INVESTMENT OFFERING
RAYTHEON MISSILE SYSTEMS

3360 E. Hemisphere Loop
Building M10
Tucson, AZ 85706

Prepared By:

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3200 E. Camelback Road
Suite 100
Phoenix, AZ 85018

MARCH 2016

DISCLAIMER

Lee & Associates Arizona ("Agent") has been engaged as the exclusive agent for the sale of the Raytheon Missile Systems building located at 3360 E. Hemisphere Loop, Building M10, Tucson, Arizona (the "Property") by the owners of the Property, DCG IV, LLC, a Washington limited liability company ("Sellers").

The property is being offered for sale in an "as-is, where-is" condition, and Sellers and Agent make no representations or warranties as to the accuracy of the information contained in this Offering Memorandum.

This Offering Memorandum was prepared by Agent on behalf of Sellers and is confidential and furnished to prospective purchasers of the property described herein subject to the terms of the Confidentiality Agreement previously provided to and executed by such prospective purchasers. This Offering Memorandum is intended solely to facilitate the prospective purchaser's own due diligence for which it shall be fully and solely responsible. The material contained herein is based on information and sources deemed to be reliable but no representation or warranty, express or implied, is being made by Agent of Sellers or any of their respective representatives, affiliates, officers, employees, shareholders, partners and directors, as to the accuracy or completeness of the information contained herein. Summaries contained herein of any legal or other documents are not intended to be comprehensive statements of the terms of such documents, but rather only outlines of some of the principal provisions contained therein. Neither the Agent nor the Sellers shall have any liability whatsoever for the accuracy of completeness of the information contained herein or any other written or oral communication or information transmitted or made available or any action taken or decision made by the recipient with respect to the Property. Interested parties are to make their own investigations, projections and conclusions without reliance upon the material contained herein or any additional information supplied by Sellers or Agent.

The Sellers expressly reserves the right, in its sole discretion, to reject any offer to purchase the property or to terminate any negotiations with any party at any time, with or without notice. The Sellers shall have no legal commitment or obligation to any prospective purchaser unless and until a written purchase and sale agreement has been fully executed and delivered and any and all conditions to the Sellers's obligations thereunder have been fully satisfied or waived.

Prospective purchasers shall be responsible for their costs and expenses of investigating the Property.

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- Multi-Warhead Interceptor
- Ship Missile Hits Ballistic Target

* See www.raytheon.com for further information

INVESTMENT SUMMARY

SINGLE-TENANT INVESTMENT OFFERING

Raytheon Corporation – Raytheon Missile Systems
3360 E. Hemisphere Loop, Building M10, Tucson, Arizona

Property Type:	Two-story Flex Office
Project Size:	72,000 Rentable Square Feet
Land Area:	4.4449 Acres
Parking:	336 spaces (4.67/1000)
Tenant History:	2008 Build to Suite, Tenant Improvement
Current Renewal:	Effective January 22, 2016 through January 21, 2019
Double Net Rental Income:	$1,060,453.68
Offering Price:	$13,250,000 ($184.03/SF)
Capitalization Rate:	8.0%
Adjacent Expansion Parcel:	4.92 Acres
Offering Price:	$1,300,000 ($6.07/SF)
Total Investment:	$14,550,000

Property Highlights:

» Contemporary architecture
» Two split system roof mounted A/C systems
» Business Park setting
» Integrated Campus
» Department of Defense approved facility

Tenant Highlights

» Fortune 500 Company rated 129th
» Largest commercial employer in Tucson

Significant Investment by Tenant:

» Advanced engineering R&D and training facility
» Secure communications (DOD standards)

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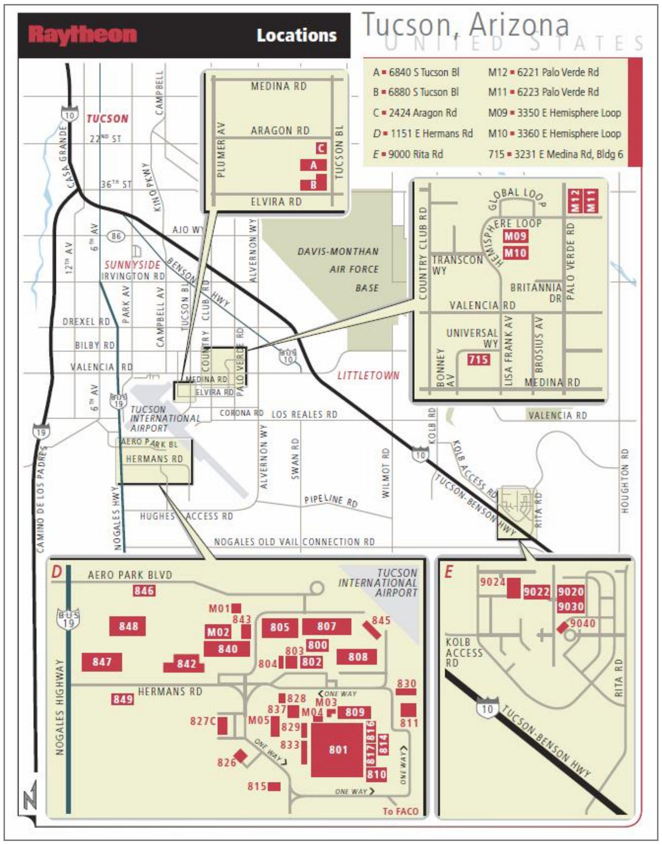
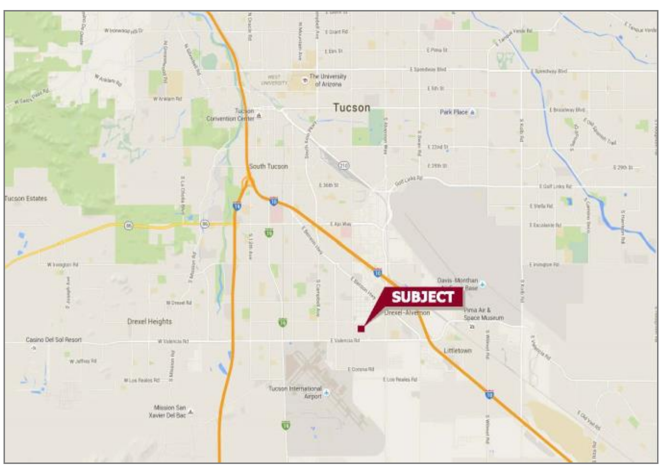
LEE & ASSOCIATES®
COMMERCIAL REAL ESTATE SERVICES

SINGLE-TENANT INVESTMENT OFFERING

Raytheon Corporation – Raytheon Missile Systems
3360 E. Hemisphere Loop, Building M10, Tucson, Arizona





- Headquarters location for Raytheon Missile Systems
- Fortune 500 Company – 129th
  - $23.2 Billion Revenue
  - $2.3 Billion Operating Cash Flow
  - $6.75 Earnings per Share
- Critical defense industry contractor
- Advanced weaponry development
- Leading edge technology
- Stable history of profitability
- Largest commercial employer in Tucson
- Department of Defense regulated and approved facility

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SUBJECT PROPERTY

SUBJECT PROPERTY

SUBJECT PROPERTY

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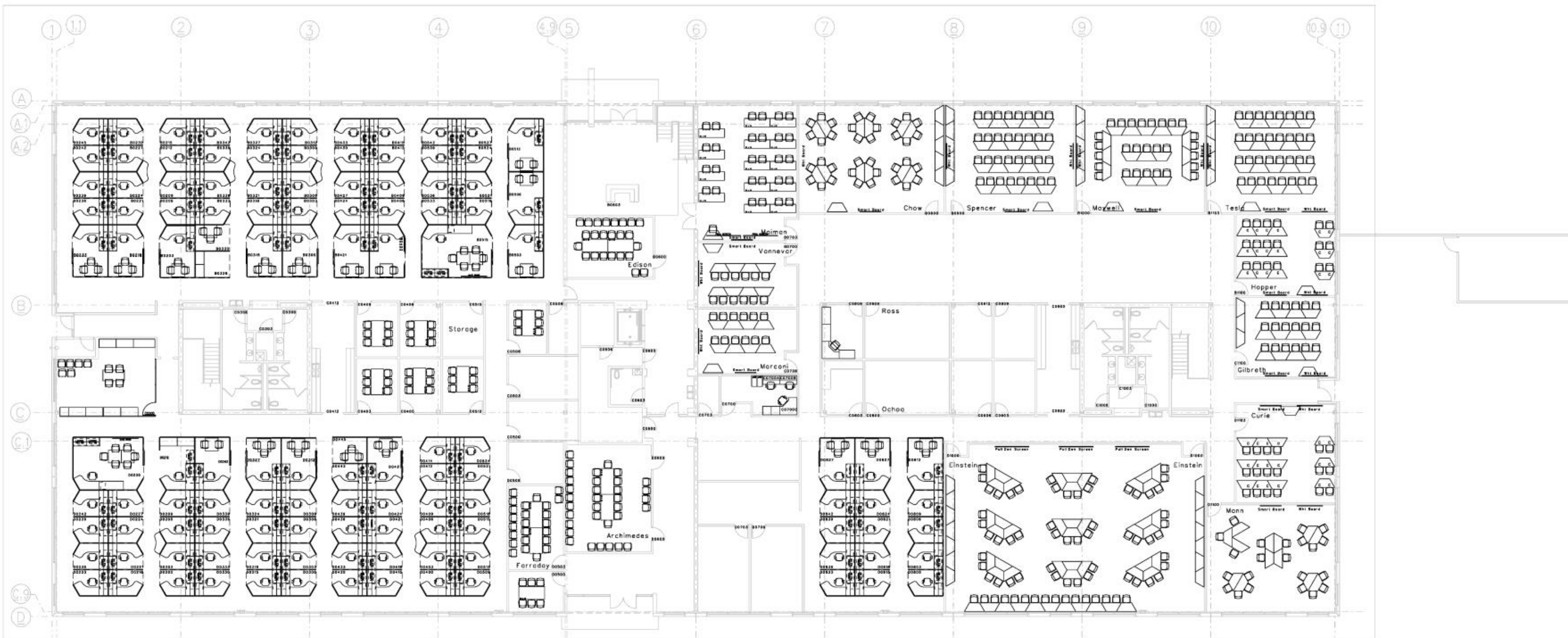
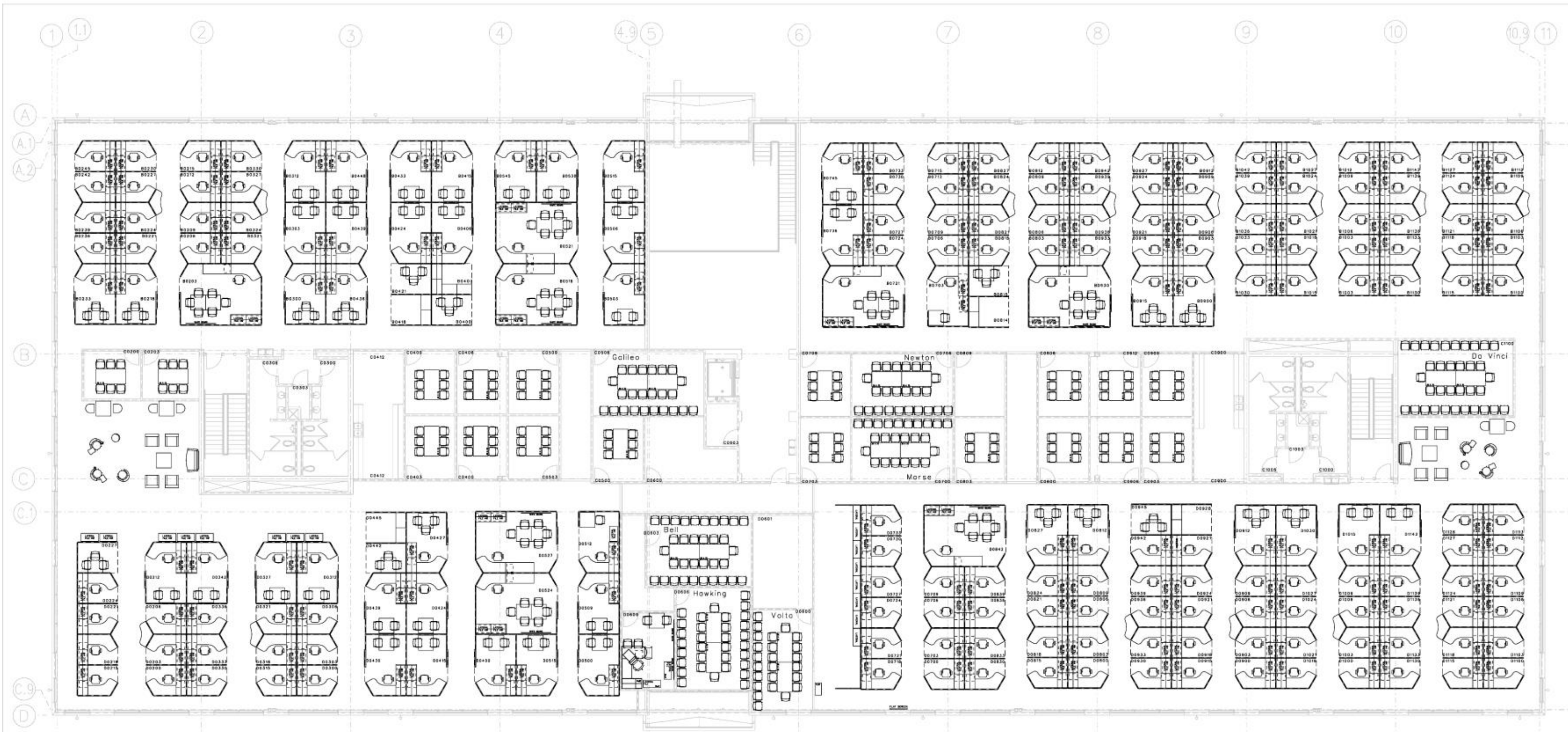
SUBJECT PROPERTY

FLOOR PLAN – 1ST FLOOR



SUBJECT PROPERTY

FLOOR PLAN – 2ND FLOOR



SUBJECT PROPERTY

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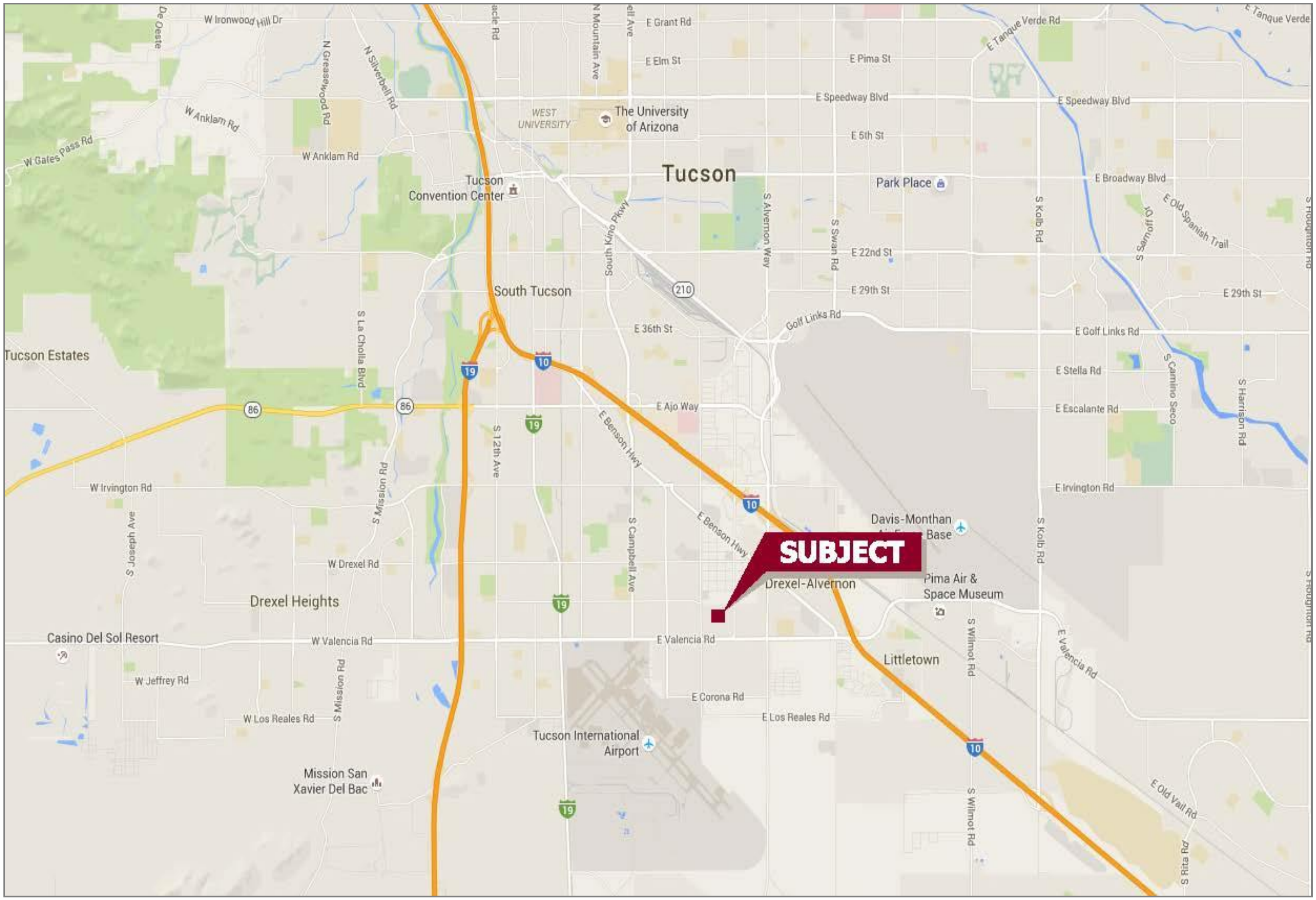

LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

PIMA COUNTY 2015 PROPERTY TAX STATEMENT ARIZONA

STATE CODE #

BOOK	MAP	PARCEL
140	29	050C 2

AREA CODE	PRIMARY TAX RATE PER $100 ASSESSED VALUE	SECONDARY TAX RATE PER $100 ASSESSED VALUE	IRRIGATION DISTRICT $ PER ACRE
1250	9.5692	4.0530	

TAX ASSESSMENT

REAL PROPERTY	1,132,200
PERSONAL PROPERTY	0

2015 TAX SUMMARY

PRIMARY PROPERTY TAX	108,342.49
LESS STATE AID TO EDUCATION	0.00
NET PRIMARY PROPERTY TAX	108,342.49
SECONDARY PROPERTY TAX	45,888.03
CAGRD MEMBER DUES	0.00
TOTAL TAX DUE FOR 2015	154,230.52

3370 E HEMISPHERE LP
TUCSON INTERNATIONAL
BUSINESS CENTER
SLY PTN LOT 41

JURISDICTION	2015 TAXES	2014 TAXES	DIFFERENCE
PIMA COUNTY PRIMARY	49,677.54	49,743.42	-65.88
SCHOOL EQUALIZATION	5,722.14	5,917.49	-195.35
SUNNYSIDE SCH DISTRICT 12 PRIMARY	31,414.02	40,192.18	-8,778.16
PIMA COUNTY COMMUNITY COLLEGE DISTRICT PRIMARY	15,498.69	15,516.40	-17.71
CITY OF TUCSON PRIMARY	5,110.75	5,100.04	10.71
INVOLUNTARY TORT JUDGMENTS REG 15-12-202	919.35	515.12	404.23
PIMA COUNTY BONDS SECONDARY	7,925.40	8,139.60	-214.20
SUNNYSIDE SCH DISTRICT 12 SECONDARY	13,859.26	29,999.08	-16,139.82
JOINT TECHNICAL EDUCATION DISTRICT	566.10	581.40	-15.30
PIMA COUNTY COMMUNITY COLLEGE DISTRICT SECONDARY	0.00	0.00	0.00
CITY OF TUCSON SECONDARY	12,039.81	11,368.70	671.11
CENTRAL AZ WATER CONS DIST SECONDARY	1,585.08	1,627.92	-42.84
PIMA COUNTY FLOOD DISTRICT SECONDARY	3,549.45	3,529.10	20.35
PIMA COUNTY LIBRARY DISTRICT SECNDRY	5,834.23	5,061.67	772.56
FIRE DISTRICT ASSISTANCE	528.70	548.85	-20.15
TOTALS	154,230.52	177,840.97	-23,610.45

Please make your check payable to Pima County Treasurer and mail to:

Pima County
Treasurer
P O Box 29011
Phoenix AZ
85038

THE SEAL OF PIMA COUNTY ARIZONA

DCG IV LLC
ATTN: SUMMIT PROPERTIES
2102 E MAIN STE 104
PUYALLUP WA 98372-3205

PLEASE INCLUDE YOUR STATE CODE NUMBER ON YOUR CHECK.

THERE WILL BE A $25 CHARGE FOR EACH RETURNED CHECK
AND YOUR TAXES WILL REVERT TO UNPAID STATUS.

VALUE IN DOLLARS EXEMPTIONS

ASSESSMENT		ASSESSMENT RATIO	ASSESSED VALUE IN DOLLARS		NET ASSESSED VALUE
LIMITED	6,120,000	18.5	1,132,200	0	1,132,200
FULL CASH	6,120,000	18.5	1,132,200	0	1,132,200
PERSONAL PROPERTY	0		0	0	0

Detailed payment instructions are available at www.to.pima.gov & (520) 724-8341

There will be a 2% service fee for using credit or debit cards. Credit & debit card payments can only be made at the Treasurer's office at: **Pima County Public Service Center, 240 N. Stone Ave, Tucson, Arizona 85701.**

PAYMENT INSTRUCTIONS. To pay the 1st half installment, send the 1st half coupon with your payment postmarked no later than **November 2, 2015**. To pay the second half installment, send the 2nd half coupon with your payment postmarked no later than **May 2, 2016**. The minimum acceptable payment is **$10 or 10%** of the payment due, whichever is greater. (ARS 42-18052 and ARS 42-18056)

To pay taxes for the full year, send the 1st half coupon with your payment postmarked no later than **December 31, 2015**. Delinquent interest will be waived. Penalty for late payment is 16% per year prorated monthly as of the 1st day of the month for payments postmarked after 5:00 P.M. (ARS 42-18053)

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RAYTHEON MISSILE SYSTEMS VISITOR'S GUIDE

RMS Visitor Guide

Tucson, Arizona

Raytheon

Raytheon Missile Systems (RMS) is the world leader in the design, development and production of missile systems.

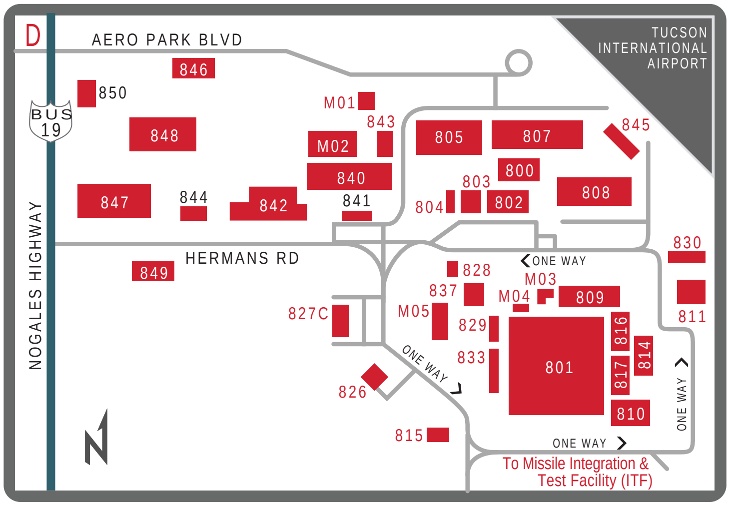
RMS designs, develops and produces missile systems for critical requirements, including air-to-air, strike, surface Navy air defense, land combat missiles, guided projectiles, exoatmospheric kill vehicles, missile defense, directed energy weapons, and land warfare systems including electro-optical sight, fire control systems and platform integration.

With 2013 revenues of $6.6 billion and 14,000 employees, RMS is headquartered in Tucson, Ariz. Additional facilities are in Rancho Cucamonga, Calif.; Diné and Albuquerque, N.M.; McKinney, Richardson and Dallas, Texas; McAlester, Okla.; Camden, Ark.; Huntsville, Ala.; Louisville, Ky.; Midland, Ontario; Uxbridge, Greater London, U.K.; and several other international locations.

Our corporate vision is to be the most admired defense and aerospace systems company through our world-class people, innovation and technology.

Driving Directions

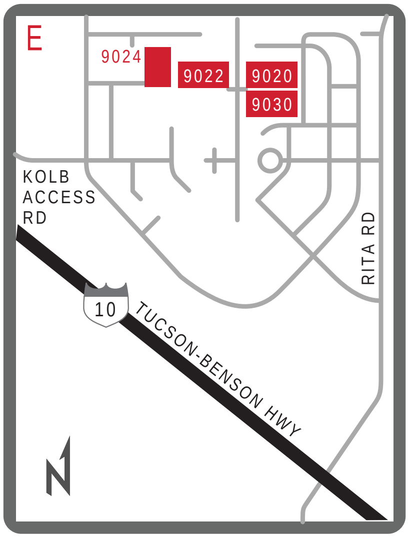
Airport Facility



- **Directions from Tucson International Airport (TIA) Raytheon Airport Facility**

  From the airport, take Tucson Boulevard north to Valencia Road. Turn left on Valencia heading west to Old Nogales Highway. Turn left at the Old Nogales Highway traffic light and proceed south to Hermans Road. Turn left at the traffic light on Hermans Road at the Raytheon main plant site entrance.

  Note: Photo enforcement cameras for red lights and speeding are in place at the intersection of Valencia and Old Nogales Highway.



