



November 14, 2014

Mr. J.J. Brooks, SVP
George Smith Partners
10250 Constellation Boulevard
Suite 2700
Los Angeles, CA 90067

Dear Mr. Brooks:

EverBank, a federal savings bank ("LENDER"), has completed its preliminary review of your recent loan request, and we are pleased to issue this conditional commitment concerning your request. It is our understanding that you will complete the application process for and would consider a loan with the following terms:

This conditional commitment is not a loan approval, loan commitment, a promise or offer to lend, or an agreement to negotiate by LENDER.

Borrower: 716 West Fourth Avenue, LLC, an Alaska Limited Liability Company.

Collateral: A first deed of trust or mortgage on the fee simple real property and improvements located at 716 West Fourth Avenue, Anchorage, AK 99501, ("Property"). No secondary financing or liens will be permitted, and the entire balance of the Loan will be due on sale.

Loan Amount: \$28,600,000.00, 75% of the purchase price or cost to construct, 65% of the appraised value of the property, or an amount that, when amortized, produces a Debt Service Coverage Ratio of not less than 1.25, whichever is less. The cost to construct must specifically exclude developer's overhead and any leasing fees not paid to independent third parties. The appraisal shall be ordered by LENDER and is subject to LENDER'S review and approval following USPAP/FIRREA guidelines. The Net Operating Income used to calculate the Debt Service Coverage Ratio shall be determined by LENDER using information provided by the BORROWER, the appraisal, as approved by LENDER, and LENDER's due diligence.

Interest Rate: Currently 4.15%, based on a margin of 1.70% over 10-Year Interest Rate Swaps ("the Index"). The Interest Rate is not yet locked and is subject to change based on changes in the Index. The rate will be locked by LENDER approximately four (4) business days prior to loan closing. In the event a commitment letter is issued by LENDER, BORROWER may have the option to lock the rate earlier, subject to terms and conditions outlined in the commitment letter and the attached rate lock letter.

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Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months (30/360 accrual method). All amounts payable, including any late fees, impounds and reimbursable expenses will be paid through ACH pursuant to the terms of an Authorization for Automated Payment Service to be executed by BORROWER.

Term: 10 years **Amortization:** 20 years

Payments: Principal and Interest, paid in arrears.

In addition, in the event Tenant notifies BORROWER of its intent not to extend the lease 180 days prior to lease expiration, 100% of all rents of the property after payment of all amounts then due under the Loan (the "Cash Sweep") shall be applied monthly to pay down the outstanding principal balance of the Loan beginning on the first day of the month following Tenant's notification, except as per the Re-Tenancing Provision outlined on the following pages, if exercised, will eliminate the need for a cash sweep, as the BORROWER's deposit equal to 12 months of principal and interest will be paid to LENDER.

Prepayment Provisions: Upon not less than thirty (30) days' advance written notice to LENDER, and upon payment of all other sums due under the note or under any of the other loan documents in connection with the Loan, plus payment of a prepayment fee, if any, BORROWER shall have the right to prepay all, but not less than all, of the outstanding balance of the loan. The prepayment fee shall be determined by adding the Base Premium, which is calculated by multiplying the "Base Premium Factor" by the principal balance to be prepaid and the Variable Premium, which is arrived at by (i) calculating the decrease (expressed in basis points) in the current weekly average yield of 10-Year U.S. Dollar Interest Rate Swaps as published in Federal Reserve Statistical Release H.15 (519) ("Index"), from the current average in effect on the date the rate is locked, to the current average in effect the week in which the prepayment is to be made, (ii) dividing the decrease by 100, (iii) multiplying the result by the following described applicable "Variable Premium Factor", and (iv) multiplying the product by the principal balance to be prepaid. If the Index is unchanged or has increased from the one in effect on the date the rate is fixed, no Variable Fee shall be due. The Base Premium Factor and the Variable Premium Factor shall be the amount shown on the following chart for the month in which prepayment occurs:

Months Remaining	Years	Base Premium Factor	Variable Premium Factor
120 – 109	10	.04	.074
108 – 97	9	.03	.074
96 – 85	8	.02	.074
84 – 73	7	.01	.074
72 – 61	6	0	.069
60 – 49	5	0	.061
48 – 37	4	0	.046
36 – 25	3	0	.031
24 – 13	2	0	.017
12 – 1	1	0	.006

Limited Recourse: Except as provided below, the Loan shall be non-recourse against BORROWER and Mark E. Pfeffer and Robert B. Acree.

