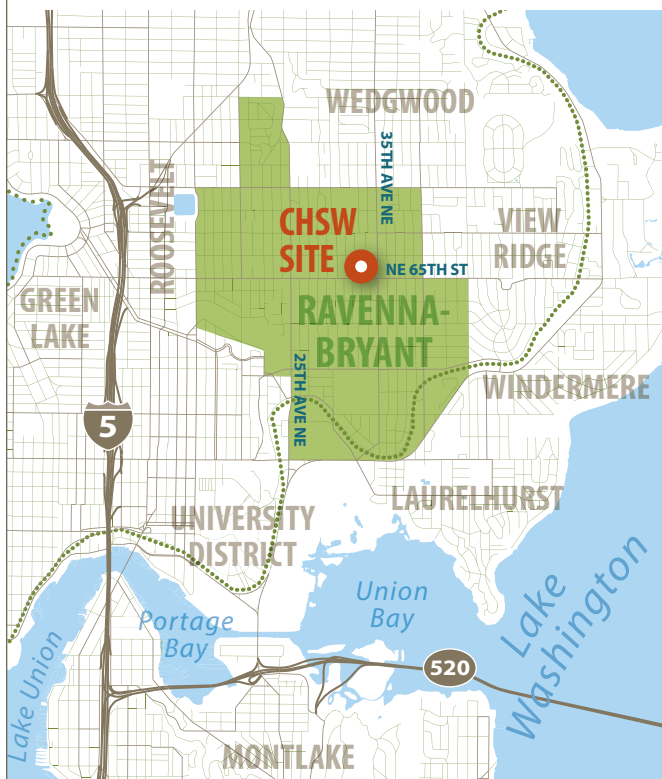


Children's Home Society of Washington (CHSW) Offering Memorandum



Property Quick Facts

LOCATION:	Ravenna-Bryant Neighborhood
ADDRESS:	3300 NE 65th St.
LAND AREA:	161,022 SF (3.7 Acres)
PARCEL PINS:	0425049042 7410200265 7410200266 7410200320
ZONING:	SF-5000 (approx. 62,552 SF) LR-2 (approx. 66,456 SF) NC1-30 (approx. 32,014 SF)
EXISTING IMPROVEMENTS:	2-story office building 3 cottages 3 single-family rental homes
PRICE:	Offering is Unpriced
TIMING:	Offers are due by May 17, 2013