Rita Road Facility

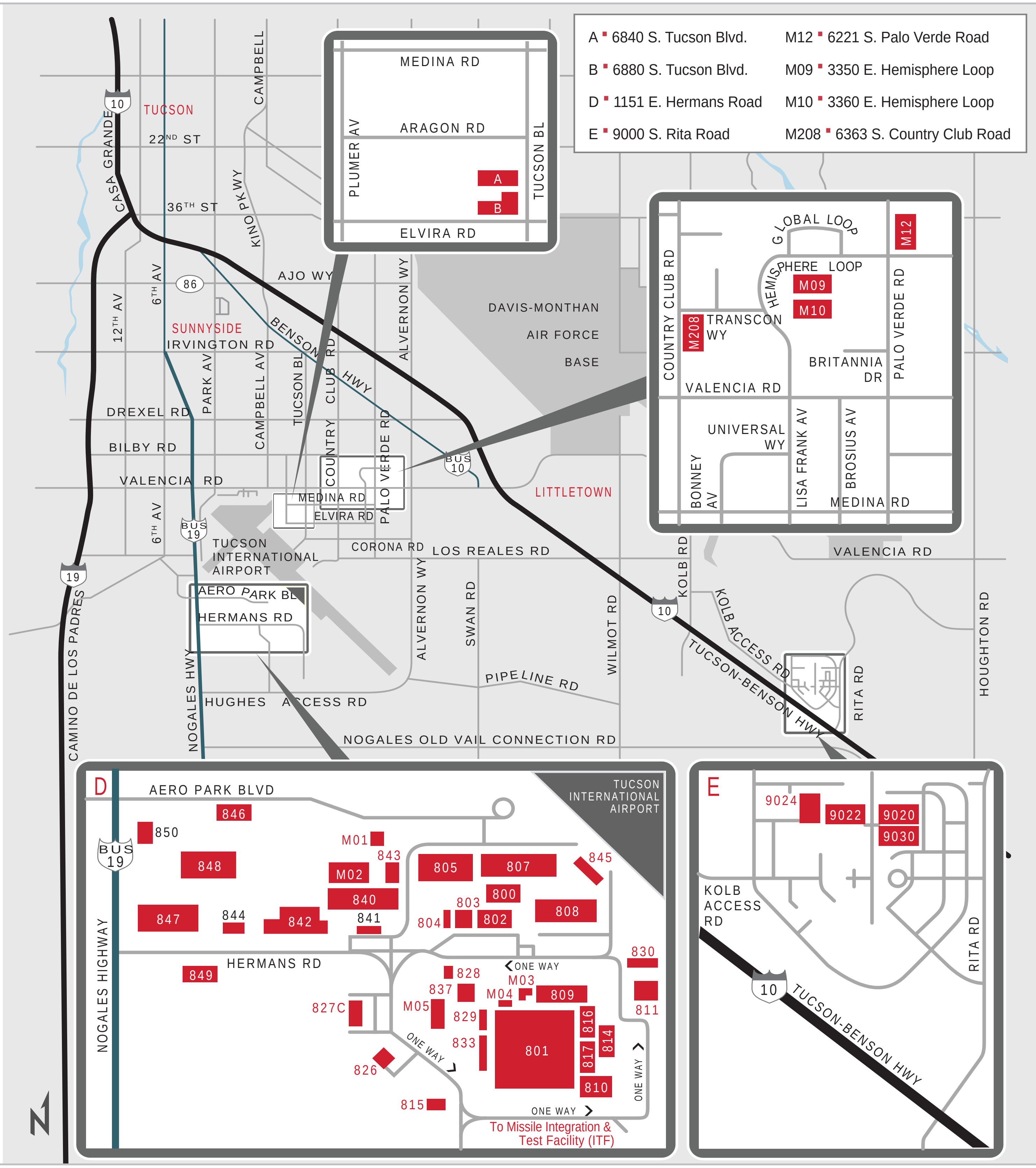
- **Directions from TIA to Rita Road Facility**

  From the airport, take Tucson Boulevard north to Valencia Road. Turn right on Valencia heading east to the I-10 turnoff. Take I-10 east to the Rita Road exit. Turn left at the exit. The Rita Road site is located on the left side of Rita Road in the University of Arizona Science and Technology Park

Palo Verde Facility

- **Directions from TIA to Palo Verde Facility**

  From airport take Tucson Boulevard north to Valencia Road. Turn right on Valencia heading east to Palo Verde Road. Turn left at the Palo Verde Road traffic light. Turn Left on Hemisphere Loop; buildings are on the left.



A ▪ 6840 S. Tucson Blvd.	M12 ▪ 6221 S. Palo Verde Road
B ▪ 6880 S. Tucson Blvd.	M09 ▪ 3350 E. Hemisphere Loop
D ▪ 1151 E. Hermans Road	M10 ▪ 3360 E. Hemisphere Loop
E ▪ 9000 S. Rita Road	M208 ▪ 6363 S. Country Club Road

TUCSON
SUNNYSIDE
LITTLETOWN
DAVIS-MONTHAN AIR FORCE BASE
TUCSON INTERNATIONAL AIRPORT
22ND ST
36TH ST
AJO WY
IRVINGTON RD
DREXEL RD
BILBY RD
VALENCIA RD
CORONA RD
LOS REALES RD
PIPELINE RD
HUGHES ACCESS RD
NOGALES OLD VAIL CONNECTION RD
CASA GRANDE
12TH AV
6TH AV
PARK AV
CAMPBELL AV
KINO PKWY
TUCSON BL
COUNTRY CLUB RD
PALO VERDE RD
ALVERNON WY
SWAN RD
WILMOT RD
KOLB RD
KOLB ACCESS RD
RITA RD
HOUGHTON RD
BENSON HWY
TUCSON-BENSON HWY
NOGALES HWY
CAMINO DE LOS PADRES
AERO PARK BL
HERMANS RD
MEDINA RD
ELVIRA RD
ARAGON RD
PLUMER AV
GLOBAL LOOP
HEMISPHERE LOOP
TRANSCON WY
BRITANNIA DR
UNIVERSAL WY
BONNEY AV
LISA FRANK AV
BROSIUS AV
D
AERO PARK BLVD
HERMANS RD
NOGALES HIGHWAY
TUCSON INTERNATIONAL AIRPORT
850 846 848 847 844 842 849 M01 843 M02 840 841 805 807 845 800 803 804 802 808 830 828 837 M03 M04 809 811 827C M05 829 816 814 833 801 817 810 826 815
ONE WAY
To Missile Integration & Test Facility (ITF)
E
KOLB ACCESS RD
RITA RD
TUCSON-BENSON HWY
9024 9022 9020 9030

Interesting Facts About Tucson

The city of Tucson was founded in 1775, but the region is one of the oldest continuously inhabited areas in North America, with settlements dating back to at least 800 B.C. When it was founded, Tucson's population was a little more than 3,000. Today, approximately 1 million residents call the Tucson area home. Tucson is also known as the The Old Pueblo, named so for the presidio, or adobe fortress, that marked its initial boundaries. The outline of the fortress is still visible, laid out on the sidewalks of downtown Tucson.

How hot does it get? The highest recorded temperature is 117°F, which occurred on June 26, 1990. The average high temperature is 82°F and the low is 55°F.

Hotel Guide

AIRPORT

- **Best Western Plus Tucson Airport**
  6801 S. Tucson Blvd.
  520.746-3932.
  http://book.bestwestern.com

- **Courtyard By Marriott Tucson Airport**
  2505 E. Executive Drive
  520.573.0000
  http://www.marriott.com

- **Desert Diamond Hotel & Convention Center**
  7350 S. Nogales Highway
  520.294.7777
  http://www.ddcaz.com

- **Doubletree Suites by Hilton Tucson Airport**
  7051 S. Tucson Blvd.
  520.225.0800
  http://doubletree3.hilton.com

- **Hampton Inn Tucson Airport**
  6971 S. Tucson Blvd.
  520.918.9000
  http://hamptoninn3.hilton.com

- **Hilton Garden Inn**
  6575 S. Country Club Road
  520.741.0505
  http://www.tucsonairport.stayhgi.com

- **Sheraton Four Points Tucson Airport**
  7060 S. Tucson Boulevard
  520.746.0271
  http://www.fourpointstucsonairport.com

LOCAL

- **Arizona Inn**
  2200 E. Elm St.
  520.325.1541
  http://www.arizonainn.com

- **Hacienda del Sol Guest Ranch Resort**
  5501 N. Hacienda del Sol Road
  520.299.1501
  http://www.haciendadelsol.com

- **Hilton Tucson East Hotel**
  7600 E. Broadway Blvd.
  520.721.5600
  http://www3.hilton.com

- **JW Marriott Starr Pass Resort & Spa**
  3800 W. Starr Pass Blvd.
  520.792.3500
  http://www.jwmarriottstarrpass.com

- **Loews Ventana Canyon**
  7000 N. Resort Drive
  520.299.2020
  http://www.loewshotels.com

- **Tucson Marriott University Park**
  880 E. Second St.
  520.792.4100
  http://www.marriott.com

- **Westin La Paloma Resort & Spa**
  3800 E. Sunrise Drive
  520.742.6000
  http://www.westin.com/lapaloma

Restaurant Guide

- **Agave Restaurant**
  1100 W. Pima Mine Road
  520.342.2328
  http://www.ddcaz.com

- **Cafe Poca Cosa**
  110 E. Pennington St.
  520.622.6400
  http://cafepocacosatucson.com

- **Caffé Milano**
  46 W. Congress St.
  520.628.1601
  www.caffemilano.com

- **Dakota Bar and Grill**
  6541 E. Tanque Verde Road
  520.298.7188
  http://www.dakotabarandgrilltucson.com

- **Downtown Kitchen & Cocktails**
  135 S. 6th Ave.
  520.623.7700
  http://downtownkitchen.com

- **El Charro Café**
  311 N. Court Ave.
  520.622.1922
  http://www.elcharrocafe.com

- **Maynard's Market & Kitchen**
  400 E. Toole Ave.
  520.545.0577
  http://maynardstucson.com

- **Nimbus Brewing Company**
  3850 E. 44th St.
  520.745.9175
  http://www.nimbusbeer.com

- **Old Pueblo Grille**
  60 N. Alvernon Way
  520.326.6000
  http://www.metrorestaurants.com

- **Sullivan's Steakhouse**
  1785 E. River Road
  520.299.4275
  http://sullivanssteakhouse.com/tucson

- **The Blue Willow (Breakfast/Lunch)**
  2616 N. Campbell Ave.
  520.327.7577
  www.bluewillowtucson.com

- **The Grill at Hacienda del Sol**
  5501 N. Hacienda del Sol Road
  520.299.1501
  http://www.haciendadelsol.com

- **The Parish**
  6453 N. Oracle Road
  520.797.1233
  www.theparishtucson.com

- **Vivace**
  6440 N. Campbell
  520.795.7221
  http://vivacetucson.com

- **Wildflower American Cuisine**
  7037 N. Oracle Road
  520.219.4230
  http://www.foxrc.com/restaurants/wildflower-american-cuisine

- **Zona 78 (two locations)**
  78 W. River Road
  520.888.7878
  7301 E. Tanque Verde Road
  520.296.7878
  http://zona78.com

Urgent Care

- **NextCare Urgent Care (three locations)**
  6238 E. Pima St., 520.290.0022
  Every day: 8 a.m. to 8 p.m.

  501 N. Park Ave, Suite 110, 520.284.9200
  M–F: 10 a.m. to 10 p.m.
  Sat–Sun: 10 a.m. to 6 p.m.

  5369 S. Calle Santa Cruz, Suite 145, 520.573.7500
  M–F: 10 a.m. to 10 p.m.
  Sat–Sun: 10 a.m. to 6 p.m.

  Note: Call 888.381.4858 to schedule appointment or visit http://www.nextcare.com to schedule appointment or find additional locations.

Transportation

Rental Car Agencies – Tucson International Airport

- **Alamo: https://www.alamo.com**
- **Avis: http://www.avis.com**
- **Budget: http://www.budget.com**
- **Dollar: http://www.dollar.com**
- **Enterprise: http://www.enterprise.com**
- **Hertz: https://www.hertz.com**
- **National: https://www.nationalcar.com**

Private Transportation Service

- **Maximum Transport**
  Bob and Dixie Ward
  520.399.2400
  maximumtrans09@AOL.com

Hotel Guests: Many hotels provide complimentary transportation to and from the airport for their guests. Make prior arrangements with the hotel, or use the phone at the information desk located in baggage claim to announce your arrival for pick up.

Shared-ride van services for each arriving flight to all area hotels, resorts, The University of Arizona and business or residence locations is provided by Arizona Stagecoach located in TIA baggage claim. Call 520.889.1000 for reservations at least 24 hours in advance of pick up.

Taxis are located on the commercial roadway on the lower level at the front of the terminal.

Taxi service from TIA is provided by four companies under contract with Tucson Airport Authority. Rates are $4.50 flag drop, $2.25 each mile, and $22 per hour waiting time. There is no extra charge for baggage or more than one person going to the same location.

Nightlife

Tucson's unique nightlife has something to offer everyone, from burgers and beer to dancing and cocktails. Make your way to Fourth Avenue for drinks or go downtown for the local club scene.

- **The Auld Dubliner**
  800 E. University Blvd.
  520.206.0323

- **Bison Witches Bar & Deli**
  326 N. Fourth Ave.
  520.740.1541

- **Club Congress**
  311 E. Congress St.
  520.622.8848
  – Historic — built in 1919, famous 1934 Dillinger gang hideout, daily drink specials, patio, live music

- **The Hut**
  305 N. 4th Ave.
  520.623.3200
  – Tiki theme, daily drink specials, live music, large patio, pool table, booths

- **Maloney's Tavern**
  301 E. Stevens Ave.
  520.388.9355
  – Sports bar, daily drink specials, pool tables, patio, grill open late, private booths

- **O'Malleys on Fourth**
  247 N. 4th Ave.
  520.623.8600
  – Sports bar, daily drink specials, pool tables, live music in separated venue, patio, grill open late

- **Social House Kitchen and Pub**
  446 N. Campbell Ave.
  520.747.5223

- **Playground Bar & Lounge**
  278 E. Congress St.
  520.396.3691

- **Sharks Nightclub**
  256 E. Congress St.
  520.791.9869

- **Zen Rock**
  121 E. Congress St.
  520.624.9100
  – Club/lounge atmosphere, private booths, daily drink specials, live DJs, upscale/stylish dress code

Things to See and Do

For specific directions to the below areas of interest, call the numbers provided. For a listing of sights and events in and around Tucson, visit the Metropolitan Tucson Convention and Visitors Bureau website at www.visittucson.org.

- **Anselmo Valencia Amphitheater at Casino Del Sol**
  800.344.9435
  800.745.3000
- **Arizona-Sonora Desert Museum**
  520.883.2702
- **Arizona Theatre Company Temple of Music and Art**
  520.622.2823
- **Biosphere 2**
  520.838.6200
- **Catalina State Park**
  520.628.5798
- **Colossal Cave Mountain Park**
  520.647.7275
- **DeGrazia Gallery in the Sun**
  520.299.9191
- **Desert Diamond Casino**
  520.294.7777

- **Gaslight Theatre**
  520.886.9428
- **International Wildlife Museum**
  520.629.0100
- **Kartchner Caverns State Park**
  520.586.2283
- **Kitt Peak National Observatory**
  520.318.8726
- **Kino Sports Complex**
  520.434.1000
- **Mission San Xavier del Bac**
  520.294.2624
- **Old Tucson Studios**
  520.883.0100
- **Pima Air and Space Museum**
  520.574.0462
- **Reid Park Zoo**
  520.791.4022
- **Sabino Canyon Tours**
  520.749.2861
- **Saguaro National Park East**
  520.733.5153
- **Saguaro National Park West**
  520.733.5158
- **Tohono Chul Park**
  520.742.6455
- **Tucson Botanical Gardens**
  520.326.9686
- **Tucson Children's Museum**
  520.792.9985
- **Tucson Convention Center**
  520.791.4101
- **Tucson Museum of Art and Historic Block**
  520.624.2333
- **U of A Center for Creative Photography**
  520.621.7968
- **U of A Museum of Art**
  520.621.7567
- **UApresents at Centennial Hall**
  520.621.3341
- **U of A Sports**
  520.621.2287

http://www.visittucson.org/things-to-do/100-things-to-do/

Raytheon Company
1151 E. Hermans Road
Tucson, Arizona 85756
Customer Relations
520.794.3000

www.raytheon.com

Raytheon

Customer Success Is Our Mission

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LEASE SYNOPSIS

LEASE SYNOPSIS

LANDLORD:	DCG IV, LLC, a Washington limited liability company
TENANT:	Raytheon Company, a Delaware corporation
BUILDING ADDRESS:	3360 E. Hemisphere Loop, Tucson, AZ 85706
GENERAL DESCRIPTION:	An approximately 72,000 rentable square foot two-story office building located on 4.4449 Acres.
LEASE COMMENCEMENT:	January 22, 2009
INITIAL LEASE TERM:	7 Years
OPTIONS TO RENEW:	Five (5) terms of three (3) years each with 180-day advance notice.
FIRST OPTION PERIOD:	January 22, 2016 commencement
TENANT IMPROVEMENT ALLOWANCE BY LANDLORD:	$28.00/SF at lease commencement and none for first renewal period.
LANDLORD RESPONSIBILITIES:	Foundation, walls, roof, replacement/repairs, air conditioning system replacement, electrical and plumbing systems (unexposed).
TENANT RESPONSIBILITIES:	Air conditioning maintenance and repair service contract, exposed electric/plumbing, building paint, asphalt, glass, landscaping, property fire insurance, real estate property taxes, utility charges and general maintenance and repair.
INSURING PARTY:	Landlord with reimbursement by Tenant.
CANCELLATION PROVISION:	Continuous at end of each twelve-month period with six-month advance notice and payment of a penalty fee. The fee to be paid within ten (10) days of invoice equivalent to 15% of the base rent payable for the balance of the term. For example, with two (2) years remaining the amount would be approximately $318,000.
RENT SCHEDULE:	Year 1: $79,500 monthly, plus tax (currently 2.5%) Year 2-7: The lower of a 2% annual adjustment or CPI
FIRST OPTION PERIOD:	Year 1: $88,371.14 monthly, plus tax Years 2-3: The lower of a 2% annual adjustment or CPI
SECOND OPTION PERIOD:	Three (3) years with same methodology for annual increase
SECURITY DEPOSIT:	None
LATE CHARGES:	Three percent (3%) after ten days
INTEREST ON PAST DUE OBLIGATIONS:	US Bank Prime Rate plus 5%

SALE COMPARABLES

Property Details

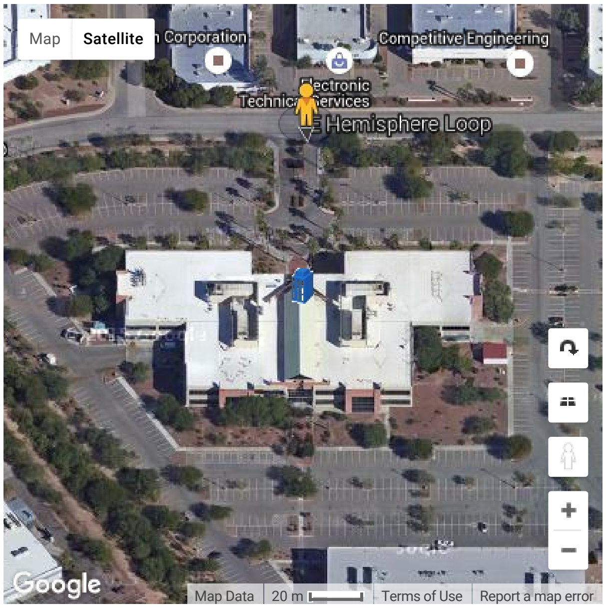
Location

Raytheon
3350 E Hemisphere Loop
Tucson, AZ (US)

Country: United States
Postal code: 85706
County: Pima
Alt. address: 3350 N Hemisphere Loop/At Tucson International Business Center

Metro: Tucson
Market: Tucson
Submarket: South Tucson
APN: 14029050B

Property Location Map



Geocode quality: Address level accuracy.

Street View

Property Characteristics

Property type: **Office**
Subtype: Office - Sub
Buildings: 1
Stories: 2
Land area: 10.30 acres (448,668 sf)
Interest: fee

Rentable area: 143,650 sf
Occupancy: 100% (as of Feb'14)
Year built: 1997
Year renovated:
Current Walk Score: 17 - Car-Dependent
Major tenants: **Raytheon** (single tenant, Lease Type NNN)

Transaction

Status: (closed) Feb'14
Price: **$18,961,063** (confm'd) **$132** per sf
Comments:

Purpose: bought for investment
Local Currency: 18,961,063 (USD) 132 per sf
Yield/Cap rate:
Portfolio link:

Players

Players	Contact	Type	All Activity ($ mil) Acq	Disp
Owner/Buyer: **CPA®:17**	50 Rockefeller Plz New York, NY 10020 (United States) Website	Private	$3,570	$45
Buyer's Broker: Colliers International				
AKA: Colliers International	Website 601 Union St Seattle, WA 98101 (United States) Website			
Seller: **Summit Properties**	25502 74th Ave S Kent, WA 98032 (United States)	Private		$31
Entity: D Michael Dunne	25502 74th Ave S Kent, Washington 98032 (United States)			
Seller's Broker: Colliers International				
AKA: Colliers International	Website 601 Union St Seattle, WA 98101 (United States) Website			

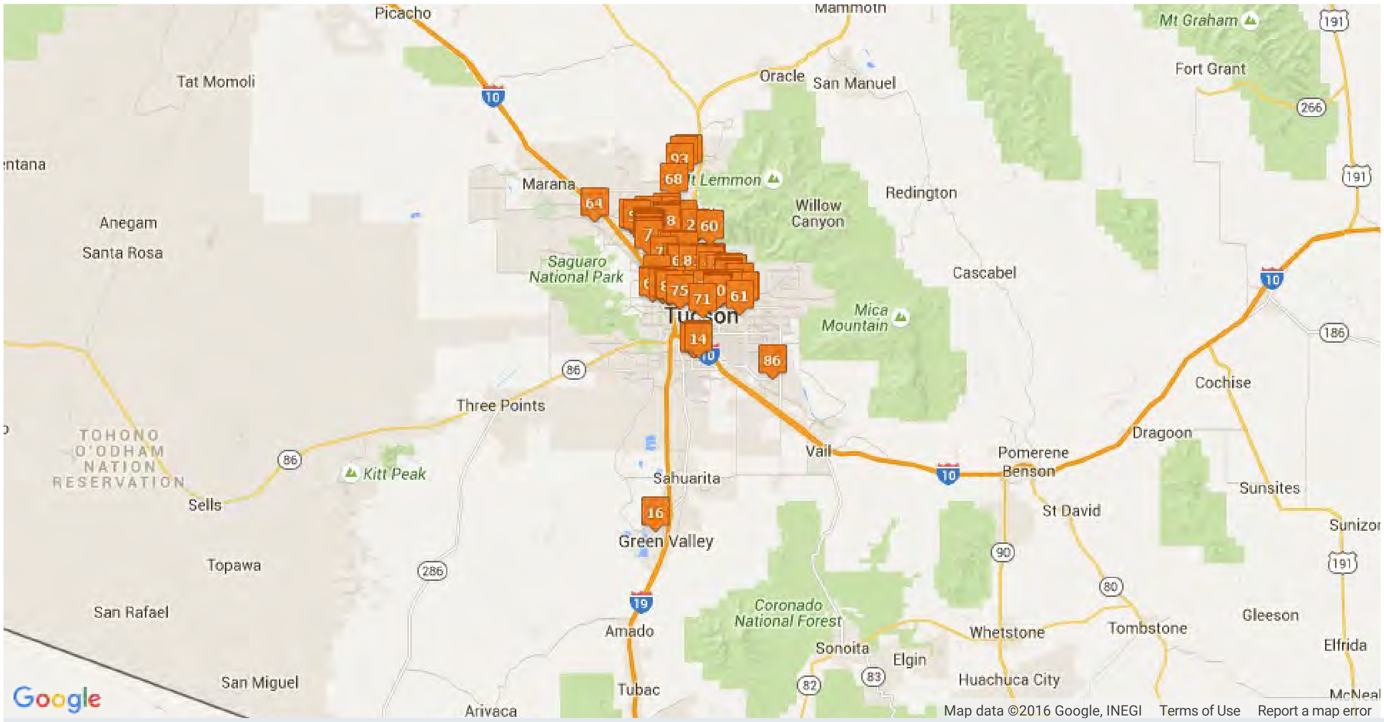
Financing

History

Date	Trans type	Player	Notes	Amount	Qualifier
Feb '14	Sale	CPA®:17	Acquired	$19.0	confirmed price

Comparables Set

Custom report for Chris McChesney



Property Trade Search Results

OFFICE | Tucson

100 deals (as of 2/19/2016)

	Transaction Date Prop Type	Property Name Address City,State/Country	sf Yr.Blt/Renov # bldgs/flrs	Price in mil. $/sf Cap Rate	Owner/Buyer ↔ Broker Seller ↔ Broker Lender (loan amt)	Comments
1	**Sale** Jan'16 **Office**	698 E Wetmore Rd 698 E Wetmore Rd Tucson, AZ/ US	30,840 sf 2002 2,1 flrs	$4.6 approx $149 /sf	O Eddy O & Judy K Chernecki from S Town West Realty $ Mutual of Omaha ($3.4 mil)	Office - Sub/medical property; **Tenants:** Dermatology and Plastic Surgery of Arizona, Labcorp, Barnet Dulaney Perkins Eye Center
2	**Sale** Dec'15 **Office**	155 N Rosemont Blvd 155 N Rosemont Blvd Tucson, AZ/ US	49,440 sf 1998 2 flrs	$7.1 confm'd $144 /sf	O West Coast Capital Partners from S Bourn Properties by ↔ NAI Horizon $ BOK Financial Corporation ($4.7 mil)	Office - Sub property; **Tenants:** Open Text, Centene; prior sale: Mar-07 ($9.3 mil); bought for renovation
3	**Sale** Dec'15 **Office**	Rio Nuevo Professional Plaza 201 N Bonita Ave Tucson, AZ/ US	74,952 sf 2002 1 bldg/2 flrs	$12.4 confm'd $165 /sf	O Boyd Watterson from S Diamond Ventures by ↔ CBRE	**All-cash deal**; 100% occ.; Office - Sub property; **Tenants:** Carrington College, KB Home, GSA - Social Security Administration, GSA - US Census Bureau
4	**Sale** Dec'15 **Office**	Tucson West 333 E Wetmore Rd Tucson, AZ/ US	140,665 sf 1985 1 bldg/5 flrs	$26.5 confm'd $188 /sf	O Decurion Corp from S West Coast Capital Partners JV James Vendever JV Joy Sullivan	96% occ.; Office - Sub/medical property; **Tenants:** Tucson Orthopedic Institute, Cenpatico of Arizona Inc, Cross Country Mortgage, Brown & Caldwell, Crown West Realty; prior sale: Apr-13 ($16.4 mil)
5	**Sale** Dec'15 **Office**	Carondelet Foothills Surgery Center 2220 W Orange Grove Rd Tucson, AZ/ US	13,802 sf 2005 1 bldg/1 flr	$7.6 confm'd $551 /sf	O Westlake Farms from S Michael R Wattis Inc JV Klipp Family Trust JV Mendelsohn Family Revocable Trust by ↔ CBRE $ Sunwest Bank ($3.8 mil)	100% occ.; Office - Sub/medical property; **Tenants:** single tenant -- Carondelet Health Care Corp
6	**Sale** Dec'15 **Office**	fmr Muscular Dystrophy Association 3300 E Sunrise Dr	82,942 sf 1992/2000 2 bldgs/1,2	n/a est	O Sunquest Information Systems by ↔ Mark Irvin Commercial from S Larsen Baker	Office - Sub property; prior sale: Mar-14 ($9.1 mil); bought for occupancy

