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SWC of 28th Street and Broadway Road

Vacant Land
2749 & 2751 East Broadway Road
Phoenix, Arizona 85040-2799

BBG File #0125008792

Prepared For

Mr. Burton Byars
City of Phoenix Finance Department
251 West Washington Street, 8th Floor
Phoenix, AZ 85003-1611

Report Date

May 15, 2025

Prepared By

BBG, Inc., Phoenix Office
2850 E. Camelback Road, Suite 330
Phoenix, AZ 85016
602-648-8600

Client Manager: Justin Getelman, MAI
JGetelman@bbgres.com

BBG Website

bbgres.com



May 15, 2025

Mr. Burton Byars
City of Phoenix Finance Department
251 West Washington Street, 8th Floor
Phoenix, AZ 85003-1611

Re: Appraisal of Real Property
SWC of 28th Street and Broadway Road
2749 & 2751 East Broadway Road
Phoenix, Arizona 85040-2799
BBG File #0125008792

Dear Mr. Byars:

In accordance with your authorization (per the engagement letter found in the *Addenda* of this report), an Appraisal Report of the above-referenced property has been prepared.

The subject is a vacant site comprised of two contiguous legal parcels containing 13,821 square feet located at the southwest corner of Broadway Road and 28th Street in Phoenix, Arizona. The site is zoned R-5, Multifamily Residence District, a zoning which allows for a maximum development density of 43.5 dwelling units per acre (du/ac) for single family attached uses or 52.2 du/ac with bonus. Single family detached development up to a maximum of 5.0 to 6.5 du/ac or 12 du/ac with bonus is permitted.

In addition to the underlying zoning, the subject is within two Overlay Districts. The subject is in the Four Corners Overlay District which imposes additional standards such as special use permit requirements for enumerated commercial uses not permitted in the R-5 District, and various development standards. The subject is also located in the South Phoenix Village and Target Area B Design Overlay District which specifies additional design standards for new one and two dwelling units per lot residential developments. The overlay districts do not impede the development of the subject site to its highest and best use.

As of the valuation date of this report, the owner of record is City of Phoenix Finance Department Real Estate Division. The subject is not currently listed for sale, nor is it under a sales contract.

At the request of the client, a market value opinion of the subject assuming a potential "bulk disposition" of the subject has been developed. While the subject is comprised of two adjoining legal parcels which could be sold separately, and are each large enough to support either a single family detached, or a smaller single family attached product such as a duplex, given its size, it would most probably be sold to a single purchaser, either to hold as an investment or to a developer planning to construct the homes.

Any marginal increase in the unit price from the sale of two smaller sites would be offset by a discount to a "bulk purchaser" and potential added holding and marketing costs to the seller. Thus, analyzing the subject as a single site is considered equivalent to a "bulk purchase" of the two individual parcels.

This Appraisal Report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). This report has been written in accordance with the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute and the *Uniform Act* (49 CFR Part 24). In addition, this report is intended to be in compliance with additional requirements of City of Phoenix Finance Department (client) as applicable. This report is intended to be used by the intended user(s) named herein; no other party may rely upon the opinions presented in this report.

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions and/or hypothetical conditions might have affected the assignment results.

Extraordinary Assumption(s)

- We are appraising the subject under the extraordinary assumption that information provided by the Client and from public resources is accurate. We have not been provided a survey of the subject property. If the actual size of the land is significantly different than that utilized within this report, the value conclusions could be impacted.
- No Title Report was provided to the Appraisers. It is an extraordinary assumption that no easements or encroachments exist that negatively impact the market value of the subject property.

Hypothetical Condition(s) This appraisal employs no hypothetical conditions.

Based on the analysis undertaken, the following value opinion(s) have been developed.

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value - As Is	Fee Simple	May 14, 2025	\$210,000

This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinion(s) set forth above to be relied upon by the intended user(s).

BBG, Inc. appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact the Client Manager.

Sincerely,



Justin Getelman, MAI
AZ Certified General Appraiser
License #: CG31545
602-648-8600
JGetelman@bbgres.com



James Hoene, MAI
AZ Certified General Appraiser
License #: CGA 31556
602-648-8600
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SUBJECT PROPERTY



AERIAL PHOTOGRAPH



SUMMARY OF SALIENT FACTS

APPRAISAL INFORMATION

Client	City of Phoenix Finance Department 251 West Washington Street, 8th Floor Phoenix, AZ 85003-1611
Intended User(s)	This appraisal report may only be relied upon by the client and intended user(s) named herein City of Phoenix Finance Department Real Estate Division.
Intended Use	This appraisal is to be used for potential bulk disposition of the subject purposes.
Property Rights Appraised	As Is Market Value - Fee Simple
Date of Inspection	May 14, 2025
Marketing Time (Months)	6
Exposure Time (Months)	6
Owner of Record	City of Phoenix Finance Department Real Estate Division
Property Contact(s)	Christopher F. Rocca Sr.
Most Probable Purchaser	Investor or Developer
Highest and Best Use	
As Vacant	Residential Development

PROPERTY DATA

Property Name	SWC of 28th Street and Broadway Road		
Address	2749 & 2751 East Broadway Road Phoenix, Arizona 85040-2799		
Location	SWC of Broadway Road and 28th Street		
Property Description	Land (Residential)		
County	Maricopa County		
Parcel Number	122-57-016A, 016B		
Census Tract No.	1161.00		
Legal Description	See Addenda		
Site Area	13,821 square feet	(0.32 acres)	
Zoning	R-5; Multifamily Residence District/Four Corners Overlay District/South Phoenix Village and Target Area B Design Overlay District		
Flood Zone/Map Number/Date	Zone X (Shaded)	04013C2220M	September 18, 2020

RISK SUMMARY

Advantages	- The subject is located in a primary market.
Challenges	- While the Federal Reserve recently lowered interest rates, there remains uncertainty as to the magnitude and number of potential future reductions. This has resulted in cautious optimism in the market.

VALUE INDICATIONS			
1) As Is as of May 14, 2025			
Sales Comparison Approach - Land Value	\$210,000	\$661,862	Per Acre
Approach Reliance	Sales Comparison		
Value Conclusion - As Is	\$210,000		
Exposure Time (Months)	6		
Marketing Time (Months)	6		

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions and/or hypothetical conditions might have affected the assignment results.

Extraordinary Assumption(s)	- We are appraising the subject under the extraordinary assumption that information provided by the Client and from public resources is accurate. We have not been provided a survey of the subject property. If the actual size of the land is significantly different than that utilized within this report, the value conclusions could be impacted.
	- No Title Report was provided to the Appraisers. It is an extraordinary assumption that no easements or encroachments exist that negatively impact the market value of the subject property.
Hypothetical Condition(s)	This appraisal employs no hypothetical conditions.

PROPERTY TRANSACTION HISTORY

The subject property is owned by the City of Phoenix who acquired the parcels from Ran Holdings, LLC in a transfer recorded on December 31, 2008, in two Warranty Deeds in Document Nos. 2008-1098896 and 2008-1098898. The sales price was not recorded. At the time of that transaction the parcels were improved with two two-story fourplexes which were built in 1984. The improvements do not appear in aerial photos from November 2009 and both parcels comprising the site is vacant.

There have been no other known transactions of the subject property within the three years prior to the effective date of this appraisal.

SCOPE OF WORK

The scope of work best defines the needs of the client(s) and intended user(s) of the report and dictates what factors an appraiser considered during the valuation process. The scope of work summarized below has been deemed acceptable as it meets or exceeds both the expectations of parties who are regularly intended users for similar assignments and what an appraiser's peers' actions would be in performing the same or a similar assignment. As such, the scope of work summarized below is deemed appropriate for this assignment based on its parameters and will produce credible assignment results. Additional scope details are included in appropriate sections of this report.

SCOPE OF THE INVESTIGATION															
General and Market Data Analyzed	- Regional economic data and trends - Market analysis data specific to the subject property type - Published survey data - Market Area demographic data - Comparable cost, sale, rental, expense, and capitalization rate data - Floodplain status - Zoning information - Assessor's information - Interviewed professionals knowledgeable about the subject's property type and market														
Inspection Details	The subject property was inspected by James Hoene, MAI on May 14, 2025.														
Property Specific Data Requested and Received	<table> <tr> <th colspan="2">PROPERTY DATA RECEIVED</th></tr> <tr> <td colspan="2"> </td></tr> </table>	PROPERTY DATA RECEIVED													
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Site Size	Assessor's Records														
Tax Data	Treasurer's Records														
Zoning Information	Planning Dept														
Flood Status	FEMA														
Demographics Reports	Spotlight														
Comparable Land Sales	MLS, Broker Verification														
VALUATION METHODOLOGY															
Most Probable Buyer	To apply the most relevant valuation methods and data, the appraiser must first determine the most probable buyer of the subject property. Based on the analyses presented, the most probable buyer of the subject property would be a(n) Owner-User														
Valuation Methods Utilized	This appraisal employs only the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. Since no improvements exist on site, the Cost Approach is not relevant.														

The property generates no income and is not typically marketed, purchased or sold on the basis of anticipated lease income; thus, the Income Capitalization Approach was precluded.

DEFINITIONS

Pertinent definitions, including the definition of market value, are included in the glossary, located in the *Addenda* of this report. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

Market Value

The most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements that the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable. ^[1]

LEVEL OF REPORTING DETAIL

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.

This report is prepared as an **Appraisal Report**. An Appraisal Report must at a minimum summarize the appraiser's analysis and the rationale for the conclusions.

^[1] (ARS 28-7091)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Overview

Environmental, Social and Governance (ESG) has become a standard criterion in the global real estate sector, excepting the United States. The European Union has adopted specific, conduct-based directives on ESG. In the US, while there has been a scattering of ESG regulations within specific markets there has been no industry wide or politically enacted regulations. Nevertheless, market participants are increasingly concerned with environmental risks, sustainable construction, carbon neutrality, social responsibilities, and governance of their companies, partners, and vendors.

Principles for Responsible Investment provides the following summary of approaches to responsible investment for direct and indirect real estate investors.

 ENVIRONMENTAL ▪ Biodiversity and habitat ▪ Climate change ▪ Land contamination ▪ Energy consumption ▪ Greenhouse gas emissions ▪ Indoor environmental quality ▪ Location and associated infrastructure ▪ Materials ▪ Pollution prevention ▪ Resilience to catastrophe/disaster ▪ Renewable energy ▪ Sustainable procurement ▪ Waste management ▪ Water consumption	 SOCIAL ▪ Community development ▪ Controversial tenants ▪ Health and well-being of occupants, contractors and the local community ▪ Human rights ▪ Accessibility ▪ Inclusion and diversity ▪ Labour standards and working conditions ▪ Social enterprise partnering ▪ Stakeholder relations ▪ Occupier amenities – showers, changing rooms	 GOVERNANCE ▪ Anti-bribery and money laundering ▪ Cybersecurity ▪ Board diversity ▪ Independence of board members ▪ Remuneration policy (including ESG-linked incentives) ▪ Data protection and privacy ▪ Legal and regulatory fines ▪ ESG clauses in contracts ▪ Asset data collection framework and/or management systems ▪ Procurement standards and requirements ▪ Tenant engagement frameworks
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Furthermore, PRI provides examples of how these issues may affect property valuations.

ADDITIONAL CAPITAL EXPENDITURES	Equipment upgrades to improve energy performance
INCREASED COSTS	Higher insurance premiums due to physical risk factors
FUTURE INCOME UNCERTAINTY	Tenant and leasing disruption due to extreme weatherevents
OBSOLESCENCE RISK	Buildings that do not meet minimum energy performancestandards set by legislation

Environmental

Both physical and transition risks must be analyzed for each property and market. Physical risks are hazards caused by changing climate such as floods, fires, rising temperatures, and rising sea levels. Transition risks involve the responses to climate change by humans and society. An example of transition risk is New York's Local Law 97 which requires most buildings over 25,000 square feet to meet energy and greenhouse gas emissions by 2024 with additional requirements in 2030. Transition risks are regulatory, economic and social changes that could affect asset values.

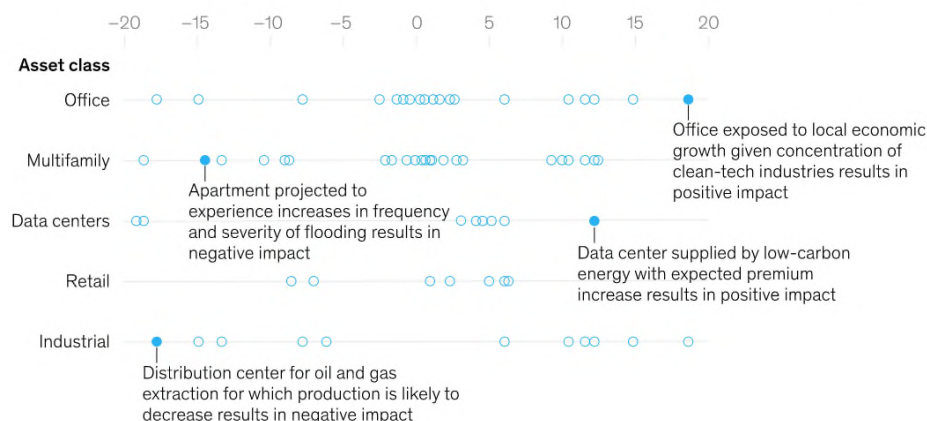
According to *Climate Risk and the Opportunity for Real Estate* by McKinsey & Company,

The combination of this economic transition and the physical risks of climate change has created a significant risk of mispricing real estate across markets and asset classes. For example, a major North American bank conducted analysis that found dozens of assets in its real-estate portfolio that would likely be exposed to significant devaluations within the next ten years due to factors including increased rates of flooding and job losses due to the climate transition. Additionally, a study of a diversified equity portfolio found that, absent mitigating actions, climate risks could reduce annual returns toward the end of the decade by as much as 40 percent. Leading real-estate players will figure out which of their assets are mispriced and in what direction and use this insight to inform their investment, asset management, and disposition choices. They will also decarbonize their assets, attracting the trillions of dollars of capital that has been committed to net zero and the thousands of tenants that have made similar commitments. They will then create new revenue sources related to the climate transition.

Building climate intelligence is central to value creation and strategic differentiation in the real-estate industry. But the reverse is also true: real estate is central to global climate change mitigation efforts. Real estate drives approximately 39 percent of total global emissions. Approximately 11 percent of these emissions are generated by manufacturing materials used in buildings (including steel and cement), while the rest is emitted from buildings themselves and by generating the energy that powers buildings. Real-estate owners and investors will need to improve their climate intelligence to understand the potential impact of revenue, operating costs, capital costs, and capitalization rate on assets. This includes developing the analytical capabilities to consistently assess both physical and transition risks. Analyses should encompass both direct effects on assets and indirect effects on the markets, systems, and societies with which assets interact.

The following chart from McKinsey& Co. shows examples of physical and transition risks, and their potential effects on value.

Illustrative chart and examples of physical and transition risk effects on equity value of assets, %



Social

According to *ESG Real Estate Insights* by Deloitte,

Recently, the “S” in ESG has received growing attention as the COVID-19 pandemic put greater emphasis on the social factor. Since real estate companies have a significant social impact, they should consider the “S” as a value driver. Social aspects in real estate include, for example, participation in the rehabilitation of public spaces, affordable housing, social housing or care centers as well as ensuring security in buildings and assuring human rights. From an internal perspective, social elements may also comprise ensuring workplace safety, fostering high standards in labor practices, responsible marketing, and promoting diversity across the company. Incorporating social considerations can increase companies’ ability to attract talent – especially among millennials. The risk of neglecting social elements can lead to a lack of reputation, lost work, higher employee turnover, increased operating costs, and may threaten the ability to operate.

Governance

The “G” in ESG and how it pertains to commercial real estate is convoluted. Governance in commercial real estate has little to do with individual assets or portfolios, and more to do with how a commercial real estate company is structured, led, and how decisions are made. Governance concerns itself with how an ESG focused entity approaches risk management and longer-term planning. It may also concern itself with how individuals who manage properties make decisions to build tenant and community trust.

From a bigger picture, the “G” truly focuses on the boardroom and according to *ESG Real Estate Insights* by Deloitte,

Regarding the “G” in ESG, governance scrutiny is central to companies’ ability to continue business operations. While promoting corporate governance can present an opportunity for real estate companies in order to drive long-term value, not addressing governance considerations carries high risks – reaching from penalties and fines to a loss of reputation and market penetration.