LENDER shall have full recourse against BORROWER and Mark E. Pfeffer and Robert B. Acree, all of whom shall be liable jointly and severally, for the full payment of: (i) any prepayment fee owed as the result of a loan payoff caused by a default under the loan agreement, (ii) all taxes, insurance premiums (including insurance proceeds paid to BORROWER and not used to make necessary repairs) and other amounts advanced by LENDER on behalf of BORROWER pursuant to the Loan Documents (as

hereinafter defined), (iii) all attorneys' fees and other costs incurred by LENDER in collecting payment and otherwise exercising remedies under the Loan Documents following default, (iv) all rents, profits, insurance proceeds, condemnation awards, security deposits, lease termination payments, if any, or other sums or payments received by or on behalf of BORROWER and not paid or applied in accordance with the Loan Documents, and (v) all amounts owed under the environmental indemnity agreement to be included among the Loan Documents.

In addition, LENDER shall have full recourse against BORROWER and Mark E. Pfeffer and Robert B. Acree, all of whom shall be liable jointly and severally, for the full payment of all indebtedness evidenced by the Loan Documents in the event of (i) fraud or intentional misrepresentation by BORROWER or Mark E. Pfeffer and Robert B. Acree as to any material facts set forth in the Loan Documents or in any materials provided by BORROWER or Mark E. Pfeffer and Robert B. Acree, or (ii) a prohibited transfer or a voluntary or collusive involuntary bankruptcy of BORROWER, or (iii) in the event BORROWER materially (to be defined in loan documents) amends or terminates the Lease without LENDER's prior written consent, or commits material waste with respect to the property.

Limited Guaranty: The Loan and all of BORROWER's obligations in connection with the Loan (including without limitation BORROWER's obligations under the Loan documents and any certificate and indemnity agreement regarding hazardous substances or environmental indemnity agreement) shall be jointly and severally guaranteed by Mark E. Pfeffer and Robert B. Acree, provided that combined Guarantor's liability will be limited to a dollar amount not to exceed 25% of the outstanding loan amount. Notwithstanding the foregoing, if the Tenant notifies Borrower it is not renewing the lease, the 25% guaranty will be fixed at 25% of the then outstanding loan balance at the time of notification of non-renewal, for the remainder of the loan term, regardless of the loan balance thereafter, except as per the Re-Tenancing Provision outlined on the following pages, which will reduce the loan balance by the principal payment made to the LENDER.

Loan Documents: The Loan shall be evidenced and secured by a promissory note, a first mortgage or deed of trust, an assignment of rents, a security agreement, UCC fixture filing and financing statements, an environmental indemnity agreement, and such other documents as LENDER may require for similar first lien mortgage loans secured by properties of similar nature and in the jurisdiction of the Property (collectively, the "Loan Documents"). This conditional commitment for the loan merely summarizes some key terms and conditions of the loan. Only the loan documents will contain a complete statement of all terms and conditions of the loan.

IMPORTANT: LENDER'S COUNSEL REPRESENTS ONLY THE LENDER AND DOES NOT REPRESENT THE BORROWER. LENDER'S INTERESTS IN THIS TRANSACTION AND THAT OF THE BORROWER MAY CONFLICT. YOU SHOULD ENGAGE AN ATTORNEY OF YOUR CHOICE LICENSED TO PRACTICE LAW IN ALASKA TO REPRESENT YOUR INTERESTS IN THIS TRANSACTION.