		Tucson, AZ/ US	flrs			
7	**Sale** Oct'15 **Office**	Afni Inc 5320 N La Cholla Blvd Tucson, AZ/ US	53,120 sf 2007 1 bldg/2 flrs	$8.8 confm'd $165 /sf	HSL Properties Inc from AFNI Inc by CBRE National Bank of AZ ($5.0 mil)	100% occ.; Office - Sub property; **Tenants:** single tenant -- Afni Inc; prior land sale: May-07 ($2.1 mil)
8	**Sale** Oct'15 **Office**	Holualoa Centre East 7810-7840 E Broadway Tucson, AZ/ US	95,210 sf 1974 4 bldgs/2,1 flrs	$3.2 approx $34 /sf	ORIX Capital Markets from Holualoa Cos	**Transaction resolved a Troubled situation**; Office - Sub property; **Tenants:** CoreSource, Inc., Opinion Research Corp., Intermountain Centers
9	**Sale** Oct'15 **Office**	One South Church 1 S Church Ave Tucson, AZ/ US	233,000 sf 1986 1 bldg/22 flrs	$32.0 confm'd $137 /sf	Iridius Capital JV Zachary D Fenton from Equity Commonwealth AKA CommonWealth REIT by CBRE Prime Group ($25.5 mil)	65% occ.; Office - Sub property; **Tenants:** Arcadis, Zooz Moving, GSA - Secret Service, Title Security Agency of Arizona; prior sale: Feb-02 ($32.5 mil); bought for renovation; to be Commercial-Commercial
10	**Sale** Sep'15 **Office**	Synergy Plaza 2990 N Swan Rd Tucson, AZ/ US	46,933 sf 1980 1 flr	$5.0 confm'd $107 /sf	Synergy Plaza LLC by Cushman & Wakefield from Western Alliance by CBRE Western Alliance ($3.5 mil)	**Transaction resolved a Troubled situation**; Office - Sub property; **Tenants:** Tucson Medical Weight Loss, Verve Salon, Performance Executive Fitness, McFadden/Gavender Advertising, El Charro Authentic Mexican; McMahon's Prime Steakhouse will be converted into office space.
11	**Sale** Sep'15 **Office**	Orange Grove Medical Center 1925 W Orange Grove Rd Tucson, AZ/ US	40,782 sf 1988 1 bldg/3 flrs	$3.0 confm'd $74 /sf	West Coast Capital Partners from Healthcare Realty Trust by Orion Investment RE BOK Financial Corporation ($2.7 mil)	51% occ.; Office - Sub/medical property; **Tenants:** Desert Bloom Family Practice, The Courtney Medical Group, Ars Nova Internal Medicine, AZ Pain Centers; leasehold
12	**Sale** Sep'15 **Office**	3131 N Country Club 3131 N Country Club Rd Tucson, AZ/ US	21,980 sf 1982/2006 3 bldgs/2 flrs	$1.0 confm'd $43 /sf	Terry & Donna Nyquvest by Picor Commercial from LNR Partners OBO ML-CFC 2007-9	**Transaction resolved a Troubled situation**; Office - Sub property; **Tenants:** Casa de los Ninos, Allstate, Emma K Hestand, CPA, PLLC; prior sale: Aug-07 ($3.4 mil)
13	**Sale** Sep'15 **Office**	Carondelet Medical Group 2202 N Forbes Blvd Tucson, AZ/ US	58,367 sf 1984/1993 1 bldg/2 flrs	n/a est	Tenet Healthcare Corp JV Dignity Health from Ascension Health	Office - Sub/medical property; **Tenants:** single tenant -- Carondelet Health Network; Partial Interest (Majority Share); seller retained interest; Tenet holds the majority interest in the Joint Venture
14	**Sale** Jul'15 **Office**	Aetna 3535 E Valencia Rd Tucson, AZ/ US	97,630 sf 2001/2006 1 bldg/2 flrs	$21.6 confm'd $222 /sf 6.9% next yr	GC Essential Asset REIT II from Aetna Life Insurance by Cushman & Wakefield	100% occ.; Office - Sub property; **Tenants:** single tenant -- Aetna Life Insurance Co; sale-leaseback (Standard/Full)
15	**Sale** May'15 **Office**	Morgan Stanley Tucson 7175 N Pima Canyon Dr Tucson, AZ/ US	19,761 sf 2015 1 bldg/1 flr	$9.0 confm'd $458 /sf 6.6% undwrtn	Syndicated Equities from DESCO Group CMBS: COMM 2015-PC1 ($5.9 mil)	100% occ.; Office - Sub property; **Tenants:** single tenant -- Morgan Stanley Wealth Management; built-to-suit
16	**Sale** Mar'15 **Office**	Presidio Pointe 275 W Continental Rd Green Valley, AZ/ US	23,650 sf 1994/2005 1 bldg/1 flr	$2.0 approx $82 /sf	William J Young from Frank Cummings by CBRE Bank of Tucson ($0.6 mil)	**Transaction resolved a Troubled situation**; 100% occ.; Office - Sub property; **Tenants:** Assurance Home Care, American Family Insurance, Green Valley Rental Properties
17	**Sale** Jan'15 **Office**	2506 E Vistoso Commerce Loop 2506 E Vistoso Commerce Loop Tucson, AZ/ US	4,675 sf 2008 1 flr	$0.8 approx $171 /sf	Eddy Chernecki from Robert C Caylor II	Office - Sub property; part of 2 property portfolio
18	**Sale** Jan'15 **Office**	7740-7760 N Oracle Rd 7740-7760 N Oracle Rd Tucson, AZ/ US	17,006 sf 1985 1 flr	$4.1 approx $241 /sf	Eddy Chernecki from Robert C Caylor II	Office - Sub property; part of 2 property portfolio
19	**Sale** Jan'15 **Office**	3915 E Broadway Blvd 3915 E Broadway Blvd Tucson, AZ/ US	28,320 sf 1972 1 bldg/4 flrs	$3.9 approx $138 /sf	United Mexican States Consulate from Bourn Cos	Office - Sub property; **Tenants:** Cystic Fibrosis Foundation, Kelly Services, Calmwood Medical
20	**Sale** Dec'14 **Office**	4400 E Broadway 4400 E Broadway Tucson, AZ/ US	121,398 sf 1969 1 bldg/10 flrs	$7.8 confm'd $64 /sf	4400 Broadway Manager LLC from Sea Colony Investments by Cushman & Wakefield	Office - Sub property
21	**Sale** Dec'14 **Office**	6303 E Tanque Verde Rd 6303 E Tanque Verde Rd Tucson, AZ/ US	30,544 sf 1985 3 flrs	$1.5 approx $49 /sf	Brinton Investments LLC from Roben Family Ltd Partnership Foothills Bank ($1.2 mil)	Office - Sub property; prior sale: Mar-05 ($4.1 mil)
22	**Sale** Nov'14 **Office**	1620 W St Mary's Rd 1620 W St Mary's Rd Tucson, AZ/ US	11,036 sf 1999 1 flr	$2.9 confm'd $263 /sf	Redyns Development by Cushman & Wakefield from Michael R Wattis Inc by CBRE	100% occ.; Office - Sub/medical property; **Tenants:** single tenant --

						Arizona Oncology
23	**Sale** Aug'14 **Office**	Casas Adobes Corporate Park 6840-6860 North Oracle Rd Tucson, AZ/ US	44,855 sf 2001 3 bldgs/1 flr	$7.8 confm'd $173 /sf	Pima Federal Credit Union by Romano Real Estate from Wiviott Family Trust by Romano Real Estate	Office - Sub property; **Tenants:** Pima Federal Credit Union; bought for occupancy
24	**Sale** May'14 **Office**	Cobblestone Court Condominiums 1075 E Fort Lowell Rd Tucson, AZ/ US	21,421 sf 1984 1 bldg/1 flr	$1.5 confm'd $69 /sf	CODAC Behavioral Health Services by Cushman & Wakefield from Ventura Canyon Property LLC by The Waterfall Group, LLC	Office - Sub property; bought for occupancy
25	**Sale** May'14 **Office**	Fountains Medical Plaza 2070 West Rudasill Rd Tucson, AZ/ US	14,956 sf 1998 1 bldg/1 flr	$4.3 confm'd $287 /sf	Redyns Development by Cushman & Wakefield from Bourn Cos by CBRE	100% occ.; Office - Sub/medical property; **Tenants:** single tenant -- US Oncology (To Expand)
26	**Sale** Mar'14 **Office**	Muscular Dystrophy Association 3300 E Sunrise Dr Tucson, AZ/ US	82,942 sf 1992/2000 2 bldgs/1,2 flrs	$9.1 confm'd $110 /sf	Larsen Baker by Chapman Lindsey Commercial from Muscular Dystrophy Association by Picor Commercial Western Alliance ($5.5 mil)	Office - Sub property; **Tenants:** Muscular Dystrophy Association; prior land sale: Aug-90; sale-leaseback (Partial)
27	**Sale** Feb'14 **Office**	238 S Craycroft Rd 238 S Craycroft Rd Tucson, AZ/ US	44,385 sf 2003 1 bldg/4 flrs	$2.8 approx $62 /sf	West Coast Capital Partners from Bourn Cos	**Transaction resolved a Troubled situation**; Office - Sub property; **Tenants:** Aerotek Inc, KB Home; prior sale: Sep-07 ($9.6 mil)
28	**Sale** Feb'14 **Office**	7430 North La Cholla Boulevard 7430 N La Cholla Blvd Tucson, AZ/ US	17,865 sf 2006 1 flr	$3.6 confm'd $199 /sf	Eddy O & Judy K Chernecki by Picor Commercial from Gregory Wood & Ryan George & Scott Meredith & William Simpson by Vast Commercial Real Estate Solutions, LLC Wells Fargo ($4.7 mil)	100% occ.; Office - Sub property; **Tenants:** single tenant -- Simpleview Inc
29	**Sale** Feb'14 **Office**	Raytheon 3350 E Hemisphere Loop Tucson, AZ/ US	143,650 sf 1997 1 bldg/2 flrs	$19.0 confm'd $132 /sf	CPA®:17 by Colliers International from Summit Properties by Colliers International	100% occ.; Office - Sub property; **Tenants:** single tenant -- Raytheon
30	**Sale** Nov'13 **Office**	The Springs at Williams Centre 432 S Williams Blvd Tucson, AZ/ US	18,040 sf 1987 2 bldgs/2 flrs	$2.6 confm'd $141 /sf	Truly Nolen of America Inc from Gregory Melanson Trust Wells Fargo ($1.9 mil)	Office - Sub property; bought for occupancy
31	**Sale** Oct'13 **Office**	1010 N Finance Center Dr 1010 N Finance Center Dr Tucson, AZ/ US	44,912 sf 1987 1 bldg/2 flrs	$3.2 confm'd $71 /sf	Bourn Cos from B J R Investments Inc Alliance Bancorp ($1.8 mil)	34% occ.; Office - Sub property; **Tenants:** Healthtrio, Strategic Retirement Plan Dynamics Inc
32	**Sale** Jul'13 **Office**	Arete Associates 3194 N Swan Rd Tucson, AZ/ US	41,205 sf 2005 1 bldg/2 flrs	$9.5 confm'd $231 /sf	Legacy Prop Mgmt by Available Properties Inc from Venture West by Cushman & Wakefield	**All-cash deal**; 100% occ.; Office - Sub property; **Tenants:** single tenant -- Arete Associates; built-to-suit
33	**Sale** Jun'13 **Office**	Genesis Crossroads 4881 E Grant Rd Tucson, AZ/ US	14,771 sf 2008 1 bldg/2 flrs	$4.3 confm'd $289 /sf	Hazen Enterprises from Bourn Cos by CBRE	100% occ.; Office - Sub/medical property; **Tenants:** single tenant -- Genesis OB/GYN
34	**Sale** May'13 **Office**	Southwest Professional Plaza 2222 N Craycroft Rd Tucson, AZ/ US	40,688 sf 1964/1972 1 flr	$2.2 approx $54 /sf	Alexander Siegal from 2222 Craycroft LLC	Office - Sub/medical property; prior sale: Jul-12 ($1.1 mil)
35	**Sale** May'13 **Office**	Wilmot Professional Plaza 6260-6296 E Grant Rd Tucson, AZ/ US	42,640 sf 1984/2006 2 bldgs/1 flr	$2.0 approx $47 /sf	Larsen Baker from C-III Asset Management OBO ML 2007-C1	**Transaction resolved a Troubled situation**; Office - Sub/medical property; **Tenants:** Arizona Community Physicians; prior sale: Jun-07 ($10.1 mil)
36	**Sale** Apr'13 **Office**	Aker Solutions 333 E Wetmore Rd Tucson, AZ/ US	140,665 sf 1985 1 bldg/5 flrs	$16.4 approx $117 /sf	West Coast Capital Partners JV James Vendever JV Joy Sullivan from Transwestern Investment Co BOK Financial Corporation ($11.4 mil)	80% occ.; Office - Sub/medical property; **Tenants:** Transwestern, Medical Security Card Co, Tucson Federal Credit Union, Psomas, Aker Business Services Inc.; prior sale: Sep-05 ($19.0 mil)
37	**Sale** Mar'13 **Office**	Kolb Plaza 2090-2100 N Kolb Rd Tucson, AZ/ US	27,820 sf 1986 3 bldgs/1 flr	$1.9 confm'd $68 /sf	Kolb Office Park LLC by Romano Real Estate from NCH Corp by Romano Real Estate	38% occ.; Office - Sub property; **Tenants:** Judy Gray Tax & Accounting, Reay's Ranch Investors, Fiji Water Company LLC; prior sale: Jul-07 ($4.2 mil)
38	**Sale** Mar'13 **Office**	3285 E Hemisphere Loop 3285 E Hemisphere Loop Tucson, AZ/ US	30,629 sf 1993 1 bldg/1 flr	$2.2 confm'd $71 /sf	Komatsu by CBRE from Gov Props Inc Trust by CBRE	Office - Sub property; prior sale: Jul-10 ($2.9 mil); bought for occupancy
39	**Sale** Feb'13 **Office**	Puente Nuevo Plaza 3945 E Fort Lowell Rd Tucson, AZ/ US	14,900 sf 2008 1 bldg/1 flr	$3.5 approx $235 /sf	Rick Engineering Co Inc from Richard W Dudley Wells Fargo ($1.8 mil)	Office - Sub property; **Tenants:** Rick Engineering, Dehnert John DDS; bought for occupancy
40	**Sale** Feb'13 **Office**	Ina Business Center 3390 W Ina Rd Tucson, AZ/ US	14,520 sf 1987 1 bldg/1 flr	$4.9 confm'd $340 /sf	Edgewater Management LLC from Courtney Realty and Investment Co	Office - Sub property; prior sale: Jun-07 ($2.0 mil); part of 2 property portfolio
41	**Entity-Level** Jan'13	Williams Centre Technology Campus 5401 E Williams Blvd	125,000 sf 1998/2009 2 bldgs/2 flrs	$19.9 alloc'd $159 /sf	Realty Income Corp from AR Capital Trust	100% occ.; Office - Sub property; **Tenants:** single tenant -- Texas Instruments;

	Office	Tucson, AZ/ US				prior sale: Mar-11 ($32.0 mil); condo; part of 535 property portfolio; Entity-level transaction
42	Sale Dec'12 **Office**	University Medical Imaging 4291 N Campbell Ave Tucson, AZ/ US	13,611 sf 2007 1 bldg/2 flrs	$4.2 approx $309 /sf	Tohono O Odham Nation from SK Fund LLC	100% occ.; Office - Sub/medical property; **Tenants:** single tenant -- University Medical Imaging
43	Sale Dec'12 **Office**	Gateway Center 930-950 N Finance Center Dr Tucson, AZ/ US	114,683 sf 1988 3 bldgs/2 flrs	$17.9 confm'd $156 /sf	Berger Foundation from West Coast Capital Partners by CBRE	100% occ.; Office - Sub property; **Tenants:** single tenant -- Geico (HQ); prior sale: Jun-07 ($13.5 mil)
44	Sale Nov'12 **Office**	Oracle Office Plaza 7491-7493 N Oracle Rd Tucson, AZ/ US	28,110 sf 1986 2 flrs	$3.4 confm'd $119 /sf 8.1% next yr	Fenton Investment Company Inc from Hazen Enterprises by CBRE, Inc.	100% occ.; Office - Sub property; **Tenants:** single tenant -- Oracle
45	Sale Nov'12 **Office**	222 E 5th St 222 E 5th St Tucson, AZ/ US	28,340 sf 1952 1 bldg/3 flrs	$1.1 confm'd $39 /sf	Peach Properties HM Inc from Bank of Oklahoma by Cushman & Wakefield; Picor Commercial Commerce Bank Of Arizona ($0.6 mil)	**Transaction resolved a Troubled situation**; Office - Sub property; prior sale: Jul-07 ($3.0 mil)
46	Sale Sep'12 **Office**	300 S Craycroft Rd 300 S Craycroft Rd Tucson, AZ/ US	42,036 sf 2006 1 bldg/4 flrs	$9.9 approx $237 /sf	Paramount Group of Cos from Bourn Properties	Office - Sub property; prior sale: Sep-07 ($11.1 mil); Deal includes a 60,214 sq ft parking garage
47	Sale Sep'12 **Office**	1440 E 15 St 1440 E 15 St Tucson, AZ/ US	28,591 sf 1988 1 bldg/1 flr	$4.0 alloc'd $141 /sf 10.3% alloc'd	Lexington Realty from Inland American REIT	100% occ.; Office - Sub property; **Tenants:** single tenant -- Cox Communications; prior sale: Dec-07; partial interest (85%); partner buyout; part of 42 property portfolio
48	Sale Jul'12 **Office**	Southwest Professional Plaza 2222 N Craycroft Rd Tucson, AZ/ US	40,688 sf 1964/1972 1 flr	$1.1 approx $26 /sf	EJC Properties LLLP from JER Partners OBO CD 2006-CD3	**Transaction resolved a Troubled situation**; Office - Sub/medical property; prior sale: Sep-06 ($4.7 mil)
49	Sale Jul'12 **Office**	La Cholla Professional Park Lot 1 5668 N Professional Park Dr Tucson, AZ/ US	13,540 sf 2009 1 bldg/1 flr	$3.7 approx $275 /sf	La Cholla Lot 1 Properties LLC from M3 Engineering & Tech Western Alliance ($3.1 mil)	100% occ.; Office - Sub/medical property; **Tenants:** single tenant -- Arizona Institute of Urology
50	Sale Jun'12 **Office**	Corporate Center on Broadway 7750 E Broadway Tucson, AZ/ US	46,859 sf 1986 1 bldg/2 flrs	$2.8 confm'd $60 /sf	Easter Seals by NGKF from Lincoln National Life Ins by NGKF BBVA Compass ($2.3 mil)	**Transaction resolved a Troubled situation**; Office - Sub property
51	Sale Mar'12 **Office**	Giaconda Corporate Center 205-215 W Giaconda Wy Tucson, AZ/ US	17,431 sf 2000 1 bldg/1 flr	$1.0 approx $58 /sf	Giaconda 205 Partners LLC from Aspen Management	**Transaction resolved a Troubled situation**; Office - Sub property; prior sale: Apr-07 ($2.9 mil)
52	Sale Dec'11 **Office**	Dorado Place 1111-1181 N El Dorado Pl Tucson, AZ/ US	76,940 sf 1978 5 bldgs/3 flrs	$3.5 approx $45 /sf	Source Two Investments LLC from HSL Properties Inc Wells Fargo ($2.6 mil)	Office - Sub property; prior sale: Jul-07 ($5.8 mil)
53	Sale Aug'11 **Office**	Ina Corporate Park Building 13 3067 W Ina Rd Tucson, AZ/ US	21,433 sf 2007 1 flr	$2.5 confm'd $117 /sf 6.7% next yr	Mellberg Financial by Keller Williams Southern Arizona from Capcar Realty 11 LLC by CBRE BBVA Compass ($2.6 mil)	100% occ.; Office - Sub/medical property; **Tenants:** Richmond American Homes, Country Companies Insurance & Financial, Farmers Insurance Group; bought for occupancy
54	Sale May'11 **Office**	5667 N Professional Park Dr 5667 N Professional Park Dr Tucson, AZ/ US	29,346 sf 2008 1 flr	$7.4 approx $252 /sf	M3 Engineering from Sunset Professional Park LLC	Office - Sub property
55	Sale Mar'11 **Office**	Williams Centre Technology Campus 5401 E Williams Blvd Tucson, AZ/ US	125,000 sf 1998/2009 2 bldgs/2 flrs	$32.0 confm'd $256 /sf 7.8% in place	American Realty Capital by Palmer Team from Bourn Properties by Bourn Advisor Services	**All-cash deal**; 100% occ.; Office - Sub property; **Tenants:** single tenant -- Texas Instruments; prior sale: Jan-08 ($37.7 mil); condo
56	Sale Feb'11 **Office**	Ina Del Oro 3580 W Ina Rd Tucson, AZ/ US	23,493 sf 1999 1 bldg/2 flrs	$1.6 approx $69 /sf	Diamond Ventures from East West Bank Diamond Ventures ($1.1 mil)	**Transaction resolved a Troubled situation**; 100% occ.; Office - Sub property; **Tenants:** Make-A-Wish Foundation; excess dev'l pot'l; prior sale: Jul-07 ($5.1 mil)
57	Sale Nov'10 **Office**	Gateway Medical Plaza 6200 N La Cholla Blvd Tucson, AZ/ US	60,160 sf 3 flrs	$16.3 confm'd $272 /sf	HTA (Non Traded REIT) from Rendina Cos	Office - Sub/medical property; part of 5 property portfolio
58	Sale Jul'10 **Office**	3285 E Hemisphere Loop 3285 E Hemisphere Loop Tucson, AZ/ US	30,629 sf 1993 1 bldg/1 flr	$2.9 confm'd $94 /sf 8.9% alloc'd	Gov Props Inc Trust from CommonWealth REIT	100% occ.; Office - Sub property; **Tenants:** single tenant -- GSA; part of 5 property portfolio
59	Sale Jul'10 **Office**	Fountains at La Cholla 6080 N La Cholla Blvd Tucson, AZ/ US	34,009 sf 1998 1 bldg/2 flrs	$8.7 approx $254 /sf 7.4% next yr	Northwest Hospital LLC from North Tucson Heart Bldg by Picor Commercial	Office - Sub/medical property
60	Sale Jun'10 **Office**	Skyline Office Plaza 6262 N Swan Rd Tucson, AZ/ US	20,477 sf 1980/2003 1 bldg/2 flrs	$3.2 approx $155 /sf	Skyline Corporate Center LLC from Bourn Properties CMBS: CSFB 2005-C1 ($2.2 mil)	97% occ.; Office - Sub property; **Tenants:** Rusing & Lopez, Foothills Properties,