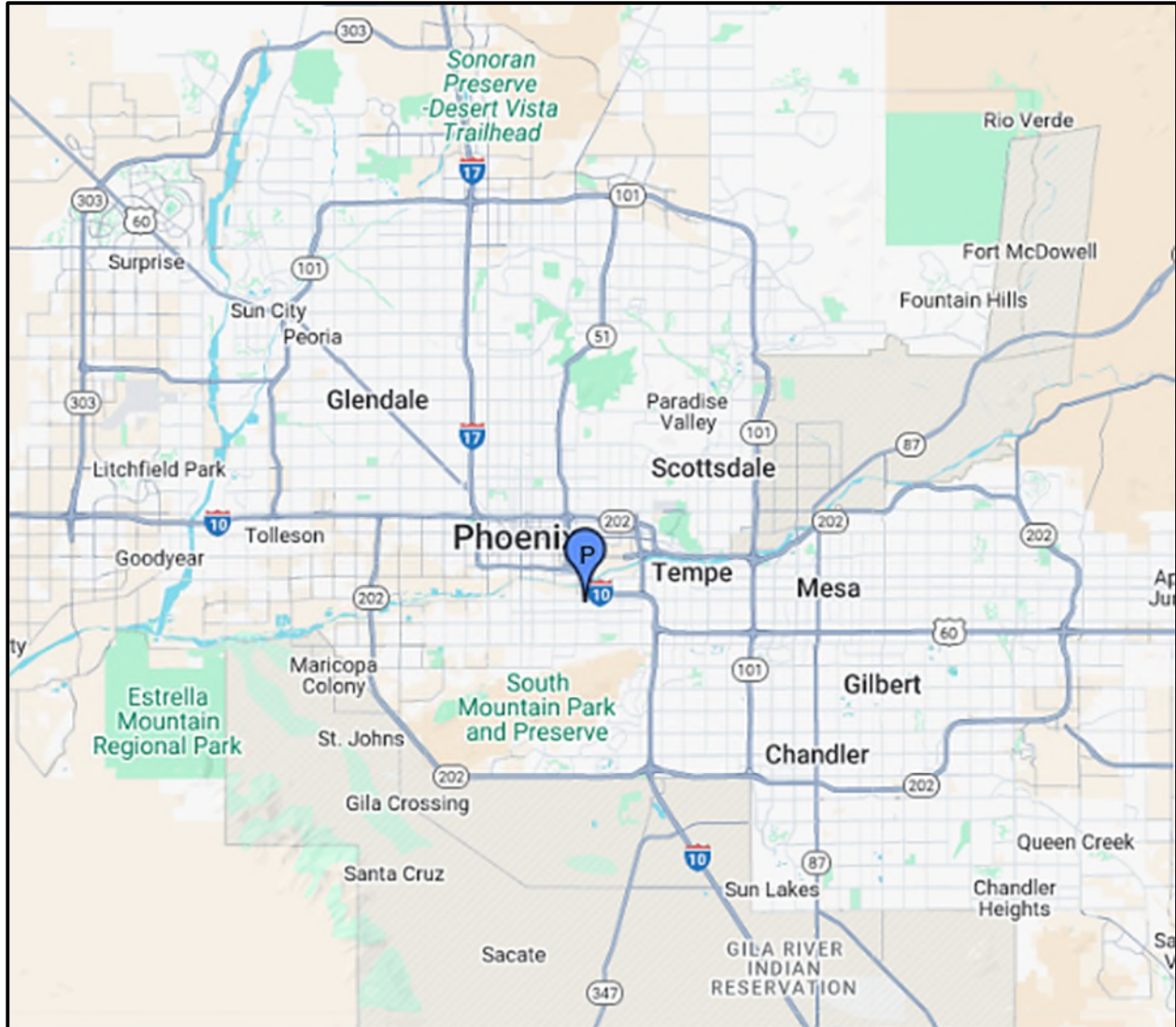
Governance elements include, among others, compliance with governance rules and guidelines, ensuring adequate and transparent remuneration, promoting transparent disclosure of governance issues, taking action against corruption, fostering diversity in management and governing bodies, as well as establishing and communicating organizational values. A corporate culture of ethics, compliance, and integrity is the foundation to create a positive long-term impact.

Relevance to Subject Property

No changes are projected in area land uses that would negatively impact the subject property and no change in governance is expected.

REGIONAL OVERVIEW

REGIONAL MAP



PHOENIX-MESA-SCOTTSDALE MSA

The metropolitan Phoenix area has emerged as one of the largest populations and trade centers in the Southwest, having experienced substantial growth over the past two decades. This growth has been the result of Phoenix's centralized location, favorable climate and advantageous business environment. The Phoenix-Mesa-Scottsdale MSA (Metropolitan Statistical Area) includes virtually all of central and eastern Maricopa County. The City of Phoenix forms the nucleus of the metropolitan area, surrounded by 22 incorporated cities and towns.

ECONOMY & DEMOGRAPHIC PROFILE

The following profile of the Phoenix-Mesa-Scottsdale MSA was provided by Moody's Economy.com, a leading provider of economic, financial, and industry information. It is the most recent report available, February 2025. It will give the most current view of the economic conditions in the Phoenix-Mesa-Scottsdale, AZ area.

RECENT PERFORMANCE

Phoenix-Mesa-Scottsdale is on the right track after struggling for much of 2024. Benchmark revisions indicate a small year-over-year decline as of January, driven by a far weaker first half of the year than indicated in the initial estimates. Leisure/hospitality backtracked for most of last year, and financial services have leveled off. Healthcare, however, is surging, providing support. Household and payroll employment figures have diverged, with the former backtracking over the second half of last year, pushing the unemployment rate higher. Still, joblessness remains low by historical standards. Housing is a mixed bag, with price growth picking up but weakness for most of the past few years pushing more homebuilders to the sidelines.

2018	2019	2020	2021	2022	2023	INDICATORS	2024	2025	2026	2027	2028	2029
256.9	268.2	272.8	296.3	310.3	320.9	Gross metro product (C17\$ bil)	333.8	348.9	362.2	376.8	392.5	409.2
4.5	4.4	1.7	8.6	4.7	3.4	% change	4.0	4.5	3.8	4.0	4.2	4.3
2,109.2	2,180.3	2,122.6	2,220.3	2,335.5	2,405.2	Total employment (ths)	2,454.9	2,501.6	2,545.2	2,584.0	2,624.7	2,668.4
3.4	3.4	-2.6	4.6	5.2	3.0	% change	2.1	1.9	1.7	1.5	1.6	1.7
4.2	4.2	7.3	4.7	3.3	3.5	Unemployment rate (%)	3.3	3.8	4.0	3.8	3.6	3.3
6.7	7.7	10.8	11.5	5.6	7.1	Personal income growth (%)	5.7	5.3	6.1	5.8	5.4	5.7
64.6	67.8	71.5	76.5	81.4	85.7	Median household income (\$ ths)	88.4	91.9	95.5	98.9	101.8	104.9
4,769.1	4,824.3	4,875.2	4,956.6	5,042.6	5,118.0	Population (ths)	5,228.1	5,328.5	5,413.2	5,496.2	5,583.9	5,676.5
1.2	1.2	1.1	1.7	1.7	1.5	% change	2.1	1.9	1.6	1.5	1.6	1.7
36.5	35.1	38.2	76.2	76.9	61.6	Net migration (ths)	94.7	84.8	68.9	67.0	71.8	76.9
23,526	25,026	31,658	34,347	26,857	24,708	Single-family permits (#)	30,364	23,399	26,121	28,277	28,961	28,952
7,817	10,847	16,561	16,234	20,410	20,908	Multifamily permits (#)	15,416	6,432	6,974	7,836	8,187	8,350
8.3	6.9	8.5	22.8	22.4	0.6	FHFA house price index (% change)	4.3	-0.6	0.2	1.1	1.9	2.2

DEMOGRAPHICS

Phoenix-Mesa-Scottsdale's strong demographics will keep it ahead, even as tighter immigration policy slows international migration. Phoenix-Mesa-Scottsdale boasts a higher natural growth rate—representing the difference between the birth and death rates—than the Mountain West. Additionally, warm weather and a robust labor market give it a clear edge in attracting domestic movers. This will sustain consumer spending growth and ensure a steady supply of workers for key industries such as finance and semiconductor manufacturing.

CHIPS

Semiconductor manufacturing will be the cornerstone of growth for the Valley of the Sun throughout the decade. The industry has been a fixture in Phoenix-Mesa-Scottsdale for more than 40 years, but the passage of the CHIPS Act and a broader push toward reshoring have supercharged investment. TSMC and Intel are leading the way, with plans to invest nearly \$200 billion—equivalent to almost half of nominal metro area output—to build eight fabrication plants and multiple support facilities. For Intel, the CHIPS Act has been a lifeline. Funding has created a viable path into the booming artificial intelligence chip market, helping the company reassert itself after years of falling behind. The strategy is already paying off, with major firms evaluating Intel as a potential contractor for cutting-edge chip production.

TSMC, meanwhile, is already delivering an impressive performance. The company's first local fab has already surpassed its Taiwanese counterparts in production yield, a key profitability metric. This early success bodes well for the five additional facilities the firm plans to build over the next decade. These projects will spur a near-term surge in construction and lay the foundation for sustained high-wage job growth. Moreover, Phoenix-Mesa-Scottsdale's expanding semiconductor cluster solidifies its position as a premier destination for future investment, ensuring that the metro area remains a hub for advanced chip production.

TOP EMPLOYERS	
Banner Health	54,653
Wells Fargo Bank N.A.	16,700
Avnet	15,800
Arizona State University	14,889
HonorHealth	14,801
Bank of America	10,000
JP Morgan Chase & Co.	10,000
Freeport-McMoRan Copper & Gold Inc.	9,300
American Express	7,795
Honeywell Aerospace	7,792
Phoenix Children's Hospital	7,435
Arizona Public Service Co.	6,045
Shamrock Foods Co.	5,969
Grand Canyon Education	5,871
Cigna	4,744
Empire Southwest LLC	4,570
Boeing Co.	4,336
Sonora Quest Labs/Laboratory Sciences of Arizona	3,953
Western Alliance Bank	3,333
Blue Cross Blue Shield of Arizona	3,310
<i>Sources: Phoenix Business Journal, 2024</i>	

FINANCIAL CENTER

Phoenix-Mesa-Scottsdale's financial sector will also gain momentum, benefiting from increased corporate investment and rising demand for capital. The metro area is home to corporate offices for several major financial firms, making it 50% more reliant on financial services than the nation, with a corresponding outsize share of wages. The industry ramped up hiring last year in anticipation of swift monetary easing. However, stickier-than-expected inflation led the Federal Reserve to pause rate cuts, halting progress in the second half of the year. Since then, the yield curve has widened, supporting bank profitability and setting the stage for renewed hiring, particularly as the Federal Reserve resumes easing later this year.

POISED FOR SUCCESS

In addition to the growing semiconductor manufacturing and financial services industries, a host of structural advantages will ensure Phoenix-Mesa-Scottsdale's perpetual outperformance. Population growth in the Valley of the Sun has outpaced the national average for years, which is unsurprising given rapidly climbing per capita incomes. In addition to strong top-line demographic growth, the metro area benefits from a demographic structure that increasingly skews younger, bolstering natural population growth despite Phoenix-Mesa-Scottsdale's reputation as a retiree haven. More young adults also mean high levels of entrepreneurship. Given a low tax burden and affordable office space, these trends will continue, providing a leg up.

CULTURAL/RECREATION

Metropolitan Phoenix is home to several professional sports teams and sports facilities such as: the Phoenix Suns (NBA); the Arizona Cardinals (NFL); the Arizona Coyotes (NHL); the Arizona Diamondbacks (MLB); the Arizona Rattlers (arena football); the Phoenix Smash (team tennis); Phoenix International Raceway and Turf Paradise (horse racing). In addition, the Phoenix region offers ample cultural opportunities including numerous museums and theaters, symphony/pop concerts, ballet, opera, the Phoenix Zoo and Desert Botanical Gardens, restaurants, etc. Due to the warm climate, the area is heavily oriented toward outdoor activities, such as golf, tennis, jogging, bicycling, hiking, swimming, softball, volleyball, and basketball. The region has an excellent park system, which is ranked as one of

the largest in the nation. Located within a one to two-hour drive time from this region are several lakes and streams for boating and fishing, and mountainous areas for hiking, camping, and snow skiing.

EDUCATION/HEALTH

Metropolitan Phoenix is well served by numerous educational facilities from elementary through doctoral degree programs. The Phoenix region is served by two, four-year universities including Arizona State University (ASU), the largest public university in the United States which has three campus locations, and Grand Canyon University, the largest private university in the country. Additional educational alternatives are provided by numerous technical trade schools. There are adequate medical facilities represented by several regional hospitals, the Mayo Clinic, 24-hour outpatient medical centers, and a myriad of private practices throughout the entire region.

TRANSPORTATION

Due to the location of metropolitan Phoenix, it has become a regional transportation hub for the Southwest. As a result, it is served by several major transportation linkages including highway, air, and rail. Interstates-10 and -17, U.S. Highways-60, 70, 80, and 89, along with State Highways-51, 87, 93, and 360, connect the metropolitan Phoenix area with most major metropolitan areas in the west and mid-western United States. Public transportation in the metropolitan Phoenix area is mostly limited to municipal bus transit systems.

However, construction of the Valley Metro Rail system through the center of the metro area has improved public transportation in the most densely populated areas. Completed in December 2008, the Valley Metro Rail system runs generally from 19th Avenue and Dunlap in the north-central portion of the metro area through the Phoenix downtown central business district where it extends east through Tempe and into Mesa to Gilbert Road. The 26.3-mile Valley Metro Rail system has enabled much better access to Downtown Phoenix, with linkage between ASU-Tempe, Sky Harbor International Airport and the North Central Avenue Corridor. Further extensions will occur over the next 20-plus years to a total length of approximately 66 miles (current plans).

The metropolitan Phoenix area is well served by other forms of transportation including bus lines, various interstate truck lines, two railroads (Burlington Northern and Southern Pacific), and nine airports, including the Sky Harbor International Airport (Arizona's largest). Other airports in the metropolitan area include Luke Air Force Base, and the municipal facilities of Mesa, Scottsdale, Chandler, Carefree, Glendale, Goodyear, and Deer Valley.

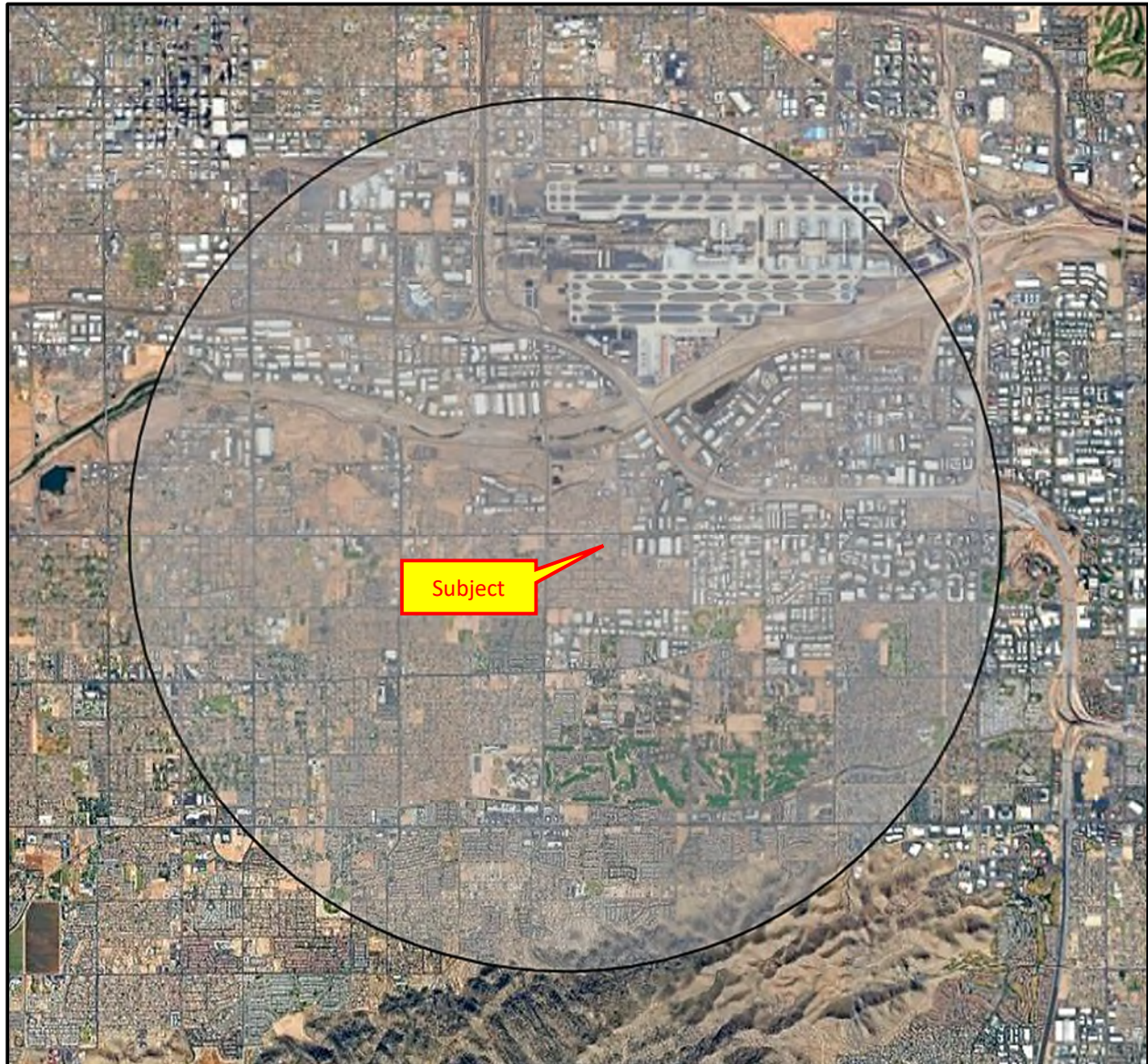
CONCLUSION

Phoenix-Mesa-Scottsdale will outperform the region and nation in the year ahead as its financial sector reaccelerates. Continued investment in chip manufacturing will lift incomes and employment. Longer term, a favorable business climate and strong demographics will make Phoenix-Mesa-Scottsdale a consistent overperformer.

