Integra Realty Resources
Phoenix

Appraisal of Real Property

Vacant Land Residential
Vacant Land
1016 North 2nd Street
Phoenix, Maricopa County, Arizona 85004
Client Reference: PM 1807

Prepared For:
City of Phoenix

Date of the Report:
June 27, 2023

Report Format:
Appraisal Report

IRR - Phoenix
File Number: 132-23-208

Subject Photographs

Vacant Land Residential
1016 North 2nd Street
Phoenix, Arizona

Aerial Photograph

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June 27, 2023

Christopher F. Rocca, Sr., ASA, FRICS, CRE
Property Specialist
City of Phoenix
251 West Washington Street, Eighth Floor
Phoenix, AZ 85003

SUBJECT: Market Value Appraisal
Vacant Land Residential
1016 North 2nd Street
Phoenix, Maricopa County, Arizona 85004
Client Reference: PM 1807
IRR - Phoenix File No. 132-23-208

Dear Mr. Rocca:

Integra Realty Resources – Phoenix is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop the following opinions of value:

- The market value as is of the fee simple interest in the subject property as of the effective date of the appraisal, June 22, 2023
- The market ground rent of the leasehold interest in the subject property as of the effective date of the appraisal, June 22, 2023

The client for the assignment is the City of Phoenix. The intended user of this report is the client. The intended use of the report is for property disposition purposes. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

The subject is a parcel of vacant land containing an area of 0.40 acres or 17,500 square feet. The property is zoned DC, Downtown Core, which permits high-density residential. live/work areas, commercial recreation, hotels, restaurants or brew pubs, medical uses and retail.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of the City of Phoenix

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (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 as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

Value Conclusions

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	June 22, 2023	$4,812,500
Annual Market Ground Rent	Leasehold	June 22, 2023	$288,750

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. The Market Rent conclusion assumes a lease term of at least 30 years

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Phoenix

Roger L. Dunlap, MAI
Arizona Certified General Real Estate
Appraiser #31062
Telephone: 602.648.4313
Email: rdunlap@irr.com

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Quality Assurance

IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

Designated IRR Certified Reviewer

An internal quality assurance assessment was conducted by an IRR Certified Reviewer prior to delivery of this appraisal report. This assessment should not be construed as an appraisal review as defined by USPAP.

Executive Summary

Property Name	Vacant Land Residential
Address	1016 North 2nd Street
	Phoenix, Maricopa County, Arizona 85004
Property Type	Land - Residential
Owner of Record	City of Phoenix
Tax ID	111-36-029A, 111-36-029B and 111-36-030
Land Area	0.40 acres; 17,500 SF
Zoning Designation	DC, Downtown Core
Highest and Best Use	Multifamily use
Exposure Time; Marketing Period	3-6 months; 3-6 months
Date of the Report	June 27, 2023
Sales Comparison Approach	
Number of Sales	9
Range of Sale Dates	Jul 21 to May 23
Range of Prices per SF (Unadjusted)	$149.13 - $407.41

Value Conclusions

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	June 22, 2023	$4,812,500
Annual Market Ground Rent	Leasehold	June 22, 2023	$288,750

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Phoenix may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. The Market Rent conclusion assumes a lease term of at least 30 years

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

The analyses presented in this report consider the internal strengths and weaknesses of the subject property, as well as opportunities and external threats. The overall valuation influences are summarized in the following table.

Valuation Influences

Strengths

- Good location near downtown Phoenix and ASU
- Light rail access

Weaknesses

- None

Opportunities

- Continued population growth

Threats

- Interest rate volitility
- Supply and labor shortages
- International conflicts

Identification of the Appraisal Problem

Subject Description

The subject is a parcel of vacant land containing an area of 0.40 acres or 17,500 square feet. The property is zoned DC, Downtown Core, which permits high-density residential. live/work areas, commercial recreation, hotels, restaurants or brew pubs, medical uses and retail. The subject property was part of a larger property conveyed to the City of Phoenix in 2004. No legal description of the subject by itself was provided. The following legal description was extracted from the above referenced deed.

PARCEL NO. 1

LOTS 11, 12, AND THE NORTH HALF OF LOT 13, BLOCK 2, OF EVERGREEN PLACE, ACCORDING TO THE PLAT OF RECORD IN THE OFFICE OF THE COUNTY RECORDER OF MARICOPA COUNTY, ARIZONA, RECORDED IN BOOK 3 OF MAPS, PAGE 15.

Property Identification	
Property Name	Vacant Land Residential
Address	1016 North 2nd Street
	Phoenix, Arizona 85004
Tax ID	111-36-029A, 111-36-029B and 111-36-030
Owner of Record	City of Phoenix

Sale History

The most recent closed sale of the subject is summarized as follows:

Sale Date	April 1, 2004
Seller	Park 2nd Street Associates, L.L.C.
Buyer	City of Phoenix
Sale Price	$1,470,000
Recording Instrument Number	2004-0441189
Expenditures Since Purchase	N/A

As discussed, the transfer included several parcels including the subject. No known sales or transfers of ownership have taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

Based on discussions with the appropriate contacts, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

Appraisal Purpose

The purpose of the appraisal is to develop the following opinion(s) of value:

- The market value "as is," of the fee simple interest in the subject property as of the effective date of the appraisal, June 22, 2023
- The market ground rent of the subject property as of the effective date of the appraisal, June 22, 2023

The date of the report is June 27, 2023. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

Market Value
The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. 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. [1]

Market Rent
The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

- Lessee and lessor are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and

[1] Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

- The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs).[2]

Appraisal Premise Definitions

The definitions of the appraisal premises applicable to this assignment are specified as follows.

As Is Market Value
The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.[3]

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

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.[4]

Client and Intended User(s)

The client and intended user is City of Phoenix. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

Intended Use

The intended use of the appraisal is for property disposition purposes. The appraisal is not intended for any other use.

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal guidelines of the City of Phoenix

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (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

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[2] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)
[3] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)
[4] Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. I have performed no 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.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, property zoning, existing easements and encumbrances, access and exposure, and condition of the improvements (as applicable) were confirmed and analyzed.

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection

Party	Inspection Type	Inspection Date
Roger L. Dunlap, MAI	On-site	June 22, 2023

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The **income capitalization approach** is an applicable valuation method for the subject due to the following:

- If the subject were encumbered by a ground lease, the probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income and rates of return, is available for analysis.

The **sales comparison approach** is an applicable valuation method because:

- There is an active market for similar properties, and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.

The **cost approach** is not applicable to the assignment considering the following:

- There are no improvements on the property which contribute to market value.

Economic Analysis

Phoenix MSA Area Analysis

The subject is located in the Phoenix-Mesa-Scottsdale, AZ Metropolitan Statistical Area, hereinafter called the Phoenix MSA, as defined by the U.S. Office of Management and Budget. The Phoenix MSA is 14,566 square miles in size, and is the tenth most populous metropolitan area in the nation.

Population

The Phoenix MSA has an estimated 2023 population of 5,037,323, which represents an average annual 1.3% increase over the 2020 census of 4,845,832. The Phoenix MSA added an average of 63,830 residents per year over the 2020-2023 period, and its annual growth rate exceeded the United States rate of 0.3%.

Looking forward, the Phoenix MSA's population is projected to increase at a 0.9% annual rate from 2023-2028, equivalent to the addition of an average of 47,102 residents per year. The Phoenix MSA's growth rate is expected to exceed that of the United States, which is projected to be 0.4%.

Population Trends

	Population			Compound Ann. % Chng	
	2020 Census	2023 Estimate	2028 Projection	2020 - 2023	2023 - 2028
Phoenix MSA	4,845,832	5,037,323	5,272,831	1.3%	0.9%
Arizona	7,151,502	7,380,760	7,657,923	1.1%	0.7%
United States	331,449,281	334,500,069	341,662,969	0.3%	0.4%

Source: Claritas

Employment

Total employment in the Phoenix MSA was estimated at 2,368,500 jobs as of November 2022. Between year-end 2012 and 2022, employment rose by 550,200 jobs, equivalent to a 30.3% increase over the entire period. There were gains in employment in nine out of the past ten years. Consistent with national trends, there were losses in 2020, with the onset of the COVID-19 pandemic, followed by a return to positive growth in 2021. The Phoenix MSA's rate of employment growth over the last decade surpassed that of the United States, which experienced an increase in employment of 14.0% or 19,044,000 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Phoenix MSA unemployment rate has been generally lower than that of the United States, with an average unemployment rate of 5.2% in comparison to a 5.5% rate for the United States. A lower unemployment rate is a positive indicator.

Recent data shows that the Phoenix MSA unemployment rate is 2.9% in comparison to a 3.6% rate for the United States, a positive sign that is consistent with the fact that the Phoenix MSA has outperformed the United States in the rate of job growth over the past two years.

Employment Trends

	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
Year	Phoenix MSA	% Change	United States	% Change	Phoenix MSA	United States
2012	1,818,300		135,946,000		7.4%	8.1%
2013	1,870,500	2.9%	138,275,000	1.7%	6.7%	7.4%
2014	1,919,400	2.6%	141,308,000	2.2%	5.9%	6.2%
2015	1,985,500	3.4%	144,046,000	1.9%	5.2%	5.3%
2016	2,037,800	2.6%	146,253,000	1.5%	4.7%	4.9%
2017	2,105,800	3.3%	148,510,000	1.5%	4.3%	4.4%
2018	2,175,900	3.3%	150,832,000	1.6%	4.2%	3.9%
2019	2,255,700	3.7%	152,846,000	1.3%	4.2%	3.7%
2020	2,189,500	-2.9%	143,605,000	-6.0%	7.2%	8.1%
2021	2,286,600	4.4%	150,352,000	4.7%	4.5%	5.4%
2022*	2,368,500	3.6%	154,990,000	3.1%	3.1%	3.7%
Overall Change 2012-2022	550,200	30.3%	19,044,000	14.0%		
Avg Unemp. Rate 2012-2022					5.2%	5.5%
Unemployment Rate - March 2023					2.9%	3.6%

*Total employment data is as of November 2022; unemployment rate data reflects the average of 11 months of 2022.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Major employers in the Phoenix MSA are shown in the following table.

Major Employers - Phoenix MSA

	Name	Number of Employees
1	Banner Health	8,184
2	Apollo Group Inc.	6,701
3	Honeywell	6,247
4	American Express	5,880
5	St. Joseph's Hospital	4,109
6	Bank of America	3,753
7	U-Haul International	3,526
8	Wells Fargo	3,418
9	Charles Schwab	3,295
10	Mayo Clinic	3,194

Source: https://www.phoenix.gov/econdevsite/documents/full%20list%20of%20major%20employers.pdf

Gross Domestic Product

The Phoenix MSA is the 14th largest metropolitan area economy in the nation based on Gross Domestic Product (GDP).

Economic growth, as measured by annual changes in GDP, has been considerably higher in the Phoenix MSA than the United States overall during the past decade. The Phoenix MSA has grown at a

3.3% average annual rate while the United States has grown at a 2.1% rate. The Phoenix MSA continues to perform better than the United States. GDP for the Phoenix MSA rose by 6.9% in 2021 while the United States GDP rose by 5.9%.

The Phoenix MSA has a per capita GDP of $52,911, which is 10% less than the United States GDP of $59,085. This means that Phoenix MSA industries and employers are adding relatively less value to the economy than their counterparts in the United States.

Gross Domestic Product

Year	($,000s) Phoenix MSA	% Change	($,000s) United States	% Change
2011	189,684,047		15,891,534,000	
2012	195,823,019	3.2%	16,253,970,000	2.3%
2013	197,408,449	0.8%	16,553,348,000	1.8%
2014	201,270,340	2.0%	16,932,051,000	2.3%
2015	207,170,720	2.9%	17,390,295,000	2.7%
2016	214,024,595	3.3%	17,680,274,000	1.7%
2017	222,960,470	4.2%	18,076,651,000	2.2%
2018	232,915,200	4.5%	18,609,078,000	2.9%
2019	242,939,171	4.3%	19,036,052,000	2.3%
2020	244,882,735	0.8%	18,509,143,000	-2.8%
2021	261,707,170	6.9%	19,609,812,000	5.9%
Compound % Chg (2011-2021)		3.3%		2.1%
GDP Per Capita 2021	$52,911		$59,085	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2022.
The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted ""real"" GDP stated in 2012 dollars.

Income, Education and Age

The Phoenix MSA has a higher level of household income than the United States. Median household income for the Phoenix MSA is $77,870, which is 6.2% greater than the corresponding figure for the United States.

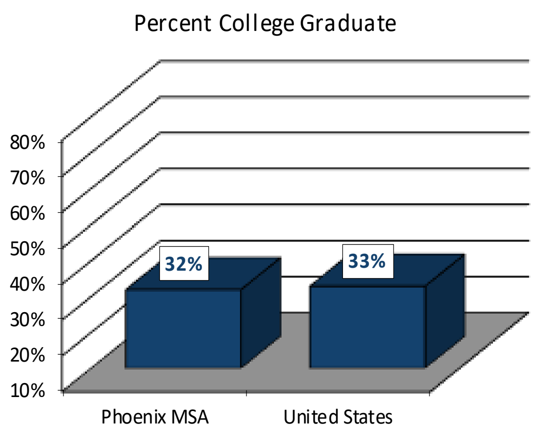
Median Household Income - 2023

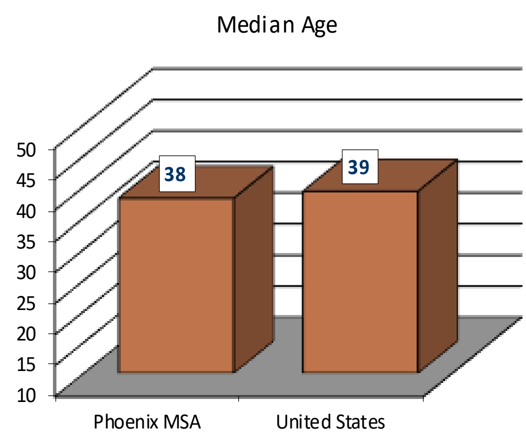
	Median
Phoenix MSA	$77,870
United States	$73,336
Comparison of Phoenix MSA to United States	+ 6.2%

Source: Claritas

Residents of the Phoenix MSA have a slightly lower level of educational attainment than those of the United States. An estimated 32% of Phoenix MSA residents are college graduates with four-year degrees, versus 33% of United States residents. People in the Phoenix MSA are slightly younger than their United States counterparts. The median age for the Phoenix MSA is 38 years, while the median age for the United States is 39 years.

Education & Age - 2023





Source: Claritas

Conclusion

The Phoenix MSA economy will benefit from a growing population base and a higher level of median household income. The Phoenix MSA experienced growth in the number of jobs and has maintained a generally lower unemployment rate than the United States over the past decade. Moreover, the Phoenix MSA gains strength from being the tenth most populous metropolitan area in the country and having a higher rate of GDP growth than the United States overall. It is anticipated that the Phoenix MSA economy will improve and employment will grow, strengthening the demand for real estate.