						Heartland Mortgage; prior sale: Dec-04 ($3.0 mil); buyer assumed mtg
61	**Sale** May'10 **Office**	Tucson College Building 7302-7310 E 22nd St Tucson, AZ/ US	16,924 sf 1971 1 flr	$2.4 approx $139 /sf	The Academy of Tucson by Harpel Co from Harold Shores by Picor Commercial	Office - Sub property; prior sale: Jan-00 ($1.4 mil)
62	**Sale** Apr'10 **Office**	Fontana Office 1650 East Fort Lowell Rd Tucson, AZ/ US	21,141 sf 1986	$1.7 approx $80 /sf	Serenity Holdings VII LLC from 1650 Fort Lowell LLC CMBS: MS 2005-HQ7	100% occ.; Office - Sub property; **Tenants:** Madden Media, Planetary Science, Hanlon Engineering; buyer assumed mtg
63	**Sale** Dec'09 **Office**	Gateway Center 7373 E Rosewood St Tucson, AZ/ US	220,850 sf 2 bldgs	$15.0 confm'd $68 /sf 8.8% quoted	by Marcus & Millichap	Office - Sub property
64	**Sale** Jun'09 **Office**	Northwest Medical Center Marana Urgent Care 8333 N Silverbell Rd Tucson, AZ/ US	35,000 sf 2005 1 bldg/1 flr	$9.7 approx $278 /sf 6.9% next yr	Marana Medical Facility LLC from Diamond Ventures by CBRE	100% occ.; Office - Sub/medical property; **Tenants:** single tenant
65	**Sale** Nov'08 **Office**	Anklam Property 1780 W Anklam Rd Tucson, AZ/ US	13,084 sf 1986 1 bldg/1 flr	$2.9 approx $219 /sf 7.1% next yr	Tam's Family LLC from USGE Holdings of Arizona X LLC by Vast Commercial Real Estate Solutions, LLC	100% occ.; Office - Sub/medical property; **Tenants:** single tenant; prior sale: Dec-05 ($2.1 mil)
66	**Sale** Nov'08 **Office**	2005 E Innovation Park Dr 2005 E Innovation Park Dr Tucson, AZ/ US	17,832 sf 2004 1 bldg/1 flr	$6.5 approx $365 /sf	Ventana Medical Systems from Technology Properties LLC	Office - Sub property; prior land sale: May-02 ($0.4 mil)
67	**Sale** Jul'08 **Office**	Card Systems Inc 6390 E Broadway Blvd Tucson, AZ/ US	21,820 sf 1980 1 bldg/2 flrs	$4.0 confm'd $183 /sf	USGE Holdings Of Arizona X LLC from Eddy O & Judy K Chernecki by CBRE	100% occ.; Office - Sub property; **Tenants:** single tenant -- Card Systems Inc; prior sale: Oct-05 ($2.5 mil)
68	**Sale** Jun'08 **Office**	Rooney Ranch Professional 10425 N Oracle Rd Tucson, AZ/ US	35,453 sf 1992/1998 1 flr	$9.7 confm'd $273 /sf	Berkeley Land Company from Transmark Company by Picor Commercial	100% occ.; Office - Sub/medical property
69	**Sale** Jun'08 **Office**	Academy Medical Center 310 N Wilmot Rd Tucson, AZ/ US	41,221 sf 1973/2000 4 bldgs/1 flr	$8.1 confm'd $197 /sf	Grubb & Ellis Healthcare REIT from Brooklyn Properties LLC by EBS & Associates	95% occ.; Office - Sub/medical property; **Tenants:** HealthSouth, LabCorp of America, Academy Dental Care; prior sale: Jun-03 ($6.2 mil)
70	**Sale** Jun'08 **Office**	Northwest Professional Plaza 2055 W Hospital Dr Tucson, AZ/ US	32,846 sf 1995 1 bldg/2 flrs	$6.2 confm'd $187 /sf 7.1% next yr	Welltower from Town West Realty by Town West Realty	100% occ.; Office - Sub/medical property; **Tenants:** single tenant -- Northwest Medical Center; prior land sale: Aug-93 ($1.6 mil)
71	**Sale** Feb'08 **Office**	MidPoint Plaza 3921-3949 E 29th St Tucson, AZ/ US	73,898 sf 1986 8 bldgs/1 flr	$5.9 confm'd $80 /sf	Presson Corp by Voit RE Services from Luke McCarthy by Picor Commercial	94% occ.; Office - Sub property; prior sale: Nov-96 ($2.3 mil)
72	**Sale** Jan'08 **Office**	Williams Centre Technology Campus 5401 E Williams Blvd Tucson, AZ/ US	196,179 sf 1998 4 bldgs/1,2 flrs	$37.7 approx $192 /sf	Bourn Properties from Martin Landis JV Sands Brothers by CBRE ($34.4 mil)	93% occ.; Office - Sub property; **Tenants:** FedEx, IFS Systems; prior sale: Oct-02 ($30.6 mil); condo; AOL vacated but is still paying lease. 100,000 sq ft of vacant space.
73	**Sale** Jan'08 **Office**	Alliance Bank Building 4703 E Camp Lowell Dr Tucson, AZ/ US	25,256 sf 2003 1 bldg/2 flrs	$6.4 confm'd $252 /sf 6.9% next yr	Arbor Properties by Commercial Retail Advisors from Venture West by Picor Commercial	100% occ.; Office - Sub property; **Tenants:** Alliance Bank, Research Corporation; prior land sale: Jan-03 ($1.2 mil)
74	**Sale** Jan'08 **Office**	Oracle Tower 3811-3899 N Oracle Rd Tucson, AZ/ US	63,018 sf 1978 1 flr	$2.9 approx $47 /sf	Tesoro Enterprises LLC by Bourn Cos from YSI XX1 LP by Bourn Cos Wells Fargo ($2.3 mil (alloc.))	Office - Sub property; part of 2 property portfolio
75	**Sale** Dec'07 **Office**	1440 E 15 St 1440 E 15 St Tucson, AZ/ US	28,591 sf 1988 1 bldg/1 flr	$3.3 alloc'd $117 /sf	Inland American REIT from Lexington Realty ($1.5 mil (alloc.))	100% occ.; Office - Sub property; **Tenants:** Cox Communications; prior sale: Nov-01; Partial Interest (Majority Share); seller retained interest; part of 30 property portfolio
76	**Sale** Nov'07 **Office**	Desert Life Medical 2001 W Orange Grove Rd Tucson, AZ/ US	55,200 sf 1980/2006 6 bldgs/1,2 flrs	$11.4 approx $206 /sf	Triple Net Properties from West Coast Capital Partners JV WRM Investments by CBRE LaSalle Bank	Office - Sub/medical property; prior sale: Jan-06 ($7.5 mil); part of 2 property portfolio
77	**Sale** Nov'07 **Office**	La Cholla Medical Office Building 6261 N La Cholla Blvd Tucson, AZ/ US	55,000 sf 1995/2006 1 bldg/2 flrs	$9.8 approx $177 /sf	Triple Net Properties from West Coast Capital Partners JV WRM Investments by CBRE LaSalle Bank	Office - Sub/medical property; prior sale: Aug-06; part of 2 property portfolio
78	**Sale** Oct'07 **Office**	1885 W Orange Grove Rd 1885 W Orange Grove Rd Tucson, AZ/ US	16,338 sf 2005 1 bldg/1 flr	$6.2 approx $378 /sf	University Medical Center Corporation from Pentasco LLC	Office - Sub/medical property
79	**Sale** Sep'07 **Office**	238 S Craycroft Rd 238 S Craycroft Rd Tucson, AZ/ US	44,385 sf 2003 1 bldg/4 flrs	$9.6 approx $216 /sf	Bourn Cos from Estes Living Trust Lincoln National Life Insurance ($5.9 mil)	Office - Sub property; **Tenants:** KB Home
80	**Sale** Sep'07	300 S Craycroft Rd 300 S Craycroft Rd	42,036 sf 2006	$11.1 approx $263 /sf	Bourn Properties from Williams Centre Craycroft LLC	Office - Sub property

	Office	Tucson, AZ/ US	1 bldg/4 flrs			
81	**Sale** Aug'07 **Office**	3131 N Country Club 3131 N Country Club Rd Tucson, AZ/ US	21,980 sf 1982/2006 3 bldgs/2 flrs	$3.4 approx $154 /sf 7.0% next yr	Allen-Niesen by CBRE CMBS: ML-CFC 2007-9 ($2.4 mil)	94% occ.; Office - Sub property; **Tenants:** Select Mortgage, AZ Dept. of Econ. Sec., Micromap Corp.
82	**Sale** Jul'07 **Office**	222 E 5th St 222 E 5th St Tucson, AZ/ US	28,340 sf 1952 1 bldg/3 flrs	$3.0 approx $106 /sf	The Kemmerly Cos from First Baptist Church of Tucson Arizona by Long Realty Co BOK Financial Corporation ($2.3 mil)	Office - Sub property; Christian Church
83	**Sale** Jul'07 **Office**	Ina Del Oro 3580 W Ina Rd Tucson, AZ/ US	23,493 sf 1999 1 bldg/2 flrs	$5.1 confm'd $216 /sf 7.9% next yr	3580 W Ina Road LLC from Ina Del Oro LLC by Romano Real Estate United Commercial Bank ($4.2 mil)	100% occ.; Office - Sub property; excess dev'l pot'l; Purchase included a 2 acre parcel, building sits on 1.5 acres.; to be Commercial-Commercial
84	**Sale** Jul'07 **Office**	5151 E Broadway Blvd 5151 E Broadway Blvd Tucson, AZ/ US	245,796 sf 1974/1998 1 bldg/16 flrs	$24.1 confm'd $98 /sf	DEB 5151 LLC from Bourn Properties by Jones Lang LaSalle	75% occ.; Office - Sub property; prior sale: Jul-04 ($24.0 mil)
85	**Sale** Jul'07 **Office**	Chase Bank Building 2 E Congress St Tucson, AZ/ US	68,800 sf 1929 1 bldg/10 flrs	$5.5 approx $80 /sf	Caylor Construction from JP Morgan	Office - Sub property; **Tenants:** Chase Bank, Lawrence Schiever; bought for renovation; sale-leaseback (Partial)
86	**Sale** Jul'07 **Office**	8248 S Houghton Rd 8248 S Houghton Rd Tucson, AZ/ US	26,389 sf 2006 1 bldg/1 flr	$8.6 approx $327 /sf	KMC III LLC from Magnum Development Corp National Mortgage Co ($6.0 mil)	Office - Sub/medical property
87	**Sale** Jul'07 **Office**	Kolb Plz 2090-2100 N Kolb Rd Tucson, AZ/ US	27,820 sf 1986 3 bldgs/1 flr	$4.2 confm'd $151 /sf	NCH Corp from Oaks Properties by Oak Properties	89% occ.; Office - Sub property
88	**Sale** Jul'07 **Office**	Dorado Place 1111-1181 N El Dorado Pl Tucson, AZ/ US	76,940 sf 1978 5 bldgs/3 flrs	$5.8 approx $75 /sf	HSL Properties Inc from Any Travel Inc by CBRE	vacant; Office - Sub property; bought for renovation
89	**Sale** Jul'07 **Office**	6221 & 6223 South Palo Verde Rd 6221 & 6223 South Palo Verde Rd Tucson, AZ/ US	120,810 sf 1999 1 bldg/1 flr	$10.5 approx $87 /sf	E Avico Inc from 6221 South Palo Verde Associates LLC CMBS: ML-CFC 2007-9 ($7.6 mil)	Office - Sub property; prior sale: Jul-07 ($11.7 mil); buyer assumed mtg
90	**Sale** Jun'07 **Office**	Gateway Center 930-950 N Finance Center Dr Tucson, AZ/ US	114,683 sf 1988 3 bldgs/2 flrs	$13.5 approx $117 /sf	West Coast Capital Partners from Health Net Inc by Madison Partners	Office - Sub property; **Tenants:** Geico, Health Net Inc
91	**Sale** Jun'07 **Office**	Wilmont Professional Plaza 6260-6296 E Grant Rd Tucson, AZ/ US	42,640 sf 1984/2006 2 bldgs/1 flr	$10.1 confm'd $238 /sf 7.0% next yr	Western America Equities from Pat Lopez by Picor Commercial CMBS: ML 2007-C1 ($7.6 mil)	100% occ.; Office - Sub/medical property; **Tenants:** High Throughput Genomics, ACP - Eastside Imaging, Canyon Medical Properties; 1031 exch for tenancy-in-common
92	**Sale** Jun'07 **Office**	Ina Business Center 3390 W Ina Rd Tucson, AZ/ US	14,520 sf 1987 1 bldg/1 flr	$2.0 approx $134 /sf	Courtney Realty and Investment Co from Tucson Full Gospel Church Bank Midwest ($4.2 mil)	Office - Sub property; prior sale: Nov-05 ($1.9 mil); bought for renovation
93	**Sale** May'07 **Office**	Oro Valley Medical 1521 E Tangerine Rd Tucson, AZ/ US	70,000 sf	$23.7 alloc'd $338 /sf	Welltower from Rendina Cos	Office - Sub/medical property; part of 17 property portfolio
94	**Sale** Apr'07 **Office**	Giaconda Corporate Center 205-215 W Giaconda Wy Tucson, AZ/ US	17,431 sf 2000 1 bldg/1 flr	$2.9 confm'd $166 /sf 8.1% undwrtn	Aspen Management from Marilyn Halvorsen by Halvorsen Investments LLC; Chapman Lindsey Commercial CMBS: BEAR 2007-PWR16 ($2.2 mil)	100% occ.; Office - Sub property; **Tenants:** Office of the Chapter 13 Trustee, Farmers Insurance, First Correctional Medical; prior sale: Sep-03 ($3.1 mil)
95	**Sale** Apr'07 **Office**	101 N Wilmot Rd 101 N Wilmot Rd Tucson, AZ/ US	98,000 sf 1985 6 flrs	$18.5 confm'd $189 /sf	James C Olson Trust from Research Corporation Technologies Inc by CBRE	100% occ.; Office - Sub property; **Tenants:** Science Application International Corp; prior sale: Jul-92 ($4.4 mil)
96	**Sale** Mar'07 **Office**	2525 E Broadway Blvd 111 2525 E Broadway Blvd 111 Tucson, AZ/ US	32,160 sf 1988 1 bldg/2 flrs	$4.5 approx $140 /sf	Kenneth M Silverman from Evo David De Concini	Office - Sub property
97	**Sale** Mar'07 **Office**	155 N Rosemont Blvd 155 N Rosemont Blvd Tucson, AZ/ US	49,440 sf 1998 2 flrs	$9.3 approx $187 /sf	Bourn Properties from SNM Rosemont LLC	Office - Sub property; prior land sale: Dec-97 ($1.0 mil)
98	**Sale** Dec'06 **Office**	6740 N Oracle Rd 6740 N Oracle Rd Tucson, AZ/ US	12,720 sf 1990 1 bldg/1 flr	$2.6 approx $207 /sf	Barry Bursey from Gary & Amy N Heinfeld LLC by Advisors In Real Estate, Inc; Romano Real Estate BBVA Compass ($2.1 mil)	100% occ.; Office - Sub property; **Tenants:** Cricket Communications Inc; Part of larger office development.
99	**Sale** Dec'06 **Office**	El Dorado Medical 1398 N Wilmot Rd Tucson, AZ/ US	186,281 sf 1976/2006 5 flrs	$41.5 confm'd $223 /sf 8.8% quoted	Montecito Medical JV ING Clarion from Tucscon Med Center CMBS: ML-CFC 2007-5 ($27.1 mil)	100% occ.; Office - Sub/medical property; **Tenants:** Tudson Medical Center, Avalon Health Center, Regency Hospital of Tucson
100	**Sale** Nov'06 **Office**	1438 E Fort Lowell Rd 1438 E Fort Lowell Rd Tucson, AZ/ US	20,316 sf 1986 2 flrs	$2.6 approx $127 /sf	Ann Eve Hazen from Ronald W Brown	Office - Sub property; prior sale: Jan-97 ($1.3 mil)

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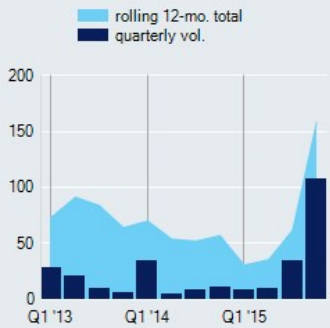
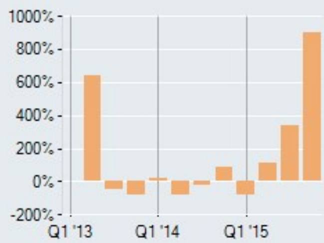
Historical Pricing Trends

Sales By Total $ (mil)



Change in Sales (Year Over Year)



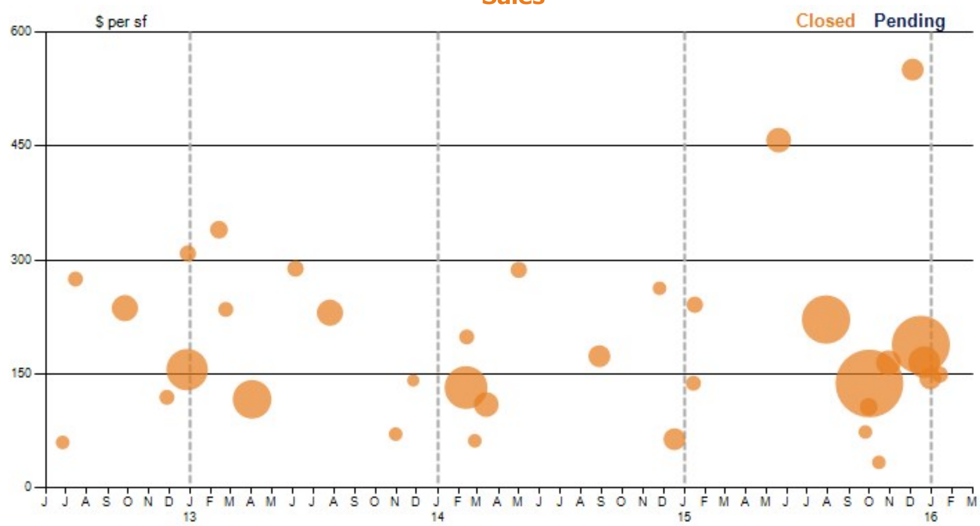
Avg Price $ per sf

Avg Cap Rate (Yield)

Market Transactions

SHOW OUTLIERS

Sales



75 well-qualified deals includes extended history.
Bubble size relative to deal size

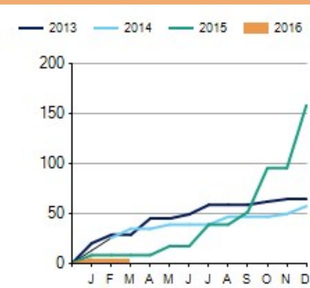
Market Snapshot

Current Market Statistics

	Q1 '16 to Date	Deals Pending	Combined Total	Last Quarter
Volume (mil)	$4.6	$0.0	$4.6	$107.1
No. of props	1	0	1	8
Total sf	30,840	0	30,840	743,131
Avg Price/sf*	$0	$0	$0	$148
Avg Cap Rate*	—%	—%	—%	—%

*Pricing and Cap-Rate figures are calculated based on well-qualified deals that also include area statistics

Cumulative Monthly Volume $ (mil)



Year-to-date volume: $4.6
Year-over-year chg: -43%

Historical Market Performance

		Actual	Chg vs Prior	United States Actual	United States Chg vs Prior
Volume (mil)	Prior 12 mos (thru Q4 '15)	$158.3	177%	$147,895.4	18%
	Q4 '15	$107.1	213%	$41,223.8	20%
No. of props	Prior 12 mos (thru Q4 '15)	15	88%	5,725	14%
	Q4 '15	8	100%	1,510	2%
Total sf	Prior 12 mos (thru Q4 '15)	1,051,930	119%	639,793,644	11%
	Q4 '15	743,131	205%	178,287,857	4%
Avg Price/sf	Prior 12 mos (thru Q4 '15)	$158	34%	$248	7%
	Q4 '15	$148	-8%	$238	-2%
Avg Cap Rate (Yield)	Prior 12 mos (thru Q4 '15)	—%	N/A	6.7%	-11 bps
	Q4 '15	—%	N/A	6.7%	-12 bps

Pricing Analysis

Price $ per sf | Quartile Distribution

	Bottom	Bottom 25%	Median	Top 25%	Top
	34	130	157	197	551
United States	8	119	191	322	4,331

Data based on prior 12 months.

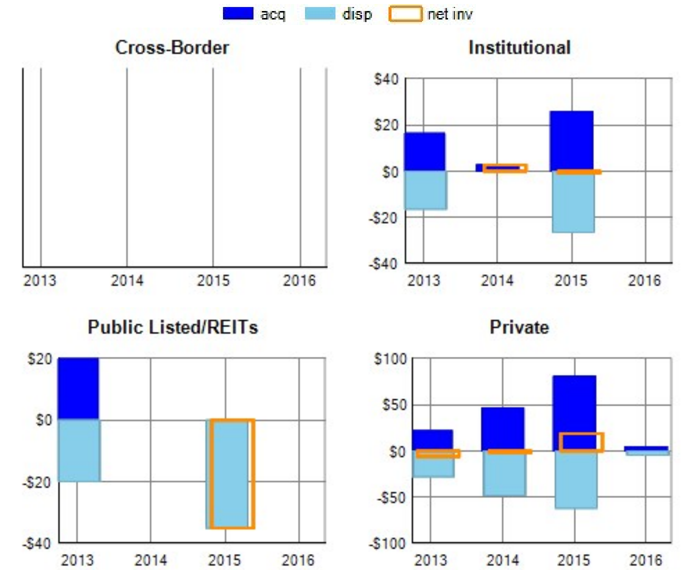
Cap Rate (Yield) | Quartile Distribution

	Bottom	Bottom 25%	Median	Top 25%	Top
	—%	—%	—%	—%	—%
United States	12.6%	7.6%	6.7%	5.8%	2.8%

Data based on prior 12 months.

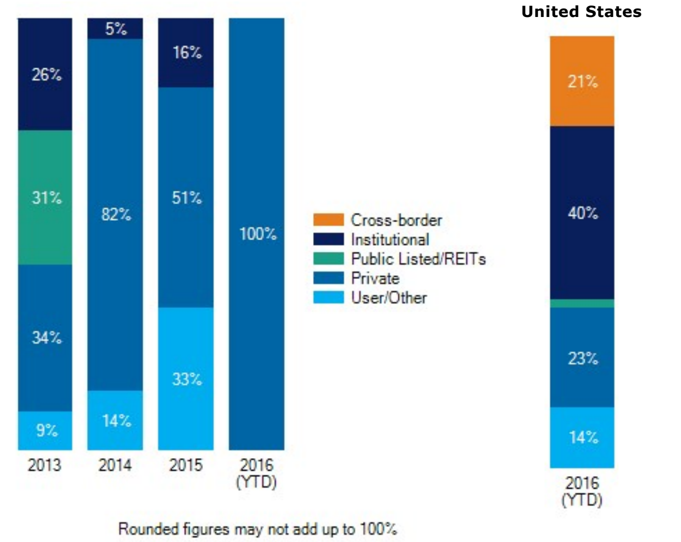
Investment Activity

Net Investment $ (mil)

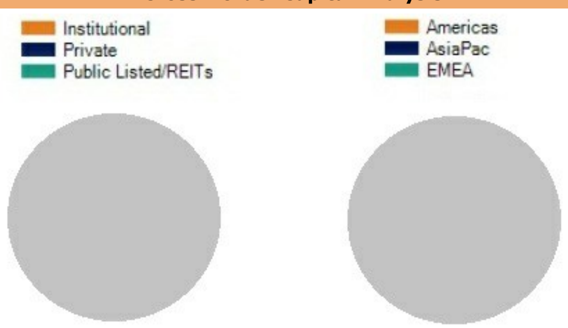


Capital Flows

Buyer Types



Cross-Border Capital Analysis



Cross-Border transaction activity for this market totalled 0% over the prior 12 months.

Cross-Border Sources by Country

Source	2013 ($ mil) Vol	2013 #Prop	2014 ($ mil) Vol	2014 #Prop	2015 ($ mil) Vol	2015 #Prop	2016 (YTD) ($ mil) Vol	2016 (YTD) #Prop	Total

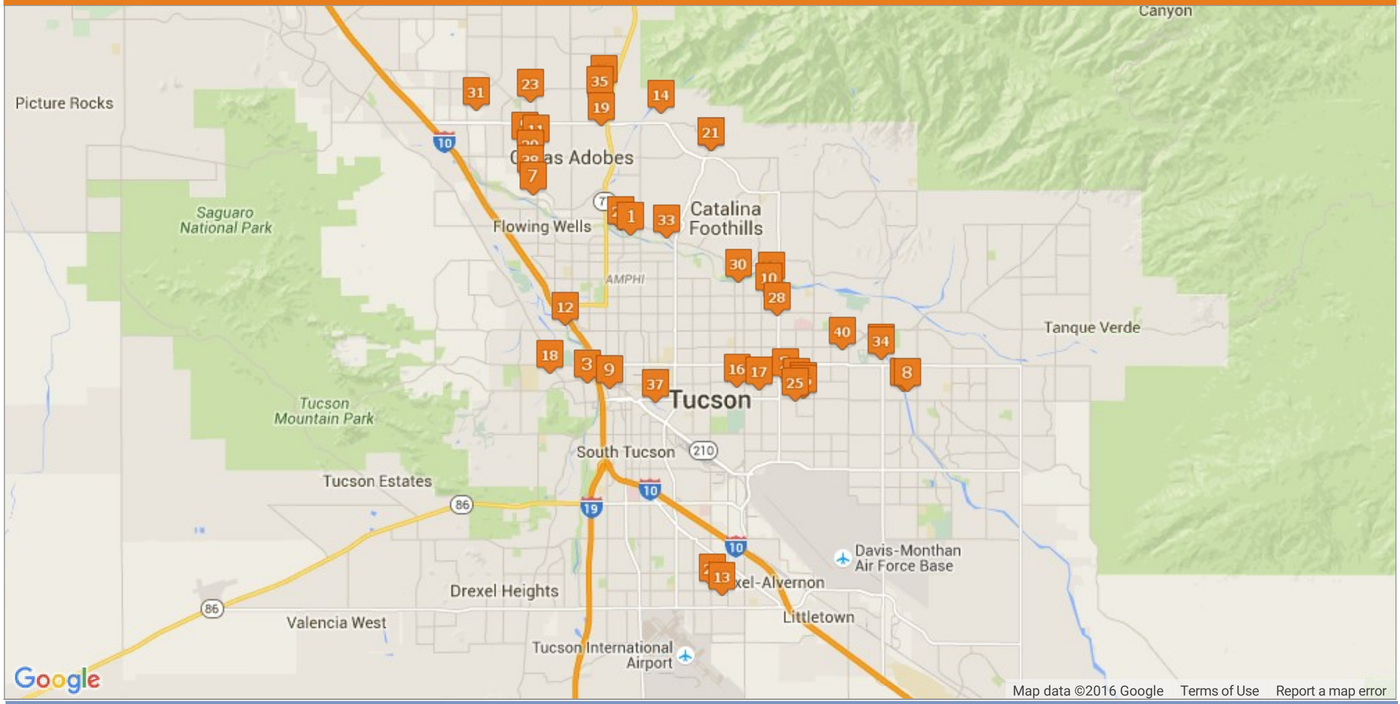
Top Buyers (Prior 24 months) — All Time

Rank	Buyer (click for profile)	Location	Capital Group	Acq in mil.	# Props	Avg. Price in mil.	Total Global Acq in mil.	# Props
1	Iridius Capital	Tucson, AZ/ US	Private	$32.0	1	$32.0	$32.0	1
2	Decurion Corp	Los Angeles, CA/ US	User/Other	$26.5	1	$26.5	$99.1	4
3	GC Essential Asset REIT II	El Segundo, CA/ US	Private	$21.6	1	$21.6	$640.1	21
4	Boyd Watterson	Cleveland, OH/ US	Institutional	$12.4	1	$12.4	$522.0	38
5	West Coast Capital Partners	Torrance, CA/ US	Equity Fund	$10.1	2	$5.1	$153.7	20
6	Larsen Baker	Tucson, AZ/ US	Private	$9.1	1	$9.1	$16.5	2
7	Syndicated Equities	Chicago, IL/ US	Private	$9.0	1	$9.0	$777.3	46
8	HSL Properties Inc	Tucson, AZ/ US	Private	$8.8	1	$8.8	$644.4	47
9	Westlake Farms	Stratford, CA/ US	User/Other	$7.6	1	$7.6	$60.8	7
10	Redyns Development	Tucson, AZ/ US	Private	$7.2	2	$3.6	$7.2	2
11	Eddy O & Judy K Chernecki	Tucson, AZ/ US	Private	$4.6	1	$4.6	$51.4	11
12	Dignity Health	San Francisco, CA/ US	User/Other	$4.6	1	$4.6	$64.1	3
13	Tenet Healthcare Corp	Dallas, TX/ US	User/Other	$4.6	1	$4.6	$123.8	8
14	ORIX Capital Markets	Dallas, TX/ US	Institutional	$3.2	1	$3.2	$9.1	3