MARKET AREA OVERVIEW

The subject market area is in the southern portion of the city of Phoenix. Downtown Phoenix is located approximately four miles northwest of the subject and the Phoenix Sky Harbor International Airport is located approximately two miles northeast of the subject. A map illustrating the market area, encompassing a three-mile radius around the subject is presented below.

MARKET AREA MAP



MARKET AREA CHARACTER

The market area is mature in nature with mainly redevelopment opportunities existing. Vacant and developable land makes up approximately 5-10% of all land uses. The northeast quadrant is dominated by the Sky Harbor International Airport. Industrial development is located along the freeway corridors. The area south of the Salt River which crosses

east to west through the market area is comprised mainly of residential development with a mix of medium and low density development.

MAJOR ROADWAYS/ACCESS

Access to and from this neighborhood is considered to be good. Interstate-10, which serves as metropolitan Phoenix's main east/west linkage, is located north of the subject property. Other area freeways serving the subject neighborhood include the 'Black Canyon Freeway' (i.e. Interstate-17) which is a major north-south linkage and is located north and west of the subject property. Arterial streets arranged on a one-mile grid aligned along section lines provide primary transportation routes for the subject neighborhood. North-south arterials include 7th Street, 16th Street, 24th Street, 32nd Street, and 40th Street. East-west arterials include Baseline road, Southern Avenue, and Broadway Road.

PUBLIC TRANSPORTATION & ACCESS

The Valley Metro Regional Public Transportation Authority, known as Valley Metro, is the unified public brand of the regional transit system in and around the Phoenix, Arizona, metropolitan area, responsible for public transit, including bus service, light rail, and rideshare service. The subject has several bus stops within walking distance along Broadway Road.

SKY HARBOR INTERNATIONAL AIRPORT

Among the largest commercial airports in the United States, Sky Harbor was built in 1928 with only one runway. It now handles more than 1,200 aircraft operations a day, 120,000 passengers and more than 800 tons of cargo. The airport serves as a domestic hub and Mexican and Hawaiian gateway for American Airlines, US Airways, and also as one of the largest focus cities for Southwest Airlines. The new Phoenix Sky Train, by 2020 will be able to transport Sky Harbor passengers from the 44th Street and Washington Light Rail station to Sky Harbor's East Economy Parking lot, through all three terminals, then on to the Rental Car Center just west of the airport. A future three-part construction and renovation project is underway and will combine Terminal 2 and Terminal 3 and update the facilities. Part One has created a consolidated security checkpoint, new airline ticket counters, a Museum Gallery and a West Arrival Plaza (outdoor area with Animal Relief area). Part Two will be a brand-new Terminal 3 South as a 15 gate, linear terminal. Part Three will provide additional concession space for Terminal 3 North, expand the curbside area, and separate ticketing and baggage claim, moving ticketing to the second level of the terminal while expanding the baggage claim on the first level. This would discontinue all operations from Terminal 2 as it would be phased out. The project began in 2015 and was completed by 2020. The airport is approximately 3.5 miles northwest of the subject by private car.

BUSINESS PARKS

The Cotton Center is a 280-acre master-planned business park with more than 50 buildings and almost 3 million square feet of space. It is located on the south side of Broadway Road between 40th Street and 48th Street. Located west of the Cotton Center between Roeser Road and I-10 and between 40th and 32nd Street is a concentration of industrial development and smaller business parks.

The Phoenix I-10 Business Park is a four-building 557,000square foot business park developed in 1999 and located on the south side of Broadway Road, between 30th and 32nd Streets. Highland Cabinetry, Ryder Trucking, Bright Event Rentals, HALCO Lighting, and Prisma Graphic Corp, are tenants.

Riverpoint is a mixed-use office and industrial development opened in 2002 with over 700,000 square feet of Class A Office space and 130,000 square feet of flex industrial and warehouse space is located along 32nd Street between Wood Street and I-10.

DEMOGRAPHICS

The following table presents a summary of area demographic trends for the subject area, as well as the Phoenix MSA.

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA				
	2749 E Broadway Road - 1 mi.	2749 E Broadway Road - 3 mi.	2749 E Broadway Road - 5 mi.	Phoenix-Mesa- Chandler, AZ Metro
Description	Totals	Totals	Totals	Totals
Population				
2030 Projection	10,201	75,194	301,044	5,424,806
2025 Estimate	9,699	72,465	289,752	5,168,926
2020 Census	9,235	70,213	277,225	4,845,832
2010 Census	7,340	62,752	255,203	4,192,902
2025 Est. Median Age	31.12	34.00	33.17	38.49
2025 Est. Average Age	33.12	35.93	35.64	39.90
Households				
2030 Projection	3,212	25,265	113,165	2,015,328
2025 Estimate	3,055	24,272	107,788	1,913,727
2020 Census	2,913	23,316	101,592	1,790,242
2010 Census	2,136	19,911	86,703	1,537,166
2025 Est. Average Household Size	3.17	2.98	2.61	2.65
2025 Est. Average Household Income	\$73,397	\$94,686	\$87,544	\$118,753
2025 Est. Median Household Income	\$59,556	\$69,223	\$65,474	\$87,162
2025 Est. Tenure of Occupied Housing Units (%)				
Owner Occupied	49.39	56.82	40.35	64.78
Renter Occupied	50.64	43.18	59.66	35.22
2025 Est. Median All Owner-Occupied Housing Value	\$384,906	\$378,853	\$395,929	\$490,080

Source: 2025 Claritas, Inc.

POPULATION AND HOUSEHOLD CHANGES				
	2749 E Broadway Road - 1 mi.	2749 E Broadway Road - 3 mi.	2749 E Broadway Road - 5 mi.	Phoenix-Mesa- Chandler, AZ Metro
Projected Population Change (2025 - 2030)	5.2%	3.8%	3.9%	5.0%
Estimated Population Change (2020 - 2025)	5.0%	3.2%	4.5%	6.7%
Actual Population Change (2010 - 2020)	25.8%	11.9%	8.6%	15.6%
Projected Households Change (2025 - 2030)	5.1%	4.1%	5.0%	5.3%
Estimated Households Change (2020 - 2025)	4.9%	4.1%	6.1%	6.9%
Actual Households Change (2010 - 2020)	36.4%	17.1%	17.2%	16.5%

Source: 2025 Claritas, Inc.

Average household incomes in the 1, 3, and 5-mile radii of the subject are below the average for the MSA, as well as median home values. A lower percentage of homes are owner occupied in the subject market area compared to the MSA. Population growth in the 1-mile radius is forecasted to be similar to that for the MSA over the next five years and slightly lower in the 3 and 5-mile radii. Average household size is larger in the market area and the median age is lower indicating a younger, family demographic.

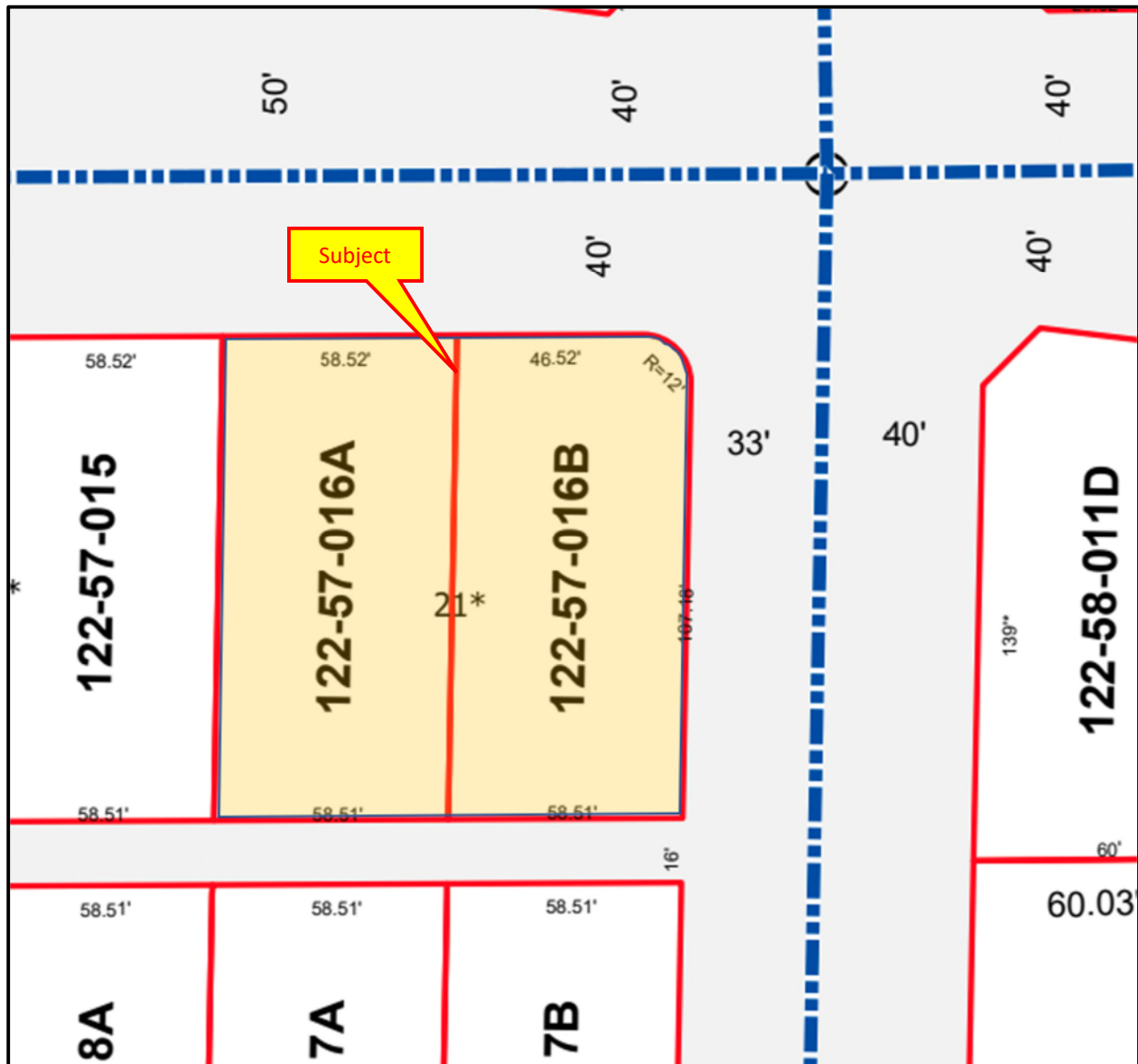
CONCLUSIONS

The market area benefits from its central area within the Phoenix metro area and its inclusion of Phoenix Sky Harbor International Airport. It has numerous employment centers and support facilities as well as its convenient access to major demand generators within the MSA. Due to the market area's central location within the MSA, moderate re-development with residential and commercial uses is expected to continue.

SITE DESCRIPTION

GENERAL SITE DESCRIPTION OVERVIEW			
Location	SWC of Broadway Road and 28th Street		
Parcel Number	122-57-016A, 016B		
Legal Description	See Addenda		
Latitude, Longitude	33.406677, -112.021531		
Site Area	13,821 square feet (0.32 acres)		
Configuration	Generally Rectangular		
Topography	Level with a slight berm around the perimeter to discourage dumping of debris		
Drainage	Appears adequate		
Utilities/Municipal Services	All available to site.		
Off-Site Improvements	Completed		
Flood Zone(s)	<u>Zone</u>	<u>Map</u>	<u>Date</u>
	Zone X (Shaded)	04013C2220M	September 18, 2020
	Zone X Shaded (Inside 500Y) is a Non-Special Flood Hazard Area (NSFHA) of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. Are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than 1 square mile. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.		
Census Tract No.	1161.00		
Soil/Subsoil Conditions	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.		
Environmental Concerns	The inspecting appraiser did not observe any environmental issues and for the purpose of this appraisal, it is specifically assumed that none exist. No independent environmental studies were provided. This appraisal assignment was engaged to determine the market value of the property, independent of any potential environmental issues. In the event the property is determined to be impacted by environmental concerns, it could affect our appraisal conclusions.		
Easements, Encroachments and Deed Restrictions	None detrimental known		
Hazards Nuisances	None noted		
Frontage	105' on Broadway Road; 107' on 28th Street		
Access	Currently there are no curb cuts providing access to the site.		
Visibility	Good		
Surrounding Land Uses	Retail and Apartments (east); SFR's (south); Commercial (west); Vacant Residential Land (north)		
Opportunity Zone	No		
Traffic Counts	22,808 vpd on Broadway Road (2025 data)		
Transportation Facilities	Valley Metro Bus Service along Broadway Road		
Site Utility	Average		
Comments	The subject is a multifamily residential zoned site with a location at the hard corner of an arterial and a collector street.		