Area Map


Sun City West
Surprise
Sun City
El Mirage
Peoria
Glendale
Paradise Valley
Scottsdale
Fort McDowell I.R.
Fountain Hills
Salt River Indian Reservation
Salt River Pima-Maricopa Indian Community
Goodyear
Avondale
Phoenix
Tempe
Mesa
Leisure World
Ahwatukee
Chandler
Gilbert
Queen Creek
Gila River Indian Reservation
Microsoft Bing
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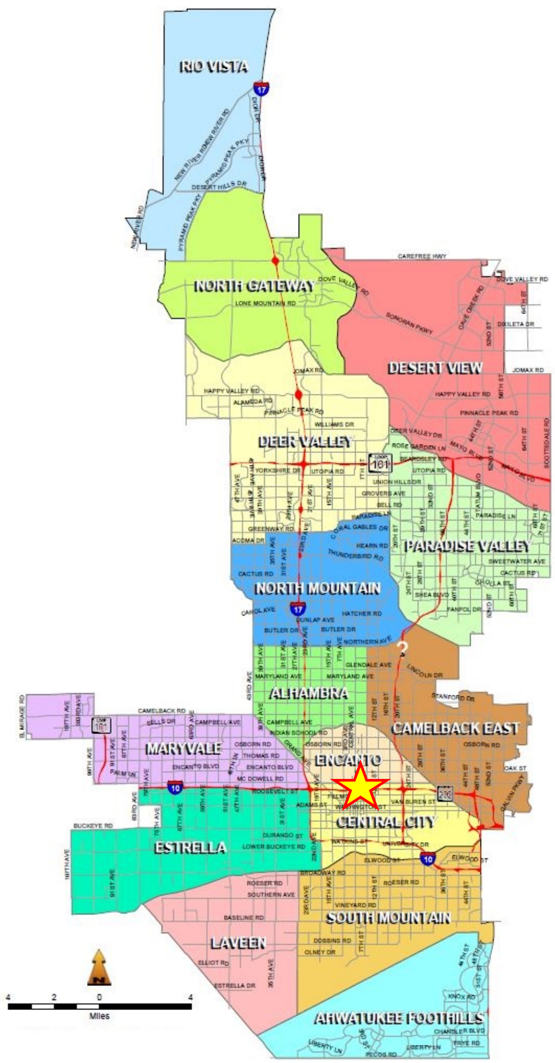
Surrounding Area Analysis

The subject is located in Central City, an urban village of Phoenix, Arizona. Central City Village is unique among the villages because its core is downtown, the urban center for the entire city. Downtown Phoenix, with its many government, business and cultural facilities, is the focal point of the expanding metropolitan region. Many of the oldest neighborhoods in Phoenix surround the downtown. Some are designated historic districts and contain fine architecture and tree-lined streets. Most have strong neighborhood organizations that work on improvement efforts to enhance an old-fashioned neighborhood environment. Central City Village is a government and employment center; a transportation hub including freeways, public transit and Sky Harbor International Airport; and an exciting cultural, recreational and convention center.

As defined by the boundaries, Central City Village has an area of roughly 10 square miles. This includes not only Downtown, but the close vicinity and the Sky Harbor area directly east. The village is bounded by McDowell Road and the Grand Canal to the north and northeast, the border with Tempe to the east, the Salt River to the south, and 19th Avenue/I-17 to the west.



Downtown Hotel and the Light Rail Transit-Oriented Development

The Downtown Phoenix Partnership, Inc. is a non-profit organization funded by an assessment on property owners within Downtown Phoenix. The partnership is guided by a volunteer board of directors including merchants, tenants, property owners, cultural and non-profit organizations, city and county management and elected officials. Services provided by the partnership include security, marketing, business development, transportation/parking coordination, urban design, streetscape maintenance services and public policy facilitation. As a result of the creation of the partnership, sales tax revenues have increased, crime rates have decreased, and new residential development has occurred.

In the last 20 years, several major projects have been completed in downtown Phoenix. These include the Phoenix Municipal Court and the Phoenix Federal Courthouse (1999). The unique architectural design of the courthouse incorporates flagstone material and is a complement to the Phoenix City Hall (1993) to the east. Chase Field ($354 million, 1998) located on Jefferson Street between 5th Street and 7th Street was constructed for the Arizona Diamondbacks that secured the World Series title in 2001. Other projects include Civic Plaza East Garage ($45 million), City of Phoenix Central Library ($43 million), Phoenix Museum of History ($4 million), refurbishment of the Phoenix Civic Plaza ($31 million), Talking Stick Arena ($100 million), the Arizona Center ($300 million), Herberger Theater ($20 million), Arizona Science Center ($35 million), the expansion of the Phoenix Art Museum ($20 million), and the historic renovation of the Orpheum Theatre ($14 million). Collier Center is a $500 million, mixed-use development that includes 1.5 million square feet of office space, 200,000 square feet of shops and restaurants.

The Sheraton Downtown Phoenix located at 3rd Street and Van Buren Street, opened in October 2008. The 31-story full-service hotel houses 1,000 rooms and is the largest in the state. The Sheraton features more than 80,000 square feet of meeting space, a 29,000 square foot ballroom, and a 15,000 square foot junior ballroom. The facility was financed by City bonds.

Additionally, other elements of downtown Phoenix construction activity include the 2008 $600 million Phoenix Civic Plaza renovation. The construction of the billion-dollar light rail system along the Washington/Jefferson Street alignment has spurred infill development. All of this activity has augmented the demand for downtown residential housing and related consumer services.

Phoenix Biomedical Campus

Anchored by the IGC/TGen headquarters and the Arizona Biomedical Collaborative (ABC), 30 acres of City-owned land near 5th Street and Van Buren has been developed as the hub for Arizona’s biomedical efforts.

In October 2012, the Biomedical Campus welcomed the Health Sciences Education Building. The 268,000 SF building is located near the northwest corner of 7th Street and Van Buren and provides lecture and lab space for the 301 students currently enrolled at the University of Arizona College of Medicine-Phoenix. The U of A’s Eller College of Management moved to the Biomedical Campus in 2014. Construction of the ten-story $136 million Biosciences Partnership Building and a 1,000 space parking garage was completed in September 2016. The 245,000 square foot facility is the tallest building on the Biomedical Campus.

The TGen complex is located at northwest corner of 7th Street and Van Buren Street on the Phoenix Biotech Campus, a 13-acre research and education campus is the permanent home for TGen and the International Genomics Consortium (IGC). Phoenix and the State of Arizona were awarded the headquarters of the IGC project and on June 12, 2003, groundbreaking ceremonies were held for the $46 million Phoenix Bioscience Center. The 170,000 square foot center, completed in late 2004, is the headquarters for the International Genomics Consortium and the Translational Genomics Research Institute (TGen), two nonprofit organizations developing improved treatments for genetically related diseases. The goal of the IGC is to create a genetic database to be used by scientists and pharmaceutical companies to develop treatments and drugs for cancer. Future research will focus on heart, lung, and other diseases. The headquarters for the IGC project are at Seventh and Fillmore Streets. Three of its six stories house the TGen; the IG C, a National Institutes of Health research lab and Alexandra Real Estate Equities occupy a floor apiece. The TGen/IGC building, the first structure in what is anticipated to become a 15-acre biosciences education and research campus in downtown Phoenix, was completed in 2004. Eventually, about 1 million square feet of labs, offices, classrooms and other facilities could be developed at the site.

U of A Cancer Center

Development continues on the Phoenix Biomedical Campus with the construction of the U of A Cancer Center outpatient clinic and research center located on the north side of Fillmore between 5th and 7th Streets. The Cancer Center is 220,000 SF and expected to have up to 60,000 patient visits a year.

ASU-Downtown Phoenix

Arizona State University is fully established in Downtown Phoenix, with $219 million invested to create the 11,500-student campus on the north side of Downtown Phoenix.

Nine city blocks accommodate multiple colleges and Civic Space, the urban park north of Central Bus Terminal. The Walter Cronkite School of Journalism facility opened in August 2008. Taylor Place, the student housing complex at the Downtown Campus opened phase 1 in August of 2008 accommodating 650 students. Phase 2 was completed in August 2009 bringing the total to 1,284 beds.

Construction on Phase 2 of the College of Nursing was completed in 2009. The 5-story building provides much needed space for the largest nursing school in the country. There are 11,500 students taking classes Downtown, and that number will grow to 15,000 at full enrollment.

The Arizona Center for Law and Society, the home of the Sandra Day O’Connor School of Law, was completed in the Fall 2016. Having a student and academic population in Downtown has infused the streets with life as well as assisted the local retail environment.

Retail

Currently, downtown has 800,000 SF of retail space including 200,000 SF at CityScape. The retail market of Downtown Phoenix contains a diverse mix of local boutiques, restaurants and retail stores. The restaurants are often housed in converted warehouse buildings or restored historic homes as well as larger buildings, allowing a dining experience unique to Downtown Phoenix.

Office

Downtown Phoenix is the financial center of Arizona and home to the three largest banks in the state. There is more than 8 million square feet of private office space in the Downtown core, most of which is located a few short blocks from METRO Light Rail stations. The two most recently constructed office towers include the Freeport McMoRan tower at Central and Van Buren and the CityScape tower at First Street and Washington. Freeport occupies the top half of the building, and the lower half is a 242 room Westin Hotel. CityScape's tenants include United Healthcare, Squire Patton Boggs and Gust Rosenfeld. Downtown office buildings offer tenants the unique opportunity of placing signage atop the towers which is visible from the I-10 and I-17 freeways, the Sky Harbor Airport flight path and during major sporting events. Downtown also offers unique space in older structures and warehouse buildings. Demand for downtown office space continues to be high as employers look to take advantage of the light-rail system and downtown amenities.

Hospitality

One of downtown's signature redevelopment projects is the $600 million expansion of the Phoenix Convention Center. The 880,000 SF Phoenix Convention Center ranks among the top convention centers in the country and in 2015 hosted the NFL Experience for Super Bowl XLIX. To accommodate the increase in convention visitors a new 1,000-room Sheraton Hotel was completed in October 2008. In March 2011 a 242 room Westin Hotel in the Freeport McMoRan Tower opened, and the Wyndham hotel has been renovated and rebranded as a Renaissance by Marriott. The Hotel Palomar opened at Cityscape in June 2012.

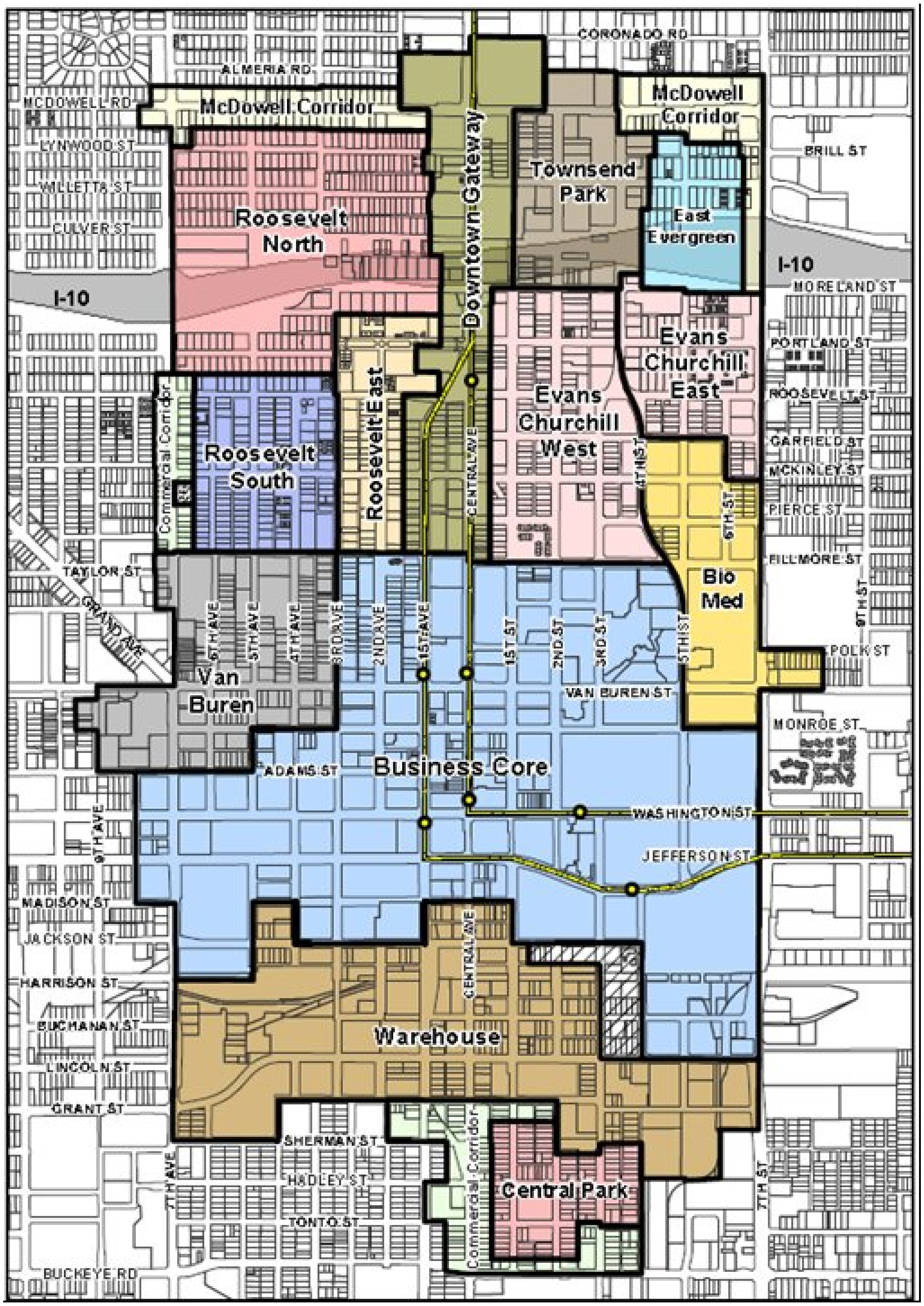
Residential

Residential development has come downtown giving Phoenicians an opportunity to experience the only true urban setting in the state. Developments include the Orpheum Lofts, The Summit, and 44 Monroe. Roosevelt Point, a 326 unit student housing complex, opened in August 2013 and the Residences at CityScape, a 224 unit luxury apartment complex opened in 2014 atop the Hotel Palomar. The downtown market features a mix of high-rise luxury, mid-rise, townhomes and historic single family neighborhoods.

Transportation

Public transportation, provided by the Valley Metro bus system, is considered good by Phoenix standards. The Valley Metro Rail project was completed in December of 2008. The light-rail's initial route begins in Phoenix at Bethany Home Road and 19th Avenue, and travels through downtown Phoenix and Tempe and into the city of Mesa, ending at Longmore and Main Streets. The subject sits between the westbound tail service along Washington Street and eastbound along Jefferson Street. The main rail station is located on the northwest corner of Washington Street and 3rd Street. The following exhibit shows the light rail alignment through downtown Phoenix.

Extensions of the Metro light rail are in various stages of planning. The 27 additional miles include an extension to north Phoenix that was recently completed, as well as various extensions in Mesa and Tempe, and future corridors along the I-10 freeway and State Route 51.



Access and Linkages

A grid pattern of section line arterials at one-mile intervals provides local access within the subject's neighborhood. These include Roosevelt, Van Buren, Washington, Jefferson Streets (east/west thoroughfares). North/south roadways include Central Avenue and Third, Seventh, and Twelfth Streets, all of which are continuously improved through the city's Downtown District.

The appraised property's central location is enhanced by an extensive freeway network that provides excellent regional, intrastate, and airport access. In close proximity to the appraised property, Central Avenue and 7th Street provide good access to Loop 202 which links with Interstate 10 and 17 as well as the Superstition Freeway (U.S. 60), and several state limited access roadways, including Highway 143 and Loop 202. Highway 51 is approximately two miles east via either Washington or Van Buren Street.

Life Cycle

Real estate is affected by cycles involving development trends within a market area as well as market and economic forces. Trends in demand for development in a particular market are described by the Market Area Life Cycle, while market and economic trends are described by the Real Estate Cycle.