Top Sellers (Prior 24 months) — All Time

Rank	Seller (click for profile)	Location	Capital Group	Disp in mil.	# Props	Avg. Price in mil.	Total Global Disp in mil.	# Props
1	Equity Commonwealth	Chicago, IL/ US	Public	$32.0	1	$32.0	$4,023.6	301
2	West Coast Capital Partners	Torrance, CA/ US	Equity Fund	$26.5	1	$26.5	$228.5	13
3	Aetna	Hartford, CT/ US	Institutional	$21.6	1	$21.6	$947.6	26
4	Bourn Cos	Tucson, AZ/ US	Private	$15.3	3	$5.1	$311.9	22
5	Diamond Ventures	Tucson, AZ/ US	Private	$12.4	1	$12.4	$118.9	13
6	Michael R Wattis Inc	Tucson, AZ/ US	Private	$10.5	2	$5.3	$15.2	3
7	Larsen Baker	Tucson, AZ/ US	Private	$9.5	1	$9.5	$58.2	5
8	DESCO Group	Saint Louis, MO/ US	Private	$9.0	1	$9.0	$529.1	49
9	Western Alliance	Phoenix, AZ/ US	Private	$5.0	1	$5.0	$80.4	18
10	Town West Realty	Tucson, AZ/ US	Private	$4.6	1	$4.6	$22.5	5
11	Ascension Health	Saint Louis, MO/ US	User/Other	$4.6	1	$4.6	$173.1	16
12	Holualoa Cos	Tucson, AZ/ US	Private	$3.2	1	$3.2	$546.3	43
13	Healthcare Realty Trust	Nashville, TN/ US	Public	$3.0	1	$3.0	$423.7	33

Deal-Level Information/Recent Transactions



	Transaction Date Prop Type	Property Name Address City,State/Country	sf Yr.Blt/Renov # bldgs/flrs	Price in mil. $/sf Cap Rate	O Owner/Buyer ↔ Broker S Seller ↔ Broker $ Lender (loan amt)	Comments
1	**Sale** Jan'16 **Office**	698 E Wetmore Rd 698 E Wetmore Rd Tucson, AZ/ US	30,840 sf 2002 2,1 flrs	$4.6 approx $149 /sf	O Eddy O & Judy K Chernecki from S Town West Realty $ Mutual of Omaha ($3.4 mil)	Office - Sub/medical property; **Tenants:** Dermatology and Plastic Surgery of Arizona, Labcorp, Barnet Dulaney Perkins Eye Center
2	**Sale** Dec'15 **Office**	155 N Rosemont Blvd 155 N Rosemont Blvd Tucson, AZ/ US	49,440 sf 1998 2 flrs	$7.1 confm'd $144 /sf	O West Coast Capital Partners from S Bourn Properties by ↔ NAI Horizon $ BOK Financial Corporation ($4.7 mil)	Office - Sub property; **Tenants:** Open Text, Centene; prior sale: Mar-07 ($9.3 mil); bought for renovation
3	**Sale** Dec'15 **Office**	Rio Nuevo Professional Plaza 201 N Bonita Ave Tucson, AZ/ US	74,952 sf 2002 1 bldg/2 flrs	$12.4 confm'd $165 /sf	O Boyd Watterson from S Diamond Ventures by ↔ CBRE	**All-cash deal**; 100% occ.; Office - Sub property; **Tenants:** Carrington College, KB Home, GSA - Social Security Administration, GSA - US Census Bureau
4	**Sale** Dec'15 **Office**	Tucson West 333 E Wetmore Rd Tucson, AZ/ US	140,665 sf 1985 1 bldg/5 flrs	$26.5 confm'd $188 /sf	O Decurion Corp from S West Coast Capital Partners JV James Vendever JV Joy Sullivan	96% occ.; Office - Sub/medical property; **Tenants:** Tucson Orthopedic Institute, Cenpatico of Arizona Inc, Cross Country Mortgage, Brown & Caldwell, Crown West Realty; prior sale: Apr-13 ($16.4 mil)
5	**Sale** Dec'15 **Office**	Carondelet Foothills Surgery Center 2220 W Orange Grove Rd Tucson, AZ/ US	13,802 sf 2005 1 bldg/1 flr	$7.6 confm'd $551 /sf	O Westlake Farms from S Michael R Wattis Inc JV Klipp Family Trust JV Mendelsohn Family Revocable Trust by ↔ CBRE $ Sunwest Bank ($3.8 mil)	100% occ.; Office - Sub/medical property; **Tenants:** single tenant -- Carondelet Health Care Corp
6	**Sale** Dec'15 **Office**	fmr Muscular Dystrophy Association 3300 E Sunrise Dr Tucson, AZ/ US	82,942 sf 1992/2000 2 bldgs/1,2 flrs	n/a est	O Sunquest Information Systems by ↔ Mark Irvin Commercial from S Larsen Baker	Office - Sub property; prior sale: Mar-14 ($9.1 mil); bought for occupancy
7	**Sale** Oct'15 **Office**	Afni Inc 5320 N La Cholla Blvd Tucson, AZ/ US	53,120 sf 2007 1 bldg/2 flrs	$8.8 confm'd $165 /sf	O HSL Properties Inc from S AFNI Inc by ↔ CBRE $ National Bank of AZ ($5.0 mil)	100% occ.; Office - Sub property; **Tenants:** single tenant -- Afni Inc; prior land sale: May-07 ($2.1 mil)
8	**Sale** Oct'15 **Office**	Holualoa Centre East 7810-7840 E Broadway Tucson, AZ/ US	95,210 sf 1974 4 bldgs/2,1 flrs	$3.2 approx $34 /sf	O ORIX Capital Markets from S Holualoa Cos	**Transaction resolved a Troubled situation**; Office - Sub property; **Tenants:** CoreSource, Inc., Opinion Research Corp., Intermountain Centers
9	**Sale** Oct'15 **Office**	One South Church 1 S Church Ave Tucson, AZ/ US	233,000 sf 1986 1 bldg/22 flrs	$32.0 confm'd $137 /sf	O Iridius Capital JV Zachary D Fenton from S Equity Commonwealth AKA CommonWealth REIT by ↔ CBRE $ Prime Group ($25.5 mil)	65% occ.; Office - Sub property; **Tenants:** Arcadis, Zooz Moving, GSA - Secret Service, Title Security Agency of Arizona; prior sale: Feb-02 ($32.5 mil); bought for renovation; to be Commercial- Commercial

10	**Sale** Sep'15 **Office**	Synergy Plaza 2990 N Swan Rd Tucson, AZ/ US	46,933 sf 1980 1 flr	$5.0 confm'd $107 /sf	Synergy Plaza LLC by Cushman & Wakefield from Western Alliance by CBRE Western Alliance ($3.5 mil)	**Transaction resolved a Troubled situation**; Office - Sub property; **Tenants:** Tucson Medical Weight Loss, Verve Salon, Performance Executive Fitness, McFadden/Gavender Advertising, El Charro Authentic Mexican; McMahon's Prime Steakhouse will be converted into office space.
11	**Sale** Sep'15 **Office**	Orange Grove Medical Center 1925 W Orange Grove Rd Tucson, AZ/ US	40,782 sf 1988 1 bldg/3 flrs	$3.0 confm'd $74 /sf	West Coast Capital Partners from Healthcare Realty Trust by Orion Investment RE BOK Financial Corporation ($2.7 mil)	51% occ.; Office - Sub/medical property; **Tenants:** Desert Bloom Family Practice, The Courtney Medical Group, Ars Nova Internal Medicine, AZ Pain Centers; leasehold
12	**Sale** Sep'15 **Office**	Carondelet Medical Group 2202 N Forbes Blvd Tucson, AZ/ US	58,367 sf 1984/1993 1 bldg/2 flrs	n/a est	Tenet Healthcare Corp JV Dignity Health from Ascension Health	Office - Sub/medical property; **Tenants:** single tenant -- Carondelet Health Network; Partial Interest (Majority Share); seller retained interest; Tenet holds the majority interest in the Joint Venture
13	**Sale** Jul'15 **Office**	Aetna 3535 E Valencia Rd Tucson, AZ/ US	97,630 sf 2001/2006 1 bldg/2 flrs	$21.6 confm'd $222 /sf 6.9% next yr	GC Essential Asset REIT II from Aetna Life Insurance by Cushman & Wakefield	100% occ.; Office - Sub property; **Tenants:** single tenant -- Aetna Life Insurance Co; sale-leaseback (Standard/Full)
14	**Sale** May'15 **Office**	Morgan Stanley Tucson 7175 N Pima Canyon Dr Tucson, AZ/ US	19,761 sf 2015 1 bldg/1 flr	$9.0 confm'd $458 /sf 6.6% undwrtn	Syndicated Equities from DESCO Group CMBS: COMM 2015-PC1 ($5.9 mil)	100% occ.; Office - Sub property; **Tenants:** single tenant -- Morgan Stanley Wealth Management; built-to-suit
15	**Sale** Jan'15 **Office**	7740-7760 N Oracle Rd 7740-7760 N Oracle Rd Tucson, AZ/ US	17,006 sf 1985 1 flr	$4.1 approx $241 /sf	Eddy Chernecki from Robert C Caylor II	Office - Sub property;;part of 2 property portfolio
16	**Sale** Jan'15 **Office**	3915 E Broadway Blvd 3915 E Broadway Blvd Tucson, AZ/ US	28,320 sf 1972 1 bldg/4 flrs	$3.9 approx $138 /sf	United Mexican States Consulate from Bourn Cos	Office - Sub property; **Tenants:** Cystic Fibrosis Foundation, Kelly Services, Calmwood Medical
17	**Sale** Dec'14 **Office**	4400 E Broadway 4400 E Broadway Tucson, AZ/ US	121,398 sf 1969 1 bldg/10 flrs	$7.8 confm'd $64 /sf	4400 Broadway Manager LLC from Sea Colony Investments by Cushman & Wakefield	Office - Sub property
18	**Sale** Nov'14 **Office**	1620 W St Mary's Rd 1620 W St Mary's Rd Tucson, AZ/ US	11,036 sf 1999 1 flr	$2.9 confm'd $263 /sf	Redyns Development by Cushman & Wakefield from Michael R Wattis Inc by CBRE	100% occ.; Office - Sub/medical property; **Tenants:** single tenant -- Arizona Oncology
19	**Sale** Aug'14 **Office**	Casas Adobes Corporate Park 6840-6860 North Oracle Rd Tucson, AZ/ US	44,855 sf 2001 3 bldgs/1 flr	$7.8 confm'd $173 /sf	Pima Federal Credit Union by Romano Real Estate from Wiviott Family Trust by Romano Real Estate	Office - Sub property; **Tenants:** Pima Federal Credit Union; bought for occupancy
20	**Sale** May'14 **Office**	Fountains Medical Plaza 2070 West Rudasill Rd Tucson, AZ/ US	14,956 sf 1998 1 bldg/1 flr	$4.3 confm'd $287 /sf	Redyns Development by Cushman & Wakefield from Bourn Cos by CBRE	100% occ.; Office - Sub/medical property; **Tenants:** single tenant -- US Oncology (To Expand)
21	**Sale** Mar'14 **Office**	Muscular Dystrophy Association 3300 E Sunrise Dr Tucson, AZ/ US	82,942 sf 1992/2000 2 bldgs/1,2 flrs	$9.1 confm'd $110 /sf	Larsen Baker by Chapman Lindsey Commercial from Muscular Dystrophy Association by Picor Commercial Western Alliance ($5.5 mil)	Office - Sub property; **Tenants:** Muscular Dystrophy Association; prior land sale: Aug-90; sale-leaseback (Partial)
22	**Sale** Feb'14 **Office**	238 S Craycroft Rd 238 S Craycroft Rd Tucson, AZ/ US	44,385 sf 2003 1 bldg/4 flrs	$2.8 approx $62 /sf	West Coast Capital Partners from Bourn Cos	**Transaction resolved a Troubled situation**; Office - Sub property; **Tenants:** Aerotek Inc, KB Home; prior sale: Sep-07 ($9.6 mil)
23	**Sale** Feb'14 **Office**	7430 North La Cholla Boulevard 7430 N La Cholla Blvd Tucson, AZ/ US	17,865 sf 2006 1 flr	$3.6 confm'd $199 /sf	Eddy O & Judy K Chernecki by Picor Commercial from Gregory Wood & Ryan George & Scott Meredith & William Simpson by Vast Commercial Real Estate Solutions, LLC Wells Fargo ($4.7 mil)	100% occ.; Office - Sub property; **Tenants:** single tenant -- Simpleview Inc
24	**Sale** Feb'14 **Office**	Raytheon 3350 E Hemisphere Loop Tucson, AZ/ US	143,650 sf 1997 1 bldg/2 flrs	$19.0 confm'd $132 /sf	CPA®:17 by Colliers International from Summit Properties by Colliers International	100% occ.; Office - Sub property; **Tenants:** single tenant -- Raytheon
25	**Sale** Nov'13 **Office**	The Springs at Williams Centre 432 S Williams Blvd Tucson, AZ/ US	18,040 sf 1987 2 bldgs/2 flrs	$2.6 confm'd $141 /sf	Truly Nolen of America Inc from Gregory Melanson Trust Wells Fargo ($1.9 mil)	Office - Sub property; bought for occupancy
26	**Sale** Oct'13 **Office**	1010 N Finance Center Dr 1010 N Finance Center Dr Tucson, AZ/ US	44,912 sf 1987 1 bldg/2 flrs	$3.2 confm'd $71 /sf	Bourn Cos from B J R Investments Inc Alliance Bancorp ($1.8 mil)	34% occ.; Office - Sub property; **Tenants:** Healthtrio, Strategic Retirement Plan Dynamics Inc

27	**Sale** Jul'13 **Office**	Arete Associates 3194 N Swan Rd Tucson, AZ/ US	41,205 sf 2005 1 bldg/2 flrs	$9.5 confm'd $231 /sf	Legacy Prop Mgmt by Available Properties Inc from Venture West by Cushman & Wakefield	**All-cash deal**; 100% occ.; Office - Sub property; **Tenants:** single tenant -- Arete Associates; built-to-suit
28	**Sale** Jun'13 **Office**	Genesis Crossroads 4881 E Grant Rd Tucson, AZ/ US	14,771 sf 2008 1 bldg/2 flrs	$4.3 confm'd $289 /sf	Hazen Enterprises from Bourn Cos by CBRE	100% occ.; Office - Sub/medical property; **Tenants:** single tenant -- Genesis OB/GYN
29	**Sale** Apr'13 **Office**	Aker Solutions 333 E Wetmore Rd Tucson, AZ/ US	140,665 sf 1985 1 bldg/5 flrs	$16.4 approx $117 /sf	West Coast Capital Partners JV James Vendever JV Joy Sullivan from Transwestern Investment Co BOK Financial Corporation ($11.4 mil)	80% occ.; Office - Sub/medical property; **Tenants:** Transwestern, Medical Security Card Co, Tucson Federal Credit Union, Psomas, Aker Business Services Inc.; prior sale: Sep-05 ($19.0 mil)
30	**Sale** Feb'13 **Office**	Puente Nuevo Plaza 3945 E Fort Lowell Rd Tucson, AZ/ US	14,900 sf 2008 1 bldg/1 flr	$3.5 approx $235 /sf	Rick Engineering Co Inc from Richard W Dudley Wells Fargo ($1.8 mil)	Office - Sub property; **Tenants:** Rick Engineering, Dehnert John DDS; bought for occupancy
31	**Sale** Feb'13 **Office**	Ina Business Center 3390 W Ina Rd Tucson, AZ/ US	14,520 sf 1987 1 bldg/1 flr	$4.9 confm'd $340 /sf	Edgewater Management LLC from Courtney Realty and Investment Co	Office - Sub property; prior sale: Jun-07 ($2.0 mil);;part of 2 property portfolio
32	**Entity-Level** Jan'13 **Office**	Williams Centre Technology Campus 5401 E Williams Blvd Tucson, AZ/ US	125,000 sf 1998/2009 2 bldgs/2 flrs	$19.9 alloc'd $159 /sf	Realty Income Corp from AR Capital Trust	100% occ.; Office - Sub property; **Tenants:** single tenant -- Texas Instruments; prior sale: Mar-11 ($32.0 mil); condo;;part of 535 property portfolio; Entity-level transaction
33	**Sale** Dec'12 **Office**	University Medical Imaging 4291 N Campbell Ave Tucson, AZ/ US	13,611 sf 2007 1 bldg/2 flrs	$4.2 approx $309 /sf	Tohono O Odham Nation from SK Fund LLC	100% occ.; Office - Sub/medical property; **Tenants:** single tenant -- University Medical Imaging
34	**Sale** Dec'12 **Office**	Gateway Center 930-950 N Finance Center Dr Tucson, AZ/ US	114,683 sf 1988 3 bldgs/2 flrs	$17.9 confm'd $156 /sf	Berger Foundation from West Coast Capital Partners by CBRE	100% occ.; Office - Sub property; **Tenants:** single tenant -- Geico (HQ); prior sale: Jun-07 ($13.5 mil)
35	**Sale** Nov'12 **Office**	Oracle Office Plaza 7491-7493 N Oracle Rd Tucson, AZ/ US	28,110 sf 1986 2 flrs	$3.4 confm'd $119 /sf 8.1% next yr	Fenton Investment Company Inc from Hazen Enterprises by CBRE, Inc.	100% occ.; Office - Sub property; **Tenants:** single tenant -- Oracle
36	**Sale** Sep'12 **Office**	300 S Craycroft Rd 300 S Craycroft Rd Tucson, AZ/ US	42,036 sf 2006 1 bldg/4 flrs	$9.9 approx $237 /sf	Paramount Group of Cos from Bourn Properties	Office - Sub property; prior sale: Sep-07 ($11.1 mil); Deal includes a 60,214 sq ft parking garage
37	**Sale** Sep'12 **Office**	1440 E 15 St 1440 E 15 St Tucson, AZ/ US	28,591 sf 1988 1 bldg/1 flr	$4.0 alloc'd $141 /sf 10.3% alloc'd	Lexington Realty from Inland American REIT	100% occ.; Office - Sub property; **Tenants:** single tenant -- Cox Communications; prior sale: Dec-07; partial interest (85%); partner buyout;;part of 42 property portfolio
38	**Sale** Jul'12 **Office**	La Cholla Professional Park Lot 1 5668 N Professional Park Dr Tucson, AZ/ US	13,540 sf 2009 1 bldg/1 flr	$3.7 approx $275 /sf	La Cholla Lot 1 Properties LLC from M3 Engineering & Tech Western Alliance ($3.1 mil)	100% occ.; Office - Sub/medical property; **Tenants:** single tenant -- Arizona Institute of Urology
39	**Sale** Jun'12 **Office**	Corporate Center on Broadway 7750 E Broadway Tucson, AZ/ US	46,859 sf 1986 1 bldg/2 flrs	$2.8 confm'd $60 /sf	Easter Seals by NGKF from Lincoln National Life Ins by NGKF BBVA Compass ($2.3 mil)	**Transaction resolved a Troubled situation**; Office - Sub property
40	**Sale** Dec'11 **Office**	Dorado Place 1111-1181 N El Dorado Pl Tucson, AZ/ US	76,940 sf 1978 5 bldgs/3 flrs	$3.5 approx $45 /sf	Source Two Investments LLC from HSL Properties Inc Wells Fargo ($2.6 mil)	Office - Sub property; prior sale: Jul-07 ($5.8 mil)

COSTAR OFFICE REPORT
TUCSON YEAR-END 2015

The CoStar Office Report

Year-End 2015

Tucson Office Market

CoStar™
The knowledge market

Tucson Office Market

Overview

Tucson's Vacancy Increases to 12.8%

Net Absorption Positive 143,173 SF in the Quarter

The Tucson Office market ended the fourth quarter 2015 with a vacancy rate of 12.8%. The vacancy rate was up over the previous quarter, with net absorption totaling positive 143,173 square feet in the fourth quarter. Vacant sublease space decreased in the quarter, ending the quarter at 56,089 square feet. Rental rates ended the fourth quarter at $18.93, an increase over the previous quarter. A total of three buildings delivered to the market in the quarter totaling 228,263 square feet, with 69,785 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Tucson office market was positive 143,173 square feet in the fourth quarter 2015. That compares to positive 31,023 square feet in the third quarter 2015, negative (16,993) square feet in the second quarter 2015, and positive 33,336 square feet in the first quarter 2015.

The Class-A office market recorded net absorption of negative (3,614) square feet in the fourth quarter 2015, compared to positive 8,745 square feet in the third quarter 2015, negative (11,682) in the second quarter 2015, and negative (13,666) in the first quarter 2015.

The Class-B office market recorded net absorption of positive 180,220 square feet in the fourth quarter 2015, compared to negative (13,675) square feet in the third quarter 2015, negative (9,245) in the second quarter 2015, and positive 37,709 in the first quarter 2015.

The Class-C office market recorded net absorption of negative (33,433) square feet in the fourth quarter 2015 compared to positive 35,953 square feet in the third quarter 2015, positive 3,934 in the second quarter 2015, and positive 9,293 in the first quarter 2015.

Net absorption for Tucson's central business district was positive 6,788 square feet in the fourth quarter 2015. That compares to positive 24,627 square feet in the third quarter 2015, positive 5,255 in the second quarter 2015, and positive 44,048 in the first quarter 2015.

Net absorption for the suburban markets was positive 136,385 square feet in the fourth quarter 2015. That compares to positive 6,396 square feet in third quarter 2015, negative (22,248) in the second quarter 2015, and negative (10,712) in the first quarter 2015.

Vacancy

The office vacancy rate in the Tucson market area increased to 12.8% at the end of the fourth quarter 2015. The vacancy rate was 12.6% at the end of the third quarter 2015, 12.7% at the end of the second quarter 2015, and 12.6% at the end of the first quarter 2015.

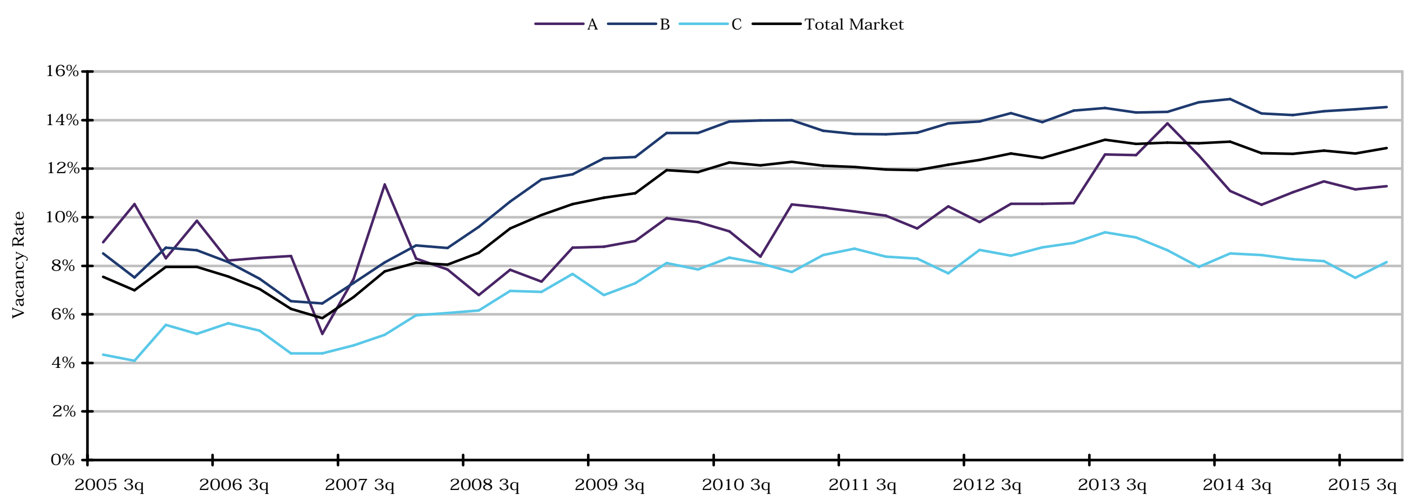
Class-A projects reported a vacancy rate of 11.3% at the end of the fourth quarter 2015, 11.1% at the end of the third quarter 2015, 11.5% at the end of the second quarter 2015, and 11.0% at the end of the first quarter 2015.

Class-B projects reported a vacancy rate of 14.5% at the end of the fourth quarter 2015, 14.4% at the end of the third quarter 2015, 14.4% at the end of the second quarter 2015, and 14.2% at the end of the first quarter 2015.

Class-C projects reported a vacancy rate of 8.1% at the end of the fourth quarter 2015, 7.5% at the end of third quarter 2015, 8.2% at the end of the second quarter 2015, and 8.3% at the end of the first quarter 2015.

The overall vacancy rate in Tucson's central business district at the end of the fourth quarter 2015 decreased to 7.3%. The vacancy rate was 7.5% at the end of the third quarter 2015,

Vacancy Rates by Class 2005-2015



Source: CoStar Property®

8.0% at the end of the second quarter 2015, and 8.1% at the end of the first quarter 2015.

The vacancy rate in the suburban markets increased to 14.2% in the fourth quarter 2015. The vacancy rate was 13.9% at the end of the third quarter 2015, 13.9% at the end of the second quarter 2015, and 13.7% at the end of the first quarter 2015.

Largest Lease Signings

The largest lease signings occurring in 2015 included: the 211,152-square-foot lease signed by Comcast Cable at 4690 N Oracle Rd - Tucson Galleria in the Central market; the 100,273-square-foot deal signed by Aetna Life Insurance at 3535 E Valencia Rd in the South market; and the 82,942-square-foot lease signed by Sunquest Information Systems Inc. at 3300 E Sunrise Dr - The Offices at La Paloma in the North market.

Sublease Vacancy

The amount of vacant sublease space in the Tucson market decreased to 56,089 square feet by the end of the fourth quarter 2015, from 77,193 square feet at the end of the third quarter 2015. There was 81,376 square feet vacant at the end of the second quarter 2015 and 118,106 square feet at the end of the first quarter 2015.

Tucson's Class-A projects reported no vacant sublease space at the end of fourth quarter 2015. There has been no vacant sublease space since the end of the first quarter 2015.

Class-B projects reported vacant sublease space of 55,209 square feet at the end of the fourth quarter 2015, down from the 76,313 square feet reported at the end of the third quarter 2015. At the end of the second quarter 2015 there were 80,496 square feet, and at the end of the first quarter 2015 there were 108,810 square feet vacant.

Class-C projects reported no vacant sublease space from the third quarter 2015 to the fourth quarter 2015. Sublease vacancy remained unchanged at 880 square feet during that time. There were 880 square feet at the end of the second quarter 2015, and 9,296 square feet at the end of the first quarter 2015.

Sublease vacancy in Tucson's central business district stood at 2,573 square feet at the end of the fourth quarter 2015. Sublease vacancy has not changed since the end of the first quarter 2015.

