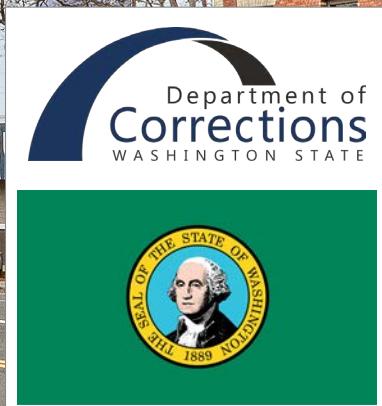


WASHINGTON STATE LEASED INVESTMENT PROPERTY

MOODY'S AAA RATED



DEPARTMENT OF CORRECTIONS OFFICE
1717 W Broadway Ave, Spokane, WA 99201

LOCAL EXPERTISE. INTERNATIONAL REACH. WORLD CLASS.

INVESTMENT SUMMARY | 1717 W BROADWAY AVE, SPOKANE, WA

Lee & Associates is pleased to present the opportunity to acquire a mission-critical, single-tenant office property in West Central Spokane, Washington, fully leased to the Washington Department of Corrections (WA DOC) through December 2030. The lease is fully guaranteed by the State of Washington, which maintains Moody's highest possible Aaa credit rating, ensuring exceptional tenant stability and minimal credit risk. Occupied as an essential facility for community supervision, offender rehabilitation, and regional administration, the property benefits from the tenant's long-term commitment to this specific location, supported by a firm 10-year lease term that provides investors with secure, predictable cash flow.

The asset stands out for its embedded growth potential and turnkey condition. Current in-place rents of \$14.25 per square foot are approximately 21% below prevailing market rates, creating substantial mark-to-market upside upon lease renewal. A comprehensive renovation completed in 2021, with over \$400,000 invested in interior, exterior, and mechanical system upgrades, minimizes near-term capital expenditure requirements and positions the property as a low-maintenance, high-quality holding.

Ideally situated in the heart of West Central Spokane, the location offers excellent accessibility to public transportation, courts, educational institutions, and social support services—features that directly align with and enhance the WA DOC's operational mission—while providing ample on-site parking. Investors further benefit from Washington's favorable tax environment, as the state imposes no personal income tax on rental income. This combination of investment-grade credit, significant rental upside, modern improvements, and a mission-supportive location makes the property an attractive option for investors seeking stable current returns with meaningful value-creation potential in the growing Spokane market.

INVESTMENT HIGHLIGHTS

INVESTMENT GRADE TENANT:

The lease is guaranteed by the State of Washington, which has been assigned a rating of Aaa by Moody's, the highest possible rating.

FIRM 10-YEAR LEASE:

Washington Department of Corrections (WA DOC) signed a 10-year lease through December 2030 demonstrating a long-term commitment to the property.

SIGNIFICANT RENT UPSIDE:

Current rent of \$14.25/SF is 21% below market providing strong mark-to-market potential upon lease renewal.

MISSION-CRITICAL USE:

WA DOC facility for community supervision, offender rehabilitation, and regional administration which makes for exceptional tenant stability.

MAJOR RECENT RENOVATION:

\$400,000+ renovation in 2021 upgrading the interior, exterior, and mechanical systems which minimizes near-term CapEx requirements.

KEY LOCATION:

Situated in the heart of West Central Spokane, this location ideally supports the tenant's mission with ample parking as well as excellent access to public transportation, courts, educational institutions, and social support services.

SITE SUMMARY | 1717 W BROADWAY AVE, SPOKANE, WA



OFFERING SUMMARY

| | |
|--------------------------------|--|
| Sale Price | \$2,800,000 |
| Cap Rate | 8.0% |
| Price Per RSF | \$127 |
| Tenant | Washington State Department of Corrections |
| Bldg Gross SF | 27,013 SF |
| Bldg Rentable SF | 22,101 |
| Lot Size | 0.63 Acres |
| Lease Commencement | 1/1/2021 |
| Lease Expiration | 12/31/2030 |
| Renewal Options | 1, 5-Year Option |
| Lease Type | Modified Gross |
| Remaining Lease Term | 5.9 Years |
| Landlord Responsibility | Taxes, Insurance, Water, Sewer, Garbage, Repairs & Maintenance |
| Tenant Responsibility | Natural Gas, Electricity, Janitorial Service, Supplies |
| Zoning | CC1-NC |
| Number of Floors | 4 |
| Year Built / Renovated | 1906/2021 |

