West Willows Technology Center

Bailard Real Estate Fund

ACQUISITION DATE
September 30, 2025

LOCATION
Redmond, WA
(Seattle MSA)

PROPERTY TYPE
Data Center, R&D

YEAR BUILT
1995

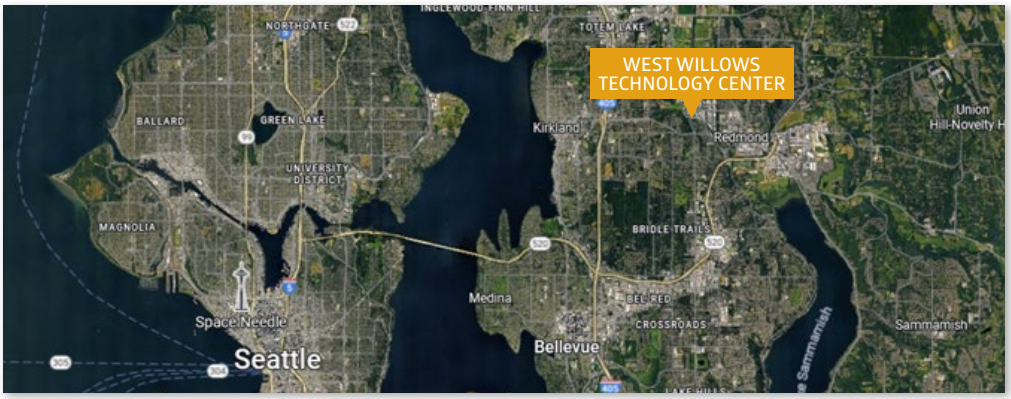
SIZE
155,830 square feet (SF)

POWER
6.5 megawatts (expanding to 7.3 megawatts)

OCCUPANCY
100% leased

PURCHASE PRICE
$40.0 million ($257 per SF)





THE PROPERTY

West Willows Technology Center (the "Property") is a three-building, two-story R&D and data center facility totaling 155,830 square feet, located at 14500–14560 NE 87th Street in Redmond, WA. Fully leased to AT&T through August 2027, the Property sits on 8.86 acres directly south of the Sammamish Substation, offering a significant advantage with lower infrastructure costs than competitors. The campus features robust infrastructure, including 6.5 megawatts (MW) of power (expandable to 7.3 MW), advanced cooling and electrical systems, and multiple fiber providers with direct access to long-haul West Coast networks and trans-Pacific subsea cables.

The acquisition offers a rare opportunity to own a differentiated asset in a power-scarce, high-demand technology node. The investment provides value-add returns, with substantial upside if AT&T renews or the asset is released at a higher rent as powered buildings.

Bailard

West Willows Technology Center
Redmond, WA

THE OPPORTUNITY

Well-located, power-rich property in a high-demand market – The Property is one of the few facilities in Redmond offering 6.5 MW of power, a market where power is scarce and barriers to new supply are high due to land constraints and complex permitting. This robust power infrastructure positions the Property as a highly attractive option for data center and technology R&D users. The site's proximity to the Sammamish Substation and direct access to multiple fiber providers further enhances its appeal. The Redmond submarket is home to major technology employers and a highly skilled workforce, providing strong economic drivers and tenant demand.

Mission-critical facility – The Property is mission-critical to AT&T, which has invested approximately $150 million in infrastructure, including robust fiber connectivity and power upgrades that would be costly and difficult to replicate elsewhere. The facility supports AT&T's core network operations, cellular technology R&D, and its FirstNet operations, a nationwide wireless broadband network for first responders and public safety providers This level of tenant investment and operational integration makes the site difficult to replace, increasing the likelihood of renewal.

Substantial upside potential – The investment targets attractive, risk-adjusted, value-add returns in a market the Fund views as strategically important. If AT&T renews (it has three remaining 5-year options), returns could be in the high teens. If AT&T vacates, the asset's unique infrastructure should attract new users at higher rents, with projected returns in the low to mid-teens even after releasing costs.

IDENTIFIED RISKS

Single-tenant investment – As with any single-tenant investment, there is significant risk if the tenant vacates. This risk is reflected in the pricing, with an attractive basis of $257 per square foot and an initial capitalization rate of 10%. The site is believed to be mission-critical for AT&T making relocation unlikely. If AT&T were to vacate, the Property's unique infrastructure and location should attract strong demand from alternate users, supporting a releasing scenario that can still deliver attractive returns.

Loss of power – A significant driver of the Property's value is its power. If AT&T vacates and the power is lost, the buildings would revert to commodity office space, which would significantly reduce demand and achievable rents. This risk is mitigated by a fully assignable infrastructure lease with the local utility provider, Puget Sound Energy (PSE), which confirms the right to the power. The Fund can assume this lease if AT&T vacates, and PSE has indicated no issue renewing with new ownership. The Property's proximity to the substation also provides a substantial advantage, as securing power is significantly less costly than for competing properties located farther away.

Restoration and re-tenanting Costs – If AT&T vacates, there may be significant costs to restore and reconfigure the facility for new tenants due to the substantial improvements AT&T has added. This risk is mitigated by the lease terms, which require AT&T to remove most alterations at its own cost unless specifically approved by the landlord. Only a few alternations have been approved. The lease provides landlord election to the removal of any unapproved alterations, minimizing restoration costs and providing optionality.

THE INVESTMENT

The total purchase price, inclusive of closing costs, was $40.4 million ($259/SF). The Fund's business plan projects an all-in basis of $44.6 million ($286/SF) if AT&T renews, with a stabilized yield on cost of 11.2%. If AT&T vacates, the basis is projected to be $53.5 million ($343/SF). The Property was acquired all-cash and will be held unlevered. The Fund will own a 95% interest, with Lincoln Property Company holding the remaining 5%.

There is no guarantee that the investment will achieve its targets or objectives. Specific investments described herein do not represent all investment decisions made by Bailard, Inc. The reader should not assume that investment decisions identified and discussed were or will be profitable. Specific investment advice references provided herein are for illustrative purposes only and are not necessarily representative of investments that will be made in the future.

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