MEET THE TEAM

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CAVU PARTNERS

Ceiling And Visibility Unlimited

• Create a new place that celebrates Hillsboro
• Generate a reasonable rate of return
• Create flexible development that can respond to changing needs over time
• Achieve social and business equity
PROJECT INTRODUCTION

Fly high, stay local
MARKET ANALYSIS
FLEX INDUSTRIAL MARKET
OFFICE AND RETAIL MARKET

OFFICE:
• Sunset Corridor is one of Metro’s premier office hubs
• Vacancies trending at 4.2%; rents averaging $23/SF
• Over 600,000 SF positive net absorption

RETAIL:
• Outperforming Metro
• Vacancies trending at 2.5%; rents averaging $19-$20/SF
• Retail leakage in restaurants and specialty retail
HOTEL MARKET

Hillsboro Lodging Performance

[Chart showing quarterly performance of REVPAR, ADR, and Occupancy from 2013 to 2018]
DEVELOPMENT PROGRAM
DEVELOPMENT STRATEGY

FLEXIBLE

INCREMENTAL

HIO LANDING

AUTHENTIC

HIO LANDING
Logical street grid creates adaptable development parcels

Central curbless street ties the site together
STREETS CAPES AND PLAZAS

- PLAZA
- CURBLES STREET
- STREETS CAPE SEQUENCE
DEVELOPMENT PROGRAM

PHASE I RETROFITS AND NEW BUILDINGS

- Hangar
- Debrief
- Air Works
- Galley
- Check-In

Legend:
- Light yellow: Phase I Development
- Light orange: Phase I Parking
HANGAR

36,000 SF retrofit for Laika Studios
LAIIKA STUDIOS TENANT
DEBRIEF

8,900 SF regional winery with the Willamette Valley Wineries Association
AIR WORKS

36,000 SF office space and taproom

VERTIGO BREWING
GALLEY

10,000 SF commercial kitchens
CHECK-IN

2,600 SF
Longbottom coffee shop
CARGO HOLD AND ALTIMETER

20,000 and 27,000 SF flex buildings
AVID

96 key IHG hotel
PARKING MANAGEMENT

1,110 parking spaces provided
- 700 Hillsboro Airport
- 410 HIO Landing

Location, timing, and pricing to unlock value
DEVELOPMENT TIMELINE

2020
2021
2022
2023
2024
2025
2026
2027

PHASE I
RETROFIT

PHASE I
STABILIZATION

PHASE II
INFILL

FLEX

HOTEL

PHASE II
STABILIZATION

STABILIZED
OCCUPANCY
FINANCING PLAN
## INCOME

<table>
<thead>
<tr>
<th>Building</th>
<th>Size(SF)</th>
<th>Rent</th>
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<tbody>
<tr>
<td>Hangar</td>
<td>38,000</td>
<td>$10.00</td>
</tr>
<tr>
<td>Air Works</td>
<td>26,000</td>
<td>$18.00</td>
</tr>
<tr>
<td>Debrief</td>
<td>8,900</td>
<td>$15.00</td>
</tr>
<tr>
<td>Galley</td>
<td>10,000</td>
<td>$26.00</td>
</tr>
<tr>
<td>Cargo Hold</td>
<td>27,000</td>
<td>$13.00</td>
</tr>
<tr>
<td>Altimeter</td>
<td>20,000</td>
<td>$13.00</td>
</tr>
<tr>
<td>Check-In</td>
<td>2,600</td>
<td>$26.00</td>
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</tbody>
</table>

### Component of Lease | Our Assumption

<table>
<thead>
<tr>
<th>Lease Structure</th>
<th>NNN</th>
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<tbody>
<tr>
<td>Length of Terms</td>
<td>3 - 10 Years - Depending on Asset</td>
</tr>
<tr>
<td>Annual Increases</td>
<td>3.0%</td>
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<tr>
<td>Expense Reimbursement</td>
<td>Subject to Vacancy</td>
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</table>
# Ground Leases