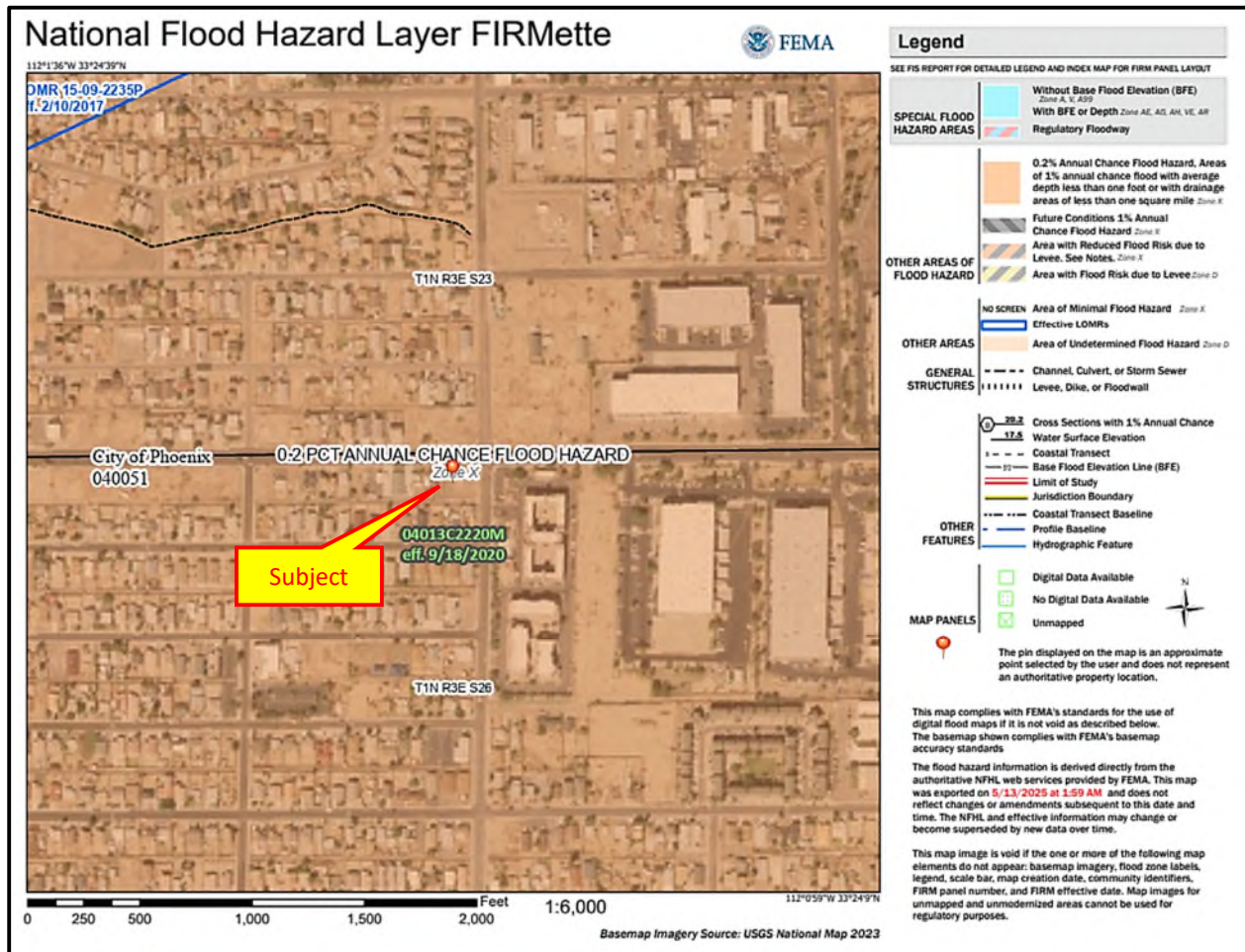
ASSESSOR PLAT



ASSESSOR AERIAL PHOTO

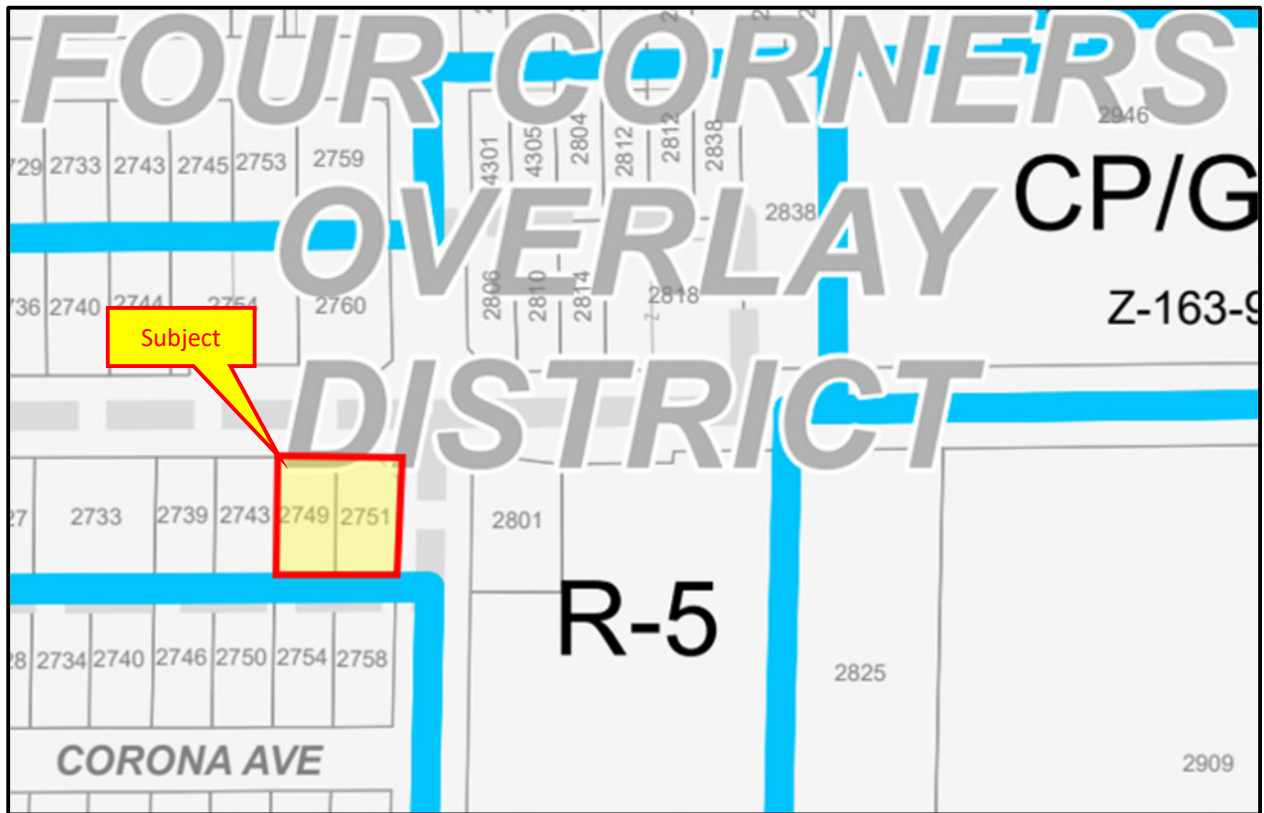


FLOOD MAP

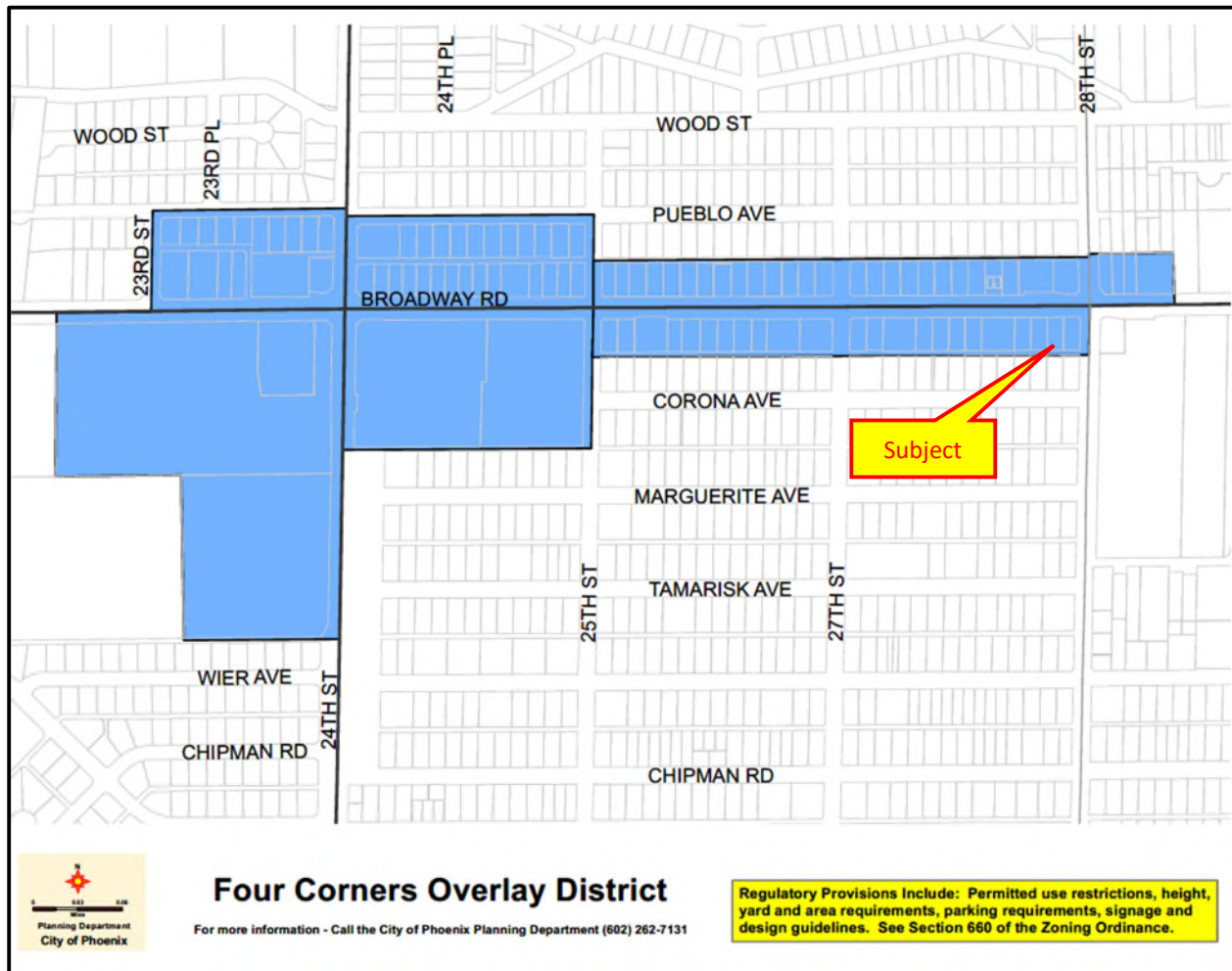


ZONING	
Designation	R-5/FCO/SPVTABDO
Description	Multifamily Residence District/Four Corners Overlay District/South Phoenix Village and Target Area B Design Overlay District
Zoning Intent	The purpose of the multi-family residence districts is to provide for alternate living styles including rental, condominiums and single ownership of land with multiple units thereon or single or attached townhomes. The purpose for the overlay is to formalize and define development standards to aid in the development and planning of projects within the historic section of the City known as the Four Corners. The goal is to create a pedestrian friendly environment and tie the Four Corners at the intersection of 24th Street and Broadway Road together through unique design elements. It is intended to provide the Four Corners with new and distinct neighborhood commercial developments that will define and unify the community and enhance the gateway to the South Mountain Village and the redevelopment areas of Target Area B and South Phoenix Village. The Four Corners Overlay District is established to encourage the development of neighborhood serving retail uses and limited community serving uses. Uses listed in the underlying commercial district are permitted except that certain uses and the sale of certain products will be permitted only subject to a special permit approval. The South Phoenix Village and Target Area B Design Overlay District specifies additional design standards for new one and two dwelling units per lot residential developments.
Compliance	The subject is an undeveloped vacant site, and is a legal conforming use in the R-5 Zoning District and the Overlay Districts.
ZONING REQUIREMENTS	
Permitted Uses	Permitted uses in the R-5 Zoning District include single family detached and single family attached and multifamily development. Non-residential uses permitted are primarily office, group care and lodging uses.
Minimum Lot Size	No specific minimum; various minimum width and depths depending on use
Maximum Lot Size	None specified
Minimum Lot Width	Varies by uses from 45' to 60'
Maximum Coverage Ratio	50% to 60% based on use
Minimum Open Space	15% per the Four Corners Overlay
Front (min. ft.)	10' to 20'
Rear, alley/no alley (min. ft.)	15' to 30'
Side (min. ft.) interior	3'
Maximum Density	5.0 du/ac to 6.5 du/ac (12 du/ac w/bonus) - SFR Detached ; 43.5 du/ac to 45.68 du/ac (52.2 du/ac w/ bonus) - SFR Attached and Multifamily;
Maximum Height	48'
Max Floor Area Ratio	None specified

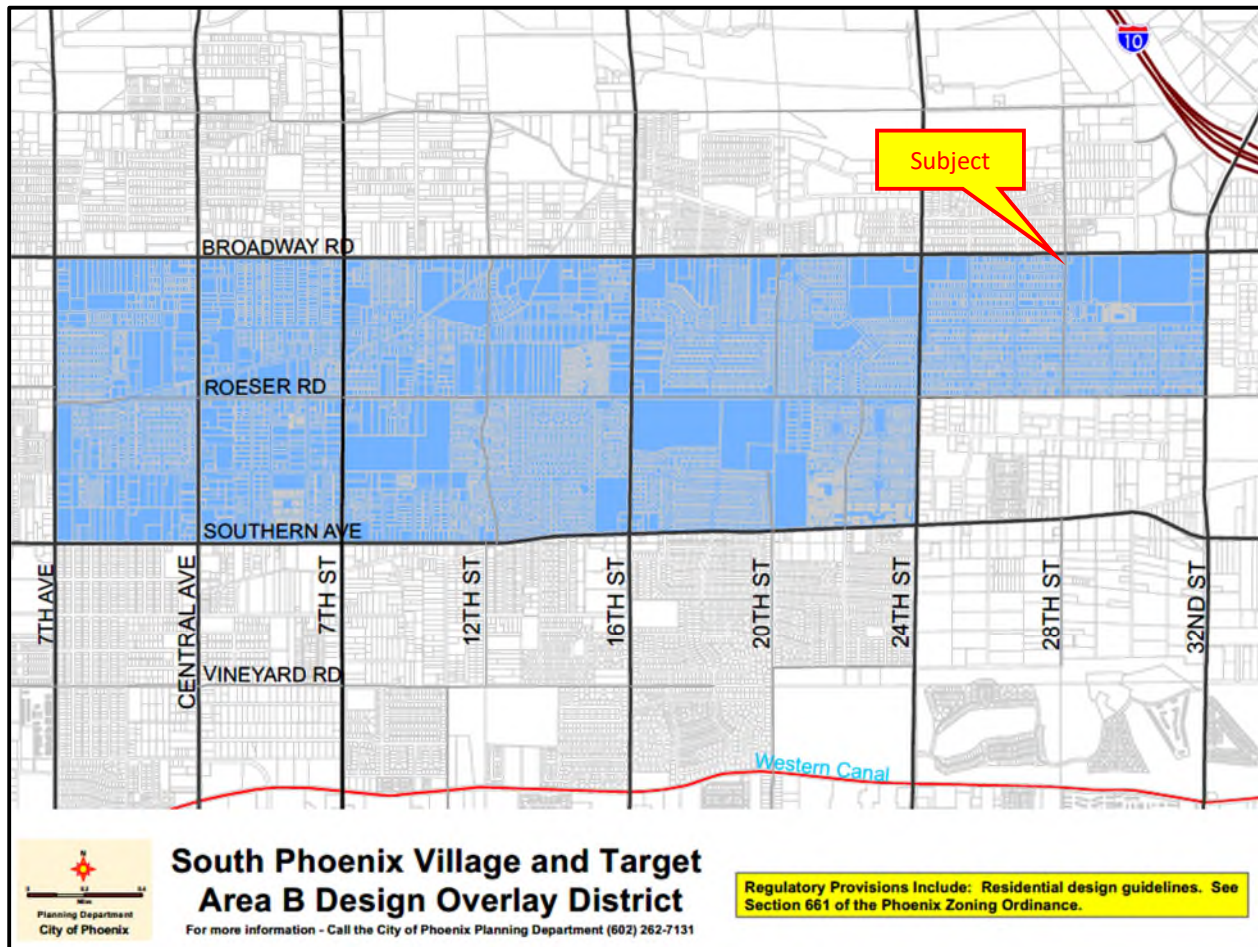
ZONING MAP



FOUR CORNERS OVERLAY DISTRICT MAP



SOUTH PHOENIX VILLAGE AND TARGET AREA B DESIGN OVERLAY DISTRICT MAP



PROPERTY ASSESSMENT AND TAX ANALYSIS

PROPERTY ASSESSMENT AND TAX DATA

Assessment and real estate tax information is provided by the Maricopa County Assessor's and Treasurer's offices. The subject is composed of two legal parcels, which are identified by parcel numbers 122-57-016A and 122-57-016B.

The State of Arizona employs a dual (Primary, Secondary) structure for real estate taxation. The assessed value derived from "full cash value" is the basis for computing taxes for budget overrides, bond and sanitary, fire and other special districts (Secondary taxes), while the assessed value derived from "limited value" is the basis for computing taxes for the maintenance and operation of school districts, community college districts, cities, county and the state (Primary taxes). The respective taxing authorities and tax rates per \$100 of assessed value are similar to surrounding communities and are not burdensome. The assessment ratio for improved commercial properties is 16.5% of the full appraised value (note that commercial assessments have decreased by 50 basis points for the past several years).

In Arizona, a sale of a property does not initiate its reassessment. Taxes are typically determined by applying the tax rates to the assessed values.

Pursuant to Proposition 117, there is a mandatory cap on valuation increases to the LPV, upon which both primary and secondary taxes are based. Although the FCV, which is not limited based on market conditions, may experience significant increases, Proposition 117 limits the increases in the LPV to 5% annually. Notably, this limit does not apply to new construction, additions, significant renovations and/or deletions of the property.

The following table summarizes the subject's real property assessed values:

REAL ESTATE ASSESSMENT AND TAXES				
Tax ID No.		2023	2024	2025
122-57-016A		\$17,504	\$18,379	\$19,298
122-57-016B		\$19,448	\$20,420	\$21,441
Tax Value Subtotal		\$36,952	\$38,799	\$40,739
Assessed Value @	15.00%	\$5,543	\$5,820	\$6,111
Property Taxes		\$0	\$0	\$0
Special/Direct Assessments		\$0	\$0	\$0
Total Taxes		\$0	\$0	\$0
Total Taxes per Unit		\$0	\$0	\$0

The subject parcels are owned by the City of Phoenix and are not taxed.