PROPERTY AERIAL



PHOTOS | EXTERIOR



PHOTOS | EXTERIOR



TENANT PROFILE | **WASHINGTON STATE DEPARTMENT OF CORRECTIONS (WA DOC)**

OVERVIEW AND MISSION

The Washington State Department of Corrections (WA DOC) is a state government agency established on July 1, 1981, under the Corrections Reform Act, transitioning adult correctional institutions from the Department of Social and Health Services to a dedicated corrections entity. Headquartered in Tumwater, Washington, and led by a Secretary appointed by the Governor with Senate confirmation, the agency administers a comprehensive adult corrections system for convicted law violators statewide. Its statutory mission, as defined in RCW 72.09.010, is to ensure public safety through humane and effective operations, with a vision to "improve public safety by positively changing lives" and partnering with communities to transform lives for a better Washington. WA DOC emphasizes evidence-based programs to reduce recidivism, support successful reentry, and foster safer communities, operating under six major divisions including Prisons, Community Corrections, Reentry, Health Services, and Correctional Industries.

OPERATIONS AND FACILITIES

WA DOC manages over 12,000 incarcerated individuals across 10 active adult prison facilities (nine for men and one for women, following the planned September 2025 closure of the Mission Creek Corrections Center for Women, with residents relocating to the Washington Corrections Center for Women). Key prisons include the Airway Heights Corrections Center, Clallam Bay Corrections Center, Monroe Correctional Complex, and Washington State Penitentiary, varying in size and focus from minimum- to maximum-security. Community supervision covers an active caseload of adults in the community, supported by six Community Justice Centers in major cities (Everett, Seattle, Spokane, Tacoma, Vancouver, and Yakima) that provide reentry planning, mental health services, sex offense treatment, anger management, parenting education, financial literacy, and housing assistance. The agency also oversees 10 reentry centers (e.g., Bellingham, Olympia, Tacoma) with ongoing expansions, Correctional Industries for vocational training and job readiness, and specialized programs like opioid abatement initiatives funded by a \$677,809 settlement in 2025 to enhance overdose prevention. With approximately 8,000 employees, WA DOC prioritizes staff training through academies in corrections, case management, and community supervision, while maintaining tribal relations via the Corrections Indian Policy Advisory Committee and handling legal matters such as extraditions and habeas corpus petitions.

FINANCIAL STABILITY AND CREDIT PROFILE

As a division of the State of Washington, WA DOC benefits from the state's exceptional Aaa credit rating from Moody's—the highest possible—reflecting robust financial management, diversified revenue streams, and low debt burden. The agency's biennial budget, developed in collaboration with the Office of Financial Management, supports operations through state appropriations, with historical figures indicating a \$765 million budget in the mid-1990s scaling to current levels aligned with a population of over 12,000 and expanded reentry efforts. Funding covers salaries, infrastructure, healthcare continuity, and recidivism-reduction programs, emphasizing cost efficiencies like lower return rates to prisons, which enhance public safety and taxpayer value. This government-backed structure ensures unwavering lease payment reliability, minimal default risk, and long-term operational stability for mission-critical facilities like community supervision and rehabilitation offices.



FINANCIALS | RENT ROLL, OPERATING INCOME DETAIL & FINANCED SCENARIO

| RENT ROLL | | | | | | | | | | |
|--------------|-------|-------------|--------------|--------|----------|--------------------|----------------------|---------------------|----------------|--|
| TENANT NAME | SUITE | SQUARE FEET | % BLDG SHARE | COMM. | EXP. | ANNUAL RENT PER SF | TOTAL RENT PER MONTH | TOTAL RENT PER YEAR | LEASE TYPE | |
| WA DOC | All | 21,501 | 97.3% | 1/1/21 | 12/31/30 | \$14.75 | \$26,432 | \$317,189 | Modified Gross | |
| Vacant | Bsmt | 600 | 2.7% | | | \$0.00 | \$0 | \$0 | | |
| TOTAL | | 22,101 | | | | | \$26,432 | \$317,189 | | |