A Market Area Life Cycle typically evolves through four stages:[5]

- Growth – a period during which the market area gains public favor and acceptance
- Stability – a period of equilibrium without marked gains or losses
- Decline – a period of diminishing demand
- Revitalization – a period of renewal, redevelopment, modernization, and increasing demand

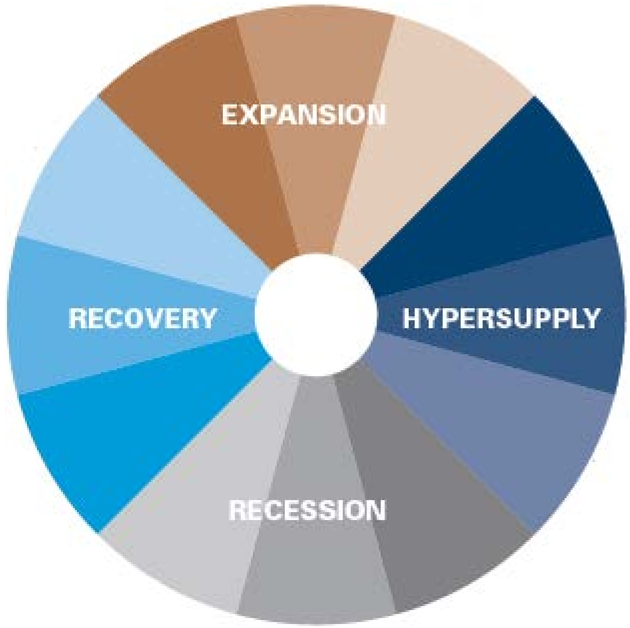
The subject's market area is in the revitalization stage of the Market Area Life Cycle.

The Real Estate Cycle also impacts a neighborhood. The stages of the Real Estate Cycle include:

- Expansion – Sustained growth in demand, increasing construction
- Hypersupply – Positive but falling demand, increasing vacancy
- Recession – Falling demand, increasing vacancy
- Recovery – Increasing demand, decreasing vacancy

These stages are illustrated below, along with a summary of common characteristics of each stage of the Real Estate Cycle. The subject is in the expansion stage of the Real Estate Cycle.

[5] Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020)



EXPANSION

Decreasing Vacancy Rates
Moderate/High New Construction
High Absorption
Moderate/High Employment Growth
Med/High Rental Rate Growth

HYPERSUPPLY

Increasing Vacancy Rates
Moderate/High New Construction
Low/Negative Absorption
Moderate/Low Employment Growth
Med/Low Rental Rate Growth

RECESSION

Increasing Vacancy Rates
Moderate/Low New Construction
Low Absorption
Low/Negative Employment Growth
Low/Neg Rental Rate Growth

RECOVERY

Decreasing Vacancy Rates
Low New Construction
Moderate Absorption
Low/Moderate Employment Growth
Neg/Low Rental Rate Growth

Services and Amenities

The nearest public services, including police and fire departments, as well as public schools are summarized in the following table.

Public Services

Service	Name/Station	Driving Distance (Miles)	Direction
Police Department	Phoenix Police Department - Central City Precinct	3.5	Southeast
Fire Department	Phoenix Fire Department Station 4	0.9	Northwest
Hospital	Banner-University Medical Center Phoenix	1.5	Northeast
Elementary School	Emerson Elementary School	1.3	Northeast
Middle/Junior High School	Osborn Middle School	4.3	Northwest
High School	North High School	2.1	Northeast

Land Use

Predominant land uses are government, education, office, entertainment and multi-family residential. During the last two years, development has resumed after being virtually nonexistent due to the economy. There are signs that the pace of development is increasing, especially in the Bio Med Area.

Surrounding Area Land Uses

Character of Area	CBD
Predominant Age of Improvements (Years)	10-20
Predominant Quality and Condition	Good
Approximate Percent Developed	75%
Land Use Allocation	
Multifamily	50%
Retail	10%
Office	20%
Vacant Land	20%
Infrastructure and Planning	Good
Predominant Location of Undeveloped Land	South
Prevailing Direction of Growth	South

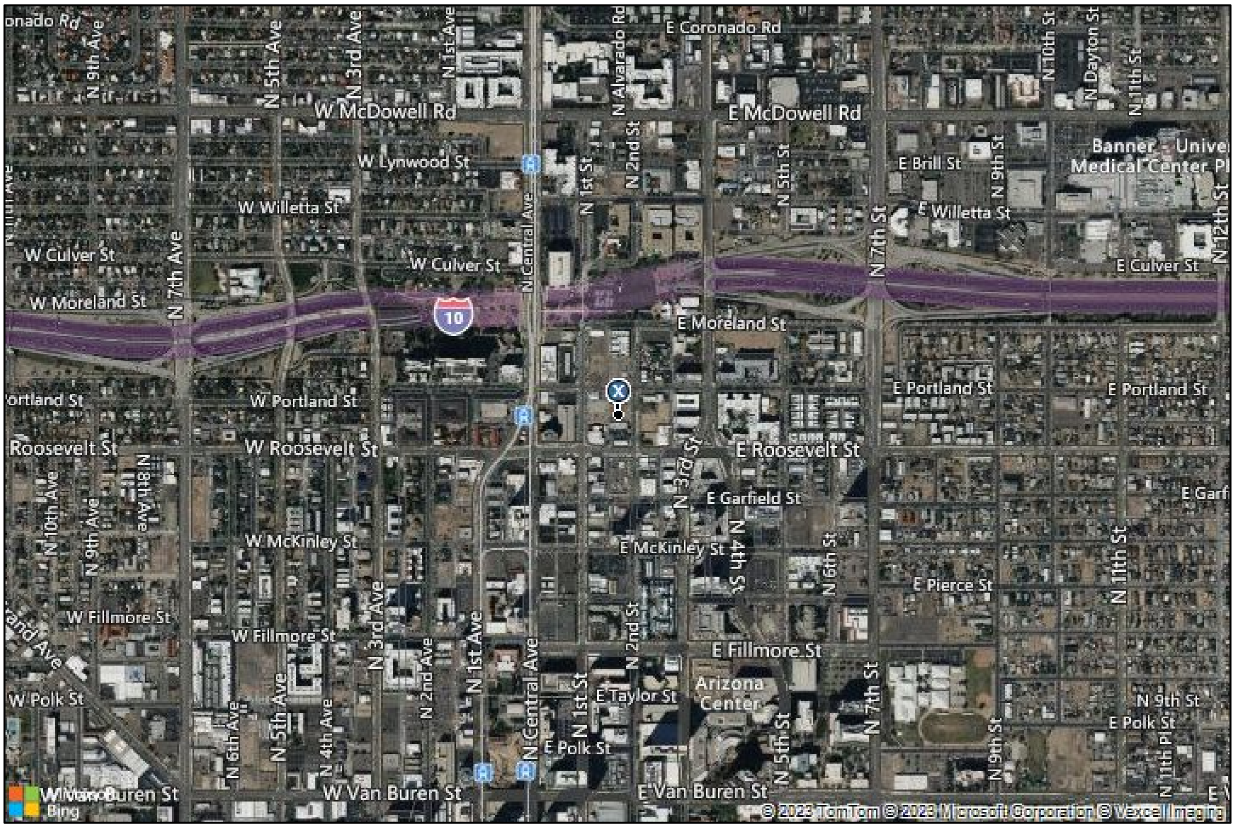
Immediate Surroundings

North	Vacant
South	Commercial
East	Vacant/SFR
West	Vacant

Outlook and Conclusions

Ongoing redevelopment in the area will have a positive impact on property values within the neighborhood. Continued revitalization of the downtown should attract more quality retail and cultural entities, in addition to strengthening industrial and office occupancies, market conditions warranting. Increasingly, properties in the path of redevelopment proximate to the city's CBD, major sports venues, and cultural attractions will continue to see change.

Surrounding Area Map



Multifamily Market Analysis

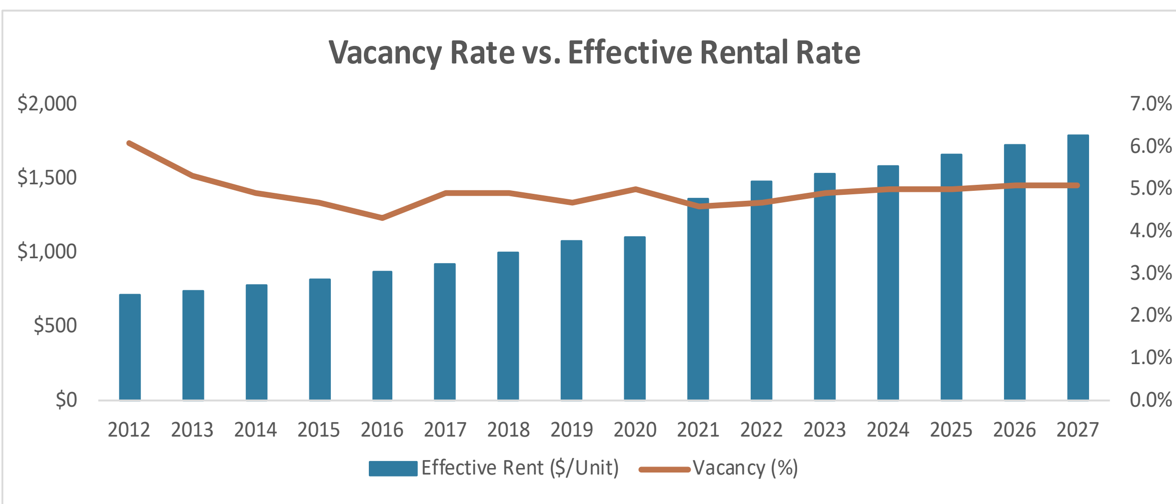
The subject is located in the Phoenix metro area as defined by REIS. Supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the ensuing table.

Phoenix Multifamily Market Trends and Forecasts

Year	Inventory (Units)	Occupied (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Effective Rent ($/Unit)	Effective Rental Rate (% Change)	Gross Revenue ($/Unit)
2012	260,130	244,295	15,835	6.1%	726	3,978	$720	2.5%	$732
2013	262,569	248,604	13,965	5.3%	2,439	4,309	$745	3.5%	$762
2014	266,928	253,832	13,096	4.9%	4,359	5,228	$776	4.1%	$796
2015	272,419	259,515	12,904	4.7%	5,491	5,683	$823	6.1%	$846
2016	278,394	266,356	12,038	4.3%	6,801	6,841	$873	6.0%	$899
2017	284,306	270,405	13,901	4.9%	5,912	4,049	$920	5.5%	$930
2018	294,064	279,717	14,347	4.9%	9,758	9,312	$1,006	9.3%	$1,012
2019	302,565	288,492	14,073	4.7%	8,501	8,775	$1,079	7.2%	$1,088
2020	310,102	294,485	15,617	5.0%	7,537	5,993	$1,108	2.7%	$1,115
2021	317,494	302,990	14,504	4.6%	7,392	8,505	$1,361	22.8%	$1,360
2022	325,051	309,736	15,315	4.7%	7,557	6,746	$1,482	8.9%	$1,476
2023	337,825	321,369	16,456	4.9%	15,117	11,633	$1,536	3.8%	$1,530
2024	350,700	333,100	17,600	5.0%	12,875	11,731	$1,588	3.4%	$1,587
2025	355,588	337,755	17,833	5.0%	4,888	4,655	$1,657	4.3%	$1,650
2026	359,674	341,464	18,210	5.1%	4,086	3,709	$1,723	4.0%	$1,716
2027	364,110	345,473	18,637	5.1%	4,436	4,009	$1,786	3.7%	$1,782
2012 - 2022 Average	288,547	274,402	14,145	4.9%	6,043	6,311	$990	7.1%	$1,001

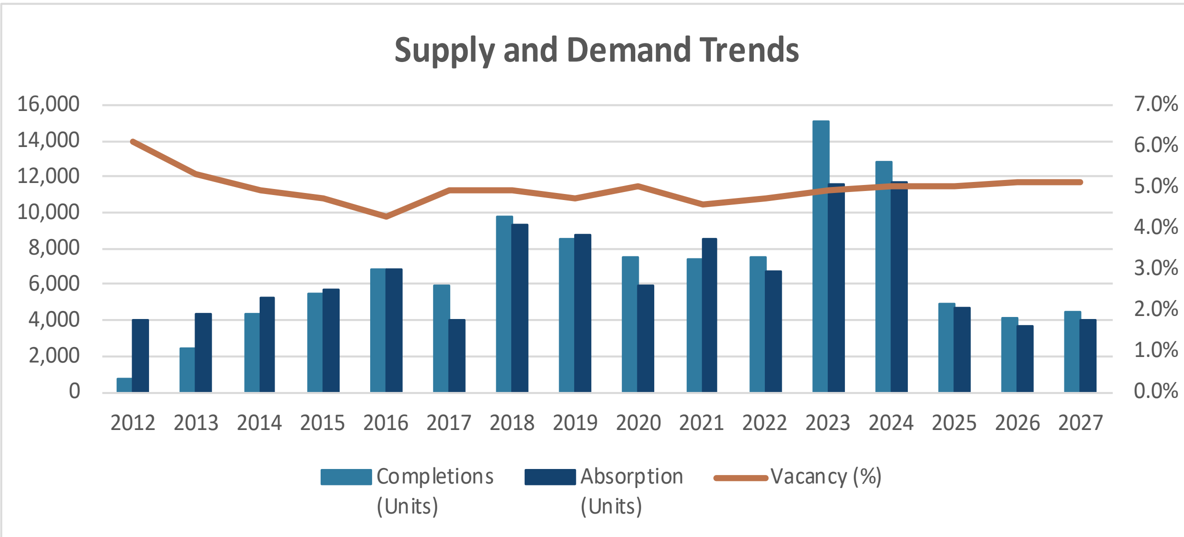
Source: Moody's Analytics REIS; compiled by Integra Realty Resources, Inc.

Phoenix Metro Trends and Forecasts



Source: Moody's Analytics REIS

- The current vacancy rate in the metro area is 4.7%; the vacancy rate has decreased by 20 bps from 2017.
- Four-year forecasts project a vacancy rate of 5.1% for the metro area, representing an increase of 40 bps by year-end 2027.
- Effective rent averages $1,482/unit in the metro area; future rent values are expected to increase by 20.5% to $1,786/unit by year-end 2027.



Source: Moody's Analytics REIS

- The inventory in the metro area has increased by 14.3% from 2017, while the occupied stock has increased by 14.5%.
- Between 2017 and 2022, completions averaged 7,776 units annually and reached a peak of 9,758 units in 2018.
- Between 2017 and 2022, absorption figures reached a peak of 9,312 units in 2018 and a low of 4,049 units in 2017.

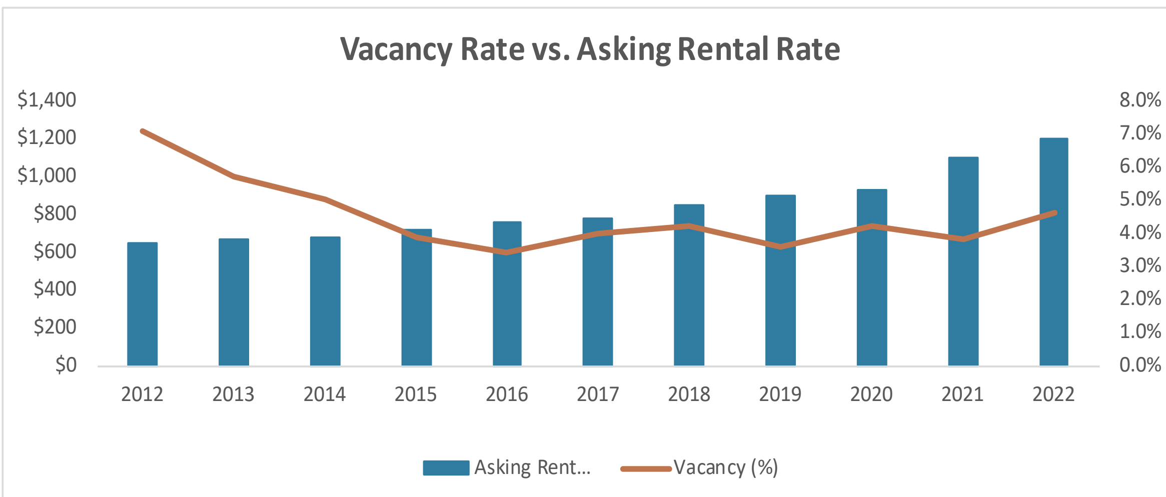
Class B/C Multifamily Overview

The subject is a Class B property as defined by REIS. Supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for all Class B/C space in the Phoenix metro area are presented in the following table.