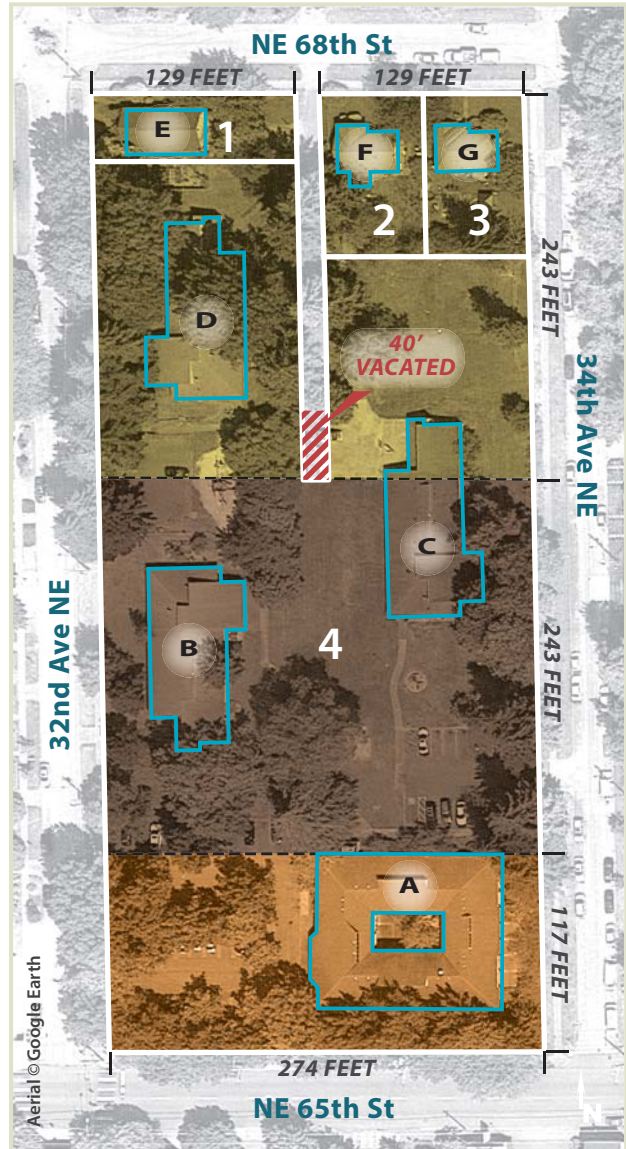
Executive Summary

The Children's Home Society of Washington (CHSW) Site ("Site," "Property") represents an amazing opportunity to acquire and develop a full block of prime residential real estate in Seattle's sought-after Ravenna-Bryant neighborhood. This 3.7-acre Property has incredible potential for redevelopment, with trifurcated zoning that allows for a variety of multi-family and single-family product on different portions of the Property. The Property is extremely well-positioned as a residential development—served by some of the best public schools in the city and situated in one of Seattle's most attractive residential markets.

Property Overview

The Property encompasses the entire city block bounded by NE 65th Street, NE 68th Street, 32nd Avenue NE and 34th Avenue NE in Seattle's Ravenna-Bryant neighborhood. The Site totals 3.7 acres and has seven existing buildings. The Site has been home to CHSW for over 100 years, receiving its first intake of children in 1908 when the area was still a woody exurb of bustling Seattle. Since the closure of the Cobb Center for Youth in 2010, the Site has been used by CHSW solely as administrative office space. CHSW currently operates out of the office building on the south end of the property and one of the cottage buildings. The two remaining cottage buildings are currently unoccupied. In addition to these campus structures, there are three single-family residences—each on their own parcel along NE 68th Street—that are currently operated by CHSW as rental units. Two of the rental properties are on month-to-month leases, while the remaining rental's lease runs through September 2013. All of the existing buildings are low-profile, one and two-story structures.

The Site is characterized by very limited topography. Two surface parking lots are located adjacent to the headquarters building, with an additional paved lot between two of the cottage buildings on the west side of the property. The northern portion of the Property is bisected by an alley, running approximately 200 feet south from NE 68th Street. The southern approximately 40 feet of this alley has been vacated. The remaining site area is open space comprised of lawn, two play areas, a basketball court, and a baseball field.



Parcels			Zoning	
ID	PARCEL PIN	SF		SF
1	7410200320	5,547	SF-5000	62,552
2	7410200266	6,605	LR-2	66,456
3	7410200265	6,603	NC1-30	32,014
4	0425049042	142,267		
TOTAL		161,022	TOTAL	161,022

Existing Buildings			
ID	USE	YR BUILT	SF
A	HQ Admin Building	1972	15,560
B	Dormitory I	1972	4,130
C	Dormitory II	1972	4,130
D	Dormitory III	1972	4,130
E	Single Family Residential I	1942	3,020
F	Single Family Residential II	1945	1,960
G	Single Family Residential III	1945	1,760
TOTAL			34,690

Neighborhood Overview

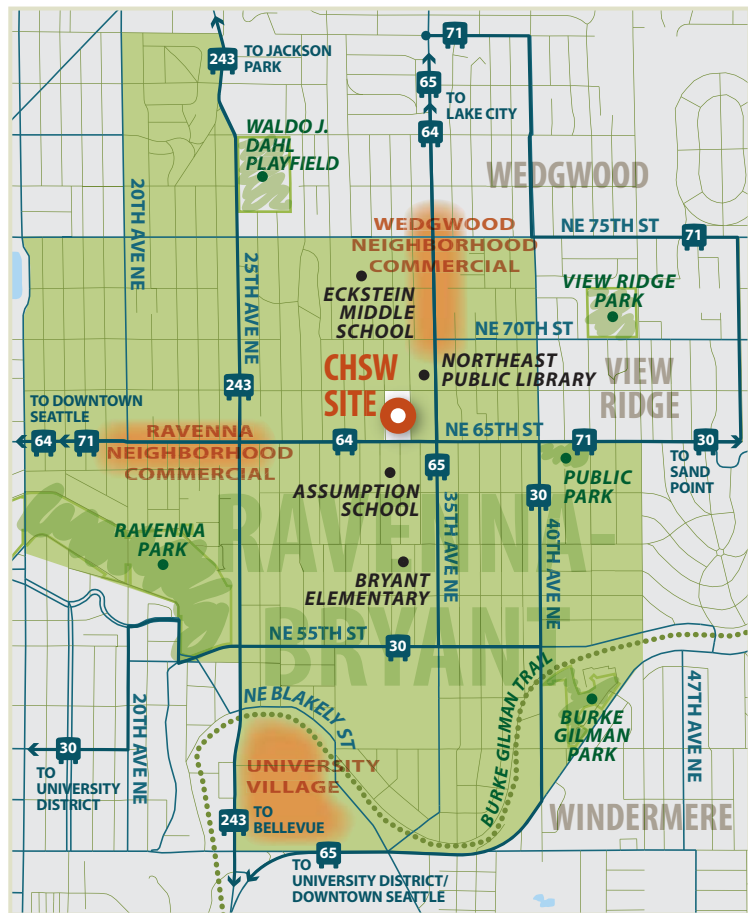
The Property is located toward the north end of Seattle's Ravenna-Bryant neighborhood, just south of the Wedgwood neighborhood. Land uses in the vicinity are generally characterized by detached single-family residences, with some higher-density, zero-lot-line residential and apartment uses on the adjacent block to the west, along 35th Avenue NE. There are also a number of institutional uses in close proximity to the Site, including several churches, schools, a library, and a senior center.