| OPERATING INCOME DETAIL | | | | FINANCED SCENARIO | | | |
|------------------------------|----------------|---------------|------------------------------|--------------------|--------------------|----------------------------------|-----------|
| INCOME | CURRENT | PER SF | NOTES | PRICE: \$2,800,000 | Current | | |
| SCHEDULED BASE RENTAL INCOME | 317,189 | 14.35 | | | | | |
| OPERATING EXPENSES | Current | Per SF | NOTES | FINANCING | Conventional Fixed | | |
| ELECTRIC/NATGAS | 0 | 0.00 | Tenant Pays Directly | DOWN PAYMENT % | 30% | NET OPERATING INCOME | \$223,927 |
| JANITORIAL | 0 | 0.00 | Tenant Pays Directly | DOWN PAYMENT | \$840,000 | LESS: DEBT SERVICE | \$149,390 |
| WATER/SEWER/GARBAGE | 6,200 | 0.28 | Per Recent Expense | LOAN FEE | \$28,000 | NET CASH FLOW AFTER DEBT SERVICE | \$74,536 |
| REPAIRS & MAINTENANCE | 33,000 | 1.58 | Includes HVAC Replacement | LOAN AMOUNT | \$1,960,000 | | |
| INSURANCE | 7,500 | 0.32 | Per Recent Expense | INTEREST RATE | 5.85% | CASH-ON-CASH RETURN | 8.6% |
| PROPERTY TAXES | 29,075 | 1.32 | Estimated | TERM (MO) | 60 | DEBT SERVICE COVERAGE RATIO | 1.50 |
| LOT RENT | 4,800 | 0.22 | Per Recent Expense | AMORTIZATION | 25 | | |
| MANAGEMENT FEE | 12,688 | 0.57 | 4.0% of EGI Per Market Norms | MONTHLY P&I | \$12,449 | | |
| TOTAL EXPENSES | 93,263 | \$4.33 | | MONTHLY INT-ONLY | \$9,555 | | |
| EXPENSES AS % OF EGR | 29.4% | | | | | | |
| NET OPERATING INCOME | \$223,927 | \$10.02 | | | | | |

SPOKANE, WA | REGIONAL ECONOMIC HUB OF EASTERN WASHINGTON

REGIONAL ECONOMIC PROFILE

Spokane is the economic center of Eastern Washington and the Inland Northwest, serving a multi-state regional population with a diversified employment base.

STRATEGIC INLAND NORTHWEST LOCATION

The city offers strong regional connectivity via I-90, U.S. Highway 2, and Spokane International Airport, linking the Pacific Northwest with the Intermountain West.

ATTRACTIVE INVESTMENT FUNDAMENTALS

Spokane provides lower acquisition costs and operating expenses compared to major West Coast markets, supporting competitive yields and stable cash flow.

LONG-TERM GROWTH OUTLOOK

Steady population growth and continued public and private investment support sustained commercial real estate demand.