Phoenix Multifamily Class B/C Market Trends									
Year	Inventory (Units)	Occupancy (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Asking Rent ($/Unit)	Asking Rental Rate (% Change)	Gross Revenue ($/Unit)
2012	137,738	128,025	9,713	7.1%	70	2,194	$647	2.4%	$601
2013	138,114	130,261	7,853	5.7%	376	2,236	$664	2.6%	$626
2014	138,276	131,388	6,888	5.0%	162	1,127	$680	2.4%	$646
2015	138,910	133,445	5,465	3.9%	634	2,057	$715	5.1%	$687
2016	138,216	133,574	4,642	3.4%	132	129	$756	5.7%	$731
2017	138,293	132,808	5,485	4.0%	77	-766	$774	2.4%	$743
2018	140,983	135,114	5,869	4.2%	2,690	2,306	$845	9.2%	$810
2019	141,599	136,526	5,073	3.6%	616	1,412	$898	6.3%	$866
2020	141,849	135,940	5,909	4.2%	250	-586	$927	3.2%	$888
2021	142,286	136,853	5,433	3.8%	437	913	$1,097	18.3%	$1,055
2022	142,572	136,012	6,560	4.6%	286	-841	$1,195	8.9%	$1,140
2012 - 2022 Average	139,894	133,631	6,263	4.5%	521	926	$836	6.0%	$799

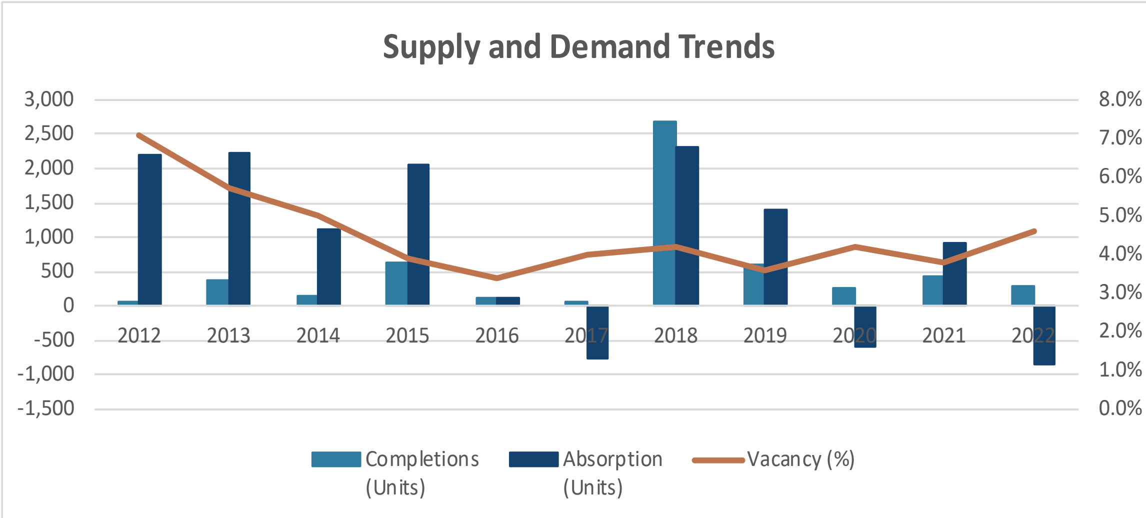
Source: Moody's Analytics REIS; compiled by Integra Realty Resources, Inc.

Class B/C Multifamily Trends and Insights



Source: Moody's Analytics REIS

- The current vacancy rate for Class B/C properties in the metro area is 4.6%; the vacancy rate has increased by 60 bps from 2017.
- Asking rent currently averages $1,195/unit and has increased by 54.4% from 2017.



Source: Moody's Analytics REIS

- Class B/C metro area inventory has increased by 3.1% from 2017, while the occupied stock has increased by 2.4%.
- Between 2017 and 2022, completions have averaged 726 units annually and reached a peak of 2,690 units in 2018.
- Between 2017 and 2022, absorption figures reached a peak of 2,306 units in 2018 and a low of -841 units in 2022.
- Between 2017 and 2022, gross revenue for Class B/C properties in the metro area averaged $917/unit and has increased by 53.4%.

Submarket Overview

The subject is located in the Central Phoenix South submarket. In order to evaluate the market appeal of the subject's submarket in comparison to others in the Phoenix metro area, we compare key supply and demand indicators for all classes of space in the following table.

Phoenix Multifamily Submarket Comparison						
Submarket	Inventory (Buildings)	Inventory (Units)	Asking Rent ($/Unit)	Vacancy (%)	Free Rent (mos)	Expenses %)
Central Phoenix North	232	24,209	$1,186	4.6%	0.61	39.8%
Central Phoenix South	189	23,742	$1,564	5.8%	0.69	38.5%
Chandler/Gilbert	123	30,813	$1,883	6.8%	0.65	38.2%
Deer Valley	80	21,343	$1,245	3.0%	0.36	37.8%
East Mesa	69	13,394	$1,650	3.4%	0.44	38.1%
Glendale South	90	12,730	$1,251	3.7%	0.33	37.4%
Goodyear/Avondale/Tolleson	74	13,404	$1,642	5.1%	0.55	38.2%
Maryvale	36	9,780	$1,128	3.0%	0.30	37.8%
North Scottsdale/Fountain Hills	100	26,719	$2,137	4.5%	0.45	38.0%
North Tempe	156	23,077	$1,752	6.3%	0.71	39.3%
Northeast Phoenix	165	18,144	$1,422	6.1%	0.76	41.1%
Paradise Valley	42	7,000	$1,318	3.6%	0.39	37.8%
Peoria/Sun City/Surprise	103	22,188	$1,444	5.6%	0.42	38.0%
South Mesa	85	16,759	$1,305	4.2%	0.45	38.1%
South Scottsdale	81	14,515	$2,010	5.5%	0.55	39.9%
South Tempe/Ahwatukee	93	23,389	$1,653	3.4%	0.41	37.6%
Sunnyslope	109	16,366	$1,153	2.2%	0.35	37.8%
West Mesa	65	7,479	$1,195	3.8%	0.38	38.5%
Market Averages/Totals	1,892	325,051	$1,549.30	4.7%	0.50	38.5%

Source: Moody's Analytics REIS; compiled by Integra Realty Resources, Inc.

Central Phoenix South Submarket Comparison

- The submarket contains 10.0% of the metro building inventory and 7.3% of the metro unit inventory.
- The submarket's asking rent is $1,564/unit, which is greater than the metro average of $1,549/unit.
- The submarket's vacancy rate is 5.8%, which is greater than the metro average of 4.7%.
- Operating expenses, as a percentage of potential rent revenue, average 38.5% in the submarket compared to 38.5% for the overall metro area.
- Average free rent in the subject property's submarket (0.7 months) is greater than the free rent for the metro area (0.5 months).

In comparison to other submarkets in the region, the Central Phoenix South submarket is rated as follows:

Submarket Attribute Ratings	
Market Size/Stature	Average
Market Demand	Increasing
Vacancy Trends	Stable
Threat of New Supply	Average
Rental Trends	Increasing

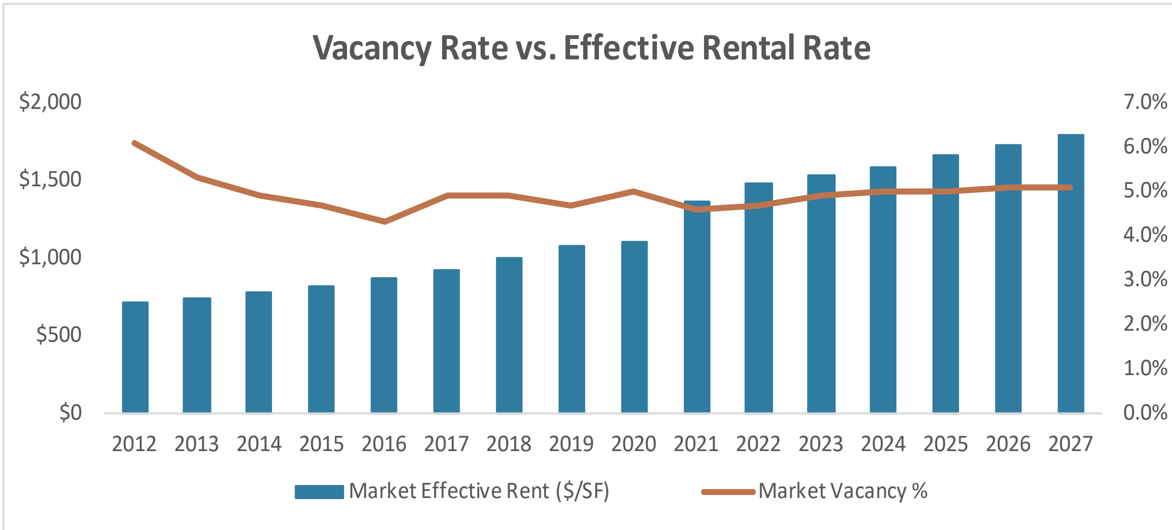
Central Phoenix South Submarket Trends and Forecasts

Supply and demand indicators for all classes of space in the Central Phoenix South submarket are displayed in the following table.

Central Phoenix South Multifamily Submarket Trends and Forecasts

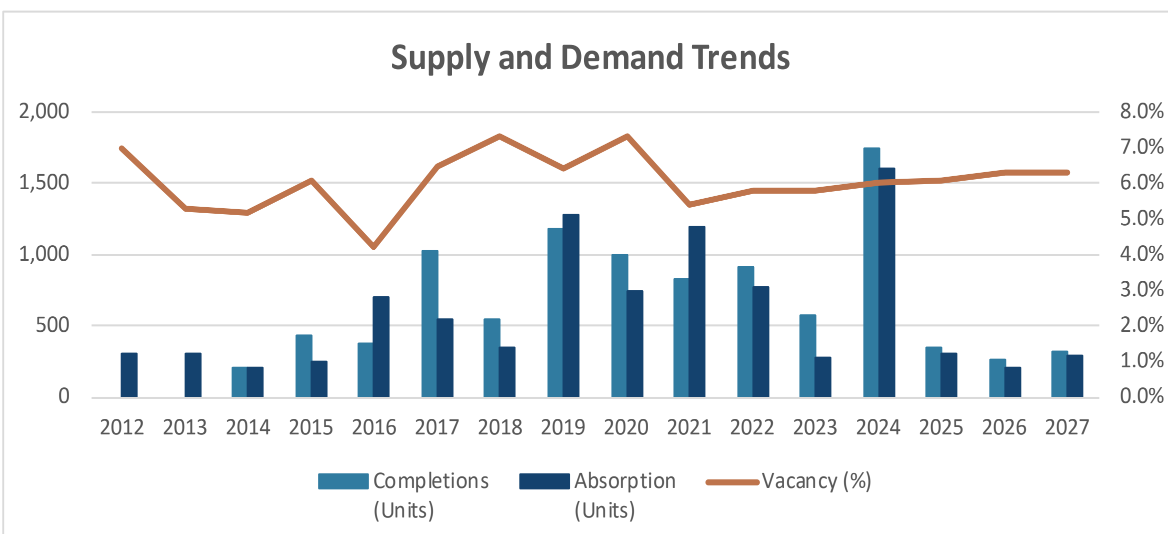
Year	Inventory (Units)	Occupancy (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Effective Rent ($/Unit)	Effective Rental Rate (% Change)	Gross Revenue ($/Unit)
2012	17,255	16,039	1,216	7.0%	0	311	$700	3.6%	$709
2013	17,255	16,340	915	5.3%	0	301	$715	2.2%	$737
2014	17,456	16,540	916	5.2%	201	200	$752	5.3%	$780
2015	17,890	16,790	1,100	6.1%	434	250	$765	1.7%	$786
2016	18,266	17,490	776	4.2%	376	700	$796	4.1%	$834
2017	19,285	18,032	1,253	6.5%	1,019	542	$892	12.0%	$896
2018	19,825	18,378	1,447	7.3%	540	346	$945	5.9%	$944
2019	21,004	19,654	1,350	6.4%	1,179	1,276	$1,057	11.9%	$1,071
2020	22,004	20,402	1,602	7.3%	1,000	748	$1,091	3.2%	$1,093
2021	22,825	21,590	1,235	5.4%	821	1,188	$1,342	23.0%	$1,347
2022	23,742	22,359	1,383	5.8%	917	769	$1,475	9.9%	$1,473
2023	24,025	22,630	1,395	5.8%	568	271	$1,536	4.4%	$1,539
2024	25,771	24,235	1,536	6.0%	1,746	1,605	$1,599	4.1%	$1,608
2025	26,123	24,537	1,586	6.1%	352	302	$1,679	5.0%	$1,687
2026	26,391	24,738	1,653	6.3%	268	201	$1,757	4.7%	$1,764
2027	26,706	25,022	1,684	6.3%	315	284	$1,817	3.4%	$1,832
2012 - 2022 Average	19,710	18,510	1,199	6.0%	590	603	$957	7.5%	$970

Source: Moody's Analytics REIS; compiled by Integra Realty Resources, Inc.



Source: Moody's Analytics REIS

- The current vacancy rate in the submarket is 5.8%; the vacancy rate has decreased by 70 bps from 2017.
- Four-year forecasts project a vacancy rate of 6.3% for the submarket, representing an increase of 50 bps by year-end 2027.
- Effective rent averages $1,475/unit in the submarket; future rent values are expected to increase by 23.2% to $1,817/unit by year-end 2027.



Source: Moody's Analytics REIS

- Current inventory level of 23,742 units is expected to increase by 12.5% through year-end 2027.
- The inventory in the submarket has increased by 23.1% from 2017, while the occupied stock has increased by 24.0%.
- Between 2017 and 2022, completions averaged 913 units annually and reached a peak of 1,179 units in 2019.
- Between 2017 and 2022, absorption figures reached a peak of 1,276 units in 2019 and a low of 346 units in 2018.

