due to the variable nature of Accessibility compliance required of existing buildings and the variable nature of enforcement and interpretation of Accessibility requirements from community to community, analysis of what may be required in any future building permit application is outside the scope of this report, as is an analysis of the possible ramifications of legal and financial liability for any deficiencies in site and building Accessibility which are not remedied. It also bears mentioning that a set of plans that have been approved for a building permit by the Seattle Department of Planning and Development will not necessarily meet the requirements of the ADA.

The Smith Tower has historical designations which prohibit alterations to certain interior areas and exterior building elements. This historical status further complicates the already convoluted requirements for Accessibility in existing buildings. Our discussions with the Seattle Department of Planning and Development indicate that there are no provisions in effect in the SBC which force retroactive Accessibility upgrades to buildings and sites if no construction is proposed, and if all applicable codes were followed at the time of original construction. Nonetheless, the aim of the ADA is to achieve the highest degree of Accessibility compliance feasible in existing buildings.

G.01 Access and Parking

The physical condition of site Accessibility appeared "Good."

The main entry doors are push-plate operated. The elevators are manned by attendants who can assist those with Accessibility needs.

The property has no off-street parking.

G.02 Path of Travel

The physical condition of the path of travel appeared "Good," with deficiencies noted below.

The Path of Travel from the public sidewalk to the principal pedestrian entrance on the west side of the building appears generally "Good," with adequate clearances, door widths, hardware, etc. The International Symbol of Accessibility (ISA) sign is not present at the main entrance.

The threshold between the sidewalk and the first floor entrance appears Accessibility compliant. The path of travel from the sidewalk to the elevators is unobstructed. Entrances to the ground level retail spaces also appeared to be generally compliant.

The municipal sidewalks adjacent to the building along 2nd Avenue are generally flat; those along Yesler Way have a downward slope from east to west. Approximate measurements indicate that the slope is slightly greater numerically (1:12.4) than 1:12. Tripping hazards were not observed.

Truncated domes have been installed at the curb ramp at the intersection of 2nd Avenue and Yesler Way. Truncated domes are not installed on the sidewalk at the driveway on Yesler Way; this driveway leads to the alley behind the building. It is unknown if financial responsibility for the installation of truncated domes in this location lies with the building owner or with the City of Seattle.

Installation of truncated domes and the ISA symbol at the main entrance is recommended. The costs are included as two separate line items in the Immediate Needs & Replacement Reserves Analysis.

Public transit service is provided on several streets in the vicinity of the subject property. Intra-city buses run on 2nd Avenue; primary transit routes for regional buses and light rail run on 3rd Avenue, one block to the east.

The limited visual observation for Accessibility compliance which is performed under the scope of work for this report does not include an evaluation of off-site elements. Nonetheless, the path of travel to the nearest transit stop was observed during our site visit. The path of travel from the transit stop along and then across 2nd Avenue, being only gently sloped and free of tripping hazards, does not appear to be problematic in terms of offering an Accessible path of travel from the stop to the main entrance of the building.

ADA requirements mandate that an Accessible path of travel to the nearest transit stop be provided.

Within the building itself, some doors were observed to be furnished with lever type handle hardware; the great majority of older doors had conventional doorknobs that do not comply with current Accessibility requirements. The original doorknobs are presumed to be part of the historical fabric of the building.

Accessibility non-compliant handrails are provided at the exterior stairs at the southeast corner of the building. It is presumed that these handrails also have historical status.

G.03 Toilets/Plumbing Fixtures

The physical condition of the toilet rooms and plumbing fixtures for Accessibility appeared "Good," with deficiencies noted below.

Accessible restrooms are provided on each floor from the 1st to the 21st. The restrooms have compliant grab bars, fixture clearances, and sink drain pipe insulation. The restrooms provided on floors above the 21st are non-compliant. They are typically still fitted with their original fixtures and, because of their size; achieving Accessibility compliance is not possible. These smaller restrooms are presumed to be part of the building's historical fabric and cannot be altered. A wheelchair user on one of these higher floors would have to take the elevator to the 10th floor to use an Accessible restroom.

High-low water fountains were observed in those places where water fountains have been installed.

G.04 Elevators

The vertical transportation systems were excluded as part of AllWest's scope of work for this report and were assessed in a separate analysis prepared by Lerch Bates & Associates.

Our general observations are that the elevators are vintage equipment and are not Accessibility compliant. However, the elevators are manned and the attendants can provide assistance to those that require it. Modifications to the elevator cab interiors are subject to the Seattle Landmark Preservation Board.

IV. CONSULTANT'S QUALIFIERS

A. Scope of Work

AllWest was retained to assess the existing site physical condition, improvements, and buildings at the subject property; research available records; and interview individuals familiar with the facility operations. AllWest was tasked to prepare a 5-year spreadsheet for immediate and replacement reserves expenditures.

B. Methodology

AllWest visited the site on June 30, and July 1 and 2, 2014, and observed the structure and site conditions.

AllWest reviewed permit summaries and documents available from the Seattle Department of Planning and Development and the Seattle Fire Department. No original Certificate of Occupancy was available; more recent Certificates of Occupancy were available for tenant improvement projects. Inspection documents for the fire and life safety systems, vendor service information, vendor list, and HVAC maintenance documents were reviewed. Roof repair and maintenance documents were not provided. Historical repair costs were provided, but proposed repairs or improvements were not reviewed. Some vendor documents were provided. The AllWest PCA Questionnaire was returned and a current rent roll was provided. Some architectural and structural construction documents were made available to us. An ALTA survey was provided; an ADA survey was not.