MARKET ANALYSIS

PHOENIX RESIDENTIAL MARKET

The appraisers utilized information from the MLS, as well as discussions with real estate professionals for this analysis of the Phoenix metro residential market. The MLS data is assumed to contain information on most of the residential market sales but not all. However, it is representative of overall market trends.

ALL HOME SALES

The Phoenix residential market has been in a moderating mode for the past three years after several prior years of strong price growth. In fact, currently there are 15,004 residential listings in the local MLS (Detached SFR), well below more typical listings of 20,000 or more homes in previous years. With 23,332 sales in the last six months, the current number of listings represents a 3.9-month supply. The average days-on-market, DOM, for the Phoenix market area for the last six months was 73 days. The average price of the residences sold was \$715,287, or \$302.19 per square foot. This average was 97.5% of the average listing price.

For the previous 6 months, there were 23,504 sales with an average sale price of \$674,538, or \$292.84 per square foot, indicating an increase of 6.0% to the current quarter. The DOM for the sales was 64. The indication is that the average sale prices for homes in the Phoenix market have been increasing in the past 6 months, but with marketing times also increasing.

More specific to the subject property, within the subject's immediate market area (North-University Drive, East-40th Street; South – Baseline Road; West – 16th Street) currently there are 49 residential listings in the local MLS (Detached SFR). With 94 sales in the last 6 months, the current number of listings represents a 3.1-month supply.

The average sale price was \$410,067, below the metro area, but days-on-market, DOM, for the subject's market area for the last 6 months was 69 days, superior to the metro area. This average sale price was 99% of the average listing price, also superior to the metro area.

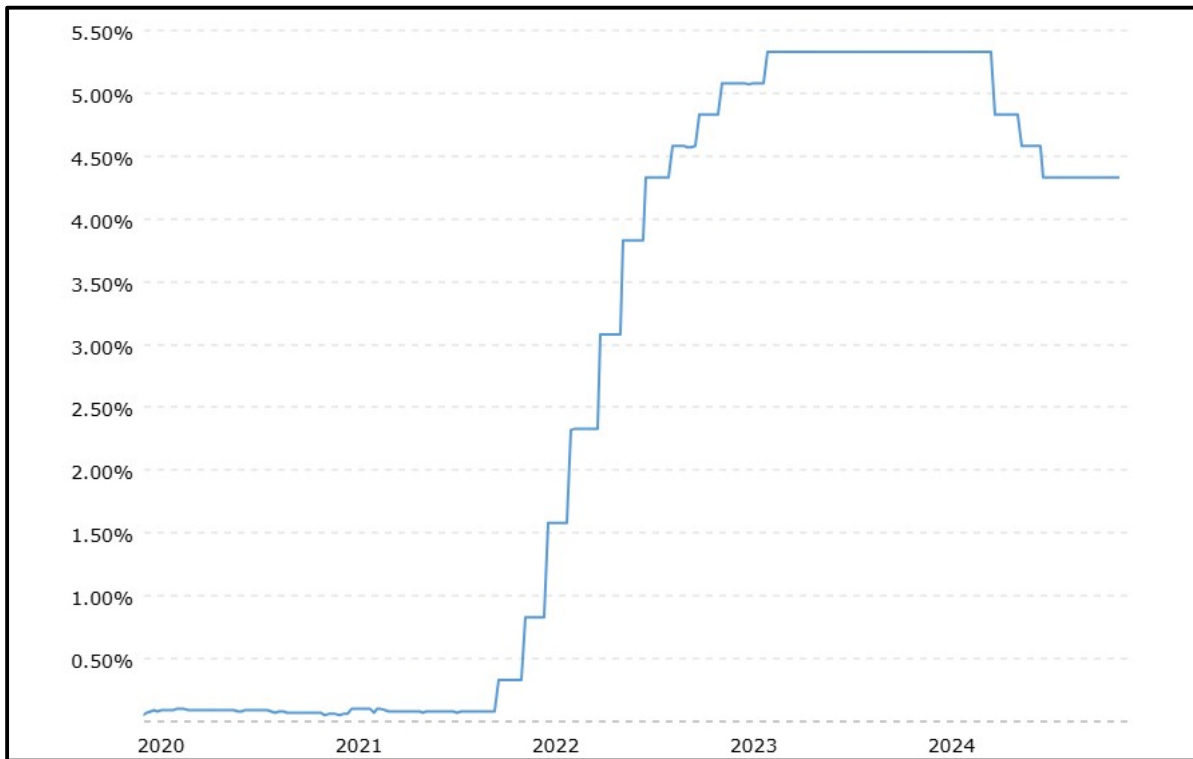
In the prior 6 months within the subject's market area there were 96 sales with an average sale price of \$409,713 and a DOM of 50. This reflects a sale price increase of less than 1.0%, well below the metro area increase. Thus, the recent 6-month sales reflect an increasing DOM and slightly increasing sale prices.

It should be noted that in the last 36 months, mortgage interest rates increased significantly. The Federal Reserve expressed concerns regarding the on-going increase in inflation and began raising the Federal Funds rate, which impacts interest rates, with a 0.25% increase in March 2022, another 0.50% increase in May 2022 and 0.75% in June, July and September 2022. However, the Federal Reserve recently reduced the Federal Funds rate to the current 4.33%, having the effect of reducing 30-year mortgage rates from their high of 7.79%.

Interest rates had been at all-time lows for an extended period of time prior to these increases. Thus, these increases had a direct impact on mortgage interest rates, which increased the cost of borrowing. The high was reported to be 7.79% in October 2023. From there, with the Fed Funds rate decreases, the rate declined to the current 6.81%. However, this is still historically on the high side, keeping residential home sales moderate.

The graphs on the next page are published by Macrotrends.net and show historic Federal Reserve rates for the past 5 years, as well as 30-year mortgage rates for this period.

FEDERAL FUNDS RATES



AVERAGE MORTGAGE INTEREST RATES



CONCLUSION

In general, the Phoenix area residential market showed stability over the last six months in terms of number of sales, but with increasing sale prices, despite increasing marketing times for current listings. The subject market area showed lower rates of appreciation but slightly lower marketing times due to being a mature area with a limited supply of homes.

The market for single family homes in Phoenix is expected to continue to be moderately strong with increasing prices due to the increasing population in Maricopa County. This was confirmed by discussions with area real estate professionals for this and other appraisals performed by this office in the Phoenix area in the recent past. Due to an expected stability, or slightly downward trend in mortgage interest rates, the demand for housing in the metro area, as well as the subject market area is expected to improve which in turn will benefit well-located residential land.

HIGHEST AND BEST USE

INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, is it appropriate to proceed with the analysis with such an assumption.

HIGHEST AND BEST USE CRITERIA

The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

HIGHEST AND BEST USE AS VACANT

LEGALLY PERMISSIBLE

Legal restrictions include deed restrictions, CC&R's, lease encumbrances, zoning requirements, building codes, historic district controls and environmental regulations, and were previously analyzed to determine legally permitted uses. Legally, the subject is zoned R-5, Multifamily Residence District, a zoning which allows for a maximum development density of 43.5 dwelling units per acre (du/ac) for single family attached uses or 52.2 du/ac with bonus. Single family detached development up to a maximum of 5.0 to 6.5 du/ac or 12 du/ac with bonus is permitted.

Permitted uses in the R-5 Zoning District include single family detached and single family attached and multifamily development. Non-residential uses permitted are primarily office, group care and lodging uses. In addition to the underlying zoning, the subject is within two Overlay Districts. The subject is in the Four Corners Overlay District which imposes additional standards such as special use permit requirements for enumerated commercial uses not permitted in the R-5 District, and various development standards. The subject is also located in the South Phoenix Village and Target Area B Design Overlay District which specifies additional design standards for new one and two dwelling units per lot residential developments. The overlay districts do not impede the development of the subject site to its highest and best use.

PHYSICALLY POSSIBLE

Size, shape, topography, soil condition, availability of utilities, transportation access, surrounding uses, and locational characteristics were previously analyzed to determine which legal land uses are physically possible and which are best to conform to the physical and locational aspects of the site and its setting with respect to the neighborhood and community. Overall, the physical site attributes result in adequate utility, and the property could be developed with a variety of legally-conforming uses. Given the surrounding uses and location, the site is best suited for residential use.

FINANCIALLY FEASIBLE

Financial feasibility is determined by the relationship of supply and demand for the legally probable land uses versus the cost to create them. The market analysis section reveals that the residential market in Phoenix has reflected generally increasing sales prices but longer marketing periods. In the subject submarket, price appreciation over the last six months has been modest but with slightly lower marketing times than for the overall market due to the

maturity of the area and limited supply of homes. Due to an expected stability, or slightly downward trend in mortgage interest rates, the demand for housing in the metro area, as well as the subject market area is expected to improve. Notably, there are new homes being built along the Broadway Road corridor where the subject is located.

MAXIMALLY PRODUCTIVE

The final test of highest and best use of the site as vacant is that the use be maximally productive, yielding the highest return to the land. Based on the preceding analysis, residential use renders the highest residual land value among the allowable uses and is the maximally productive use of the subject as vacant.

HIGHEST AND BEST USE CONCLUSION - AS VACANT

Upon evaluation of the four criteria utilized in determining a property's highest and best use, the subject site is best suited for residential development. While the subject is comprised of two adjoining legal parcels which could be sold separately, and are each large enough to support either a single family detached, or a smaller single family attached product such as a duplex, given its size, it would most probably be sold to a single purchaser, either to hold as an investment or to a developer planning to construct the homes.

VALUATION PROCESS

Valuation in the appraisal process generally involves three techniques, including the Cost Approach, Sales Comparison Approach and the Income Capitalization Approach.

These three valuation methods are defined in the following table:

VALUATION METHODS	DEFINITION
Cost Approach	In this approach, value is based on adding the contributing value of any improvements (after deductions for accrued depreciation) to the value of the land as if it were vacant based on its highest and best use. If the interest appraised is other than fee simple, additional adjustments may be necessary for non-realty interest and/or the impact of existing leases or contracts.
Sales Comparison Approach	In this approach, recent sales of similar properties in the marketplace are compared directly to the subject property. This comparison is typically accomplished by extracting "units of comparison", for example, price per square foot, and then analyzing these units of comparison for differences between each comparable and the subject. The reliability of an indication found by this method depends on the quality of the comparable data found in the marketplace.
Income Capitalization Approach	In this approach, a property is viewed through the eyes of a typical investor, whose primary objective is to earn a profit on the investment principally through the receipt of expected income generated from operations and the ultimate resale of the property at the end of a holding period.

VALUATION METHODS UTILIZED

This appraisal employs only the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. Since no improvements exist on site, the Cost Approach is not relevant. The property generates no income and is not typically marketed, purchased or sold on the basis of anticipated lease income; thus, the Income Capitalization Approach was precluded.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

LAND VALUATION

METHODOLOGY

The Sales Comparison Approach is employed to develop an opinion of land value. In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold sites in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

Unit of Comparison	A unit of comparison (i.e. price per square foot, price per acre, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of sites that are similar to the subject. Similarities may include size, utility, zoning, physical characteristics, location and the date of the sale.
Confirmation	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
Comparison	Each of the sales that is chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
Reconciliation	Once the comparables have been adjusted, a value must be concluded based on the indications produced from the analysis of the comparables.

UNITS OF COMPARISON

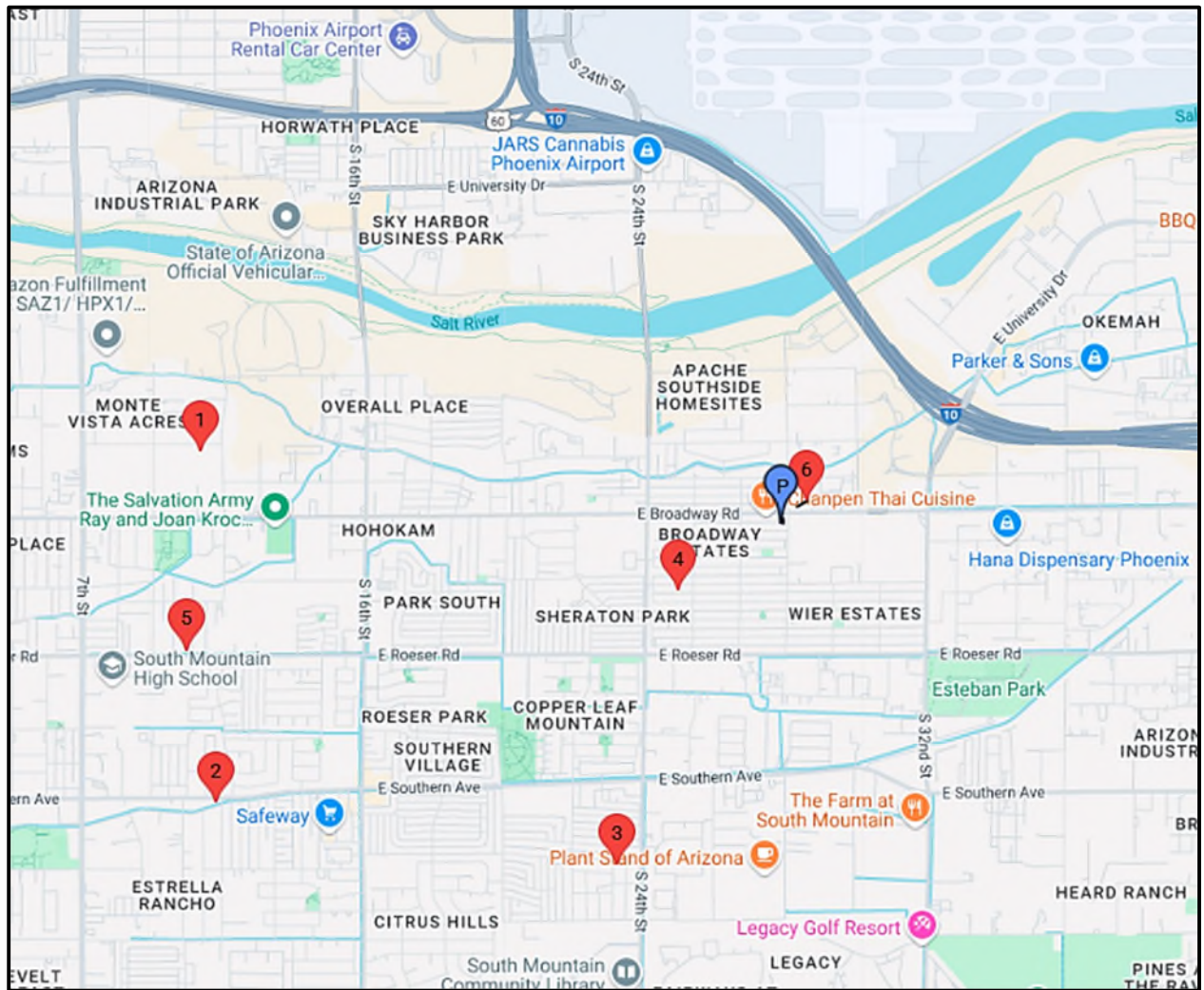
Based on market behavior observed, the most appropriate unit of comparison for this analysis is price per square foot.

COMPARABLE LAND SALES

We sought to identify recent sales of similar-sized parcels with a similar multifamily zoning, in the subject's immediate market area. The sales analyzed are considered the most relevant sales identified from the subject market area for comparison with the subject.

On the following pages, we present a summary of the properties that we compared to the subject property, a map showing their locations, and the adjustment process.