Assumption: May be allowed anytime after the 2nd anniversary of the loan, subject to LENDER's prior approval, based on LENDER's standard underwriting and documentation requirements and payment by BORROWER of all costs plus an assumption fee of 1% of the then outstanding principal balance of the loan or \$2,000, whichever is greater, unless the assumption of debt is to an entity of the State of Alaska, in which case the 1% fee shall not apply. The fee shall be \$2,000.00 and all out of pocket costs incurred to document the change, subject to LENDER's prior approval.

Additional Requirements: LENDER's conditions to closing shall include (without limitation) receipt of each of the following in form and substance satisfactory to LENDER:

- Organizational and authorization documents, financial statements, credit reports and background checks and other due diligence information with respect to BORROWER, principals of BORROWER, and any Guarantors, including identifying documents such as a driver's licenses for all signatories;
- Appraisal ordered by LENDER and prepared in such scope and form as LENDER shall require. An appraisal prepared by Reliant Advisory Services LLC and ordered by Northrim Bank dated October 28, 2013 has been previously submitted to LENDER. LENDER shall obtain any necessary releases or updates to the appraisal which, when completed in accordance with LENDER's scope and form, shall satisfy this requirement;
- Environmental site assessment(s), ordered by LENDER and prepared in such scope and form as LENDER shall require. The environmental condition of the property shall be subject to LENDER's approval;
- Property condition assessment, ordered by LENDER and prepared in such scope and form as LENDER shall require;
- Seismic screening report and, if necessary, seismic study, ordered by LENDER and prepared in such scope and form as LENDER shall require;
- LENDER shall have the right to require reasonable modification or repairs to the Property based upon the recommendations contained in any property condition or seismic reports.
- Financial statements and Property information as LENDER shall request;
- The lease agreement (the "Lease") between BORROWER and State of Alaska Legislative Affairs Agency ("Tenant") for the Property (notwithstanding any preliminary review of and comments to the Lease), which Lease must have a term at least as long as the Loan term, otherwise the Loan term will be shortened to be co-terminus. BORROWER recognizes that this transaction has been approved based in part on the credit strength of Tenant. It will be a default under the Loan Documents if the lease to Tenant is terminated prior to the time that the Loan is paid in full without the prior written consent of LENDER. BORROWER further recognizes that this transaction has been bid and committed based in part on Tenant's occupancy of 100% of the property. Should Tenant's occupancy percentage or the lease payments be reduced prior to Loan closing, LENDER may, at its sole option, cancel this loan commitment in accordance with the Cancellation paragraph;
- Subordination of all leases affecting the property in conformance with the attached form of SNDA, which is subject to Everbank's final review and approval;
- A mortgagee's extended coverage ALTA title policy, (or equivalent if unavailable), from an insurer acceptable to LENDER, and with such endorsements as LENDER may require;
- ALTA as-built survey, certified to LENDER and the title company, in form and content acceptable to LENDER;
- Verification that the property and improvements are complete and not damaged by fire or other casualty, nor subject to any condemnation proceedings, pending or threatened;
- An opinion of BORROWER's outside legal counsel as to the enforceability and due authorization of the Loan Documents under the laws of the Property's jurisdiction, that there is no pending or threatened litigation against BORROWER, Tenant or Guarantor(s), if any, and such other matters as LENDER shall reasonably require. All legal matters shall be subject to approval by LENDER;
- Proof of the Property's compliance with parking, zoning, licensing and other applicable laws and regulations, including (without limitation) and evidenced by a Certificate(s) of Occupancy; and
- Property, liability, rental loss (or business interruption, as appropriate), and other insurance in such amounts as LENDER may from time to time require. If any portion of the property is located in a special flood hazard area, LENDER shall require flood insurance in accordance with federal regulations; for properties located in earthquake hazard areas LENDER may require earthquake insurance. All insurance policies must be in accordance with LENDER'S insurance requirements and shall include any endorsements which LENDER may reasonably require.