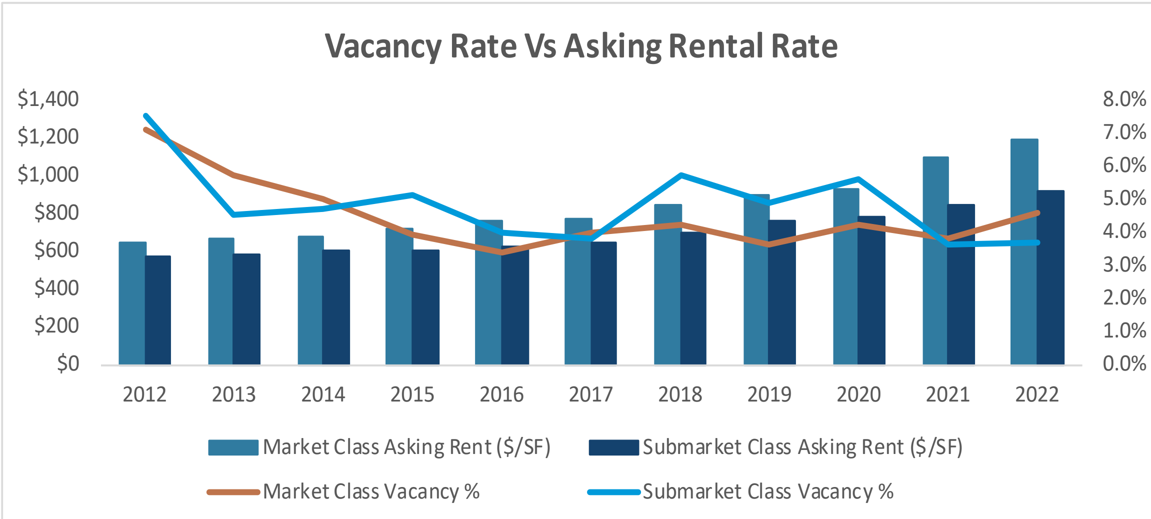
Class B/C Central Phoenix South Submarket Trends and Insights

Supply and demand indicators, including inventory levels, absorption, vacancy, and rental rates for Class B/C space in the submarket are presented in the following table.

Central Phoenix South Multifamily Class B/C Submarket Trends

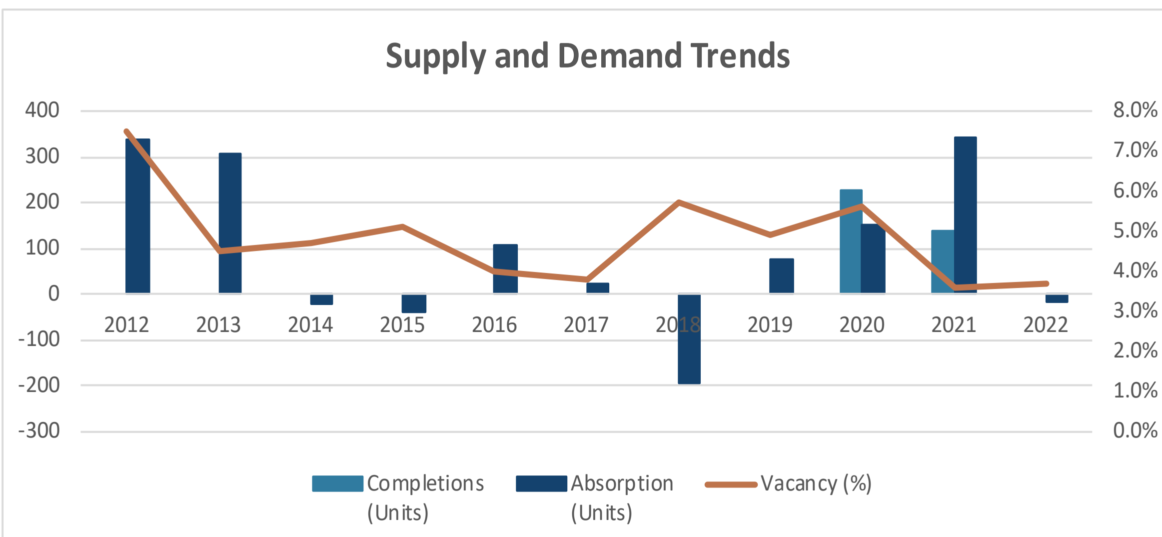
Year	Inventory (Units)	Occupancy (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Asking Rent ($/Unit)	Asking Rental Rate (% Change)	Gross Revenue ($/Unit)
2012	10,193	9,429	764	7.5%	0	338	$571	0.50%	$528
2013	10,193	9,736	457	4.5%	0	307	$583	2.10%	$557
2014	10,193	9,713	480	4.7%	0	-23	$602	3.30%	$574
2015	10,193	9,675	518	5.1%	0	-38	$603	0.20%	$572
2016	10,193	9,783	410	4.0%	0	108	$622	3.20%	$597
2017	10,193	9,805	388	3.8%	0	22	$646	3.90%	$621
2018	10,193	9,612	581	5.7%	0	-193	$696	7.70%	$656
2019	10,193	9,690	503	4.9%	0	78	$759	9.10%	$722
2020	10,419	9,841	578	5.6%	226	151	$779	2.60%	$736
2021	10,559	10,184	375	3.6%	140	343	$839	7.70%	$809
2022	10,559	10,167	392	3.7%	0	-17	$916	9.20%	$882
2012 - 2022 Average	10,280	9,785	495	4.8%	33	98	$692	4.50%	$659

Source: Moody's Analytics REIS; compiled by Integra Realty Resources, Inc.



Source: Moody's Analytics REIS

- The current vacancy for Class B/C properties in the submarket area is 3.7%; the vacancy rate has decreased by 10 bps from 2017.
- Asking rent currently averages $916/unit and has increased by 41.8% from 2017.



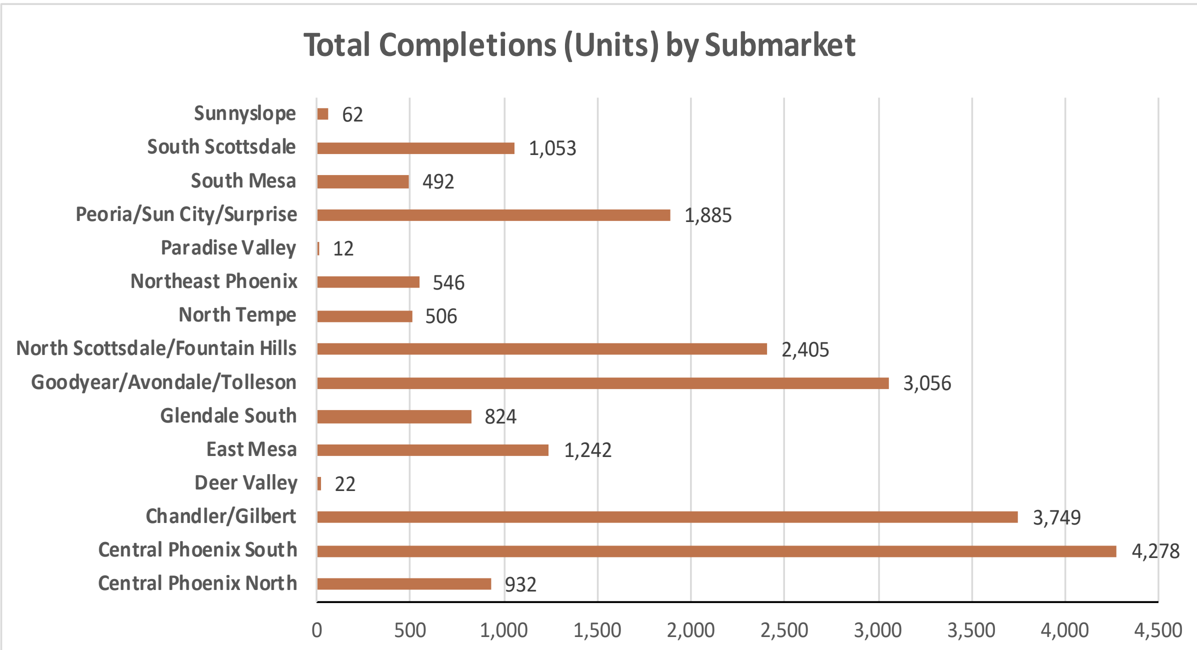
Source: Moody's Analytics REIS

- Class B/C submarket inventory has increased by 3.6% from 2017, while the occupied stock has increased by 3.7%.
- Between 2017 and 2022, completions have averaged 61 units annually and reached a peak of 226 units in 2020.

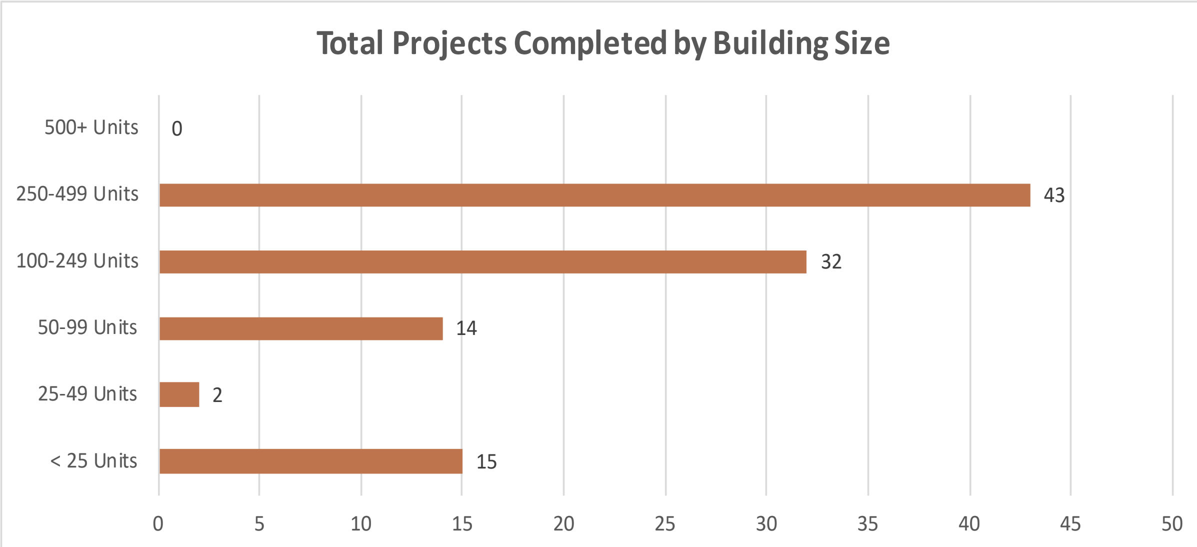
- Between 2017 and 2022, absorption figures reached a peak of 343 units in 2021 and a low of -193 units in 2018.
- Between 2017 and 2022, gross revenue for Class B/C properties in the submarket area averaged $738/unit and increased by 41.9%.

New and Proposed Construction

The following charts summarize the properties that have been completed in the Phoenix metro area.



Source: Moody's Analytics REIS



Source: Moody's Analytics REIS

The following table summarizes properties that are under construction, planned, and/or proposed in the Phoenix metro area.

Phoenix Multifamily Construction by Phase and Subtype*

Multifamily Subproperty Type	Under Construction		Planned Construction		Proposed Construction	
	Properties	Units	Properties	Units	Properties	Units
Apartment	89	20,902	90	21,877	233	70,556
Condominiums	13	1,682	8	644	28	3,451
Other	4	341	11	1,203	17	1,220
Totals	106	22,925	109	23,724	278	75,227

*Excludes projects for which unit count was not reported.

Source: Moody's Analytics REIS; compiled by Integra Realty Resources, Inc.

Phoenix Multifamily Construction Insights

- There are 106 properties under construction, 109 properties in the planned construction phase, and 278 properties in the proposed construction phase in the metro area.
- Apartment properties within the under-construction phase have an average size of 235 units and range in size between 0 units and 1,100 units.
- Apartment properties within the planned construction phase have an average size of 243 units and range in size between 9 units and 3,200 units.
- Apartment properties within the proposed construction phase have an average size of 303 units and range in size between 2 units and 8,960 units.

- Of the 22,925 units under construction, 91.2% are Apartment properties and 7.3% are Condominium properties.
- Of the 23,724 units planned for construction, 92.2% are Apartment properties and 2.7% are Condominium properties.
- Of the 75,227 units proposed for construction, 93.8% are Apartment properties and 4.6% are Condominium properties.

The following table summarizes properties that are under construction, planned, and/or proposed in the Central Phoenix South submarket.

Central Phoenix South Submarket Construction by Phase and Subtype

Multifamily Subproperty	Under Construction		Planned Construction		Proposed Construction	
Type	Properties	Units	Properties	Units	Properties	Units
Apartment	10	2,436	6	1,364	27	4,561
Condominiums	2	211	1	130	4	156
Other	2	87	1	20	1	84
Totals	14	2,734	8	1,514	32	4,801

Source: Moody's Analytics REIS; compiled by Integra Realty Resources, Inc.

Multifamily Market Outlook and Conclusions

Relevant vacancy rate indications are summarized as follows:

Vacancy Rate Indications

Market Segment	Vacancy Rates
Phoenix Metro Area	4.7%
Phoenix Metro Area Class B/C	4.6%
Central Phoenix South Submarket	5.8%
Central Phoenix South Submarket Class B/C	3.7%

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the metro area to have a positive impact on the subject property's performance in the near-term.

Property Analysis

Land Description and Analysis

Land Description	
Land Area	0.40 acres; 17,500 SF
Source of Land Area	Public Records
Primary Street Frontage	North 2nd Street - 125 feet
Shape	Rectangular
Corner	No
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	04013C2205L
Date	October 16, 2013
Zone	X (Shaded)
Description	Within 500-year floodplain
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	City of Phoenix
Zoning Designation	DC
Description	Downtown Core
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	high-density residential and live/work uses, commercial recreation, hotels, restaurants or brew pubs, medical uses and retail
Other Land Use Regulations	Evans Churchill West Character area
Utilities	
Service	Provider
Water	City of Phoenix
Sewer	City of Phoenix
Electricity	Arizona Public Service (APS)
Natural Gas	Southwest Gas
Local Phone	Multiple Providers

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

Potential Development Density

Based on the maximum density of 218 DU/AC in the current zoning regulations, 87 multifamily dwelling units could be developed on the site. Therefore, it appears that the development potential of the site is 87 units.

Easements, Encroachments and Restrictions

A current title report was not provided for review. There are no apparent easements, encroachments, or restrictions that would adversely affect value. This valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Conclusion of Site Analysis

Overall, the physical characteristics and the availability of utilities result in a functional site, suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include high-density residential and live/work uses, commercial recreation, hotels, restaurants or brew pubs, medical uses and retail. No other restrictions on development are apparent.