COMPARABLE LAND SALES MAP



COMPARABLE LAND SALES SUMMARY

SUMMARY OF LAND SALES								
Comp No.	Property / Location	Date of Sale / Status	Property Rights	Site Size (Net SF)	Zoning	Flood Zone	Sale Price	Price per SF (Net)
1	Vacant Land 1119 East Jones Avenue Phoenix, AZ	Mar-25 Closed	Fee Simple	21,998	R-4, Multifamily	Zone X (Shaded)	\$260,000	\$11.82
2	Vacant Land 1117 East Southern Avenue Phoenix, AZ	Nov-24 Closed	Fee Simple	12,146	R-3, Multifamily	Zone X (Shaded)	\$158,000	\$13.01
3	Vacant Land 6421 South 23rd Street Phoenix, AZ	Jul-24 Closed	Fee Simple	6,879	R-5, Multifamily	Zone X (Shaded)	\$115,000	\$16.72
4	Vacant Land 2435 East Wier Avenue Phoenix, AZ	May-24 Closed	Fee Simple	15,214	R-3, Multifamily	Zone X (Shaded)	\$206,500	\$13.57
5	Vacant Land 1012 East Roeser Road Phoenix, AZ	Mar-24 Closed	Fee Simple	34,594	R-3, Multifamily	Zone X (Shaded)	\$390,000	\$11.27
6	Vacant Land 2804 East Broadway Road Phoenix, AZ	--- Listing	Fee Simple	38,534	R-5, Multifamily	Zone X (Shaded)	\$680,000	\$17.65
Subj.	SWC of 28th Street and Broadway Road 2749 & 2751 East Broadway Road Phoenix, Arizona	---	---	13,821	R-5, Multifamily	Zone X (Shaded)	---	---

COMMENTS

- 1 - Vacant lot with all utilities. Sold with seller financing (\$100,000 down payment, 42%) which reportedly did not impact the sales price.
- 2 - All cash sale of a vacant lot with arterial frontage. All utilities available. No unusual conditions of sale.
- 3 - The buyer intends on building a duplex with two 2-Br 1 Ba units each with a fenced rear yard and covered parking.
- 4 - The site was improved with an older manufactured home that had been used as a church and contributed no value. The buyer removed the improvements and the broker estimated the cost to demolish the existing improvements a \$25,000.
- 5 - Two contiguous vacant lots purchased by a developer. Marketed with architectural plans available, the buyer did not take the plans and they contributed no value. All cash sale.
- 6 - Vacant site which has been on the market since August 2023 at the current asking price with no change in the asking price. The listing broker indicated no firm offers have been received. The site currently has numerous piles of soil that reportedly will be removed at the sellers expense.

COMPARABLE LAND SALES ADJUSTMENT GRID

COMPARABLE LAND SALE ADJUSTMENTS							
Property / Location	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
	SWC of 28th Street and Broadway Road 2749 & 2751 East Broadway Road Phoenix, Arizona	Vacant Land 1119 East Jones Avenue Phoenix, AZ	Vacant Land 1117 East Southern Avenue Phoenix, AZ	Vacant Land 6421 South 23rd Street Phoenix, AZ	Vacant Land 2435 East Wier Avenue Phoenix, AZ	Vacant Land 1012 East Roeser Road Phoenix, AZ	Vacant Land 2804 East Broadway Road Phoenix, AZ
Date of Sale / Status	---	Mar-25 Closed	Nov-24 Closed	Jul-24 Closed	May-24 Closed	Mar-24 Closed	---
Property Rights	---	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Site Size (Acres)	0.32	0.51	0.28	0.16	0.35	0.79	0.88
Site Size (SF)	13,821.00	21,998	12,146	6,879	15,214	34,594	38,534
Buildable SF	0	---	---	---	---	---	---
Sale Price	-----	\$260,000	\$158,000	\$115,000	\$206,500	\$390,000	\$680,000
Zoning	R-5, Multifamily	R-4	R-3	R-5	R-3	R-3	R-5
Property Use	Residential	Multifamily	Multifamily	Multifamily	Multifamily	Multifamily	Residential
Unadjusted Price per SF	-----	\$11.82	\$13.01	\$16.72	\$13.57	\$11.27	\$17.65
Transactional Adjustments							
Property Rights Conveyed	---	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		0%	0%	0%	0%	0%	0%
Financing Terms		0%	0%	0%	0%	0%	0%
Adjustment		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	-10%
Adjustment		0%	0%	0%	0%	0%	0%
Expenditures Immed After Sale		0%	0%	0%	12%	0%	0%
Adjustment		0%	0%	0%	0%	0%	0%
Market Conditions	May-25	Mar-25	Nov-24	Jul-24	May-24	Mar-24	---
Adjustment		0%	0%	0%	0%	0%	0%
Total Transactional Adjustments		0%	0%	0%	12%	0%	-10%
Adjusted Price per SF		\$11.82	\$13.01	\$16.72	\$15.22	\$11.27	\$15.88
Property Adjustments							
Location		Inferior	Similar	Inferior	Similar	Similar	Similar
		5%	0%	5%	0%	0%	0%
Net Site Size (SF)	13,821	21,998	12,146	6,879	15,214	34,594	38,534
		0%	0%	-5%	0%	5%	5%
Zoning / Intended Use	R-5	R-4	R-3	R-5	R-3	R-3	R-5
		5%	10%	0%	10%	10%	0%
Shape / Configuration	Rectangular	Similar	Similar	Similar	Similar	Similar	Similar
		0%	0%	0%	0%	0%	0%
Utilities / Infrastructure	All available to site.	All available to site.	All available to site.	All available to site.	All available to site.	All available to site.	All available to site.
		0%	0%	0%	0%	0%	0%
Topography	Level	Level	Level	Level	Level	Level	Level
		0%	0%	0%	0%	0%	0%
Flood Zone	Zone X (Shaded)	Zone X (Shaded)	Zone X (Shaded)	Zone X (Shaded)	Zone X (Shaded)	Zone X (Shaded)	Zone X (Shaded)
		0%	0%	0%	0%	0%	0%
Site Improvements	None	Similar	Masonry Fence	Similar	Similar	Similar	Similar
		0%	-10%	0%	0%	0%	0%
Opportunity Zone	No	Yes	No	No	No	No	Yes
		-3%	0%	0%	0%	0%	-3%
Total Property Adjustments		7%	0%	0%	10%	15%	2%
Indication for Subject per SF		\$12.65	\$13.01	\$16.72	\$16.74	\$12.96	\$16.20

ADJUSTMENT PROCESS

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

TRANSACTIONAL ADJUSTMENTS

PROPERTY RIGHTS CONVEYED

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price.

All of the comparable sales were the sale of the Fee Simple Interest, the same as the valuation interest for the subject. Therefore, no adjustments were required for this category.

FINANCING TERMS

This category accounts for differences in financing terms associated with the transaction. Financing arrangements that may require an adjustment include mortgage assumptions (at favorable interest rates), seller buydowns, installment sales, wrap-around loans, or any other atypical financing arrangements that do not represent cash-equivalent terms.

Sale 1 included seller financing after a substantial down payment (42%) and no impact on the sales price was reported. Sales 2, 3, 4, and 5 were sold with cash or typical financing and no adjustments were required for this category. Sale 6 is a current listing, and a cash equivalent sale is assumed.

TERMS/CONDITIONS OF SALE

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. This may include such factors as seller distress (short sale, REO, auction) or buyer motivation (assemblage, etc.). In some situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein to account for any disparity between asking prices and the achievable sale price anticipated.

Sales 1, 2, 3, 4, and 5 were reportedly sold with typical terms and conditions, and no adjustments were required for this category. Sale 6 is a current listing and was adjusted downward to reflect the difference between an asking price and an executed sales price.

EXPENDITURES IMMEDIATELY AFTER SALE

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

Sale 4 included an older manufactured home and some minor associated stie improvements which the seller removed at an estimated cost of \$25,000 and was adjusted upward for expenditures immediately after sale. The remaining sales did not require adjustment for this factor.

MARKET CONDITIONS

This adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates.

The comparable sales transacted between March 2024 and March 2025. Given the modest increase in home pricing, fewer transactions, and longer marketing times in the overall market, there is no strong support for an adjustment for market conditions for vacant sites similar to the subject and the comparable sales and no adjustment is believed warranted.

PROPERTY ADJUSTMENTS

LOCATION

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

The subject is located at the hard corner of the arterial street Broadway Road and a collector street 28th Street and benefits from good accessibility and its proximity to the significant employment centers of the business parks along Broadway Road. The accessibility of a location along an arterial is more a benefit to large multifamily residential uses than to smaller single family detached and attached projects where traffic may be seen as a negative. Overall, this is considered a positive if access to the homes developed on the site is from the collector street which has substantially lower traffic counts.

Sales 1 and 3 were adjusted upward for inferior location based upon the quality of the surrounding development and access. Sales 2, 4, and 5 have generally similar quality of surrounding development and access and were not adjusted. Sale 6 is located across the street from the subject at the northeast corner of Broadway and 28th Street and no adjustment is required.

SITE SIZE (SF)

Size and pricing typically have an inverse relationship, whereby larger sites tend to achieve lower pricing on a per-square-foot basis. This is attributable to economies of scale, as well as the narrower pool of prospective buyers for a larger property.

The subject's combined site area is 13,821 square feet. Sale 3 is smaller at 6,879 square feet and was adjusted downward. Sale 5 and 6 were adjusted upward for larger size. Sales 1, 2, and 4 are similar to the subject in terms of a general size category and were not adjusted.

ZONING / INTENDED USE

The value of vacant land is largely contingent upon its potential use. This factor considers the uses permitted by the applicable development standards, per the subject's zoning designation. The maximum density to which a property can be developed typically impacts total value positively; however, depending upon property type, location, and type of construction higher permitted densities can have an inverse relationship to pricing on a per-unit or per-square-foot basis.

The subject is zoned R-5, Multifamily Residence District, a zoning which allows for a maximum development density of 43.5 dwelling units per acre (du/ac) for single family attached uses or 52.2 du/ac with bonus. Single family detached development up to a maximum of 5.0 to 6.5 du/ac or 12 du/ac with bonus is permitted.

Permitted uses in the R-5 Zoning District include single family detached and single family attached and multifamily development. Non-residential uses permitted are primarily office, group care and lodging uses.

Sale 1 is zoned R-4, Multifamily Residence District, a zoning which allows for a maximum development density of 30.45 dwelling units per acre (du/ac) for single family attached uses or 34.8 du/ac with bonus. Single family detached development up to a maximum of 5.0 to 6.5 du/ac or 12 du/ac with bonus is permitted. An upward adjustment for inferior zoning based on the allowable density of development was applied.

Sales 2, 4, and 5 are zoned R-3, Multifamily Residence District, a zoning which allows for a maximum development density of 14.5 dwelling units per acre (du/ac) for single family attached uses or 17.4 du/ac with bonus. Single family detached development up to a maximum of 5.0 to 6.5 du/ac or 12 du/ac with bonus is permitted. An upward adjustment for inferior zoning based on the allowable density of development was applied to each.

Sales 3 and 5 have the same R-5 zoning as the subject and no adjustments are required.

SHAPE / CONFIGURATION

The configuration, shape, dimensions and depth of a site determine its developability and overall utility. These factors can impact development costs, usable area of the site, and thereby, achievable pricing. The subject site is comprised of a single parcel.

The subject has a generally rectangular shape and is similar to the comparable sales. Notably, Sale 2 is trapezoidal in shape but is not materially hampered by the shape which is considered fully buildable. All of the comparables were considered similar to the subject and no adjustments were required for this category.

UTILITIES / INFRASTRUCTURE

Infrastructure adjustments may reflect differences in utility availability/capacity, developmental plans or other outside influences.

The subject and all of the comparable sales have all utilities available and all off-sites in place and no adjustments are required for this category.

TOPOGRAPHY

Topography characteristics can influence pricing, as sites with more radical elevation changes typically increase site preparation/development costs when compared to a level site.

The subject is generally level. There is a slight berm around the perimeter to discourage vehicles from trespassing but after grading the site would continue to be level and generally at grade with surrounding properties. Sales 1, 2, 3, 4, and 5 are level sites and do not require adjustment. Sale 6, the current listing currently has numerous piles of soil which the listing broker indicated would be removed by the seller when a sale is executed. Based on these comments no adjustment is applied.

FLOOD ZONE

The prices of properties located within flood prone areas tend to be proportionately less than otherwise similar parcels not adversely affected by flood plain locations. This is due to the increased development costs associated with alleviating the problem as well as the fact that portions of the site may not be able to be developed or higher expenses related to insurance for buildings located in flood prone areas.

The subject and all of the comparable sales are located in Flood Zone X which is not a special flood hazard zone, and no adjustments are warranted.

SITE IMPROVEMENTS

The subject site is a vacant lot with no improvements and is similar to Sales 1, 3, 4, 5, and 6 which were not adjusted. Sale 2 is improved with a good quality masonry fence and steel gate and was adjusted downward for site improvements.

OPPORTUNITY ZONE

Sales 1 and 6 are located in an opportunity zone which provides tax incentives. The subject and Sales 2, 3, 4, and 5 are not. Brokers we have interviewed on the topic of the benefits of location in an opportunity zone have suggested the impact on selling prices is difficult to quantify as the actual benefits vary from project to project and depend on the holding period. Nevertheless, location in an opportunity zone is likely to be perceived as a positive factor and we have elected to apply a nominal downward adjustment to Sales 1 and 6.

PUBLIC RECORD SALES

Two sales located across the street from the subject at 2744 and 2754 East Broadway Road were identified in the public records and appear to be arm's-length transactions. Both sales recorded on June 27, 2024, and appear to be sold by related parties to a single entity after cancellation of an option to purchase by a third-party.

2744 East Broadway is a 7,380 square foot vacant R-5 zoned lot sold to Dominguez T Remodeling for a recorded purchase price of \$90,000, or \$12.20 per square foot, in an all cash sale recorded in Warranty Deed 2024-0343721.

2754 East Broadway Road is a 14,365 square foot vacant R-5 zoned lot sold to Dominguez T Remodeling for a recorded purchase price of \$160,000, or \$11.14 per square foot, in an all cash sale recorded in Warranty Deed 2024-0343590.

The sellers in both sales are believed to be related entities who acquired the properties in 2018 and 2020 respectively and the parcels are contiguous. The combined sales price of \$250,000 equates to \$11.50 per square foot for the total area of 21,745 square feet.

No brokers were involved in the sales, and we were unable to obtain any confirmation from a party to the sale or a published source. As we were unable to confirm the details, these sales were excluded from the preceding analysis.

LAND VALUE CONCLUSION

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$11.27	\$12.65
Maximum	\$17.65	\$16.74
Average	\$14.01	\$14.71
Median	\$13.29	\$14.60
Standard Deviation	\$2.38	\$1.85

After adjustments, the comparable land sales reflect a range from \$12.65 to \$16.74 per square foot, with an average of \$14.71 per square foot. The subject is most similar to Sale 6 in terms of location and zoning; however, this is a current listing and has been on the market for approximately 21 months at the current asking price. The subject has varying similarities to all of the sales, and none required large adjustments with the range of gross property adjustments from 8% to 20%. Based on the data available and the analyses presented, the indicated value of the land by the Sales Comparison Approach is concluded near the mean at \$15.00 per square foot, calculated in the following table.

LAND VALUE CONCLUSION	
Indicated Value per SF	\$15.00
Land Area (SF)	x 13,821
Indicated Value	\$207,315
Rounded to nearest \$10,000	\$210,000
Per SF (Net)	\$15.19

FINAL OPINION(S) OF VALUE

Based on the inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value - As Is	Fee Simple	May 14, 2025	\$210,000

MARKETING TIME AND EXPOSURE TIME

The sales used in the Sales Comparison Approach reported marketing times from 4 to 189 days with an average of 49 days. Overall, we believe the subject would sell within six months at the appraised market value. The exposure time is also estimated at less than six months.

CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of Arizona.
9. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics, the Standards of Professional Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Justin Getelman, MAI has and James Hoene, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
12. Justin Getelman, MAI has not and James Hoene, MAI has made a personal inspection of the property that is the subject of this report.
13. No one provided significant real property appraisal assistance to the person signing this certification.
14. Justin Getelman, MAI has not and James Hoene, MAI has not provided services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.



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STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
 - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
 - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
 - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
 - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
 - e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.

- f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
 - g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
 - h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
 - i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
 - j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
 - k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
 - l) BBG, Inc., excepting employees of BBG Assessment, Inc., and the appraiser(s) are not experts in determining the presence or absence of hazardous substances toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. and the appraiser(s) assume no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. The Client is free to retain an expert on such matters in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
 - m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the

inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

- 3) If provided, the opinion of insurable replacement cost is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable replacement cost purposes. The Appraisers are not familiar with the definition of insurable replacement cost from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraisers are not cost experts in cost estimating for insurance purposes.
- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
- 5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.

- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.
- 13) Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (b) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of an Appraisal Report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.