Re-Tenancing Provision: It will be a default under the Loan Documents if the lease to the Tenant is terminated prior to the time that the Loan is paid in full without the prior written consent of LENDER. Provided the loan is not otherwise in default, BORROWER may defer the Default by an additional 12 months, subject to payment to LENDER of a deposit equal to 12 months' principal and interest payments. LENDER will agree to waive the Default if BORROWER is able to secure a replacement tenant(s) and lease(s), both of which are subject to full underwriting and approval by LENDER in its sole discretion, at least 30 days prior to the expiration of the 12 month re-tenancing period.

BORROWER shall have the right to request an additional 12-month re-tenancing period subject to the same terms and conditions, payment to LENDER of a deposit equal to 12 months' principal and interest payments, further provided that the BORROWER has a written agreement in place with a tenant acceptable to LENDER which is scheduled to take occupancy within 12 months. The additional re-tenancing period is subject to LENDER's approval, which shall not be unreasonably withheld.

Annual Statements: BORROWER will furnish to LENDER, and will cause it's general partners, if any, and any guarantor of BORROWER'S obligation to furnish to LENDER on request, within 120 days after the close of its fiscal year (i) annual balance sheet and profit and loss statements prepared in accordance with generally accepted accounting principles and practices consistently applied and, if LENDER so requires, accompanied by a copy of an annual income tax returns, and (ii) an annual operating statement, together with a complete rent roll and other supporting data reflecting all material information with respect to the operation of the Property and Improvements, and (iii) all other financial information and reports that LENDER may from time to time reasonably request, including, if LENDER so requires, income tax returns of BORROWER, it's general partners, if any, and any guarantor of BORROWER'S obligation hereunder.

Costs Payable by Borrower: BORROWER shall pay a loan processing fee of \$1,200.00 per site, plus all out-of-pocket costs associated with the Loan (together, the "Expenses"), including (without limitation) the fees and costs of LENDER's legal counsel, (LENDER will make best efforts to notify BORROWER if Legal costs exceed \$10,000) the cost of any environmental investigation and reports, the cost of a property condition assessment report, appraisal costs, any loan, escrow, recording and transfer fees and taxes, title charges, survey costs, tax service fees, seismic study if necessary, and all other out-of-pocket costs incurred by LENDER in its discretion in connection with the Loan (such costs not to include LENDER's costs of internal document preparations, if any), whether the Loan is closed or not.

BORROWER requests that LENDER (i) conduct due diligence (including but not limited to appraisal, environmental and engineering investigations) and (ii) instruct its outside counsel to prepare formal documentation and undertake related legal investigations for the Loan on an expedited basis. BORROWER understands that LENDER has not approved, and may not approve the Loan. If the Loan is approved, it may be conditioned on additional and/or different terms and conditions than those outlined in this letter. Initiation or continuation of the activities above may not be construed as approval of the Loan or as an indication that such approval is forthcoming. By executing this letter, BORROWER agrees to pay, on demand, all Expenses up to the amount of the deposit, whether or not the Loan is approved by LENDER or closes, and acknowledges that the Deposit may be applied by the LENDER to the payment of such Expenses. However, if the Loan is not approved by the LENDER the costs owed by the BORROWER will be limited to the amount of the Deposit.

Deposit: Upon acceptance of this conditional commitment, BORROWER shall pay LENDER a non-interest bearing deposit in the amount of \$40,000.00, (the "Deposit"). In the event LENDER does not approve this transaction, the Deposit will be returned to BORROWER, less Expenses incurred by LENDER. If LENDER approves this transaction, the Deposit will be held by LENDER during the closing process and may be used to pay Expenses incurred by LENDER in connection with this transaction. After

all Expenses of the transaction have been paid, any remaining amount of the Deposit will be returned to BORROWER. Notwithstanding anything herein to the contrary, at LENDER's sole discretion, Expenses owed at loan closing may be paid from net loan proceeds at the time of closing rather than from the Deposit, however, LENDER reserves the right to withhold a portion of the deposit to cover further Expenses not yet billed by the Loan Closing Date. In such case the withheld portion of the Deposit will be returned to BORROWER, less final Expenses, upon settlement of all final invoices, but no later than 90 days after closing. Any remaining expenses after that time shall be billed to BORROWER under the same terms and conditions as the loan payments.