The Property benefits from being located in a neighborhood with strong residential character, yet also offering walkability to the Ravenna and Wedgwood neighborhood retail nodes. In addition to the neighborhood's walkability, the Site is well-connected to the major downtown and University District/Village employment and retail centers. There are several adjacent King County Metro bus stops offering four different routes with regular and express service to the University of Washington and downtown. Additionally, the Site is less than a mile from the 19.8-mile Burke Gilman Trail. The Site's connectivity will further increase with the extension of the Link Light Rail to the Roosevelt station, a funded project with an expected 2021 completion date. This will connect the area directly to downtown and the SeaTac Airport.

The Property is served by some of the most highly rated public schools in the city. The Site is located between Bryant Elementary, which is just two blocks south of the Property, and Eckstein Middle School, located less than two blocks north. At the high school level, the Property is served by Roosevelt High School, which is less than a mile west along NE 65th Street. Additionally, Seattle's Northeast Public Library is less than a block away, located at the intersection of NE 68th Street and 35th Avenue NE.

Zoning

There are three different zoning designations on the Property. The southern portion of the Site is zoned neighborhood commercial and has a 30-foot height limit (NC1-30). The zoning designation allows for commercial and mixed-use multi-family residential development. This section of property totals approximately 32,014 square feet and could support a mixed-use building with approximately 80,000 square feet of above-grade space, based on the 2.5 FAR max allowed by the code. This section of the property fronts on NE 65th Street, which has an average daily traffic count of over 11,000 and additionally benefits from ample pedestrian traffic.



WITHIN A 1-MILE
RADIUS, THE TWO-
YEAR AVERAGE NEW
HOME PRICE WAS
\$875,000 (\$300 \$/SF).

The middle section of the Property has a Lowrise 2 (LR-2) zoning designation. The LR-2 zone is intended to facilitate development of a variety of multi-family product types, including townhouses, rowhouses, apartments and cottage housing. This section of the Property is approximately 66,456 square feet.

ZONING	SF	PERMITTED USES	FAR	DENSITY
SF-5000	62,552	Detached single family residential	Density-based limit	1/5,000 SF
LR-2	66,456	Townhouse, rowhouse, apartments, and cottage housing	Townhouse: 1.0 to 1.2 Rowhouse: 1.1 to 1.3 Apartments: 1.1 to 1.3 Cottage Housing: 1.1	Townhouse: 1/1,600 SF to No Limit Rowhouse: No Limit Apartments: 1/1,200 SF to No Limit Cottage Housing: 1/1,600 SF
NC1-30	32,014	Commercial, mixed-use residential	Single Use: 2.25 Mixed-Use: 2.5	FAR-based limit

The northern portion of the Property is zoned Single-Family 5000 (SF-5000), allowing detached single-family homes with a minimum lot size of 5,000 square feet. This section measures approximately 62,552 square feet.

RECENT NORTH SEATTLE
APARTMENT PROJECTS HAVE
ACHIEVED RENTS IN EXCESS
OF \$2.25 PSF WITH AN AREA
VACANCY RATE OF LESS THAN 3%.

Development Opportunity

This Site offers an incredible opportunity to develop a large-scale, integrated residential community within an established, close-in Seattle neighborhood. The developer will be able to leverage the Site's size to achieve an economy of scale, with maximum efficiency and project value. The Site's trifurcated zoning presents an opportunity to increase unit absorption by diversifying product types across the Property.