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- + Feasibility Studies
- + Highest and Best Use Studies
- + Evaluation
- + Investment Analysis
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- + ASC 840 Leases
- + Purchase Price Allocations
- + Portfolio Valuations for Reporting Net Asset Values (NAV)
- + Public and Non-traded REIT Valuations
- + Valuations for Litigation & Litigation Support
- + Sale-Leaseback Valuation Analysis
- + Valuations for Bankruptcy/Fresh Start Accounting
- + Cost Segregation Analysis

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 - + Phase I/II ESA
 - + TSA, RSA, & other Streamlined Services
- + Property Condition Reports
 - + Debt/Equity
- + Construction Risk Management
- + Survey Services
- + Zoning Services
- + Seismic Services
- + HUD
- + Energy Efficiency Services
- + Indoor Air Quality
 - + IAQ/Radon
 - + ACM/LBP

ADDENDA

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GLOSSARY

Appraisal: (noun) the act or process of developing an opinion of value; an opinion of value. (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.⁷

Appraisal Practice: valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.⁷

Appraisal Review: (noun) the act or process of developing an opinion about the quality of another appraiser's work (i.e., a report, part of a report, a workfile, or some combination of these), that was performed as part of an appraisal or appraisal review assignment, (adjective) of or pertaining to an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.⁷

Appraiser: one who is expected to perform valuation services competently and in a manner that is independent, impartial and objective.⁷

Appraiser's Peers: other appraisers who have expertise and competency in a similar type of assignment.⁷

Assessed Value: The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.¹

Asset:

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

Asset: A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.²

Assignment: a valuation service that is provided by an appraiser as a consequence of an agreement with a client.⁷

Assignment Conditions: Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulation, jurisdictional exceptions, and other conditions that affect the scope of work.⁷

Assignment Elements: Specific information needed to identify the appraisal or appraisal review problem: client and any other intended users, intended use of the appraiser's opinions and conclusions, type and definition of value; effective date of the appraiser's opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions.⁷

Assignment Results: An appraiser's opinions or conclusions, not limited to value, that were developed when performing an appraisal assignment, an appraisal review assignment, or a valuation service other than an appraisal or appraisal review.⁷

Bias: a preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an assignment.⁷

Business Enterprise: an entity pursuing an economic activity.⁷

Business Equity: the interests, benefits, and rights inherent in the ownership of a business enterprise or a part thereof in any form (including, but not necessarily limited to, capital stock, partnership interests, cooperatives, sole proprietorships, options, and warrants).⁷

Capital Expenditure: Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. Also referred to as Cap Ex.¹

Cash Equivalency Analysis: An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.¹

Client: the party or parties (i.e., individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.⁷

Condominium Ownership: A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real estate.¹

Confidential Information:

1: information that is either:

- Identified by the client as confidential when providing it to a valuer and that is not available from any other source, or
- Classified as confidential or private by applicable law or regulation.

2: Information that is either

- Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- Classified as confidential or private by applicable law or regulation *
- NOTICE: For example, pursuant to the passage of the Gramm-Leach-Bliley Act in November 1999, some public agencies have adopted privacy regulations that affect appraisers. The Federal Trade Commission (FTC) issued two rules. The first rule (16 CFR 313) focuses on the protection of "non-public personal information" provided by consumers to those involved in financial activities "found to be closely related to banking or usual in connection with the transaction of banking." These activities include "appraising real or personal property." The second rule (16 CFR 314) requires appraisers to safeguard customer non-public personal information. Significant liability exists for appraisers should they fail to comply with these FTC rules.⁷

Cost: the actual or estimated amount required to create, reproduce, replace or obtain a property.⁷

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.¹

Credible: worthy of belief.⁷

Deferred Maintenance: Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.¹

Disposition Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.¹

Economic Life: The period over which improvements to real estate contribute to property value.¹

Effective Date: the date to which the appraiser's analysis, opinions and conclusions apply, also referred to as date of value.⁷

Effective Gross Income Multiplier (EGIM): The ratio between the sale price (or value) of a property and its effective gross income.¹

Effective Rent: Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.¹

Exposure Time: an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effect date of the appraisal.⁷

Extraordinary Assumption: an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.⁷

Fair Market Value:

1. In nontechnical usage, a term that is equivalent to the contemporary usage of market value.
2. As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. For example, one definition of *fair market value* provided by the Internal Revenue Service for certain purposes is as follows: The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includible in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate. (IRS Regulation §20.2031-1)¹

Fair Share:

1. A share of a fund or deposit that is divided or distributed proportionately.
2. A share of a burden or obligation that is divided proportionately; e.g., a tenant in a multitenant building or development may be required to pay a pro rata share of the building's operating expenses based on the number of square feet the tenant occupies. In a shopping center, the tenant's share of operating costs is often stated as a fraction, with the gross leasable area of the tenant's premises as the numerator and the gross leasable area or gross leased area of the entire shopping center as the denominator.
3. The share of a trade area that a retail facility is likely to capture; assumes that capture is a function of property size as a proportion of the overall inventory of competitive space in the trade area, i.e., that the facility captures a "fair share" of the trade area.¹

Fair Value:

1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).¹
3. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.²

Feasibility Analysis: a study of the cost benefit relationship of an economic endeavor.¹

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.¹

Going Concern:

1. An established and operating business having an indefinite future life.
2. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.¹

Gross Building Area (GBA):

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.¹

Highest and Best Use:

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS).
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)¹

Hypothetical Condition: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.⁷

Income Capitalization Approach: Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.¹

Inspection: Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector.¹

Insurable Value: A type of value for insurance purposes.¹

Intangible Property (intangible Assets): Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.⁷

Intended Use: the user(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.⁷

Intended User: the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.⁷

Internal Rate of Return ("IRR"): The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y).¹

Investment Value: 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS)¹

Jurisdictional Exception: an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.⁷

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.¹

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.¹

Liquidation Value: The most probable price that a specified interest in real

property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.¹

Load Factor: A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of useable area from the rentable area and then dividing the difference by the useable area:¹

Load Factor =

$$\frac{(\text{Rentable Area} - \text{Useable Area})}{\text{Useable Area}}$$

Market Value: a type of value stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraiser as applicable in an appraisal.⁷

Market Value "As If Complete" On The Appraisal Date: Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value "As Is" On The Appraisal Date: Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

Market Value of the Total Assets of the Business: The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future.⁴

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.).³

Mass Appraisal: the process of valuing a universe of properties as of a given date using standard methodology, employing common data and allowing for statistical testing.⁷

Mass Appraisal Model: a mathematical expression of how supply and demand factors interact in a market.⁷

Misleading: intentionally or unintentionally misrepresenting, misstating or concealing relevant facts or conclusions.⁷

Net Lease: A lease in which the landlord passes on all expenses to the tenant. See also lease.¹

Net Rentable Area (NRA): 1) The area on which rent is computed. 2) The

Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.⁵

Penetration Ratio (Rate): The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.¹

Personal Inspection: a physical observation performed to assist in identifying relevant property characteristics in a valuation service.⁷

Personal Property: any tangible or intangible article that is subject to ownership and not classified as real property, including identifiable tangible objects that are considered by the general public as being "personal", such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails or designs for digital tokens.⁷

Physical Characteristics: attributes of a property that are observable or measurable as a matter of fact, as distinguished from opinions and conclusions, which are the result of some level of analysis or judgement.⁷

Price: the amount asked, offered or paid for a property.⁷

Prospective opinion of value. A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.¹

Real Estate: an identified parcel or tract of land, including improvements, if any.⁷

Real Property: the interests, benefits and rights inherent in the ownership of real estate.⁷

Reconciliation: A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value.¹

Relevant Characteristics: features that may affect a property's value or marketability such as legal, economic or physical characteristics.⁷

Reliable Measurement: [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.²

Remaining Economic Life: The estimated period over which existing improvements are expected to contribute economically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.¹

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.¹

Report: any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment.⁷

Retrospective Value Opinion: A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."¹

Sales Comparison Approach: The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.¹

Scope of Work: the type and extent of research and analyses in an appraisal or appraisal review assignment.⁷

Signature: personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses and the conclusions in the report.⁷

Stabilized value: A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

Substitution: The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.³

Total Assets of a Business: Total assets of a business is defined by the Appraisal Institute as “the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit).”

Use Value:

The value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually.¹

Valuation Service: a service pertaining to an aspect of property value, regardless of the type of service and whether it is performed by appraisers or by others.⁷

Value: the monetary relationship between properties and those who buy and sell, or use those properties, expressed as an opinion of the worth of a property at a given time.⁷

Workfile: data, information and documentation necessary to support the appraiser’s opinions and conclusions and to show compliance with USPAP.⁷

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). ² Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser*, IFRS Website, www.ifrs-ebooks.com/index.html. ³ Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). ⁴ This definition is taken from “Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon,” *Journal of Real Estate Appraisal*, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. ⁵ Financial Publishing Company, *The Real Estate Dictionary*, 7 ed. ⁶ U.S. Treasury Regulations. ⁷ USPAP 2020-2021

LEGAL DESCRIPTION

LEGAL DESCRIPTION 2749 EAST BROADWAY ROAD – APN 122-57-016A

The West half of Lot 21, BROADWAY ESTATES, according to Book 34 of Maps, Page 12, records of Maricopa County, Arizona;

Except the North 7 feet; and

Except an undivided half interest in and to all oil, gas, petroleum, naptha, other hydro-carbon substances and minerals of whatsoever kind as reserved in Deed recorded in Book 356 of Deeds, Page 181.

LEGAL DESCRIPTION 2751 EAST BROADWAY ROAD – APN 122-57-016B

The East half of Lot 21, BROADWAY ESTATES, according to Book 34 of Maps, Page 12, records of Maricopa County, Arizona;

Except the North 7 feet; and

Except that part of said Lot 21, described as follows:

Beginning at the intersection of the East line of said Lot 21, with the South line of the North 7feet thereof;

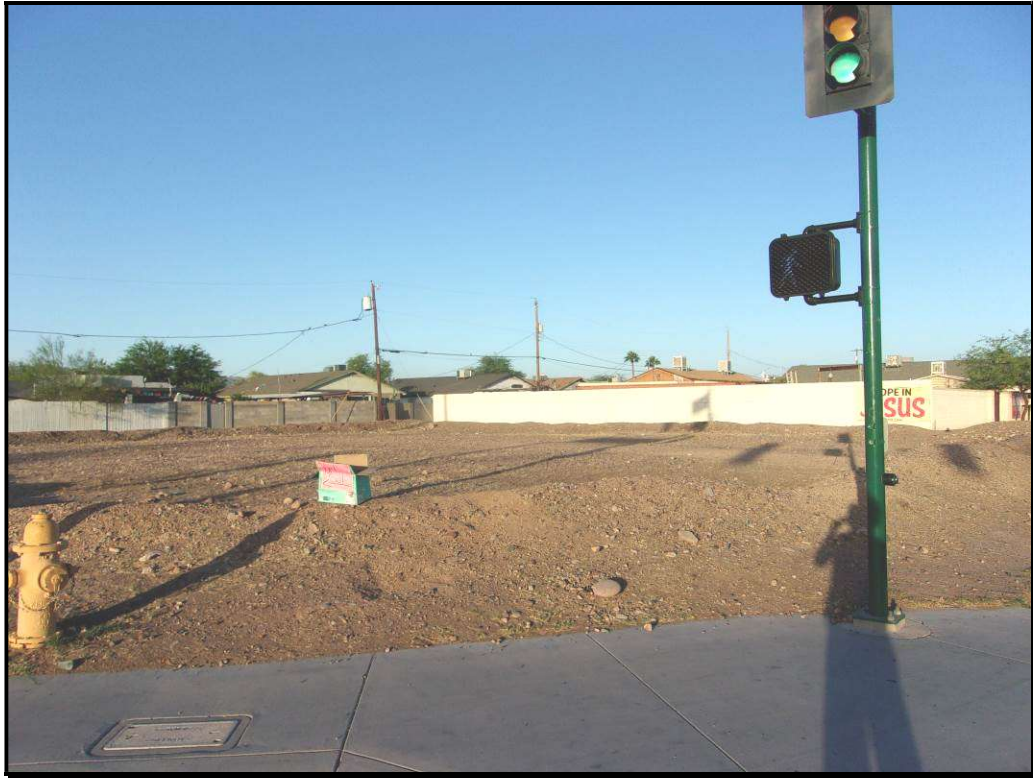
Thence South along the East line a distance of 21 feet;

Thence Northwesterly to a point in the said South line which is 21 feet West of the Point of Beginning;

Thence to the Point of Beginning; and

Except an undivided half interest in and to all oil, gas, petroleum, naptha, other hydro-carbon substances and minerals of whatsoever kind as reserved in Deed recorded in Book 356 of Deeds, Page 181.

SUBJECT PHOTOGRAPHS



View of the subject from Broadway Road



Looking southeast across the subject



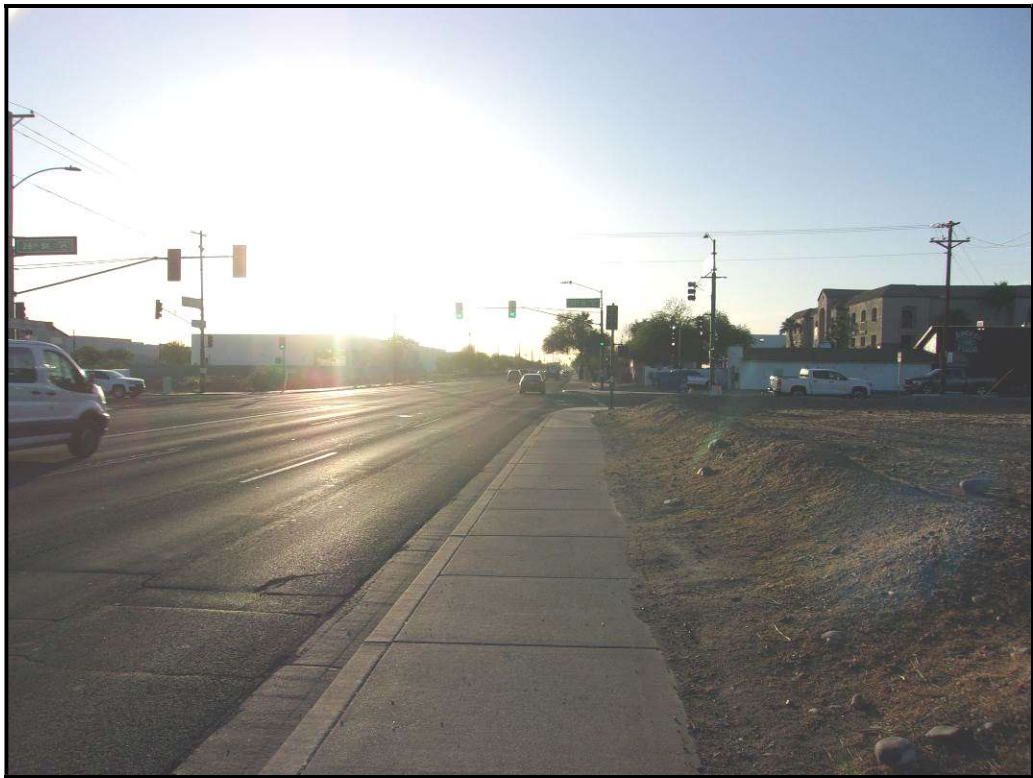
Looking northwest across the subject



Looking west along the alley at the south property line



Looking west along Broadway Road



Looking east along Broadway Road



Looking south along 28th Street

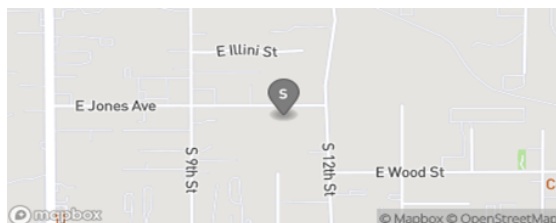


Looking north along 28th Street

COMPARABLE LAND SALES

Sale #1
Vacant Land

1119 East Jones Avenue
 Phoenix, AZ 85040
 Maricopa County
 BBG Property #1219534

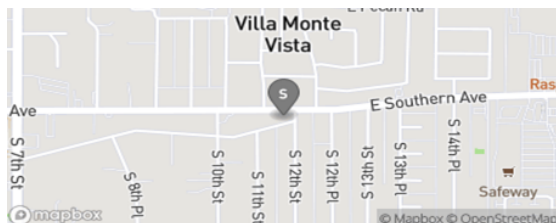


Property Data			
Property Type/Use	Land Multifamily	Lat/Long	33.410169 / -112.0574
Parcel ID #	113-21-037	Census Tract	1153.00
Opportunity Zone	Yes	Frontage	100' on Jones Ave.
Gross Land Area	21,998 SF 0.51 Acres	Net Land Area	21,998 SF 0.51 Acres
Flood Panel	04013C2220M Dated September 18, 2020	Flood Designation	Zone X (Shaded)
Utilities	All available to site.	Terrain / Topography	Level
Easements / Encroachments	None detrimental known		
Comments	n/a		

Sale Transaction Data for BBG Event #1398698 on 3/5/2025					Net Area	Gross Area
Transaction Date	3/5/2025	Consideration	\$260,000	Price PSF	\$11.82	\$11.82
Sale Status	Closed	Adjustments	\$0	Price Per Acre	\$514,847	\$514,847
		Cash Equivalent Price	\$260,000			
Days on Market	4					
Property Rights	Fee Simple					
Transaction Component	Real Estate					
Tenancy	Vacant					
Grantor	Sun Two Assets, LLC					
Grantee	Magda Karina Amaya Garcia					
Record Info	2025-0119199					
Comments	This comparable is a 0.51-acre land site at 1119 East Jones Avenue in Phoenix, Arizona. The site sold for \$100,000 or \$11.82 per square foot. This was a vacant lot with all utilities. It sold with seller financing (\$100,000 down payment, 42%) which reportedly did not impact the sales price.					
Verification	5/13/2025					
	Elizabeth Keller / Listing Broker / West USA Realty					