Looking west along south boundary


Looking northwest from SEC of subject


Looking north along 2nd Street


Looking west from NEC of subject


Looking southwest from NEC of subject

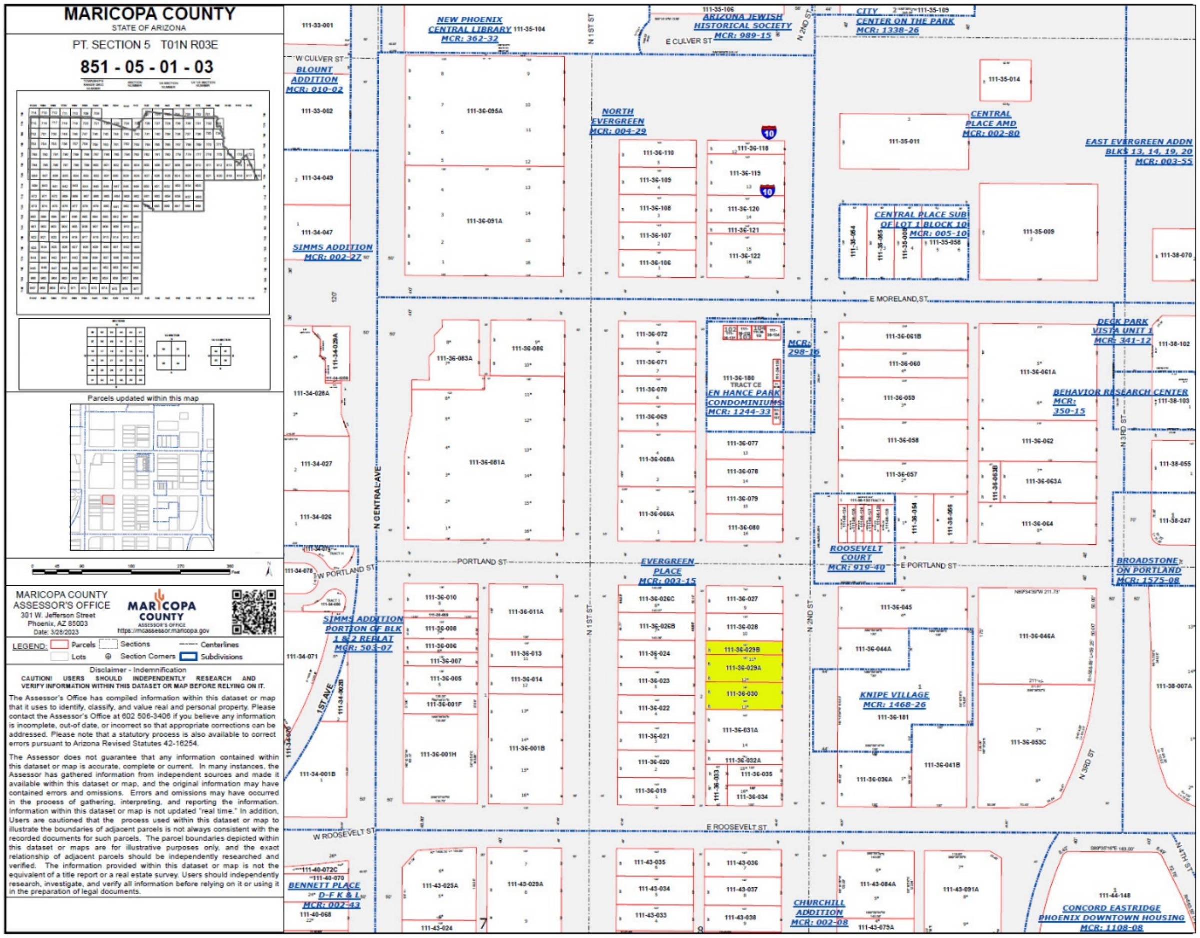

Looking south along 2nd Street from NEC of subject

Aerial Photograph

Plat Map


N
E ROOSEVELT ST
Subject
EVERGREEN PLACE
MCR: 003-15
KNIPE VILLAGE
MCR: 1460-26
ROOSEVELT COURT
MCR: 915-40
EN HANCE PARK
CONDOMINIUMS
MCR: 1244-31
N 3RD ST
N 4TH ST

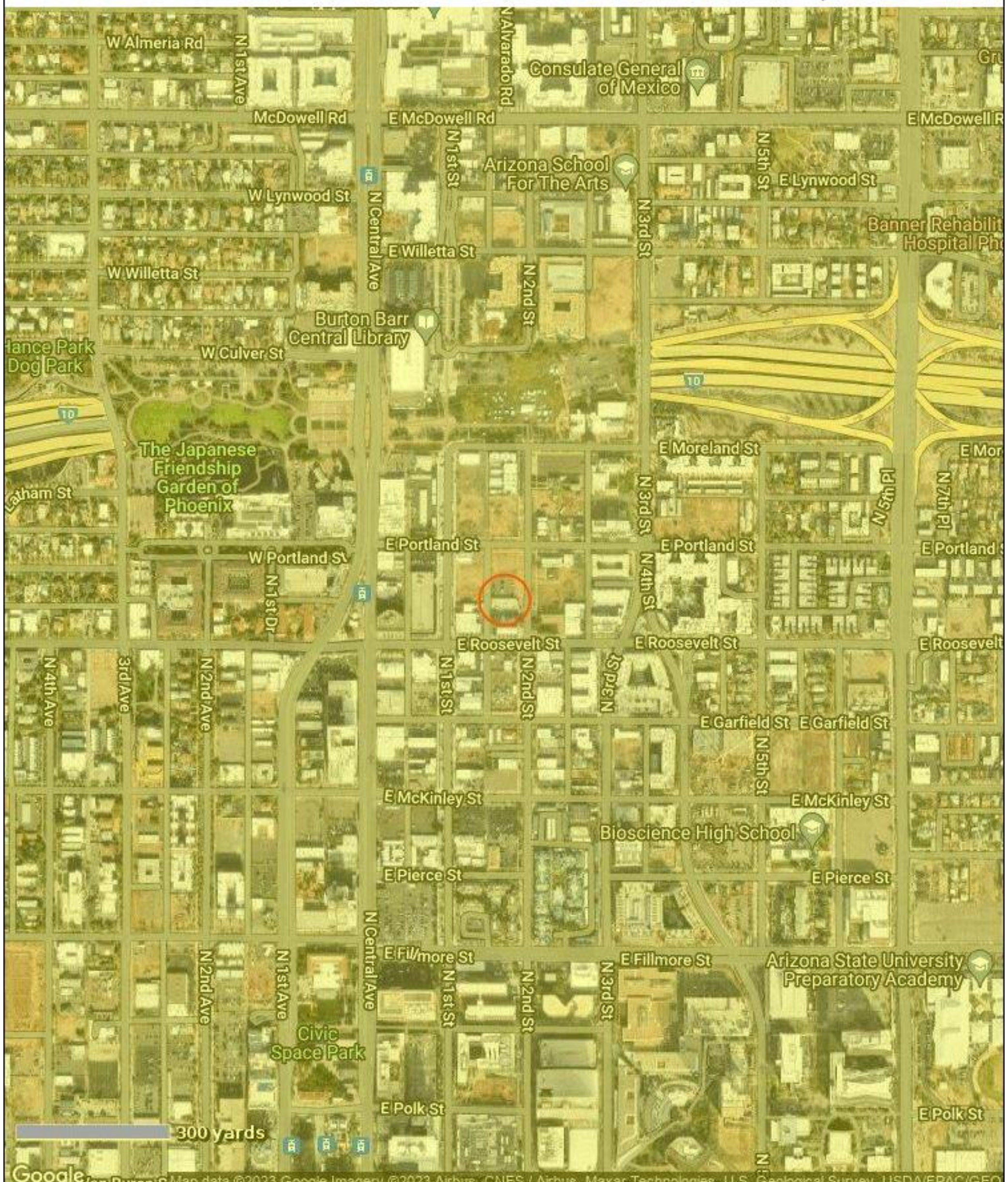
Assessor Map



Flood Hazard Map

InterFlood by a la mode

Prepared for: Integra Realty Resources
1016 N 2nd St
Phoenix, AZ 85004-1926



MAP DATA

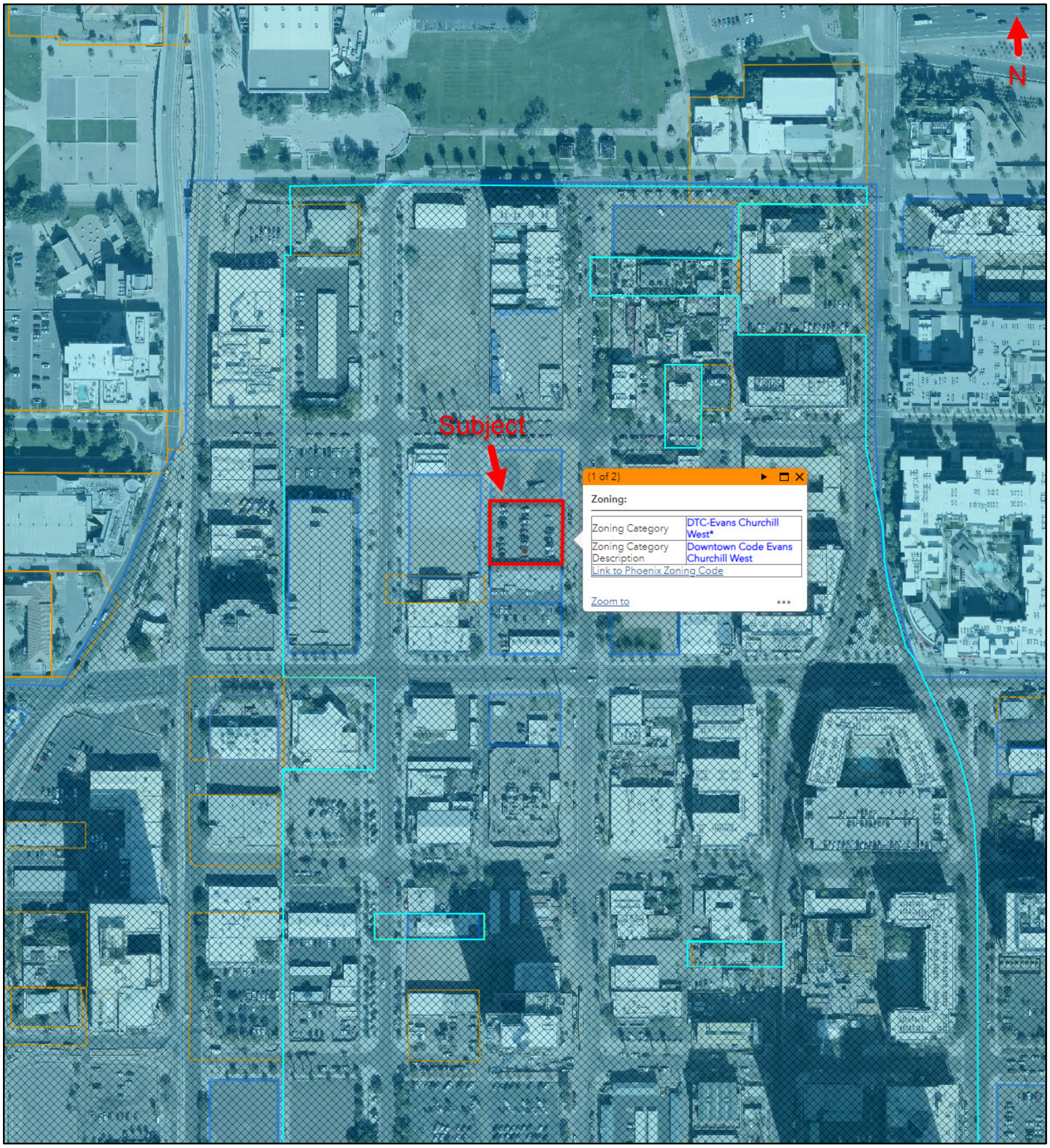
FEMA Special Flood Hazard Area: **No**
Map Number: **04013C2205L**
Zone: **X500**
Map Date: **October 16, 2013**
FIPS: **04013**

Powered by CoreLogic®

MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard
- Protected Areas
- Floodway
- Subject Area

Zoning Map


N
Subject
(1 of 2)
Zoning:
Zoning Category
DTC-Evans Churchill West*
Zoning Category Description
Downtown Code Evans Churchill West
Link to Phoenix Zoning Code
Zoom to

Real Estate Taxes

The subject site is owned by a tax-exempt political subdivision of the State of Arizona and is not subject to property taxes.

Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value, and represents the use of an asset that maximizes its productivity.

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Though Vacant

First, the property is evaluated as though vacant, with no improvements.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The subject property is zoned DTC*,* "Downtown Core" by the City of Phoenix. According to the City's zoning ordinance, DTC zoning is intended to implement the vision, goals and policies of the Downtown Phoenix Plan and provide the physical environment necessary to create a pedestrian-oriented, dynamic urban center with an authentic sense of place. The intent of the Downtown Code is to address design that impacts the public realm by establishing standards and guidelines that will allow projects to develop over time in a scale and character consistent with the Downtown Phoenix Plan.

The subject property is within the Evans Churchill West Character Area. The primary intent of the Evans Churchill West Character Area is to transition between the mixed-use neighborhoods to the north and east, the Biomed Cluster to the south, and the Downtown Gateway to the west. The area's special potential to connect these diverse adjacent areas can be realized through incorporating high-density residential uses and a mix of commercial and retail uses. Given the proximity to the City's major destinations creates the potential for the area to serve as a major pedestrian thoroughfare. A cultural focus in any new development is essential. As with any heavily accessed cultural area, the streetscape should contain inviting and comfortable parkway strips that offer easy links to nearby cultural facilities, parks and public transportation.

Permitted uses in the subject's zone include high-density residential and live/work uses, commercial recreation, hotels, restaurants or brew pubs, medical uses and retail.

There is a 5' minimum building setback and a 15' maximum setback required for properties along 3rd Street from Roosevelt Street to Fillmore Street. The subject property is in an area where building heights are allowed up to 250 feet. The subject property is restricted to 218 dwelling units per acre. Lot coverage is restricted to 75% or 100% with a bonus. There are no required side or rear setbacks for primary buildings.

An excerpt from the City of Phoenix's zoning ordinance, detailing all of the permitted uses in a DTC zone is provided in the addenda.

There are no apparent legal restrictions, such as easements or deed restrictions, effectively limiting the use of the property. Given prevailing land use patterns in the area, only multifamily use is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on the accompanying analysis of the market, there is currently adequate demand for multifamily use in the subject's area. It appears a newly developed multifamily use on the site would have a value commensurate with its cost. Therefore, multifamily use is considered to be financially feasible when interest rates stabilize in the near future.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than multifamily use. Accordingly, multifamily use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for multifamily use is the only use which meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as though vacant.

As Improved

No improvements are situated on the subject. Therefore, a highest and best analysis as improved is not applicable.

Most Probable Buyer

Taking into account the characteristics of the site, as well as area development trends, the probable buyer is a developer.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

Sales Comparison Approach

To develop an opinion of the subject's land value, as though vacant and available to be developed to its highest and best use, the sales comparison approach is used. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties. The research focused on transactions within the following parameters:

- Location: Downtown Phoenix
- Size: 0.25 – 1 acre
- Use: MFR
- Transaction Date: Last 24 months

For this analysis, price per square foot is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. In some cases land is analyzed on a price per potential unit basis. However, this is less reliable as some of the sales had unlimited density potential. Another was developed to only 116 units per acre, when 218 are allowed. We employ price/SF of net land area as the unit of comparison. The most relevant sales are summarized in the following table:

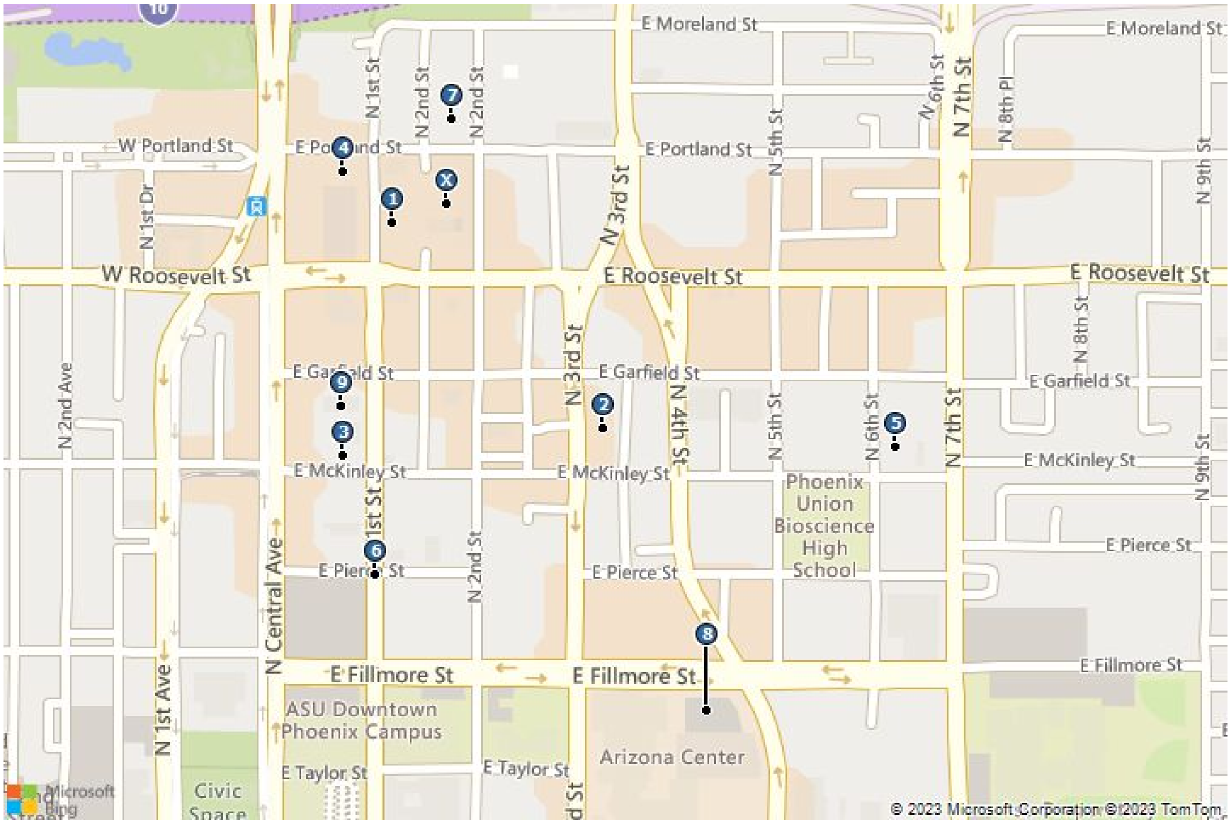
Summary of Comparable Land Sales

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Zoning	$/SF Land
1	N 1st St & E Roosevelt St Phoenix Maricopa County AZ	Jul-21 Closed	$1,125,000	7,000 0.16		$160.71
	Comments: The seller was represented by Jonathan Vento of True North Holdings LLC. The buyer is represented by Ryan Kerr of Burton First Street LLC. Both were unavailable to comment on the transaction.					
2	Downtown Core Land 807-817 North 3rd Street Phoenix Maricopa County AZ	Jul-21 Closed	$5,380,000	27,617 0.63	DTC-W-EV	$194.81
	Comments: On July 16th, 2021; the 0.62 acres at 807-817 N 3rd St in Phoenix, AZ sold for a combined $5,380,000. The details of this sale were verified by the seller, Jason Merck of BBD LLC, the buyer, Jason Carr of Lincoln Ventures, and public records.					
3	800 N 1st Street 800 N. 1st St Phoenix Maricopa County AZ	Nov-21 Closed	$1,624,050	10,890 0.25		$149.13
4	1026-1030 N 1st St 1026-1030 North 1st Street Phoenix Maricopa County AZ	Dec-21 Closed	$2,250,000	13,500 0.31	DTC-W-EV	$166.67
	Comments: On December 30th 2021, the 0.32 acres of land at 1026-1030 N 1st St sold for $2,250,000.					
5	6th Street Land 805 North 6th Street Phoenix Maricopa County AZ	Dec-21 Closed	$2,400,000	11,880 0.27	DTC-E-EV	$202.02
	Comments: On December 17. 2021, 0.27 acres of land at 805 N 6th St in Maricopa County was sold for $2,400,000. The land is zoned DTC-E-EV. Home on the site was razed.					

Summary of Comparable Land Sales

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Zoning	$/SF Land
6	NWC 1st Street & Pierce Street Phoenix Maricopa County AZ	Jun-22 Closed	$8,250,000	20,250 0.46	DTC-W-EV	$407.41
7	114 E Portland St Phoenix Maricopa County AZ Comments: Mr. Huzenis confirmed that the sale was arm's-length.	Sep-22 Closed	$8,820,000	28,000 0.64	DTC-W-EV	$315.00
8	401 E Fillmore Street 401 E. Fillmore St Phoenix Maricopa County AZ Comments: The sale property is a parking lot on the north side of Arizona Center.	Dec-22 Closed	$6,100,600	39,428 0.91	DTC-BCORE	$154.73
9	818 N 1st St (3 Properties) 818 N. 1st St Phoenix Maricopa County AZ Tax ID: 111-43-012, 130 Grantor: Central Fillmore Dev 1 LLC Grantee: Masyno Downtown North LLC; Masyno Downtown South LLC Comments: The south portion of this site was sold in November 2021 for $149/SF for .25 acres.	May-23 Closed	$12,000,000	43,492 1.00	DTC-W-EV	$275.91
	Subject Vacant Land Residential Phoenix, AZ			17,500 0.40	DC	

Comparable Land Sales Map



Sale 1
N 1st St & E Roosevelt St

Sale 2
Downtown Core Land

Sale 3
800 N 1st Street

Sale 4
1026-1030 N 1st St

Sale 5
6th Street Land

Sale 6
NWC 1st Street & Pierce Street

Sale 7
114 E Portland St

Sale 8
401 E Fillmore Street

Sale 9
818 N 1st St (3 Properties)

Sale 1
NWC 1st Street & Pierce Street

Sale 2
Downtown Core Land

Sale 3
800 N 1st Street

Sale 4
1026-1030 N 1st St

Sale 5
6th Street Land

Sale 6
N 1st St & E Roosevelt St

Sale 7
114 E Portland St

Sale 8
401 E Fillmore Street

Sale 9
818 N 1st St (3 Properties)

Analysis and Adjustment of Sales

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts, and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Transactional adjustments are applied for property rights conveyed, financing, conditions of sale, expenditures made immediately after purchase, and market conditions. In addition, property adjustments include – but are not limited to – location, access/exposure, size, quality, effective age, economic and legal characteristics, and non-realty components of value. Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

The opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts, and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third-party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms, or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- a seller acting under duress (e.g., eminent domain, foreclosure);
- buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges);
- a lack of exposure to the open market;
- an unusual tax consideration;
- a sale at legal auction.

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In Q1 of 2019, the Federal Reserve (Fed) began decreasing the Federal Fund Rate to maintain an inflation rate of less than 2% while also easing rates midway through the typical expansion-to-recession business cycle. Throughout 2019, the Fed decreased the Federal Fund Rate 75 basis points (.75%). In response to the global pandemic in March of 2020, the Fed decreased the Federal Fund Rate again to 0% and maintained this artificially low interest rate until March, 17, 2022. Starting in March of 2022, the Fed increased the Federal Funds Rate 25bps and raised rates again in May 50bps. As of the date of this appraisal, the Fed has raised rates from June to present 75bps every month and is planning to continue the rate hikes until the inflation rate falls under the Federal Fund Rate.

Given the above information, debt service for commercial assets has increased exponentially. As a result, transactions have stalled. We do not expect these unusual circumstances to last indefinitely. Market conditions had been strengthening very quickly over this period, but transactions have stalled since the recent rapid rise in interest rates. Adjustments are applied to the sales occurring before the end of 2022. The adjustment grid accounts for these trends through the effective date of value.

Market Conditions Adjustment										
	Comp #	1	2	3	4	5	6	7	8	9
	Sale Date	7/1/2021	7/16/2021	11/1/2021	12/1/2021	12/17/2021	6/30/2022	9/1/2022	12/1/2022	5/1/2023
Date	Annual Growth Rate									
6/22/2023	10%	19.75%	19.34%	16.38%	15.56%	15.12%	9.78%	8.05%	0.00%	0.00%
Total		19.75%	19.34%	16.38%	15.56%	15.12%	9.78%	8.05%	0.00%	0.00%
Rounded		20%	19%	16%	16%	15%	10%	8%	0%	0%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sales 1, 2, 5, 8 and 9 are similar to the subject and require no adjustment. Sales 3, 4, 6 and 7 are superior to the subject with access to more than one street. Downward adjustments are applied.

Size

Due to economies of scale, the market generally exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. However, we have adjusted the smallest sale upward since it will likely need to be assembled with adjacent land to be usable. The other sales are usable sizes and do not require adjustment.

Sale1 1 requires an upward adjustment.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of DC - Downtown Core .

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7	Comparable 8	Comparable 9
Name	Vacant Land Residential	N 1st St & E Roosevelt St	Downtown Core Land	800 N 1st Street	1026-1030 N 1st St	6th Street Land	NWC 1st Street & Pierce Street	114 E Portland St	401 E Fillmore Street	818 N 1st St (3 Properties)
Address	1016 North 2nd Street	N. 1st St & E Roosevelt St	807-817 North 3rd Street	800 N. 1st St	1026-1030 North 1st Street	805 North 6th Street	NWC 1st Street & Pierce Street	114 E Portland St	401 E. Fillmore St	818 N. 1st St
City	Phoenix	Phoenix	Phoenix	Phoenix	Phoenix	Phoenix	Phoenix	Phoenix	Phoenix	Phoenix
County	Maricopa	Maricopa	Maricopa	Maricopa	Maricopa	Maricopa	Maricopa	Maricopa	Maricopa	Maricopa
State	Arizona	AZ	AZ	AZ	AZ	AZ	AZ	AZ	AZ	AZ
Sale Date		Jul-21	Jul-21	Nov-21	Dec-21	Dec-21	Jun-22	Sep-22	Dec-22	May-23
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		$1,125,000	$5,380,000	$1,624,050	$2,250,000	$2,400,000	$8,250,000	$8,820,000	$6,100,600	$12,000,000
Square Feet	17,500	7,000	27,617	10,890	13,500	11,880	20,250	28,000	39,428	43,492
Acres	0.40	0.16	0.63	0.25	0.31	0.27	0.46	0.64	0.91	1.00
Number of Units	87	0	0	0	0	0	370	0	0	0
Units Per Acre	216.56	–	–	–	–	–	–	–	–	–
Grantor	–	True North Holdings, LLC	BBD LLC/True North	McKinley First Ventures, LLC	RO2 Central Roosevelt LLC	Wolverine OZ Fund, LLC	Central Fillmore Dev 1 LLC	First and Portland LLC	AGP Arizona Center Owner, LLC	Central Fillmore Dev 1 LLC
Grantee	–	Burton First Street LLC	3rd Street Phoenix QOZB Owner LLC	Central Fillmore Dev 1 LLC	Rainbow Road RoRo LLC	Obergh Opzone, LLC	Downtown Resi Owner, LLC	Second And Portland RR LLC	CFD2 OZ, LLC	Masyno Downtown North LLC; Masyno Downtown South LLC
Document Recording No.	–	2021-0771953	2021-0778180/0778181	2021-1201973	2021-1385824	2021-01338531	2022-0544168	2022-0058712	2023-0052630	2023-0258489, 90
Database ID		2984966	2797122	2984964	2797120	2797121	2984956	2984943	2984957	3017154
Price per Square Foot		**$160.71**	**$194.81**	**$149.13**	**$166.67**	**$202.02**	**$407.41**	**$315.00**	**$154.73**	**$275.91**
Transactional Adjustments										
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		–	–	–	–	–	–	–	–	–
Financing Terms		All cash	Cash to seller - buyer obtained financing	All cash	All cash	All cash	Cash to seller - buyer obtained financing	All cash	All cash	All cash
% Adjustment		–	–	–	–	–	–	–	–	–
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
% Adjustment		–	–	–	–	–	–	–	–	–
Expenditures Made Immediately After Purchase									None	
$ Adjustment		–	–	–	–	–	–	–	–	–
Market Conditions	6/22/2023	Jul-21	Jul-21	Nov-21	Dec-21	Dec-21	Jun-22	Sep-22	Dec-22	May-23
Annual % Adjustment	15%	30%	29%	25%	23%	23%	15%	12%	–	–
Cumulative Adjusted Price		**$208.93**	**$251.30**	**$186.42**	**$205.00**	**$248.48**	**$468.52**	**$352.80**	**$154.73**	**$275.91**
Property Adjustments										
Location		–	–	–	–	–	–	–	–	–
Access/Exposure		–	–	-5%	-5%	–	-5%	-5%	–	–
Size		10%	–	–	–	–	–	–	–	–
Shape and Topography		–	–	–	–	–	–	–	–	–
Zoning		–	–	–	–	–	–	–	–	–
Net Property Adjustments ($)		$20.89	$0.00	-$9.32	-$10.25	$0.00	-$23.43	-$17.64	$0.00	$0.00
Net Property Adjustments (%)		10%	0%	-5%	-5%	0%	-5%	-5%	0%	0%
Final Adjusted Price		**$229.82**	**$251.30**	**$177.09**	**$194.75**	**$248.48**	**$445.09**	**$335.16**	**$154.73**	**$275.91**

Range of Adjusted Prices	**$154.73 - $445.09**
Average	**$256.93**
Indicated Value	**$275.00**

Land Value Conclusion

Prior to adjustments, the sales reflect a range of $149.13 - $407.41 per square foot. After adjustment, the range is narrowed to $154.73 - $445.09 per square foot, with an average of $256.93 per square foot. To arrive at an indication of value, equal weight is placed on all of the sales.

Based on the preceding analysis, the land value conclusion for the subject is presented as follows:

Land Value Conclusion	
Indicated Value per Square Foot	$275.00
Subject Square Feet	17,500
Indicated Value	$4,812,500
Rounded	$4,812,500

Reconciliation and Conclusion of Value

As discussed previously, only the sales comparison approach is used to develop an opinion of value for the subject. The cost and income approaches are not applicable, and are not used.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded value opinion follows:

Value Conclusions

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	June 22, 2023	$4,812,500
Annual Market Ground Rent	Leasehold	June 22, 2023	$288,750

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. The Market Rent conclusion assumes a lease term of at least 30 years

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market value stated previously, the probable exposure time is 3-6 months.

Marketing Period

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. The subject's marketing period is estimated at 3-6 months.

Fair Market Rental Valuation

Valuation Methodology

Formally, a lease is a temporary right to use real estate or property in exchange for payment or rent. In a ground lease, the owner of the ground leases the right to use that land to a second party, who is obligated to build a worthwhile structure on it. Since the second party owns the structure, the ground lease, in effect, separates the ownership of the land from the building for a set period of time.

The first question that arises in regard to a ground lease is how many years the lease should run. In the United States, leases are generally long-term. Medium-term ground leases are generally considered to be between 25 and 55 years in length, while 56 to 99 years would be long-term. The obvious reason for the lengthy term of the ground lease is that if an investor is making improvements, i.e., constructing a building on a property, he would like to control that investment for a very long time. However, there are secondary reasons for the lengthy term: The ground lease can be sold and, banks are willing to finance these deals until there is a relatively short time left on the lease. When the remaining time on the ground lease is less than 30 years, it can become increasingly difficult to finance.

For this analysis, the presumed length of time for the ground lease is at least 30 years.

Direct Comparative Technique

Since the assignment is to form an opinion of the subject's "fair market rental value," we could potentially compare recent leases of parcels with similar characteristics and value, and perform a comparative analysis, using a grid and adjustment techniques like those employed in the sales comparison approach. The comparative techniques of analysis applied in the sales comparison approach are fundamental to the valuation process. We located only one ground lease in the immediate area. We relied primarily upon the application of extracted capitalization rates to our conclusion of land value as the primary method to form a fair market rental value conclusion. The recent and nearby lease comparable supports the conclusion of market rent.

When a market rent estimate for the subject property is required, the appraiser gathers, compares, and adjusts comparable rental data. The parties to each lease should be identified to ensure that the party held responsible for rent payments is a party to the lease or, by endorsement, the guarantor. It is also important to ascertain that the lease represents a freely negotiated, arm's-length transaction. A lease that does not meet these criteria, such as a lease to an owner-tenant or a sale-leaseback, often does not provide a reliable indication of market rent. Since sale-leasebacks are really financing vehicles, they should not be used in estimating market rent.