In the event BORROWER accepts a commitment letter for this transaction but does not comply with all closing requirements by the Loan Closing Date, LENDER will retain the Deposit as part of its liquidated damages.

Brokerage: LENDER shall not be required to pay any brokerage fee or commission arising from this conditional commitment or any future commitment, if issued, and the BORROWER agrees to defend, indemnify and hold LENDER harmless against any and all expenses, liabilities, and losses arising from such claims in connection therewith, including payment of reasonable attorneys' fees.

Loan Closing Date: The loan closing target date shall be December 31, 2014. LENDER's obligation to fund under this conditional commitment will terminate on March 31, 2015.

Jury Waiver: TO THE MAXIMUM EXTENT PERMITTED BY LAW, LENDER AND BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING OUT OF THE PROPOSED LOAN, ANY AGREEMENT TO BE EXECUTED IN CONJUNCTION THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THE PROVISIONS OF THIS SECTION ARE MATERIAL INDUCEMENTS FOR LENDER CONSIDERING THE PROPOSED LOAN.

PLEASE NOTE: This conditional commitment is not a loan approval, loan commitment, a promise or offer to lend, or an agreement to negotiate by LENDER. Rather, we wish to express our willingness to further examine this proposed loan transaction based upon the representations you have made and the information you have agreed to provide to us. LENDER may terminate discussions with you regarding the proposed loan at any time and may decline to make the proposed loan for any reason, without obligation or liability to you or any party. A decision to approve your loan application can be made only by LENDER's Loan Committee upon finalization of your loan application which is an integral part of LENDER's standard underwriting process. In order to complete your application and process the loan, LENDER must receive the required Deposit; verification of statements made on the credit application, and verification of the income history, credit history, and financial condition of BORROWER and Tenant; copies of all leases (with all amendments) affecting the property; an appraisal of the property demonstrating a value consistent with LENDER's loan-to-value requirements; and any further documentation which LENDER may require you to submit. LENDER shall not be obligated to make any loan except in accordance with final loan documentation approved by LENDER and executed by the parties.

Until such time as all of the above conditions are satisfied, as well as any subsequent request for information, if any, EverBank will consider any application submitted by your client as an incomplete application. Until all information is received, the loan application will not be considered for approval.

This conditional commitment supersedes any and all prior or contemporaneous discussions, representations, offers or statements, whether written or oral, to you or your agents or representatives, by LENDER or by anyone acting or purporting to act for or on behalf of LENDER. You do not have the right

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to assign this conditional commitment or any rights or obligations hereunder to any other person or entity. LENDER may freely assign this conditional commitment to any affiliate of LENDER.

If you agree with the foregoing and would like to finalize the loan application and pursue processing the loan on the terms described above, please sign this conditional commitment below. If this conditional commitment is not executed and received by LENDER, together with the required Deposit, on or before November 21, 2014, this conditional commitment shall expire and be of no further force or effect.

Respectfully,

EVERBANK

Robert McRae

By: _____
Robert McRae

Date: November 14, 2014

Its: Vice President

Each of the undersigned hereby acknowledges that he or she has read and understood the foregoing, acknowledges that, if approved by LENDER, he or she would accept a loan on the non-binding terms and conditions set forth in this conditional commitment. The undersigned hereby request that LENDER finalize the loan application and commence its loan due diligence/approval process and agrees to be bound by all the terms and conditions set forth in this conditional commitment.

716 West Fourth Avenue, LLC

By:  _____

Date: 11/18, 2014

Title MANAGER _____

After signing above, please forward the executed conditional commitment to Everbank at 6464 185th Ave. NE, Suite 200, Redmond, WA 98073-9747, Attention: Katherine Mackinnon. The Deposit should be sent in accordance with the Everbank New Origination Remittance Form instructions.

Notice: For security purposes and to help the government fight terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For this reason, we will ask you for your name, address, date of birth, and other information that will allow us to identify you. We may also ask other questions or request other documents meant to verify your identity.

716-000278