Sublease vacancy in the suburban markets ended the fourth quarter 2015 at 53,516 square feet. At the end of the third quarter 2015 sublease vacancy was 74,620 square feet, was 78,803 square feet at the end of the second quarter 2015, and was 115,533 square feet at the end of the first quarter 2015.

Rental Rates

The average quoted asking rental rate for available office space, all classes, was $18.93 per square foot per year at the end of the fourth quarter 2015 in the Tucson market area. This represented a 3.2% increase in quoted rental rates from the end of the third quarter 2015, when rents were reported at $18.35 per square foot.

The average quoted rate within the Class-A sector was $24.68 at the end of the fourth quarter 2015, while Class-B rates stood at $18.50, and Class-C rates at $15.10. At the end of the third quarter 2015, Class-A rates were $21.21 per square foot, Class-B rates were $18.44, and Class-C rates were $15.56.

The average quoted asking rental rate in Tucson's CBD was $19.53 at the end of the fourth quarter 2015, and $18.83 in the suburban markets. In the third quarter 2015, quoted rates were $18.45 in the CBD and $18.34 in the suburbs.

Deliveries and Construction

During the fourth quarter 2015, three buildings totaling 228,263 square feet were completed in the Tucson market area. This compares to nothing completed in the third quarter 2015, one building totaling 19,761 square feet completed in the second quarter 2015, and 37,179 square feet in three buildings completed in the first quarter 2015.

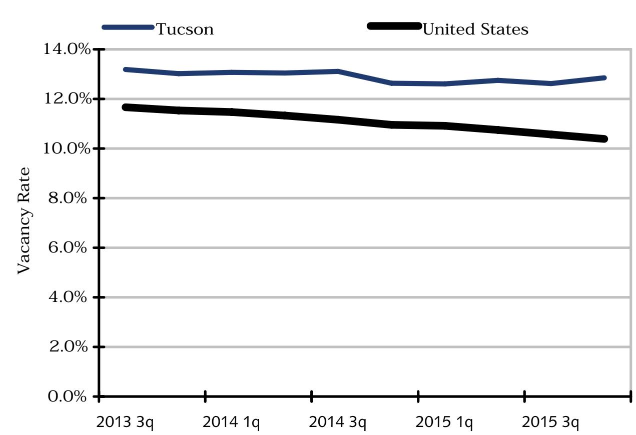
There were 69,785 square feet of office space under construction at the end of the fourth quarter 2015.

Some of the notable 2015 deliveries include: 4690 N Oracle Rd - Tucson Galleria, a 211,152-square-foot facility that delivered in fourth quarter 2015 and is now 100% occupied, and 1617 E Skyline Dr - Morgan Stanley, a 19,761-square-foot building that delivered in second quarter 2015 and is now 100% occupied.

The largest projects underway at the end of fourth quarter 2015 were 440 W Paseo Redondo - Manning House, a 36,950-square-foot building with 100% of its space pre-leased, and Ventana Medical Systems, a 28,335-square-foot facility that is 100% pre-leased.

U.S. Vacancy Comparison

Past 10 Quarters



Source: CoStar Property®

Inventory

Total office inventory in the Tucson market area amounted to 24,976,434 square feet in 2,473 buildings as of the end of the fourth quarter 2015. The Class-A office sector consisted of 2,619,433 square feet in 20 projects. There were 1,252 Class-B buildings totaling 17,103,125 square feet, and the Class-C sector consisted of 5,253,876 square feet in 1,201 buildings. Within the Office market there were 102 owner-occupied buildings accounting for 1,924,526 square feet of office space.

Sales Activity

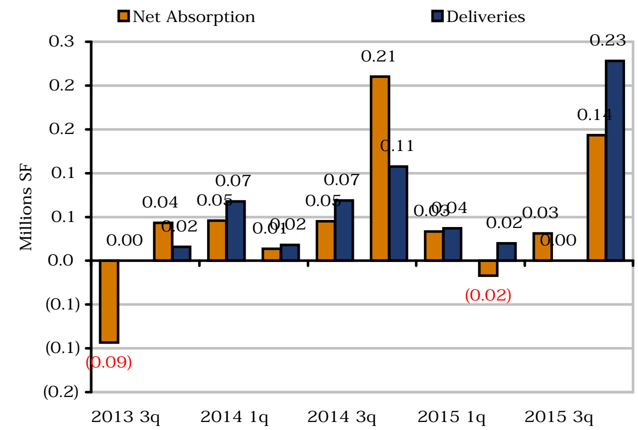
Tallying office building sales of 15,000 square feet or larger, Tucson office sales figures rose during the third quarter 2015 in terms of dollar volume compared to the second quarter of 2015.

In the third quarter, three office transactions closed with a total volume of $25,610,000. The three buildings totaled 165,957 square feet and the average price per square foot equated to $154.32 per square foot. That compares to two transactions totaling $10,022,000 in the second quarter 2015. The total square footage in the second quarter was 34,820 square feet for an average price per square foot of $287.82.

Total office building sales activity in 2015 was up compared to 2014. In the first nine months of 2015, the market saw eight office sales transactions with a total volume of $45,332,000. The price per square foot averaged $170.28. In the same first nine months of 2014, the market posted four transactions with a total volume of $39,359,095. The price per square foot averaged $136.10.

Absorption & Deliveries

Past 10 Quarters



Source: CoStar Property®

Cap rates have been lower in 2015, averaging 8.61% compared to the same period in 2014 when they averaged 9.38%.

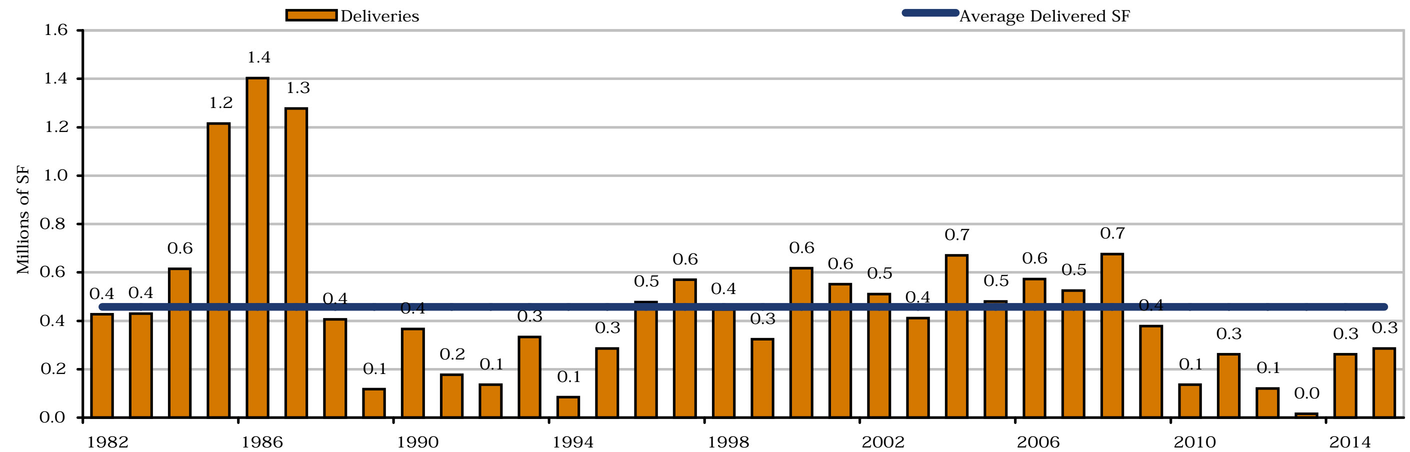
One of the largest transactions that has occurred within the last four quarters in the Tucson market is the sale of One South Church in Tucson. This 240,811-square-foot office building sold for $32,000,000, or $132.88 per square foot. The property sold on 10/2/2015, at a 6.00% cap rate.

Reports compiled by: Adam Jarrett, CoStar Senior Research Manager; Tom Summers, CoStar Research Manager.

Tucson Office Market

Inventory & development

Historical Deliveries 1982 - 2015



Source: CoStar Property® * Future deliveries based on current under construction buildings.

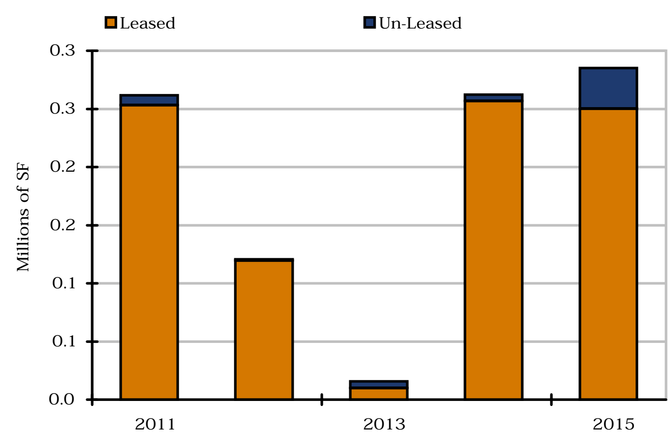
Construction Activity **Markets Ranked by Under Construction Square Footage**

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Central	1	36,950	36,950	100.0%	9,775	36,950
North	2	32,835	32,835	100.0%	11,499	16,417
South	0	0	0	0.0%	9,824	0
Totals	3	69,785	69,785	100.0%	10,100	23,262

Source: CoStar Property®

Recent Deliveries

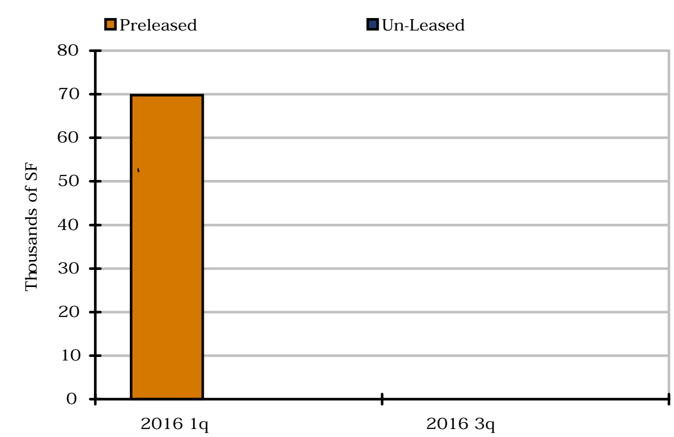
Leased & Un-Leased SF in Deliveries Since 2011



Source: CoStar Property®

Future Deliveries

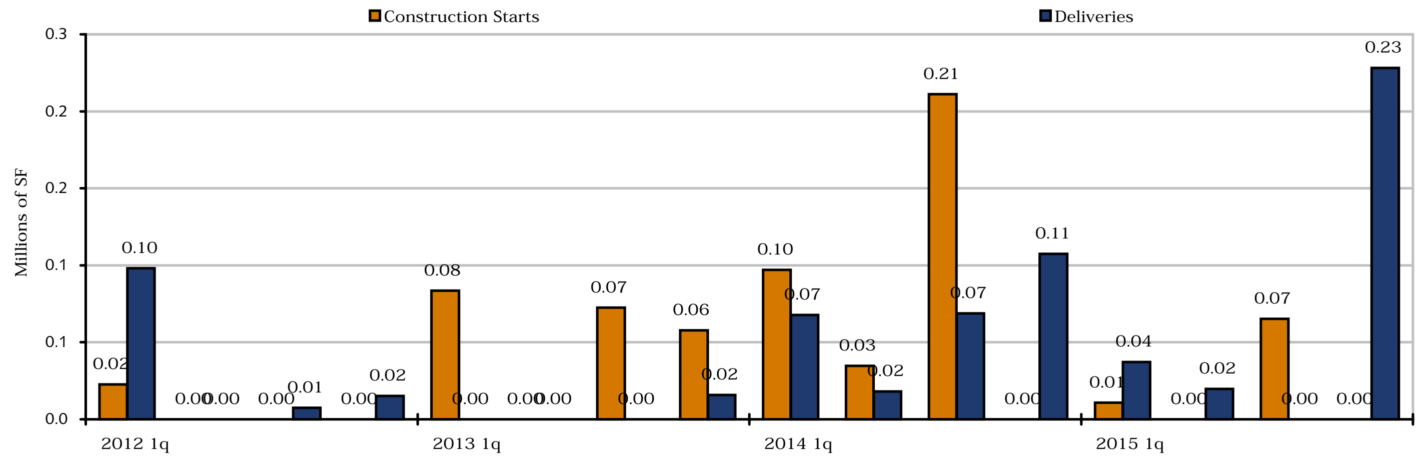
Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

Recent Deliveries by Project Size **Breakdown of Year-to-Date Development Based on RBA of Project**

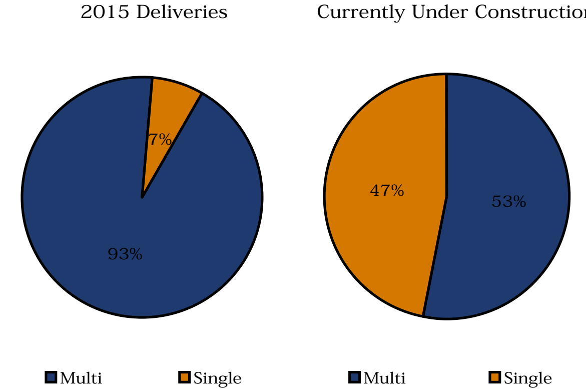
Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	6	74,051	38,914	52.6%	$22.95	19,761	54,290
50,000 SF - 99,999 SF	0	0	0	0.0%	$0.00	0	0
100,000 SF - 249,999 SF	1	211,152	211,152	100.0%	$0.00	0	211,152
250,000 SF - 499,999 SF	0	0	0	0.0%	$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	$0.00	0	0

Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi Tenant Use

2015 Deliveries — Currently Under Construction

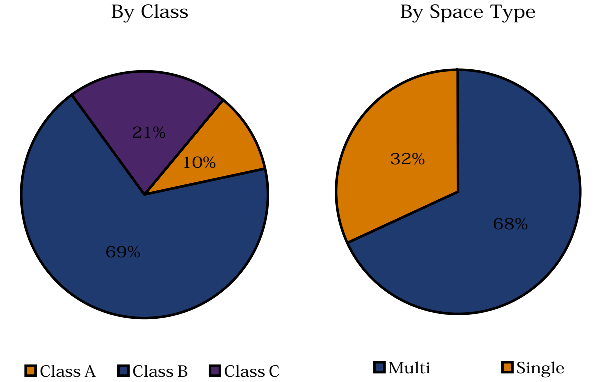


Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA

By Class — By Space Type



Source: CoStar Property®

Select Year-to-Date Deliveries

Based on Project Square Footage

1. 4690 N Oracle Rd - Tucson Galleria

Submarket:	**Central**
RBA:	**211,152**
# Floors:	**4**
Class:	**B**
Occupied:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Third Quarter 2014**
Deliv Date:	**Fourth Quarter 2015**
Leasing Co:	**Tanager Company**
Developer:	**N/A**
Architect:	**N/A**

2. 1617 E Skyline Dr - Morgan Stanley

Submarket:	**North**
RBA:	**19,761**
# Floors:	**1**
Class:	**B**
Occupied:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Second Quarter 2014**
Deliv Date:	**Second Quarter 2015**
Leasing Co:	**DESCO Southwest**
Developer:	**DESCO Southwest**
Architect:	**N/A**

3. Swan & Skyline Corporate Center - Bldg 1

Submarket:	**North**
RBA:	**19,252**
# Floors:	**2**
Class:	**B**
Occupied:	**4%**
Quoted Rate:	**$23.00**
Grnd Brk Date:	**Fourth Quarter 2013**
Deliv Date:	**First Quarter 2015**
Leasing Co:	**Rein & Grossoehme**
Developer:	**N/A**
Architect:	**N/A**

4. Skyline Esplanade - Phase II - Bldg 1

Submarket:	**North**
RBA:	**10,900**
# Floors:	**1**
Class:	**B**
Occupied:	**0%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**First Quarter 2015**
Deliv Date:	**Fourth Quarter 2015**
Leasing Co:	**Oxford Realty Advisors**
Developer:	**N/A**
Architect:	**N/A**

5. Swan & Skyline Corporate Center - Bldg 2

Submarket:	**North**
RBA:	**10,211**
# Floors:	**2**
Class:	**B**
Occupied:	**0%**
Quoted Rate:	**Negotiable**
Grnd Brk Date:	**Fourth Quarter 2013**
Deliv Date:	**First Quarter 2015**
Leasing Co:	**N/A**
Developer:	**N/A**
Architect:	**N/A**

6. Swan & Skyline Corporate Center - Bldg 3

Submarket:	**North**
RBA:	**7,716**
# Floors:	**1**
Class:	**B**
Occupied:	**33%**
Quoted Rate:	**$25.00**
Grnd Brk Date:	**Fourth Quarter 2013**
Deliv Date:	**First Quarter 2015**
Leasing Co:	**N/A**
Developer:	**N/A**
Architect:	**N/A**

7. Magee Corporate Center - Bldg 9

Submarket:	**North**
RBA:	**6,211**
# Floors:	**1**
Class:	**B**
Occupied:	**0%**
Quoted Rate:	**$22.00**
Grnd Brk Date:	**Fourth Quarter 2013**
Deliv Date:	**Fourth Quarter 2015**
Leasing Co:	**N/A**
Developer:	**Rio West Development**
Architect:	**Seaver Franks Architects**

Select Top Under Construction Properties

Based on Project Square Footage

1. 440 W Paseo Redondo - Manning House

Submarket:	**Central**
RBA:	**36,950**
# Floors:	**1**
Class:	**B**
Preleased:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Third Quarter 2015**
Deliv Date:	**First Quarter 2016**
Leasing Co:	**El Rio Community Health**
Developer:	**BFL Construction Co.**
Architect:	**CDG Architects Ltd.**

2. Ventana Medical Systems

Submarket:	**North**
RBA:	**28,335**
# Floors:	**1**
Class:	**B**
Preleased:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Third Quarter 2015**
Deliv Date:	**First Quarter 2016**
Leasing Co:	**N/A**
Developer:	**Ventana Medical Systems**
Architect:	**Advantech Facility Design**

3. 1862-1866 E Innovation Park Dr

Submarket:	**North**
RBA:	**4,500**
# Floors:	**1**
Class:	**B**
Preleased:	**100%**
Quoted Rate:	**N/A**
Grnd Brk Date:	**Second Quarter 2014**
Deliv Date:	**First Quarter 2016**
Leasing Co:	**N/A**
Developer:	**N/A**
Architect:	**N/A**

Source: CoStar Property®

CoStar™

Tucson Office Market

Figures at a Glance

Class A Market Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Central	19	2,475,783	295,524	295,524	11.9%	(20,217)	0	0	$24.68
North	0	0	0	0	0.0%	0	0	0	$0.00
South	1	143,650	0	0	0.0%	0	0	0	$0.00
Totals	20	2,619,433	295,524	295,524	11.3%	(20,217)	0	0	$24.68

Source: CoStar Property®

Class B Market Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Central	784	10,934,570	1,647,577	1,700,461	15.6%	201,036	211,152	36,950	$18.02
North	381	4,627,650	654,244	656,569	14.2%	2,622	74,051	32,835	$20.71
South	87	1,540,905	128,502	128,502	8.3%	(8,649)	0	0	$13.50
Totals	1,252	17,103,125	2,430,323	2,485,532	14.5%	195,009	285,203	69,785	$18.50

Source: CoStar Property®

Class C Market Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Central	954	3,765,034	319,522	319,522	8.5%	15,362	0	0	$15.17
North	77	638,739	36,272	36,272	5.7%	(10,770)	0	0	$15.73
South	170	850,103	71,304	72,184	8.5%	11,155	0	0	$14.39
Totals	1,201	5,253,876	427,098	427,978	8.1%	15,747	0	0	$15.10

Source: CoStar Property®

Total Office Market Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Central	1,757	17,175,387	2,262,623	2,315,507	13.5%	196,181	211,152	36,950	$18.93
North	458	5,266,389	690,516	692,841	13.2%	(8,148)	74,051	32,835	$20.45
South	258	2,534,658	199,806	200,686	7.9%	2,506	0	0	$13.81
Totals	2,473	24,976,434	3,152,945	3,209,034	12.8%	190,539	285,203	69,785	$18.93

Source: CoStar Property®

Tucson Office Market

Figures at a Glance

Class A Submarket Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Central Tucson	12	1,520,293	191,488	191,488	12.6%	(21,993)	0	0	$23.77
Downtown Tucson	6	814,219	88,178	88,178	10.8%	(498)	0	0	$28.17
East Tucson	0	0	0	0	0.0%	0	0	0	$0.00
Foothills	0	0	0	0	0.0%	0	0	0	$0.00
Green Valley/South Tucson	0	0	0	0	0.0%	0	0	0	$0.00
North Tucson/Oro Valley	0	0	0	0	0.0%	0	0	0	$0.00
Northwest Tucson	0	0	0	0	0.0%	0	0	0	$0.00
Southeast Tucson	0	0	0	0	0.0%	0	0	0	$0.00
Southwest Tucson	1	143,650	0	0	0.0%	0	0	0	$0.00
West Tucson	1	141,271	15,858	15,858	11.2%	2,274	0	0	$23.00
Totals	20	2,619,433	295,524	295,524	11.3%	(20,217)	0	0	$24.68

Source: CoStar Property®

Class B Submarket Statistics

Year-End 2015

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Central Tucson	513	5,832,933	1,070,453	1,083,453	18.6%	(35,369)	0	0	$18.60
Downtown Tucson	120	3,310,509	247,961	250,534	7.6%	43,675	0	36,950	$17.25
East Tucson	72	952,169	263,650	263,650	27.7%	3,425	0	0	$17.06
Foothills	90	1,330,682	219,722	220,195	16.5%	20,438	56,940	0	$23.19
Green Valley/South Tucson	21	201,961	22,266	22,266	11.0%	675	0	0	$16.25
North Tucson/Oro Valley	261	2,940,767	363,853	365,705	12.4%	(16,367)	17,111	32,835	$19.90
Northwest Tucson	30	356,201	70,669	70,669	19.8%	(1,449)	0	0	$17.38
Southeast Tucson	19	404,042	55,545	55,545	13.7%	(3,940)	0	0	$15.52
Southwest Tucson	47	934,902	50,691	50,691	5.4%	(5,384)	0	0	$10.20
West Tucson	79	838,959	65,513	102,824	12.3%	189,305	211,152	0	$16.00
Totals	1,252	17,103,125	2,430,323	2,485,532	14.5%	195,009	285,203	69,785	$18.50

Source: CoStar Property®

CoStar™

Tucson Office Market

Figures at a Glance

Class C Submarket Statistics

Year-End 2015

	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
Market	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Central Tucson	564	2,242,979	198,121	198,121	8.8%	21,586	0	0	$15.22
Downtown Tucson	195	730,366	17,235	17,235	2.4%	37,541	0	0	$16.25
East Tucson	53	281,348	19,523	19,523	6.9%	1,740	0	0	$15.81
Foothills	2	3,210	0	0	0.0%	0	0	0	$0.00
Green Valley/South Tucson	26	159,152	24,389	25,269	15.9%	(3,054)	0	0	$20.04
North Tucson/Oro Valley	59	577,291	33,883	33,883	5.9%	(11,083)	0	0	$15.72
Northwest Tucson	16	58,238	2,389	2,389	4.1%	313	0	0	$16.00
Southeast Tucson	16	99,925	0	0	0.0%	0	0	0	$15.96
Southwest Tucson	128	591,026	46,915	46,915	7.9%	14,209	0	0	$11.39
West Tucson	142	510,341	84,643	84,643	16.6%	(45,505)	0	0	$12.22
Totals	1,201	5,253,876	427,098	427,978	8.1%	15,747	0	0	$15.10

Source: CoStar Property®

Total Office Submarket Statistics

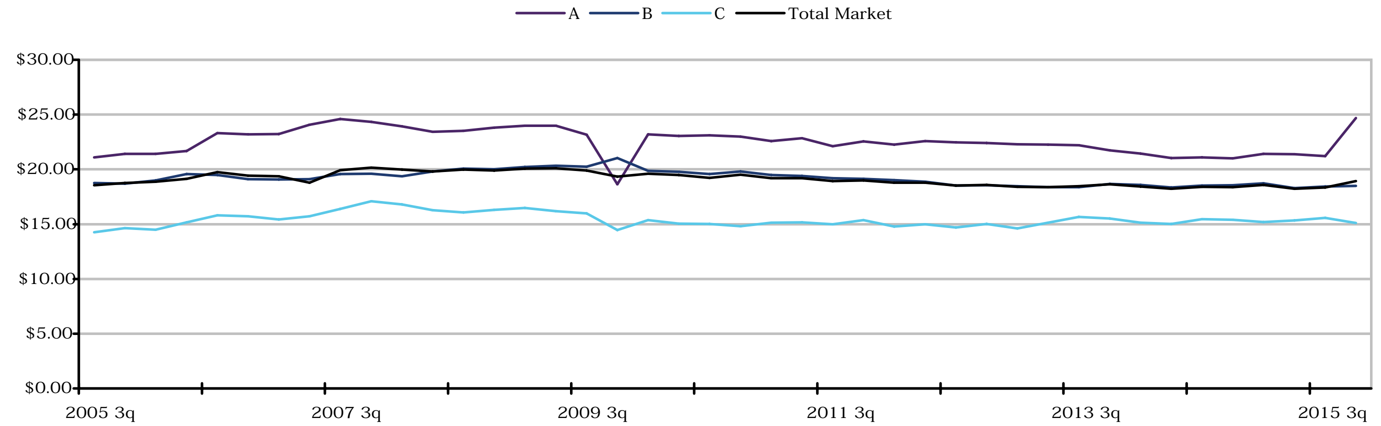
Year-End 2015

	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
Market	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Central Tucson	1,089	9,596,205	1,460,062	1,473,062	15.4%	(35,776)	0	0	$19.28
Downtown Tucson	321	4,855,094	353,374	355,947	7.3%	80,718	0	36,950	$19.53
East Tucson	125	1,233,517	283,173	283,173	23.0%	5,165	0	0	$16.91
Foothills	92	1,333,892	219,722	220,195	16.5%	20,438	56,940	0	$23.19
Green Valley/South Tucson	47	361,113	46,655	47,535	13.2%	(2,379)	0	0	$18.07
North Tucson/Oro Valley	320	3,518,058	397,736	399,588	11.4%	(27,450)	17,111	32,835	$19.59
Northwest Tucson	46	414,439	73,058	73,058	17.6%	(1,136)	0	0	$17.30
Southeast Tucson	35	503,967	55,545	55,545	11.0%	(3,940)	0	0	$15.52
Southwest Tucson	176	1,669,578	97,606	97,606	5.8%	8,825	0	0	$10.75
West Tucson	222	1,490,571	166,014	203,325	13.6%	146,074	211,152	0	$16.17
Totals	2,473	24,976,434	3,152,945	3,209,034	12.8%	190,539	285,203	69,785	$18.93