MAJOR EMPLOYERS



LOCAL SPORTS TEAMS



Spokane Indians
Minor League Baseball



Spokane Chiefs
WHL Hockey

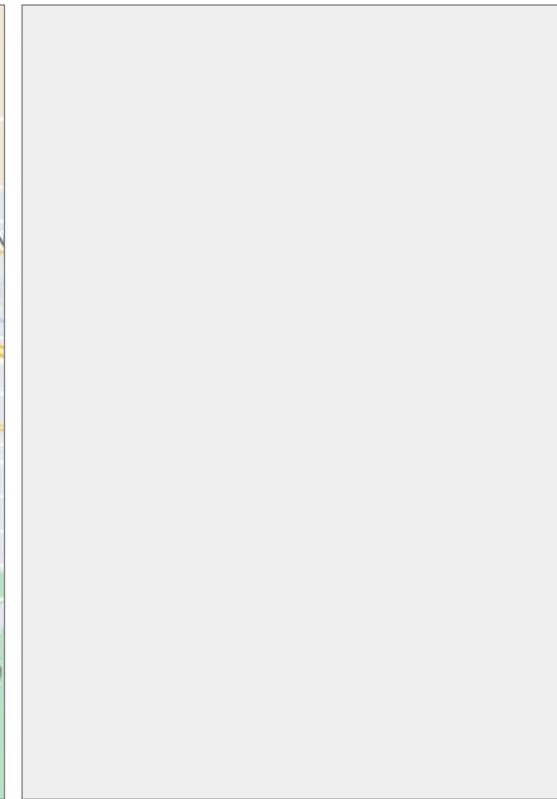
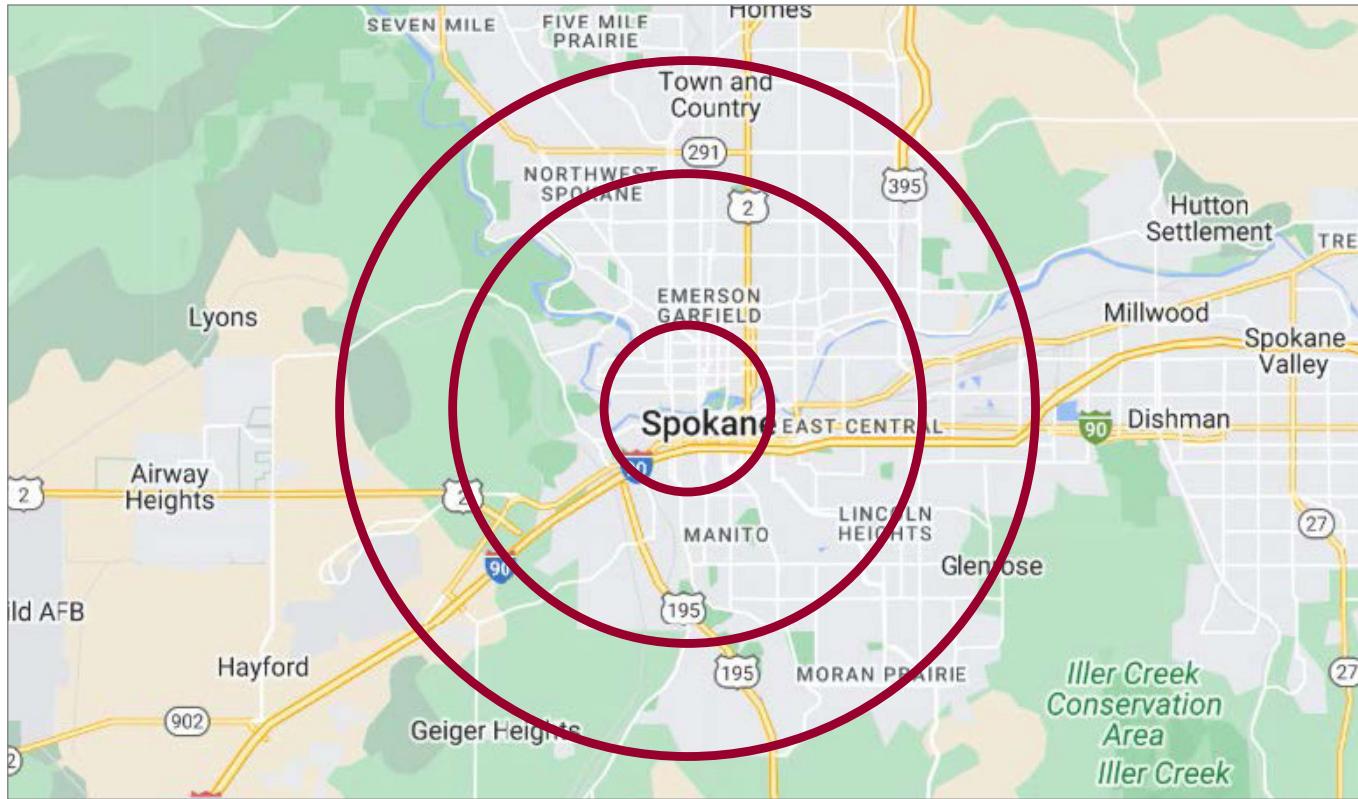


Spokane Velocity FC
Men's USL League One



Gonzaga Bulldogs
NCAA Basketball

SPOKANE, WA | DEMOGRAPHICS



| POPULATION | 1 MILES | 5 MILES | 10 MILES |
|--------------------------------|---------|---------|----------|
| 2020 Population | 16,944 | 217,461 | 386,869 |
| 2024 Population | 18,187 | 225,343 | 402,290 |
| 2029 Pop. Projection | 19,465 | 239,731 | 428,229 |
| Pop. Growth 2020-2024 | 7.34% | 3.62% | 3.99% |
| Pop. Growth Forecast 2024-2029 | 7.03% | 6.38% | 6.45% |
| Average Age | 39 | 38 | 38 |

| HOUSEHOLDS | 1 MILES | 5 MILES | 10 MILES |
|---------------------------|-----------|-----------|-----------|
| Median Home Value | \$279,999 | \$306,622 | \$343,735 |
| 2024 Total Households | 9,245 | 93,887 | 162,104 |
| 2029 Household Projection | 9,951 | 100,161 | 172,957 |
| Annual Growth 2024-2029 | 7.64% | 6.68% | 6.70% |
| Median HH Income | \$38,511 | \$58,215 | \$63,672 |
| Average HH Income | \$558,775 | \$76,3776 | \$83,078 |

For more information, please contact:

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