AllWest used industry standard cost estimating guides such as Current Costs by Saylor Publications as well as our experience and judgment. AllWest also conducts spot-check pricing and uses prices provided by local general contractors and service providers.

In preparing the report, AllWest utilized industry standard guidelines as a basis for our inquiry including the "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process," outlined in ASTM E2018-08.

C. Assessment Criteria

In evaluating the property, "Excellent" is the best maintained property condition or new construction, with all the building equipment operational and no repairs necessary. A "Good" rating is a condition that demonstrates consistent building maintenance and grounds, and all the building equipment in sound operating condition, with only a few minor repairs needed. "Fair" rating shows some wear or damage present in the building and/or grounds elements, requiring repair or replacement work. A "Poor" condition is clearly the worst, with a uniform run-down appearance, damaged building elements or inoperable building systems present.

D. Limiting Conditions

AllWest accessed 12 of the building's 42 floors (approximately 29%) during our site visit. Owing to tenant restrictions we did not enter every room in each tenant space, and many floors were not accessible owing to tenant considerations. The flat roof areas were accessed, though we did not access the uppermost pitched roof of the pyramidal tower. Observations of the exterior elevations were limited to sightings taken from grade and from observations from adjacent roof decks, when possible. The residential apartment was not available for viewing.

No appraisal was provided for the subject property. Quantities were arrived at with input from field observations and measurements and from construction documents. AllWest recommends that all building materials or finishes be replaced in-kind. AllWest did not operate any

building systems or equipment and did not perform any tests. This report does not confirm the presence or absence of hazardous materials.

This evaluation represents AllWest's opinion based on our site observations. It should be recognized that items, other than those specifically identified in this report, might require repair or replacement. Furthermore, this review is not intended to preempt in any way the technical or professional responsibility of the original design consultants.

The inspection procedures do not address termite or environmental inspection.

The investigation scope was limited to accessible building areas and the structure and its components. Physical removal of wall panels or similar items was not performed to determine structural soundness or equipment reliability.

AllWest has visually assessed the subject property, both the land and the improvements thereon, where applicable. It is impossible to personally observe conditions that may exist below the surface of that may be hidden within the structure of the improvements. Therefore, it cannot be guaranteed that hidden or unexpected problems with the facility structural integrity or soil conditions do not exist.

The inspection findings contained in this report are based upon quantitative and qualitative factors that existed on the inspection dates. There can be no assurance that intervening factors will not affect the report's conclusions.

Illustrations used in this report are included to aid the reader's visual understanding and should not be considered surveys or engineering studies. All dimensions and estimates of building size, net or gross, are approximations.

The report is intended only for the internal use of the addressee or their authorized representative and possession does not imply the right of publication or the use for any other purpose without the written consent of AllWest Environmental, Incorporated.

Neither all nor part of this report shall be conveyed to the public through advertising, public

relations, news, sales, and or other media without the prior written consent of AllWest Environmental, Incorporated.

This report is not intended to be taken, in any manner, to include any critique or evaluation of the design concept, or the structural, mechanical, or electrical systems, which may be incorporated into the subject property. It is not intended to be an opinion with respect to any legal relationship or responsibilities between the architect, the engineers, the contractor, or the subject property owner. While AllWest Environmental, Inc. has reviewed some documents, our statements are not intentional legal opinions. In making our on-site inspection and subsequent review, AllWest Environmental, Inc. does not assume any legal responsibilities for design architects, engineers, or contractors for the subject property, nor is any other warranty or representation expressed or implied, included or intended.

E. Previous Reports

A previous property condition report prepared by AllWest, dated February 23, 2006, was reviewed in the preparation of this report.

F. Consultant Qualification

Ryan Miller is a California Licensed Architect with more than 30 years of related experience.

Samuel L. Chase, PE, is a licensed Professional Engineer with more than 35 years of experience.

G. Reliance Language

This report was prepared for the sole and exclusive use of CPUSI Co Investment Cayman LLC, the only intended beneficiary of this work. No excerpts may be taken to be representative of the findings of this assessment. The scope of services performed in the execution of this investigation may not be appropriate to satisfy other users, and any use or reuse of this document or findings, conclusions and recommendations are at the user's sole risk.

The information contained in this report has received appropriate technical review and approval. The conclusions represent professional judgments and are founded upon the investigation

findings identified in the report and the interpretation of such data based on our experience and expertise according to the existing standard of care. No other warranty or limitation exists, either expressed or implied.

AllWest's opinion of probable costs has been prepared solely as a general reference document for the use of CPUSI Co Investment Cayman LLC. Our estimate has not been prepared by a cost estimator or contractor and as such should not be considered a guaranteed maximum of costs likely to be encountered. Our estimate has been prepared to meet the unique needs of CPUSI Co Investment Cayman LLC. No other parties may rely on the estimate without AllWest's consent. This report is not a specification for further work and not intended as a substitute RFP. All area, unit costs, and line item estimates are order-of-magnitude only.

Neither AllWest, nor any staff member assigned to this investigation has any interest or contemplated interest, financial or otherwise, in the subject or surrounding properties, or in any entity which owns, leases, or occupies the subject of surrounding properties or in any entity which may be responsible for issues identified during the course of this investigation, and has no personal bias with respect to the parties involved.