Source: CoStar Property®

Historical Rental Rates

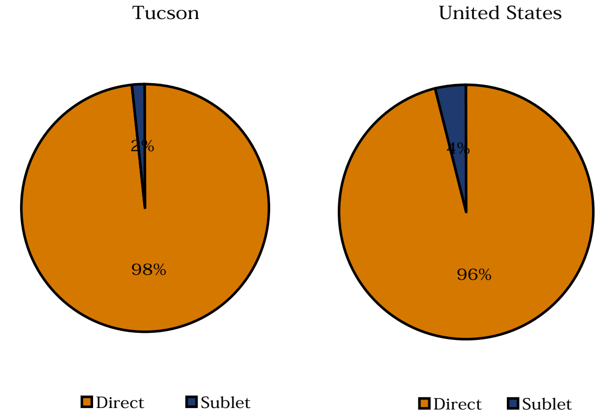
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

Vacancy by Available Space Type

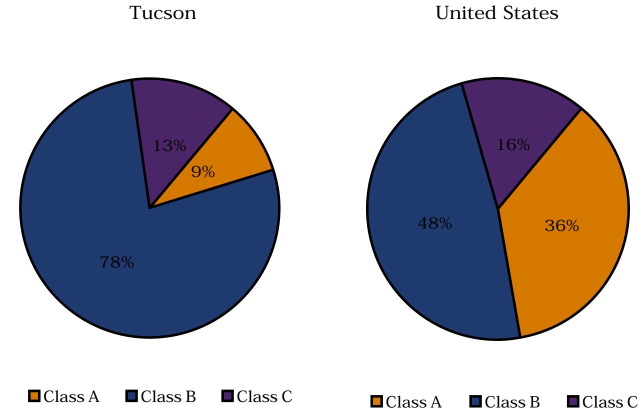
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

Vacancy by Class

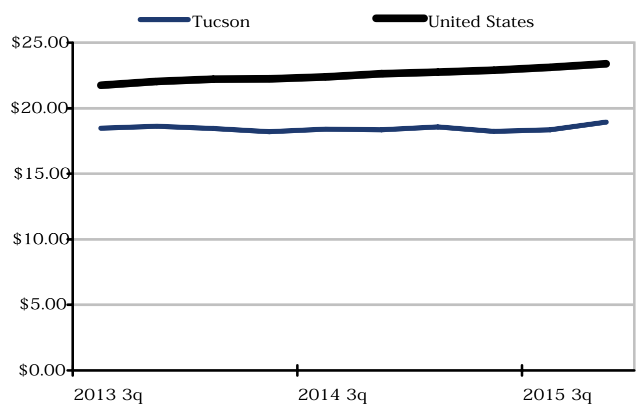
Percent of All Vacant Space by Class



Source: CoStar Property®

U.S. Rental Rate Comparison

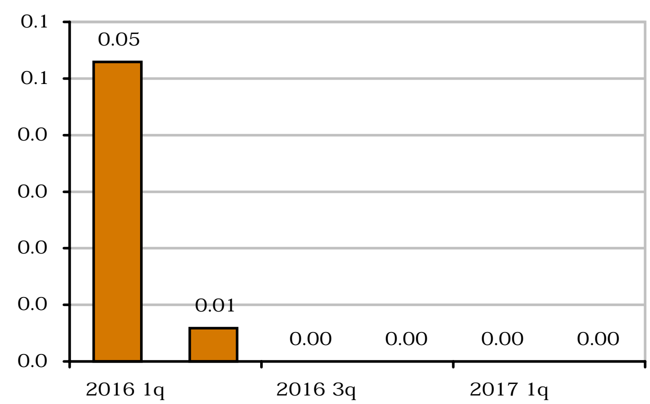
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



* Includes Under Construction Spaces

Source: CoStar Property®

Select Top Office Leases

Based on Leased Square Footage For Deals Signed in 2015

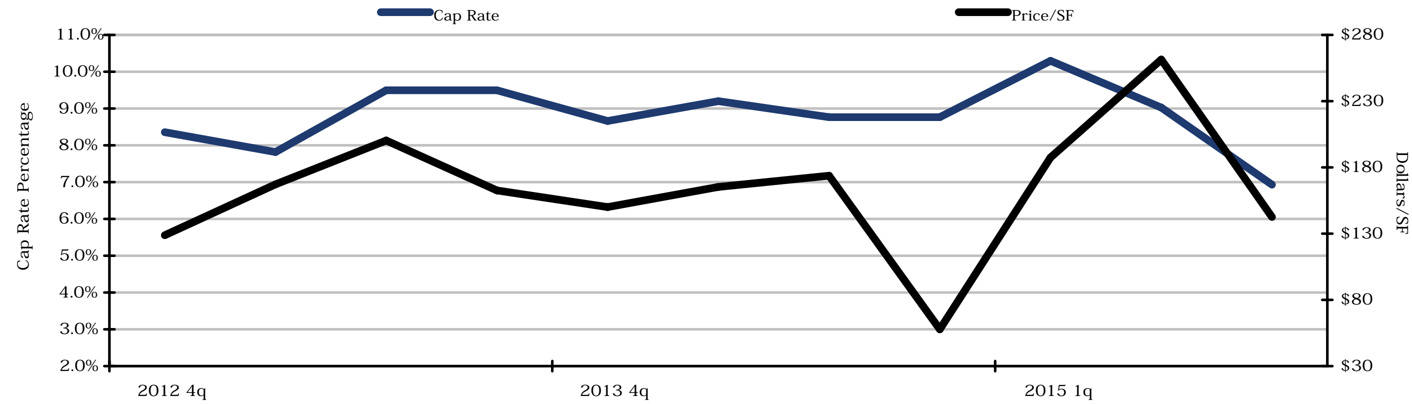
	Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1	4690 N Oracle Rd	West Tucson	211,152	3rd	Comcast Cable	JLL	Cushman & Wakefield|PICOR
2	3535 E Valencia Rd	Southwest Tucson	100,273	3rd	Aetna Life Insurance	Direct Deal	Cushman & Wakefield|PICOR
3	3300 E Sunrise Dr	Foothills	82,942	4th	Sunquest Information Systems Inc.	Mark Irvin Commercial Real Estate	Larsen Baker
4	333 E Wetmore Rd	West Tucson	52,008	1st	Cenpatico of Arizona, Inc.	Cushman & Wakefield	Cushman & Wakefield|PICOR
5	440 W Paseo Redondo	Downtown Tucson	36,950	4th	El Rio Community Health	N/A	El Rio Community Health Center
6	535 N Wilmot Rd	Central Tucson	19,457	3rd	Banner Healthcare Systems	JLL	Mark Irvin Commercial Real Estate
7	6261 N La Cholla Blvd	North Tucson/Oro Valley	14,801	4th	Genesis OB-GYN	Mark Irvin Commercial Real Estate	CBRE
8	2760 S 4th Ave	Southwest Tucson	11,900	2nd	Department of Child Safety	Cushman & Wakefield|PICOR	Larsen Baker
9	2424 N Wyatt Dr	Central Tucson	11,603	1st	TMC One	Mark Irvin Commercial Real Estate	Cushman & Wakefield|PICOR
10	6365 E Tanque Verde Rd*	Central Tucson	11,588	1st	New Pueblo Medicine	Rein & Grossoehme	Rein & Grossoehme
11	721 N 4th Ave	Downtown Tucson	9,474	3rd	Aminity Foundation	N/A	CBRE
12	698 E Wetmore Rd	West Tucson	8,966	2nd	Barnet Dulaney Perkins Eye Center	Cushman & Wakefield|PICOR	Cushman & Wakefield|PICOR
13	4400 E Broadway Blvd	Central Tucson	8,786	4th	Breault Research Organization, Inc.	Mark Irvin Commercial Real Estate	Tucson Realty & Trust
14	5151 E Broadway Blvd*	Central Tucson	8,621	3rd	El Paso Natural Gas	N/A	Rein & Grossoehme
15	6565 E Carondelet Dr	Central Tucson	8,595	2nd	American Dental Partners of AZ	Mohr Partners, Inc.	Cushman & Wakefield|PICOR
16	3100 N Campbell Ave	Central Tucson	8,416	2nd	Leoni Wiring Systems	N/A	CBRE
17	1775 E Skyline Dr*	Foothills	8,120	2nd	Arizona Reproductive Institute	N/A	Cushman & Wakefield|PICOR
18	3955 E Fort Lowell Rd	Central Tucson	7,960	2nd	Child & Family Support Services	N/A	Cushman & Wakefield|PICOR
19	5151 E Broadway Blvd	Central Tucson	7,065	3rd	Maxim Healthcare Services	N/A	Rein & Grossoehme
20	3430 E Sunrise Dr*	Foothills	6,926	4th	Duffield Adamson Helenbolt & Fletcher	N/A	CBRE
21	710 S Campbell Ave	Central Tucson	6,800	2nd	Danville Services Of Arizona LLC	CBRE	KW Commercial
22	1985 E River Rd	Foothills	6,427	2nd	Sun Corridor, Inc.	N/A	Cushman & Wakefield|PICOR
23	376 S Stone Ave	Downtown Tucson	6,287	1st	Tango International	N/A	Rollings Corporation
24	2100 N Kolb Rd	East Tucson	6,200	2nd	International Rescue Committee	N/A	CBRE
25	3503 N Campbell Ave*	Central Tucson	6,041	2nd	Bogutz & Gordon	N/A	Cotlow Company
26	2055 W Hospital Dr	North Tucson/Oro Valley	6,000	1st	Catalina Cadiology	Oxford Realty Advisors	Direct Deal
27	7225 N Mona Lisa Rd*	North Tucson/Oro Valley	5,583	1st	Arizona Dept. of Economic Security	Direct Deal	Romano Real Estate
28	5255-5285 E Williams Cir	Central Tucson	5,252	1st	Crest Insurance	Direct Deal	The Colton Company
29	3131 N Country Club Rd*	Central Tucson	5,224	3rd	Casa De Los Ninos LLC	N/A	Cushman & Wakefield|PICOR
30	3011 W Ina Rd	Northwest Tucson	4,803	1st	Pulte Homes	N/A	Romano Real Estate
31	5255-5285 E Williams Cir	Central Tucson	4,636	1st	Gentiva	JLL	The Colton Company
32	2430 E 6th St	Central Tucson	4,394	4th	Lifeshare Management Group LLC	Cushman & Wakefield	Cushman & Wakefield|PICOR
33	6875 N Oracle Rd*	North Tucson/Oro Valley	4,244	1st	Bank of America Home Loans	Cushman & Wakefield, Inc.	Romano Real Estate
34	1840-1860 E River Rd	Foothills	4,219	1st	Lazel, Inc.	N/A	The Colton Company
35	4031 E Sunrise Dr	Foothills	3,883	2nd	Fidelity Brokerage Services	N/A	CBRE
36	2404 E River Rd	Foothills	3,821	3rd	Tula Wellness PLLC	N/A	Cushman & Wakefield|PICOR
37	721 N 4th Ave	Downtown Tucson	3,811	3rd	Haiku Learning Systems	N/A	CBRE
38	680 S Craycroft Rd	Central Tucson	3,716	3rd	Equa Solutions, Inc.	N/A	Cushman & Wakefield|PICOR
39	5700 E Pima St	Central Tucson	3,410	3rd	Devereux Foundation	CBRE	VAST Commercial Real Estate
40	921 S Prudence Rd	East Tucson	3,300	2nd	Caring Connections For Special Needs	N/A	Cushman & Wakefield|PICOR

Source: CoStar Property®

* Renewal

The Optimist Sales Index

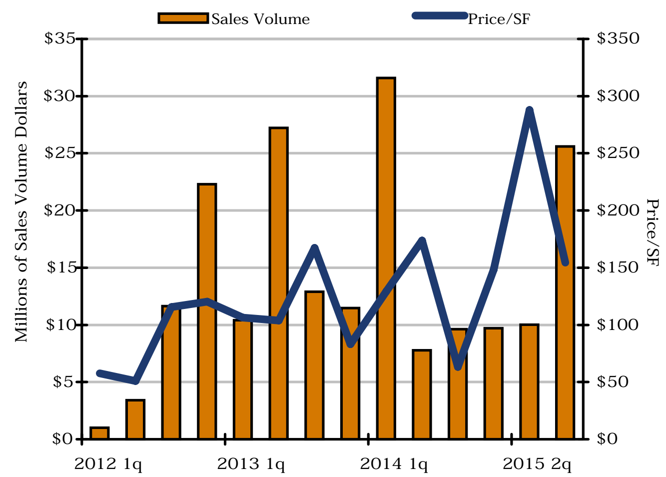
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

Sales Volume & Price

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Sales Analysis by Building Size

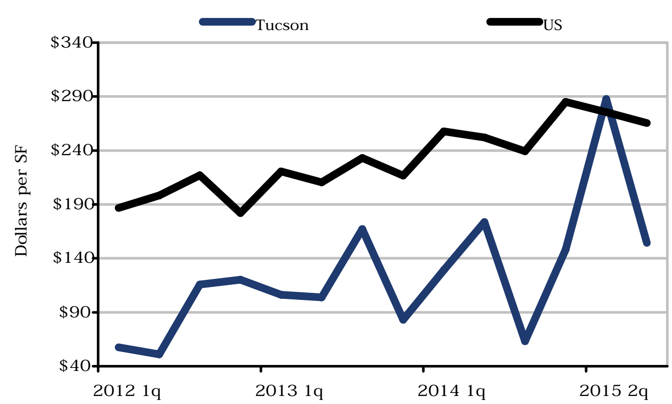
Based on Office Building Sales From Oct. 2014 - Sept. 2015

Bldg Size	#	RBA	$ Volume	Price/SF	Cap Rate
< 50,000 SF	100	593,011	$77,090,659	$ 130.00	8.37%
50K-249K SF	2	221,573	$29,825,000	$ 134.61	6.93%
250K-499K SF	-	-	-	$ -	-
>500K SF	-	-	-	$ -	-

Source: CoStar COMPS®

U.S. Price/SF Comparison

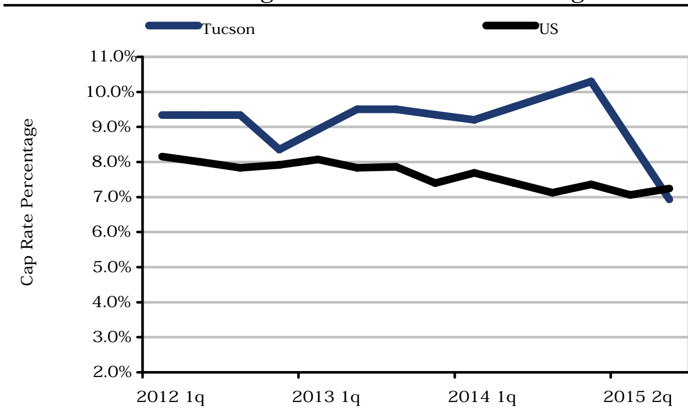
Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Select Top Sales

Based on Sales from October 2014 Through December 2015

1. One South Church

Tucson

Price:	**$32,000,000**
Price/SF:	**$132.88**
Cap Rate:	**6%**
RBA:	**240,811**
Date:	**10/2/2015**
Year Built:	**1986**
Buyer:	**Fenton Investment Co.**
Seller:	**Equity Commonwealth**

2. 333 E Wetmore

Tucson

Price:	**$26,500,000**
Price/SF:	**$187.58**
Cap Rate:	**N/A**
RBA:	**141,271**
Date:	**12/16/2015**
Year Built:	**1985**
Buyer:	**Robertson Properties Group**
Seller:	**West Coast Capital Partners**

3. Aetna Life Insurance

Tucson

Price:	**$21,700,000**
Price/SF:	**$216.41**
Cap Rate:	**6.93%**
RBA:	**100,273**
Date:	**7/29/2015**
Year Built:	**2001**
Buyer:	**Griffin Capital Asset REIT II**
Seller:	**Aetna, Inc.**

4. Rio Nuevo Professional Plaza

Tucson

Price:	**$12,404,345**
Price/SF:	**$168.02**
Cap Rate:	**N/A**
RBA:	**73,826**
Date:	**12/18/2015**
Year Built:	**2002**
Buyer:	**BOYD Tucson II GSA LLC**
Seller:	**Diamond Ventures**

5. Morgan Stanley

Tucson

Price:	**$9,047,000**
Price/SF:	**$457.82**
Cap Rate:	**N/A**
RBA:	**19,761**
Date:	**5/21/2015**
Year Built:	**2015**
Buyer:	**Syndicated Equities**
Seller:	**DESCO Southwest**

6. Carondelet Foothills Surgery Center

Tucson

Price:	**$7,600,000**
Price/SF:	**$542.86**
Cap Rate:	**6%**
RBA:	**14,000**
Date:	**12/4/2015**
Year Built:	**2005**
Buyer:	**Ceil W Howe Jr. & Geraldine M Howe**
Seller:	**Michael R. Wattis**

7. Orange Grove Medical Clinic

Tucson

Price:	**$3,000,000**
Price/SF:	**$68.64**
Cap Rate:	**N/A**
RBA:	**43,704**
Date:	**9/23/2015**
Year Built:	**1988**
Buyer:	**West Coast Capital Partners**
Seller:	**Healthcare Realty Trust Inc.**

8. 5840 N La Cholla Blvd

Tucson

Price:	**$1,825,000**
Price/SF:	**$201.72**
Cap Rate:	**N/A**
RBA:	**9,047**
Date:	**9/16/2015**
Year Built:	**2003**
Buyer:	**COPE Community Services, Inc.**
Seller:	**Bradley Bohnert**

9. 3443 N Campbell Ave

Tucson

Price:	**$1,750,830**
Price/SF:	**$102.00**
Cap Rate:	**N/A**
RBA:	**17,165**
Date:	**10/12/2015**
Year Built:	**1988**
Buyer:	**Carla Keegan**
Seller:	**William R Assenmacher**

Source: CoStar COMPS®

CoStar

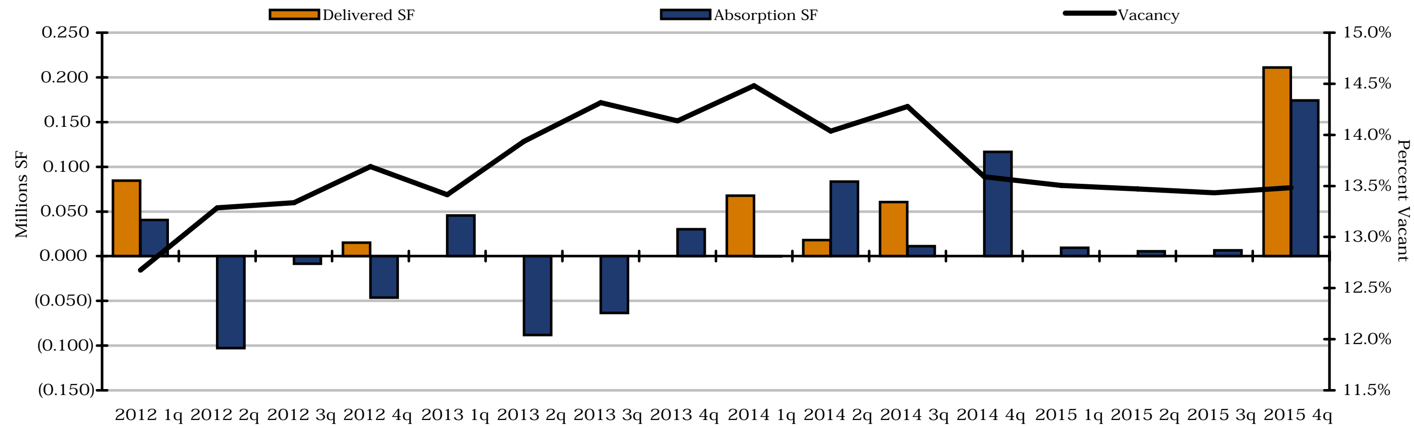
Tucson Office Market

Central Market

Market Highlights – Class "A, B & C"

Deliveries, Absorption & Vacancy

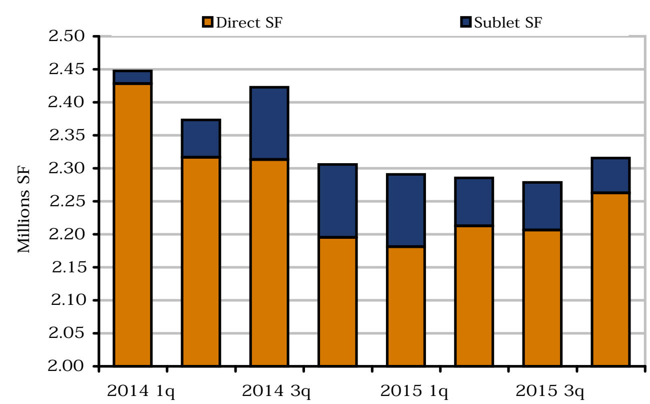
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

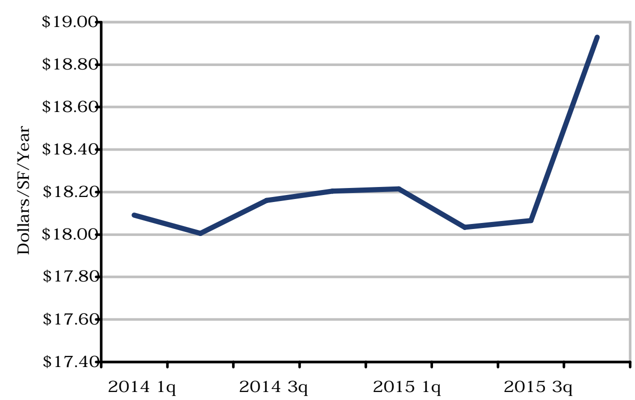
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2015 4q	1,757	17,175,387	2,315,507	13.5%	174,311	1	211,152	1	36,950	$18.93
2015 3q	1,756	16,964,235	2,278,666	13.4%	6,728	0	0	2	248,102	$18.07
2015 2q	1,756	16,964,235	2,285,394	13.5%	5,580	0	0	1	211,152	$18.03
2015 1q	1,756	16,964,235	2,290,974	13.5%	9,562	0	0	1	211,152	$18.22
2014 4q	1,757	16,969,689	2,305,990	13.6%	116,717	0	0	1	211,152	$18.20
2014 3q	1,757	16,969,689	2,422,707	14.3%	11,181	2	60,609	1	211,152	$18.16
2014 2q	1,755	16,909,080	2,373,279	14.0%	83,464	1	18,092	2	60,609	$18.01
2014 1q	1,755	16,899,808	2,447,471	14.5%	(314)	1	67,650	3	78,701	$18.09
2013 4q	1,754	16,832,158	2,379,507	14.1%	30,169	0	0	4	146,351	$18.50
2013 3q	1,754	16,832,158	2,409,676	14.3%	(63,639)	0	0	3	140,224	$18.40
2013 2q	1,754	16,832,158	2,346,037	13.9%	(88,129)	0	0	1	67,650	$18.33
2013 1q	1,754	16,832,158	2,257,908	13.4%	45,432	0	0	1	67,650	$18.32
2012 4q	1,755	16,833,049	2,304,231	13.7%	(46,205)	1	15,067	0	0	$18.60
2012 3q	1,754	16,817,982	2,242,959	13.3%	(8,408)	0	0	1	15,067	$18.44
2012 2q	1,754	16,817,982	2,234,551	13.3%	(102,832)	0	0	1	15,067	$18.74
2012 1q	1,754	16,817,982	2,131,719	12.7%	40,681	1	84,353	1	15,067	$18.69

Source: CoStar Property®

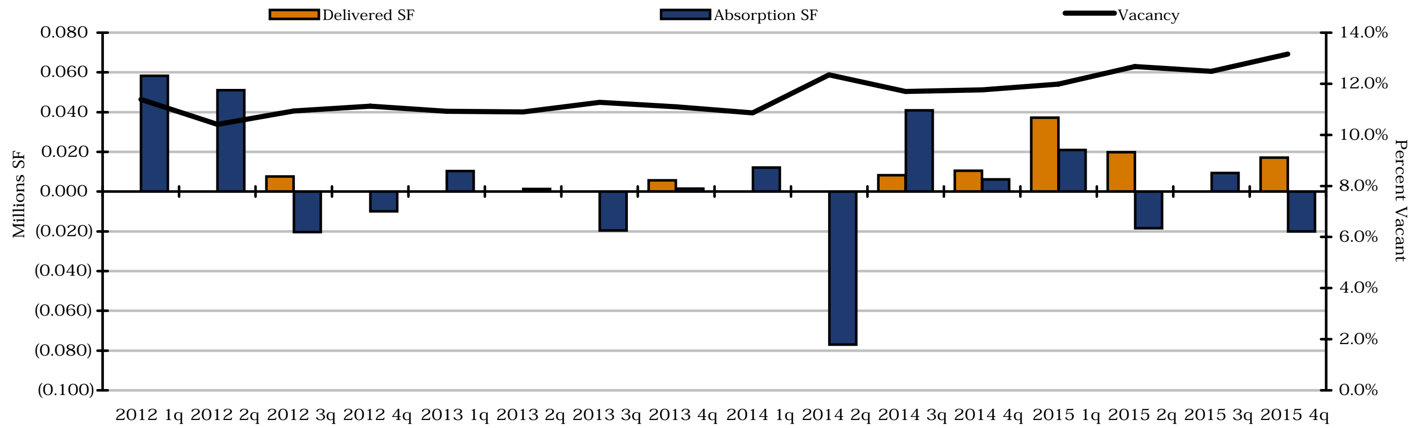
Tucson Office Market

North Market

Market Highlights – Class "A, B & C"

Deliveries, Absorption & Vacancy

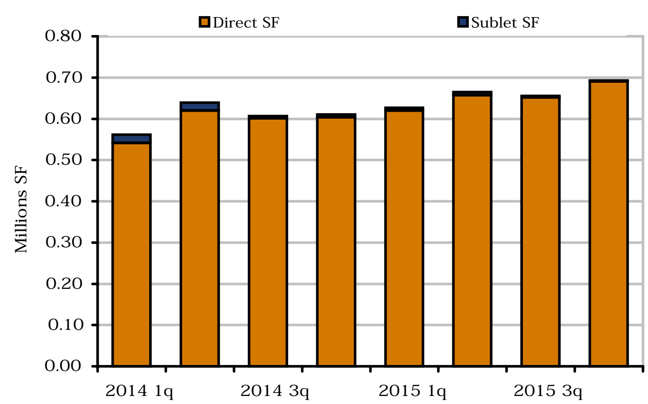
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