The Property's full block nature will give the developer flexibility in optimizing the project's site plan and may also lend itself to an easier regulatory process. The existing site conditions will be crucial in achieving access to all developed units on the property: with the current mid-block alley and existing curb-cuts on 32nd Avenue NE, 34th Avenue NE and NE 65th Street.

NEW TOWNHOUSE
UNITS IN
COMPARABLE
NEIGHBORHOODS
ARE CURRENTLY
SELLING FOR
\$500K+.

The Site is within the 35th Avenue NE Planning Boundary being considered for rezone as part of the Wedgwood neighborhood planning process. This process has not yet produced guidelines for future growth, but may lead to an easier review process if the buyer decided to embark on a rezone of the Property.

The Property's existing characteristics, coupled with its ideal location in one of Seattle's prime, close-in neighborhoods will allow the developer to achieve an exceptional price point per unit across the product types afforded by the trifurcated zoning.

Potential Reuse Of Existing Buildings

The office building located on the south end of the Property has the potential to be retained for income generation. The building has been well-maintained and offers over 15,000 square feet of administrative office space that would be well-positioned in the market. The building sits on the NC1-30 portion of the Site; therefore, the Buyer is afforded flexibility in how to best use this section of the Property.

Transaction Process

Site Tours: Several of the buildings on the Property are currently occupied. Please coordinate with Heartland to arrange a site visit.

Due Diligence Materials: The Seller has made the following documents available via a Secure FTP for potential Buyers to review in advance of making an offer.

1. Title Report
2. A.L.T.A. and Topographic Survey
3. Existing Leases (for residential rental homes on north end of property)
4. Building Site Plans

Please contact the Transaction Team to receive FTP access.

Offers: Offers are due by May 17th, 2013. Offers can be emailed to Heartland at the contact information below. The Seller intends to have the Property under contract by July 3, 2013.

Closing: The Seller intends to move its offices to another location and is flexible in timing as to when it vacates the Property.

Transaction Team Contact Information

H E A R T L A N D

Doug Larson

(206) 682-2500 dlarson@htland.com

Matt Anderson

(206) 682-2500 manderson@htland.com

CONFIDENTIAL OFFERING MEMORANDUM

- *Children's Home Society of Washington ("Owner") has engaged Heartland, LLC ("Heartland") as real estate advisor and broker on an exclusive basis in connection with the sale of the Seattle Campus (the "Property") located at 3300 NE 65th Street, in Seattle WA.*
- *This Confidential Offering Memorandum ("Memorandum") is being delivered to a limited number of parties who may be interested in the Property. By acceptance hereof, each recipient agrees not to reproduce or use in whole or in part the information contained herein, or any other information that is not already public, and to use this Memorandum only for the purpose of evaluating the offering made hereby.*
- *This Memorandum has been prepared based partly upon information furnished by the Owner, which has reviewed it and authorized its use for the purpose and in the manner described above. Neither the Owner, Heartland, LLC, nor its shareholders, partners or affiliates, make any representations or warranties with regard to the accuracy or completeness of the information contained herein.*
- *Heartland, LLC has conducted a limited review of the information contained in this Memorandum, but has not independently verified the accuracy or completeness thereof. Heartland, LLC does not represent or warrant the accuracy or completeness of the information contained in this Memorandum. Nothing contained in this Memorandum should be construed as a representation by any person as to the future possibilities or performance of the Property. Potential buyers should conduct their own due diligence.*
- *Any commission paid to a broker representing the buyer will be paid by the buyer. No finder's fees, commissions, expenses or other compensation will be paid by Heartland or Seller to agents, consultants, advisors or other intermediaries of any interested party.*
- *The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Site, and / or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Offering Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Site unless and until written agreement(s) for the purchase of the Site have been fully executed, delivered, and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.*

Interested buyers should be aware that the Site is offered in an "AS-IS" CONDITION WITH ALL FAULTS, WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE.

- *Heartland and Owner endeavor to conduct this transaction in a manner that minimizes any disruption to the operation, employees, and tenants of Owner and other related third parties. To that end, interested parties should be aware they are precluded from having any discussions or communications of any kind with the management of any of the above noted parties, or any director, shareholder, employee, contractor, creditor, supplier, or customer of the above noted parties, or any agents or representatives of the foregoing, without Heartland and Owner's express written consent. All communications or inquiries regarding this opportunity or any other matters relating to this Memorandum should directed to Matt Anderson or Doug Larson, per the contact information provided on page 5.*