<table>
<thead>
<tr>
<th>Site</th>
<th>Size</th>
<th>Land Value</th>
<th>Annual PMT</th>
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<tbody>
<tr>
<td>Galley</td>
<td>42,000</td>
<td>$336,000</td>
<td>$24,347</td>
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<tr>
<td>Cargohold</td>
<td>51,000</td>
<td>$408,000</td>
<td>$29,564</td>
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<tr>
<td>Altimeter</td>
<td>31,000</td>
<td>$248,000</td>
<td>$17,970</td>
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<tr>
<td>Hangar</td>
<td>59,500</td>
<td>$476,000</td>
<td>$34,491</td>
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<tr>
<td>Debrief</td>
<td>28,000</td>
<td>$224,000</td>
<td>$16,231</td>
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<tr>
<td>Airworks</td>
<td>36,000</td>
<td>$288,000</td>
<td>$20,868</td>
</tr>
<tr>
<td>Check-In</td>
<td>5,000</td>
<td>$40,000</td>
<td>$2,898</td>
</tr>
<tr>
<td>Avid</td>
<td>163,000</td>
<td>$1,304,000</td>
<td>$94,488</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>415,500</strong></td>
<td><strong>$3,324,000</strong></td>
<td><strong>$240,857</strong></td>
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</table>

## Component of Lease

<table>
<thead>
<tr>
<th>Component of Lease</th>
<th>Port’s Preference</th>
<th>Our Assumption</th>
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</thead>
<tbody>
<tr>
<td>Land Value</td>
<td>$10.00/SF</td>
<td>$8.00/SF</td>
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<tr>
<td>Rate of Return</td>
<td>7.0% - 9.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Length of Term</td>
<td>30 Years</td>
<td>50 Years</td>
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<tr>
<td>Size of Land</td>
<td>Overall Site</td>
<td>Individual Parcels</td>
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## CONSTRUCTION COSTS

<table>
<thead>
<tr>
<th>Building</th>
<th>Per SF</th>
<th>Size</th>
<th>Subtotal</th>
<th>Soft Cost</th>
<th>Contingency</th>
<th>Total</th>
<th>Phase</th>
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<tbody>
<tr>
<td>Hangar</td>
<td>$50</td>
<td>38000</td>
<td>$1,900,000</td>
<td>$380,000</td>
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<tr>
<td>Air Works</td>
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<td>26000</td>
<td>$1,300,000</td>
<td>$260,000</td>
<td>$156,000</td>
<td>$1,716,000</td>
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<tr>
<td>Debrief</td>
<td>$75</td>
<td>8900</td>
<td>$667,500</td>
<td>$133,500</td>
<td>$80,100</td>
<td>$881,100</td>
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<tr>
<td>Galley</td>
<td>$140</td>
<td>10000</td>
<td>$1,400,000</td>
<td>$280,000</td>
<td>$168,000</td>
<td>$1,848,000</td>
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<tr>
<td>Cargo Hold</td>
<td>$140</td>
<td>27000</td>
<td>$3,780,000</td>
<td>$756,000</td>
<td>$453,600</td>
<td>$5,438,664</td>
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<tr>
<td>Altimeter</td>
<td>$140</td>
<td>20000</td>
<td>$2,800,000</td>
<td>$560,000</td>
<td>$336,000</td>
<td>$4,028,640</td>
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<tr>
<td>Check-In</td>
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<td>2600</td>
<td>$520,000</td>
<td>$104,000</td>
<td>$62,400</td>
<td>$686,400</td>
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<tr>
<td>Avid</td>
<td>$200</td>
<td>44000</td>
<td>$8,800,000</td>
<td>$1,760,000</td>
<td>$1,056,000</td>
<td>$12,661,440</td>
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<tr>
<td>Site Improvements</td>
<td></td>
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<td>$8,800,000</td>
<td>$1,760,000</td>
<td>$1,056,000</td>
<td>$11,616,000</td>
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</table>
SCENARIOS

IDEAL

INTERIM STORAGE

LOWER RETURN TO PORT

LENGTH OF LEASE

SHARED INFRA.
CONCLUSIONS
HIO LANDING’S CONCEPT IS STRATEGIC, NUANCED, AND CREATES SHARED VALUE, BUT THE ECONOMICS ARE CHALLENGED.
CONCLUSIONS

HIO Landing as one option to inform Hillsboro Airport Master Planning process and subsequent policymaking with development challenges

Strategically align regulations, partnerships, and financial tools to realize vision
THANK YOU

Port of Portland, Jerry Johnson, Gerry Mildner, and Jason Karam

And the dozens of other professionals who shared their time and expertise with us

Thank You, CAVU Partners