Sale #2
Vacant Land

1117 East Southern Avenue
 Phoenix, AZ 85040
 Maricopa County
 BBG Property #1219553

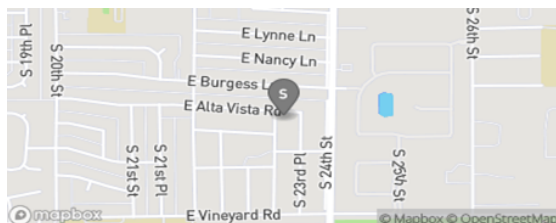


Property Data			
Property Type/Use	Land Multifamily	Lat/Long	33.392045 / -112.0564
Parcel ID #	114-27-085A	Census Tract	1164.00
Opportunity Zone	No	Frontage	155' on Southern Ave; 50' on 12th St.
Gross Land Area	12,146 SF 0.28 Acres	Net Land Area	12,146 SF 0.28 Acres
Flood Panel	04013C2220M Dated September 18, 2020	Flood Designation	Zone X (Shaded)
Utilities	All available to site.	Terrain / Topography	Level
Easements / Encroachments	None detrimental known		
Comments	n/a		

Sale Transaction Data for BBG Event #1398724 on 11/18/2024					Net Area	Gross Area
Transaction Date	11/18/2024	Consideration	\$158,000	Price PSF	\$13.01	\$13.01
Sale Status	Closed	Adjustments	\$0	Price Per Acre	\$566,646	\$566,646
		Cash Equivalent Price	\$158,000			
Days on Market	35					
Property Rights	Fee Simple					
Transaction Component	Real Estate					
Tenancy	Vacant					
Grantor	Jose Luis Barrera Torres					
Grantee	Celso P. Cedillo					
Record Info	2024-0617542					
Comments	All cash sale of a vacant lot with arterial frontage. All utilities available. No unusual conditions of sale.					
Verification	5/13/2025					
	Lisa Carroll / Listing Broker / Wet USA Realty					

Sale #3
Vacant Land

6421 South 23rd Street
 Phoenix, AZ 85042-4616
 Maricopa County
 BBG Property #1219588



Property Data			
Property Type/Use	Land Multifamily	Lat/Long	33.388898 / -112.0317
Parcel ID #	122-90-046	Census Tract	1163.00
Opportunity Zone	No	Frontage	85' on Alta Vista Rd.; 56' on 23rd St.
Gross Land Area	6,879 SF 0.16 Acres	Net Land Area	6,879 SF 0.16 Acres
Flood Panel	04013C2220M Dated September 18, 2020	Flood Designation	Zone X (Shaded)
Utilities	All available to site.	Terrain / Topography	Level
Easements / Encroachments	None detrimental known		
Comments	n/a		

Sale Transaction Data for BBG Event #1398764 on 7/19/2024					Net Area	Gross Area
Transaction Date	7/19/2024	Consideration	\$115,000	Price PSF	\$16.72	\$16.72
Sale Status	Closed	Adjustments	\$0	Price Per Acre	\$728,216	\$728,216
		Cash Equivalent Price	\$115,000			
Days on Market	7					
Property Rights	Fee Simple					
Transaction Component	Real Estate					
Tenancy	Vacant					
Grantor	Yoana Jacobo					
Grantee	Traasco, LLC					
Record Info	2024-0390743					
Comments	The buyer intends on building a duplex with two 2-Br 1 Ba units each with a fenced rear yard and covered parking.					
Verification	5/13/2025					
	Thane Traasdahl / Buyer					

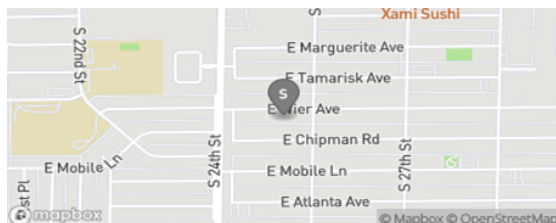
Sale #4
Vacant Land

2435 East Wier Avenue

Phoenix, AZ 85040

Maricopa County

BBG Property #1219620



Property Data			
Property Type/Use	Land Multifamily	Lat/Long	33.403032 / -112.0279
Parcel ID #	122-54-005A	Census Tract	1161.00
Opportunity Zone	No	Frontage	118' on Wier Ave.
Gross Land Area	15,214 SF 0.35 Acres	Net Land Area	15,214 SF 0.35 Acres
Flood Panel	04013C2220M Dated September 18, 2020	Flood Designation	Zone X (Shaded)
Utilities	All available to site.	Terrain / Topography	Level
Easements / Encroachments	None detrimental known		
Comments	n/a		

Sale Transaction Data for BBG Event #1398776 on 5/30/2024					Net Area	Gross Area
Transaction Date	5/30/2024	Consideration	\$206,500	Price PSF	\$13.57	\$13.57
Sale Status	Closed	Adjustments	\$25,000	Price Per Acre	\$591,241	\$591,241
		Cash Equivalent Price	\$231,500			
Days on Market	9					
Property Rights	Fee Simple					
Transaction Component	Real Estate					
Tenancy	Vacant					
Grantor	The House of Prayer For All People					
Grantee	KG Rentworth, LLC					
Record Info	2024-0288698					
Comments	The site was improved with an older manufactured home that had been used as a church and contributed no value. The buyer removed the improvements and the broker estimated the cost to demolish the existing improvements a \$25,000.					
Verification	5/13/2025					
	Kyle Gardner / Selling Agent / Evergreen Realty					

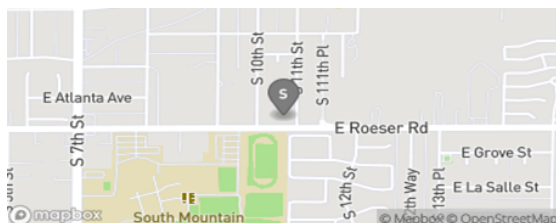
Sale #5
Vacant Land

1012 East Roeser Road

Phoenix, AZ 85040

Maricopa County

BBG Property #1219575



Property Data			
Property Type/Use	Land Multifamily	Lat/Long	33.399926 / -112.0582
Parcel ID #	113-50-055	Census Tract	1159.00
Opportunity Zone	No	Frontage	212' on Roeser Rd.; 164' on 11th St.
Gross Land Area	34,594 SF 0.79 Acres	Net Land Area	34,594 SF 0.79 Acres
Flood Panel	04013C2220M Dated September 18, 2020	Flood Designation	Zone X (Shaded)
Utilities	All available to site.	Terrain / Topography	Level
Easements / Encroachments	None detrimental known		
Comments	n/a		

Sale Transaction Data for BBG Event #1398736 on 3/25/2024					Net Area	Gross Area
Transaction Date	3/25/2024	Consideration	\$390,000	Price PSF	\$11.27	\$11.27
Sale Status	Closed	Adjustments	\$0	Price Per Acre	\$491,079	\$491,079
		Cash Equivalent Price	\$390,000			
Days on Market	189					
Property Rights	Fee Simple					
Transaction Component	Real Estate					
Tenancy	Vacant					
Grantor	Elsa G. Ramirez and Omar J. Viera					
Grantee	Eduardo Coker					
Record Info	2024-0152315					
Comments	Two contiguous vacant lots purchased by a developer. Marketed with architectural plans available, the buyer did not take the plans and they contributed no value. All cash sale.					
Verification	5/13/2025					
	Sandra Michael / Listing Broker / HomeSmart					

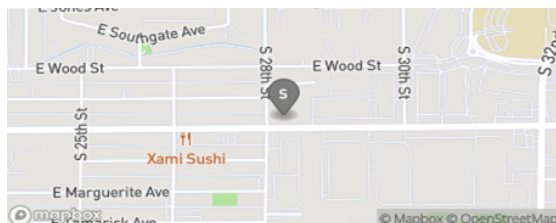
Sale #6
Vacant Land

2804 East Broadway Road

Phoenix, AZ 85040

Maricopa County

BBG Property #1219513



Property Data			
Property Type/Use	Land Residential	Lat/Long	33.407302 / -112.0206
Parcel ID #	122-17-038, 040A, 046, 047	Census Tract	1152.00
Opportunity Zone	Yes	Frontage	242' on Broadway Rd.; 125' on 28th St.
Gross Land Area	38,534 SF 0.88 Acres	Net Land Area	38,534 SF 0.88 Acres
Flood Panel	04013C2220M Dated September 18, 2020	Flood Designation	Zone X (Shaded)
Utilities	All available to site.	Terrain / Topography	Level
Easements / Encroachments	None detrimental known		
Comments	n/a		

Sale Transaction Data for BBG Event #1398620 on				Net Area	Gross Area
Transaction Date	Consideration	\$0	Price PSF		
Sale Status	Listing	Adjustments	\$680,000	Price Per Acre	
		Cash Equivalent Price	\$680,000		
Property Rights	Fee Simple				
Transaction Component	Real Estate				
Tenancy	Vacant				
Grantor	Yee S Wong Trust				
Grantee	TBD				
Comments	Vacant site which has been on the market since August 2023 at the current asking price with no change in the asking price. The listing broker indicated no firm offers have been received. The site currently has numerous piles of soil that reportedly will be removed at the sellers expense.				
Verification	5/13/2025				
	Orfe Kelly / Listing Broker / HomeSmart				

APPRAISER QUALIFICATIONS AND LICENSES

Profile

Justin is currently a Director at BBG, Inc. in Phoenix. He began his appraisal career with the Bay Area firm Arthur Gimmy International (AGI Valuations) as a researcher/analyst. Prior to joining BBG, Inc, Justin worked for Integra Winium Realty Analysts (Integra Realty Resources Phoenix) and Burke Hanson, LLC as a staff appraiser. Mr. Getelman has extensive experience in the real estate industry appraising various property types including office, retail, industrial, multifamily, hotels and motels, restaurants, subdivisions, land, places of worship and rent studies. Mr. Getelman currently specializes in industrial property types and has experience with HUD and affordable multifamily properties. In addition to valuation, Justin has extensive financial services and software sales experience.

Professional Affiliations

Appraisal Institute:

Member Appraisal Institute - #469556

General Certified Appraiser:

State of Arizona (License No. CG31545)

State of California (License No. AG034503)

State of New Mexico (License No. 03308 G)

Education

The University of Texas at Austin,
B.A., Economics

Coursework

Appraisal Specific Courses

7-Hour National USPAP Update Course, Appraisal Institute

Advanced Applications, Appraisal Institute

General Appraiser Market Analysis and Highest and Best Use, Appraisal Institute

Advanced Sales Comparison and Cost Approaches, Appraisal Institute

Report Writing and Valuation Analysis, Appraisal Institute

Advanced Income Capitalization, Appraisal Institute

Basic Income Capitalization, Appraisal Institute

Business Practices and Ethics, Appraisal Institute

Numerous other Appraisal Institute seminars and courses



VALUATION



ADVISORY



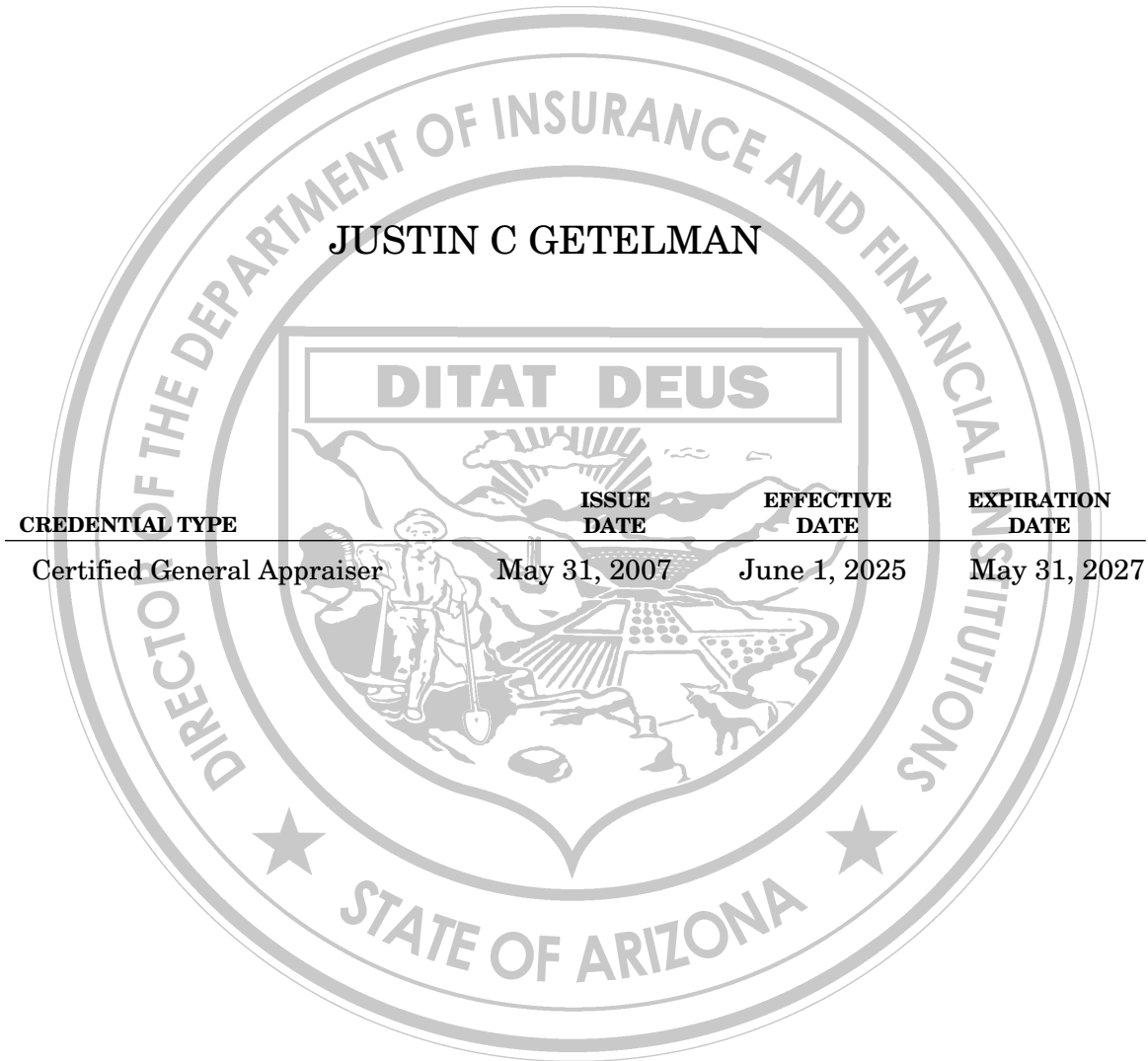
ASSESSMENT



ZONING

ARIZONA FINANCIAL ENTERPRISE CREDENTIAL CERTIFICATE

No: CGA-31545



JUSTIN C GETELMAN

CREDENTIAL TYPE	ISSUE DATE	EFFECTIVE DATE	EXPIRATION DATE
Certified General Appraiser	May 31, 2007	June 1, 2025	May 31, 2027

This certificate was printed on May 1, 2025 and will remain in effect until a change request has been approved by the Department or the credential is surrendered, suspended, revoked or expired.

Arizona Department of Insurance and Financial Institutions
difi.az.gov
100 N 15th Ave, Suite 261
Phoenix, AZ 85007-2630

Profile

James Hoene is a senior appraiser at BBG working out of the Scottsdale, Arizona office. Mr. Hoene has been appraising commercial real estate throughout Arizona since 2004. His scope of competency expands across a broad range of asset types and assignment conditions including consultation or appraisal of land, offices, medical buildings, shopping centers, retail buildings, industrial properties, hotels, RV Resorts, storage facilities, and a variety of special use properties.

Mr. Hoene is currently a member of the Appraisal Institute with an MAI designation.

Professional Affiliations

Appraisal Institute - MAI

State of Arizona – Certified General Real Estate Appraiser CGA31556

Education

Bachelor of Science Degree – Finance Major, University of Arizona, 1991

Department of Insurance and Financial Institutions

State of Arizona

CGA - 31556

This document is evidence that:

JAMES MICHAEL HOENE

has complied with the provisions of

Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

and that the Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

JAMES MICHAEL HOENE

This license is subject to the laws of Arizona and will remain in full force and effect until expired, surrendered, revoked or suspended as provided by law.

Expiration Date : **August 31, 2025**