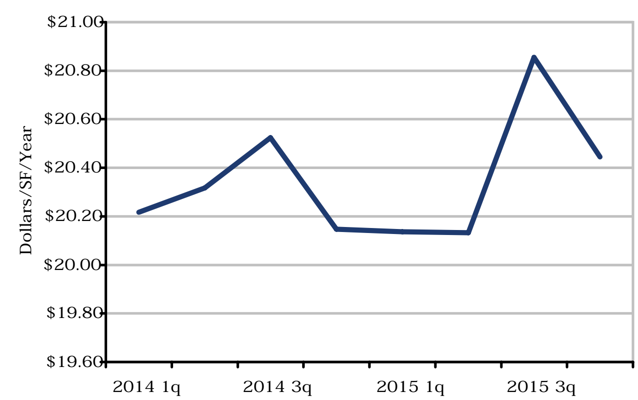
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2015 4q	458	5,266,389	692,841	13.2%	(19,998)	2	17,111	2	32,835	$20.45
2015 3q	456	5,249,278	655,732	12.5%	9,414	0	0	4	49,946	$20.86
2015 2q	456	5,249,278	665,146	12.7%	(18,509)	1	19,761	3	21,611	$20.13
2015 1q	455	5,229,517	626,876	12.0%	20,945	3	37,179	4	41,372	$20.14
2014 4q	452	5,192,338	610,642	11.8%	6,095	1	10,440	6	67,651	$20.15
2014 3q	451	5,181,898	606,297	11.7%	40,923	1	8,250	7	78,091	$20.52
2014 2q	450	5,173,648	638,970	12.4%	(77,072)	0	0	8	86,341	$20.32
2014 1q	450	5,173,648	561,898	10.9%	12,098	0	0	5	51,640	$20.22
2013 4q	450	5,173,648	573,996	11.1%	1,481	1	5,689	5	51,640	$20.13
2013 3q	450	5,182,479	584,308	11.3%	(19,546)	0	0	1	5,689	$19.84
2013 2q	450	5,182,479	564,762	10.9%	1,280	0	0	1	5,689	$19.61
2013 1q	450	5,182,479	566,042	10.9%	10,331	0	0	1	5,689	$19.57
2012 4q	450	5,182,479	576,373	11.1%	(9,956)	0	0	0	0	$19.29
2012 3q	450	5,182,479	566,417	10.9%	(20,340)	1	7,569	0	0	$19.79
2012 2q	449	5,174,910	538,508	10.4%	50,973	0	0	1	7,569	$19.88
2012 1q	449	5,174,910	589,481	11.4%	58,336	0	0	1	7,569	$20.25

Source: CoStar Property®

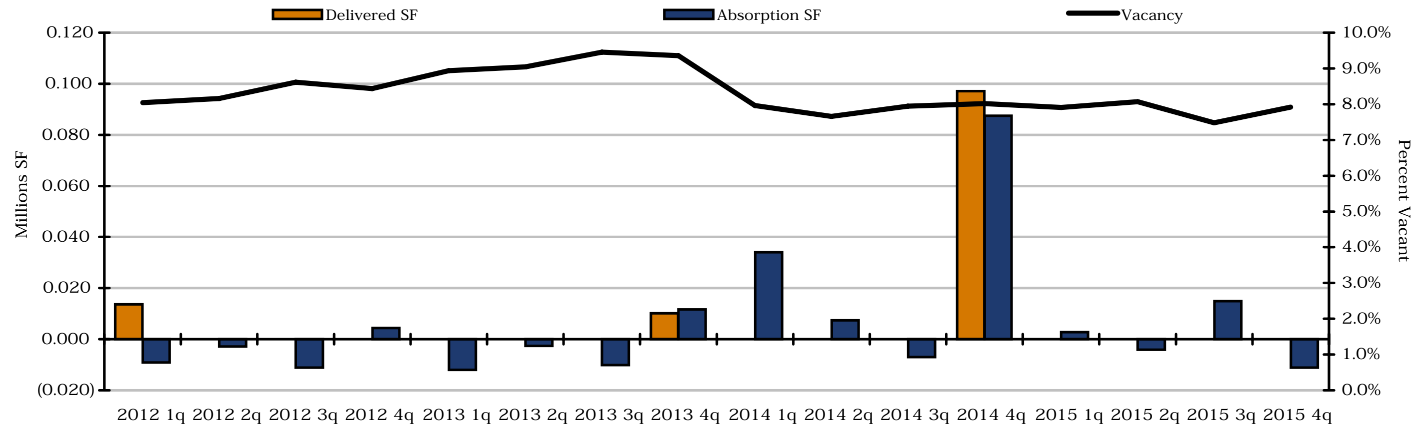
Tucson Office Market

South Market

Market Highlights – Class "A, B & C"

Deliveries, Absorption & Vacancy

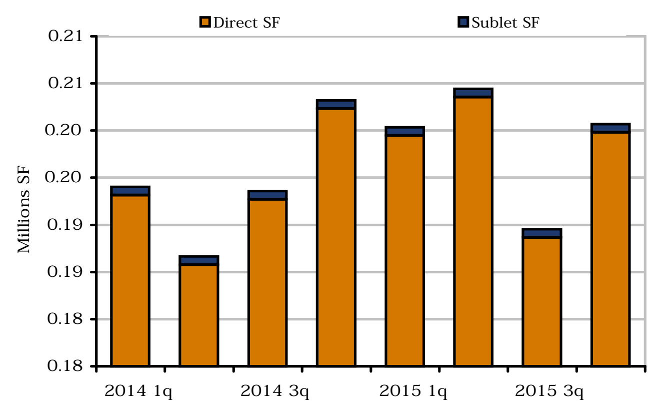
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

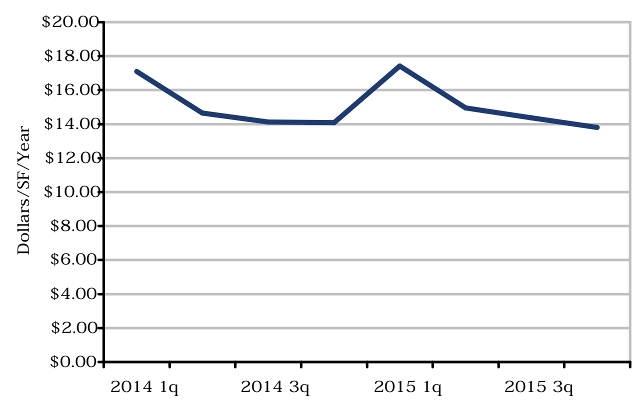
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2015 4q	258	2,534,658	200,686	7.9%	(11,140)	0	0	0	0	$13.81
2015 3q	258	2,534,658	189,546	7.5%	14,881	0	0	0	0	$14.37
2015 2q	258	2,534,658	204,427	8.1%	(4,064)	0	0	0	0	$14.95
2015 1q	258	2,534,658	200,363	7.9%	2,829	0	0	0	0	$17.42
2014 4q	258	2,534,658	203,192	8.0%	87,465	1	97,085	0	0	$14.09
2014 3q	257	2,437,573	193,572	7.9%	(6,928)	0	0	1	97,085	$14.12
2014 2q	257	2,437,573	186,644	7.7%	7,394	0	0	1	97,085	$14.66
2014 1q	257	2,437,573	194,038	8.0%	34,053	0	0	1	97,085	$17.09
2013 4q	257	2,437,573	228,091	9.4%	11,608	1	10,132	0	0	$15.78
2013 3q	256	2,427,441	229,567	9.5%	(10,090)	0	0	1	10,132	$15.10
2013 2q	256	2,427,441	219,477	9.0%	(2,610)	0	0	1	10,132	$15.16
2013 1q	256	2,427,441	216,867	8.9%	(12,040)	0	0	1	10,132	$14.61
2012 4q	256	2,427,441	204,827	8.4%	4,351	0	0	0	0	$15.29
2012 3q	256	2,427,441	209,178	8.6%	(11,064)	0	0	0	0	$14.55
2012 2q	256	2,427,441	198,114	8.2%	(2,826)	0	0	0	0	$14.81
2012 1q	256	2,427,441	195,288	8.0%	(9,119)	1	13,652	0	0	$14.48

Source: CoStar Property®

RAYTHEON COMPANY HISTORY

Raytheon Company: History

On July 7, 1922, a great American success story began: A few passionate visionaries created a high-tech venture in the shadow of a great university and developed a breakthrough product that transformed a nation.

In 1928, the first Raytheon production facility was established in this building in Cambridge, Mass.

One of the earliest technology start-ups, Raytheon was established in Cambridge, Mass., home of the Massachusetts Institute of Technology, as the American Appliance Company.

The company's founders were Vannevar Bush, who would become dean of MIT's School of Engineering; Laurence Marshall, an engineer; and Charles G. Smith, a scientist who had done work on the electrical properties of gases.

Their revolutionary innovation was the S gas rectifier tube, a device that eliminated one of the cumbersome expensive batteries that previously powered home radios.

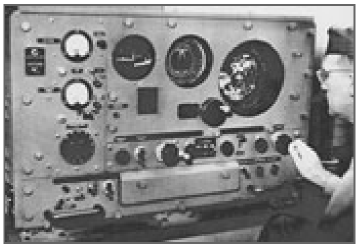
The tube transformed the radio into an affordable "must-have" appliance that could be plugged into a wall socket, turning radio into a true mass medium that brought the world into America's living rooms.

Raytheon quickly moved to the forefront of innovation in the electronics industry. During World War II, Raytheon employees contributed to the war effort. They supplied 80 percent of the magnetron tubes used in U.S. and British radars and developed parts for the crucial proximity fuse in antiaircraft shells, among other equipment.

After the war Raytheon began offering civilian products, the microwave being among the most famous. Raytheon engineer Percy Spencer discovered microwave cooking when, as he stood in front of an active magnetron, a candy bar in his pocket began to melt. Intrigued, he sent out for popcorn kernels – and they began to pop. With that, a new appliance was soon on its way.

In the decades that followed, Raytheon employees would build on the company's reputation for technology and innovation leadership. Today it stands as a global technology leader specializing in defense, homeland security and other government markets.

For a deeper look at the company's history, read on. You can also check out our Facebook timeline.



WORLD WAR II YEARS

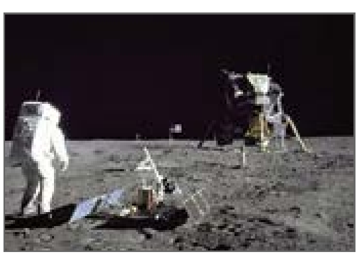
1940s

Raytheon met urgent production needs for magnetron tubes used by Allied forces for radar defense, and produced the Sea Going (SG) microwave surface search radar that went on U.S. Navy ships. The SG provided vital situational awareness in the major battles in the Pacific and helped eliminate the submarine menace in the Battle of the Atlantic.

REACHING NEW HEIGHTS

1950s and 1960s

In the 50's and 60's, amazing innovations were everywhere. The Raytheon-guided Lark Missile knocked a test drone out of the air, becoming the first missile-mounted guidance system and continuous wave radar capable of intercepting moving objects. Raytheon, then, filled the skies with a new generation of guided missiles – including Sparrow and Hawk.



TO THE MOON

1960s

The 1969 lunar landing captured the world's imagination, and Raytheon played a key role. For Apollo 11, Raytheon built the computer that guided the space vehicles in their journey, and its on-board microwave tube transmited radio and TV signals to earth, enabling millions to witness history live. The Apollo Guidance Computer gained the reputation of the most reliable digital computer of its time.

VIETNAM ERA

1970s

The AIM-7F Sparrow entered production to improve dog fight capability. The Hughes Tube-launched, Optically-tracked, Wire-guided (TOW) anti-tank missile demonstrated high effectiveness when introduced into combat.

MODERN CONFLICTS

1980s and 1990s

In the Persian Gulf War, Raytheon's Patriot Missile intercepted Iraqi Scuds fired at Israel and Saudi Arabia, becoming the first missile ever to engage a hostile ballistic missile in combat.

RAYTHEON TODAY

2000s

Raytheon today is a unique technology company and a world leader in defense electronics, with a broad range of products, service and capabilities. The proud legacies of Raytheon, E-Systems, Texas Instruments Defense, Hughes Aircraft and others have come together to form one company with one vision: One global team creating trusted, innovative solutions to make the world a safer place.

THE MISSIONS OF TOMORROW

Today, Raytheon is a technology and innovation leader specializing in defense, civil government and cybersecurity markets throughout the world. It provides state-of-the-art electronics, mission systems integration and other capabilities in the areas of sensing; effects; and command, control, communications and intelligence systems, as well as cybersecurity and a broad range of mission support services. With the hard work and dedication of tens of thousands of employees around the world, Raytheon is well-equipped to meet the needs of its customers in more than 80 countries — today and tomorrow.

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RAYTHEON
IN THE NEWS

Raytheon Reports Solid Fourth Quarter and Full-Year 2015 Results

- Strong bookings of $7.9 billion in the quarter and $25.2 billion for the year; book-to-bill ratio of 1.09 for the year

- Fourth quarter net sales of $6.3 billion, up 3 percent; full-year net sales of $23.2 billion, up 2 percent

- Fourth quarter EPS from continuing operations of $1.85; full-year EPS from continuing operations of $6.75

- Solid operating cash flow from continuing operations of $813 million in the quarter and $2.3 billion for the year after a $200 million pretax discretionary pension plan contribution in the fourth quarter

WALTHAM, Mass., Jan. 28, 2016 /PRNewswire/ -- Raytheon Company (NYSE: RTN) announced net sales for the fourth quarter 2015 of $6.3 billion, up 3 percent compared to $6.1 billion in the fourth quarter 2014. Fourth quarter 2015 EPS from continuing operations was $1.85 compared to $1.86 in the fourth quarter 2014. Fourth quarter 2015 EPS from continuing operations included, as expected, an $0.08 unfavorable impact associated with acquisition accounting adjustments related to Forcepoint™, formerly known as Raytheon|Websense.

Net sales in 2015 were $23.2 billion, up 2 percent compared to $22.8 billion in 2014. Full-year 2015 EPS from continuing operations was $6.75 compared to $6.97 for the full-year 2014. Full-year 2015 EPS from continuing operations included, as expected, a $0.25 unfavorable impact associated with Forcepoint acquisition accounting adjustments and acquisition-related costs discussed in further detail below.

"Raytheon delivered solid operating performance and returned to growth in 2015. Strong bookings during the year from our global customers position us well for continued growth in 2016," said Thomas A. Kennedy, Raytheon Chairman and CEO. "As we look ahead, we remain focused on creating value for our shareholders and customers by delivering strong program execution, while also investing in our future and pursuing a balanced capital deployment strategy."

The Company generated strong operating cash flow for both the fourth quarter and full-year. Operating cash flow from continuing operations for the fourth quarter 2015 was $813 million compared to $829 million for the fourth quarter 2014. Fourth quarter 2015 operating cash flow from continuing operations was after a $200 million pretax discretionary cash contribution to the Company's pension plans compared to $600 million in the fourth quarter 2014. For the full-year 2015 and 2014, the Company generated $2.3 billion and $2.1 billion of operating cash flow from continuing operations, respectively.

View News Release Full Screen

Summary Financial Results

	4th Quarter		%	Twelve Months		%
($ in millions, except per share data)	2015	2014	Change	2015	2014	Change
Bookings	$ 7,861	$ 7,109	10.6%	$ 25,227	$ 24,052	4.9%
Net Sales	$ 6,328	$ 6,143	3.0%	$ 23,247	$ 22,826	1.8%
Income from Continuing Operations attributable to Raytheon Company	$ 558	$ 576	-3.1%	$ 2,061	$ 2,179	-5.4%
EPS from Continuing Operations	$ 1.85	$ 1.86	-0.5%	$ 6.75	$ 6.97	-3.2%
Operating Cash Flow from Continuing Operations	$ 813	$ 829		$ 2,346	$ 2,064	
Workdays in Fiscal Reporting Calendar	61	60		249	249	

The Company had bookings of $7.9 billion in the fourth quarter 2015, resulting in a book-to-bill ratio of 1.24 in the quarter. Fourth quarter 2014 bookings were $7.1 billion. Full-year 2015 bookings were $25.2 billion, resulting in a book-to-bill ratio of 1.09 for the year. Full-year 2014 bookings were $24.1 billion.

In the fourth quarter 2015, the Company repurchased 2.0 million shares of common stock for $250 million. For the full-year 2015, the Company repurchased 9.0 million shares of common stock for $1.0 billion. Also, as previously announced in November 2015, the Company's Board of Directors authorized the repurchase of up to an additional $2.0 billion of the Company's outstanding common stock.

The Company ended 2015 with $2.1 billion of net debt. Net debt is defined as total debt less cash and cash equivalents and short-term investments.

Fourth quarter and full-year 2015 results include items related to the Forcepoint transaction which are excluded from segment operating performance since management does not consider those items in evaluating the segment.

Forcepoint Acquisition Accounting Adjustments and Acquisition-Related Costs[1]

	4th Quarter 2015				Twelve Months 2015			
($ in millions, except per share data)	Operating Income		EPS		Operating Income		EPS	
Deferred Revenue Adjustment[2]	$	(24)	$	(0.04)	$	(61)	$	(0.10)
Amortization of Acquired Intangibles	$	(24)	$	(0.04)	$	(58)	$	(0.10)
Acquisition-Related Costs	$	—	$	—	$	(26)	$	(0.05)
Amounts excluded from segment results	$	(48)	$	(0.08)	$	(145)	$	(0.25)

[1] *See Attachment F for a reconciliation of how each of these items is calculated.*

[2] *Deferred Revenue Adjustment represents the impact of fair value adjustments to deferred revenue related to Forcepoint including historical Raytheon Cyber Products acquisitions.*

Backlog

($ in millions)	Period Ending			
	2015		2014	
Backlog	$	34,669	$	33,571
Funded Backlog	$	25,060	$	23,092

Backlog at the end of 2015 was $34.7 billion, an increase of approximately $1.1 billion compared to the end of 2014. Funded backlog was $25.1 billion, an increase of approximately $2.0 billion compared to the end of 2014.

Outlook

The Company has provided its financial outlook for 2016. Charts containing additional information on the Company's 2016 outlook are available on the Company's website at www.raytheon.com/ir.

Effective January 1, 2016, the Company reclassified, for all business segments, acquisition accounting adjustments related to the amortization of acquired intangibles and adjustments to record acquired deferred revenue at fair value, such that they will no longer be reported within the business segments and will instead be reported in separate deferred revenue adjustment and amortization of intangibles line items. The 2015 deferred revenue adjustment and amortization of acquired intangibles in the table below have been recast to reflect this change.

2016 Financial Outlook

	2015 Actual	2016 Outlook
Net Sales ($B)	23.2	24.0 - 24.5
Deferred Revenue Adjustment ($M)[1]	(61)	(67)
Amortization of Acquired Intangibles ($M)[1]	(107)	(121)
FAS/CAS Adjustment ($M)	185	428
Interest Expense, net ($M)	(222)	(220) - (230)
Diluted Shares (M)	305	296 - 298
Effective Tax Rate	26.3%	~30.0%
EPS from Continuing Operations	6.75	$6.80 - $7.00
Operating Cash Flow from Continuing Operations ($B)	2.3	2.7 - 3.0

[1] Deferred Revenue Adjustment and Amortization of Intangibles represent the unfavorable impact of the acquisition accounting adjustments to record acquired deferred revenue at fair value and the amortization of acquired intangible assets for all business segments. 2015 Deferred Revenue Adjustment and Amortization of Intangibles in the table above have been recast under the new segment reporting methodology described above. Under the prior method, the 2015 Deferred Revenue Adjustment and Amortization of Intangibles were ($61M) and ($58M), respectively, for the Forcepoint segment only. Additionally, the outlook above includes the initial estimated impact of the Stonesoft & Sidewinder acquisitions, which closed on January 13, 2016.

Segment Results

The Company's reportable segments are: Integrated Defense Systems (IDS); Intelligence, Information and Services (IIS); Missile Systems (MS); Space and Airborne Systems (SAS); and Forcepoint.

US Army awards Raytheon $31.8 million contract for continued Excalibur production

Company will provide 464 extended-range precision projectiles

TUCSON, Ariz., Feb. 16, 2016 /PRNewswire/ -- The U.S. Army awarded Raytheon Company (NYSE: RTN) a $31.8 million contract to produce and deliver 464 Excalibur Ib extended-range precision projectiles.

In full-rate production since mid-2014, Excalibur Ib has revolutionized cannon artillery, making it possible to engage targets precisely at long ranges. Excalibur is the longest-range, most precise, cannon-fired projectile in the world.

"There is growing demand in the international market for Excalibur's accurate, first-round effects capability," said Duane Gooden, Raytheon Land Warfare Systems vice president. Raytheon has also funded an internal development program aimed at bringing Excalibur's unprecedented capabilities to the maritime domain."

To meet the U.S. Navy's need, Raytheon is developing Excalibur N5, a 5-inch/127 mm variant that uses Excalibur Ib guidance and navigation unit and an overall re-use of 70 percent of Excalibur Ib parts and components. Additionally, the N5 uses 99 percent of the Ib system's software.

In 2015, the company test-fired Excalibur N5 at the Yuma Proving Grounds, scoring direct hits on targets more than 20 nautical miles away. The successful test demonstrated the maturity and low-risk nature of leveraging the Army's program to quickly field a much-needed, affordable U.S. Navy capability.

About Excalibur

Excalibur is a precision-guided, extended-range projectile that uses GPS guidance to provide accurate, first-round effects capability in any environment. Excalibur's level of precision creates a major reduction in the time, cost and logistical burden associated with using other artillery munitions.

- **Combat-proven**: Nearly 800 Excalibur rounds have been fired in combat with exceptional accuracy and lethality
- **Precise**: Excalibur consistently strikes less than two meters from a precisely-located target
- **Responsive**: Excalibur dramatically reduces mission response time
- **Safe**: Excalibur's precision practically eliminates collateral damage and has been employed within 75 meters of supported troops
- **Affordable**: With its first round effects, Excalibur reduces total mission cost and time and the user's logistics burden
- **Evolving**: Raytheon is adding a laser spot tracker to compensate for target location error, maintain precision in GPS denied or degraded environments, and enable engagement of relocated or moving targets
- **Entering new markets**: With Excalibur N5, navies will be able to deliver extended-range, precision naval surface fires

About Raytheon

Raytheon Company, with 2015 sales of $23 billion and 61,000 employees, is a technology and innovation leader specializing in defense, civil government and cybersecurity solutions. With a history of innovation spanning 94 years, Raytheon provides state-of-the-art electronics, mission systems integration, C5I™ products and services, sensing, effects, and mission support for customers in more than 80 countries. Raytheon is headquartered in Waltham, Mass. Visit us at www.raytheon.com and follow us on Twitter @Raytheon.

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Raytheon to work on multi-warhead interceptor

August 11, 2015 6:35 PM • David Wichner Arizona Daily Star

Tucson-based Raytheon Missile Systems and Lockheed Martin have been awarded contracts to revive the idea of a multiple-warhead ballistic missile interceptor.

According to a Pentagon contract notice issued Tuesday, the U.S. Missile Defense Agency awarded Raytheon and Lockheed similar contracts of about $10 million each to define concepts for the “Multi-Object Kill Vehicle,” designed to destroy several objects in one threat area with advanced sensor, flight-control and communications technologies. Kill vehicles are essentially non-explosive warheads, destroying their targets by high-speed impact.

The Raytheon work will be performed in Tucson, with estimated completion by May, the Defense Department said.

Raytheon and Lockheed were competing to develop and produce a multiple-warhead missile interceptor concept called the Multiple Kill Vehicle, before it was canceled as part of other budget cuts in 2009.

Raytheon makes the Standard Missile-3, the interceptor used with the sea-based Aegis Ballistic Missile Defense system, as well as the Exoatmospheric Kill Vehicle, or EKV, used in longer-range interceptors as part of the Ground-based Midcourse Defense system.

The MDA plans to lead a redesign of the single kill vehicle for the current ground-based interceptor system, following several test failures of Raytheon's latest version of the EKV.

Raytheon ship missile hits ballistic target

August 03, 2015 3:15 PM • By David Wichner Arizona Daily Star

In a first-of-its-kind test, a Navy ship shot down a ballistic missile with a naval air-defense missile made by Tucson-based Raytheon Missile Systems, the company and the U.S. Missile Defense Agency said Monday.

In the July 28 test for the MDA, the guided missile destroyer USS John Paul Jones launched a modified version of Raytheon's Standard Missile-6 ship-defense weapon and destroyed a ballistic missile target in the final phase of flight.

During the test off Hawaii, the target was detected and tracked by the ship's Aegis Ballistic Missile Defense system, a sea-based missile shield that currently uses Raytheon's Standard Missile-3 to intercept targets in mid-flight.

The test proved that a modified SM-6 — designed to intercept supersonic, anti-ship cruise missiles — also can eliminate threatening ballistic missiles in their final seconds of flight, Raytheon said in a news release.

Ballistic missiles fly in an arcing trajectory, in some cases leaving the earth's atmosphere before re-entering and coasting to their targets. In contrast, cruise missiles typically fly flatter, lower-altitude trajectories and are powered during all or most of their flights.

Taylor Lawrence, president of Raytheon Missile Systems, said the SM-6 is the only missile in the world that can provide both anti-air warfare and ballistic missile defense from the sea, adding that Navy commanders want both capabilities.

The modified missile, known as the SM-6 Dual 1, is expected to replace the older Standard Missile-2 Block IV missile in the MDA's Sea-Based Terminal program. The program is on track for initial fielding next year, Raytheon said.

Following the SM-6's interception of a ballistic missile target, three additional test events were conducted over the next four days, the MDA said.

During the series, the John Paul Jones fired two additional SM-6s in anti-air warfare roles, hitting both cruise-missile targets. The Navy also fired a SM-2 Block IV that successfully intercepted a short-range ballistic missile target.

While the recent SM-6 tests went well, use of an older missile in the Standard Missile series remains suspended. The Navy recently halted the use of the SM-2 Block IIIA, in service since the mid-1990s, pending the investigation of an explosion of a test missile upon launch on July 18.

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