The rents of comparable properties can provide a basis for estimating market rent for a subject property once they have been reduced to the same unit basis applied to the subject property. Comparable rents may be adjusted just as the transaction prices of comparable properties are adjusted in the sales comparison approach. Recent leases may be a good indication of market rent, but lease renewals or extensions negotiated with existing tenants should be used with caution.

Existing tenants may be willing to pay higher rents to avoid relocating. Alternatively, a landlord may offer existing tenants lower rent to avoid vacancies and the expense of obtaining new tenants.

The elements of comparison considered in rental analysis are: real property rights being leased and conditions of rental (rentals that do not reflect arm's-length negotiations most likely will have to be eliminated as comparables); market conditions (economic conditions change, so leases negotiated in the past may not reflect current prevailing rents); location; physical characteristics; division of expenses (who pays operating expenses, such as taxes); use of the property; non-realty components (if any); and lease terms (lease length, rent changes, etc.).

The amount of data needed to support a market rent estimate for a subject property depends on the complexity of the appraisal problem, the availability of directly comparable rentals, and the extent to which the pattern of adjusted rent indications derived from the comparables differs from the income pattern of the subject property. When sufficient, closely comparable rental data is not available, the appraiser should include other data, preferably data that can be adjusted. If an appraiser uses proper judgment in making adjustments, a reasonably clear pattern of market rents should emerge.

The largest source for land lease data in the local market, the Arizona State Land Department, has reportedly not leased any state land for over five years. The State is the single largest landholder adjacent to Loop 101, second only to the Salt River Pima-Maricopa Indian Community ("SRP-MIC").

The SRP-MIC has made several land leases within the past several years but holds land lease data confidential. We were able to confirm that the SRP-MIC targets around 6% to 7% as the land capitalization rate when negotiating lease rates, depending on the size of the property, its intended use, and the lessee.

Likewise, the GRIC has negotiated several long-term land leases, but keeps this information confidential. If this information were available, it would be the best indicator of the subject's fair market rental value.

Ground leases are not required to be recorded like sale transactions. Therefore, we searched for sale transactions using CoStar and ARMLS that involved properties similar to the subject in terms of size, location, and site characteristics, which were subject to land leases and then researched those sales in our efforts to obtain the ground rent terms associated with those transactions.

We also consulted with private land holders and brokers as well as other appraisers in our search for data. We learned that most sites that are encumbered with land leases in the current market are sites with an acre of land area or less, and tend to be developed with drug stores, convenience stores or fast food restaurants and are not comparable to the subject site for those reasons (highest and best use conflict).

We made a diligent attempt to locate recent land lease transactions that would provide a credible and reliable indication of the subject's fair market rental value. Unfortunately, only one recent and comparable transactions was discovered. However, this comparable is immediately southwest of the subject and is a good indicator of value and supports the conclusion.

Ground Rent Capitalization Technique

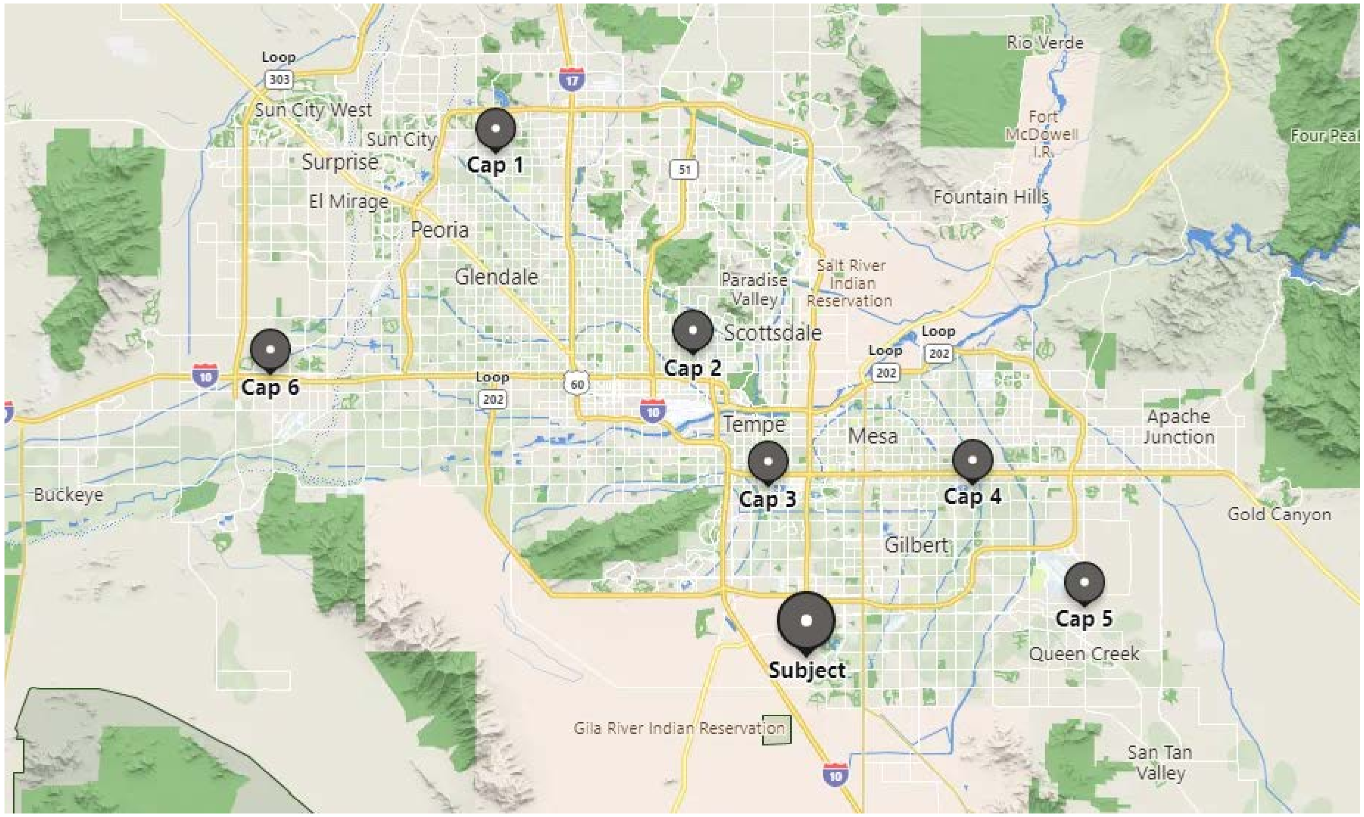
The ground rent capitalization procedure is useful when an analysis of comparable parcels of leased land indicates a range of rents and capitalization rates. In other words, if the fee simple value (or leased fee value) is known or can be reliably estimated, and recent ground capitalization rates can be extracted from the market, an annual ground rental rate can be effectively solved.

Ground leases typically generate the lowest of capitalization rates in real property. Typically, the capitalization rate for land will be lower than the rate for buildings because buildings incur physical deterioration or obsolescence. Ultimately, the income stream is secured by land, which cannot be destroyed and is among the most durable property types. Secondly, ground leases are typically executed by a party who intends to build vertical improvements, which run with the land and which will revert to the ground lessor at the end of the lease term or upon default. The vertical improvements give an added layer of security as the ground lessee has additional property to protect. In addition, the improvements are typically financed by institutions or other third-party lenders who in turn are motivated to protect their assets, making default even more unlikely.

It is important to note that the sale of a property subject to a ground lease, is trading dollars for a steady, long-term investment stream. The physical differences between various NNN leased sites is not the important variable in the investment since the reversion of the improvements is so far off in time and the prospective value is so uncertain. The creditworthiness of the tenant, the length of the term, and the market conditions at the time of the transaction play the most important role in investor demands for return on investment. This type of investment competes with stocks, bonds and CD's and is subject to the same types of scrutiny by potential investors.

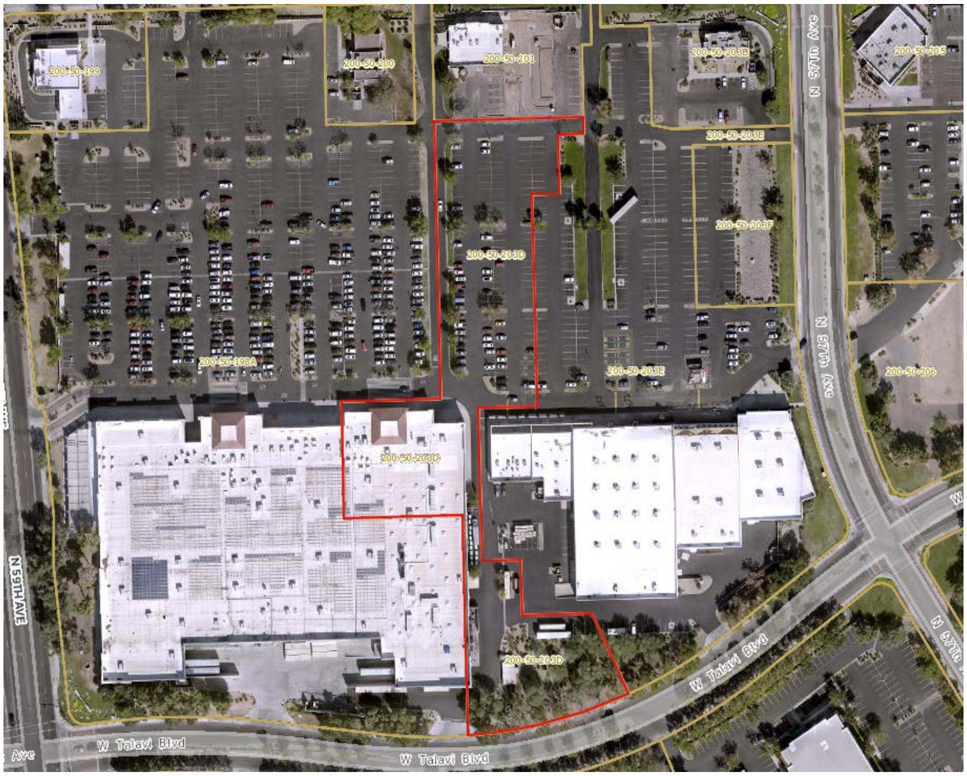
Extraction Method

We researched the market for recent sales of improved properties under ground lease in the metropolitan area and have found the following transactions of the purchase of leased fee rights. Unfortunately**,** there are no comparable properties near the size of the subject property.



Capitalization Rate Comparables - Ground Leases

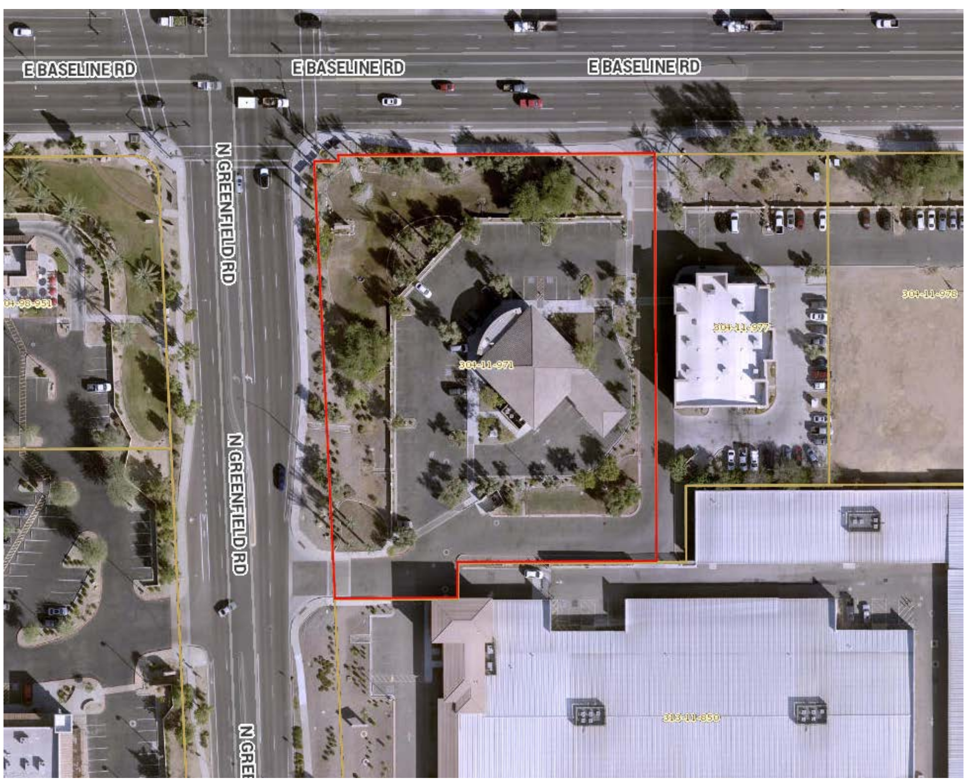
No.	Property Address	City	Tenant	Sale Price	Sale Date	Land Area	Overall Rate	Annual Ground Rent	Price/Squar	Remaining Lease Term
1	5845 W Bell Road	Glendale	Walmart	$16,200,000	4/14/2021	147,930	5.60%	$907,200	$109.51	7
2	3721 E Thomas Road	Phoenix	Walmart	$14,400,000	2/17/2017	645,386	5.82%	$460,230	$22.31	2
3	777 E Baseline Road	Tempe	Lowe's	$22,700,000	4/21/2017	452,179	5.00%	$1,135,000	$50.20	16
4	1565 N Greenfield Road	Gilbert	Chase	$4,628,000	3/2/2020	90,605	5.15%	$238,342	$51.08	9
5	7266 S Ellsworth Road	Mesa	Speedway	$3,613,636	3/26/2021	102,802	4.40%	$159,000	$35.15	20
6	15535 W McDowell Road	Goodyear	Circle K	$3,275,000	12/12/2019	84,158	4.58%	$149,995	$38.91	20
	Indicated Cap Rate Range:									4.40% - 5.82%
	Average (Mean) Cap Rate:									5.09%



Capitalization Rate Comparable 1

Capitalization Rate Comparable 2

Capitalization Rate Comparable 3



Capitalization Rate Comparable 4

Capitalization Rate Comparable 5

Capitalization Rate 6

Comparable 1 is the 2021 sale of a site that is leased by Wal-Mart. The location of the site is a good urban location near several freeways and arterial streets. The improvements were completed in 2008 and contain the entrance of the store, further securing the land investment. The lease reportedly has seven years left to run at the time of the sale, with 15 5-year options. Wal-Mart isa national retailer with an AA credit rating per S&P and an Aa2 credit rating per Moody's. The sale price was based on a 5.60% ground capitalization rate.

Comparable 2 is the 2017 sale of a site that is leased by Wal-Mart. The location of the site is a good urban location near several freeways and arterial streets. The improvements were completed in 1998and contain 194,000 SF, further securing the land investment. The lease reportedly had two years left to run at the time of the sale, which reportedly put upward pressure on the capitalization rate, but the tenant was expected to exercise a renewal option, based on strong sales at the location. The sale price was based on a 5.82% ground capitalization rate.

Comparable 3 is the 2017 sale of a site in Tempe on Baseline Road, which was improved with a Lowe's home improvement store. This is a mature area, with average-good quality housing in the area. Lowe's has a S&P credit rating of A- and a Moody's rating of A3. This transaction is also investment grade. The project was completed in 2009 and contains over 119,000 SF of improvements. The lease commenced in 2009 and had about 12 years left on the original term at the time of the sale. The sale price was based on a 5.00% ground capitalization rate.

Comparable 4 is the 2020 sale of a site in Mesa on Greenfield Road, which was improved with a Chase Bank. This is a mature area, with average-good quality housing in the area. Chase, a part of JPMorgan Chase, has a S&P credit rating of A- and a Moody's rating of Aa3. This transaction is also investment grade. The project was completed in 2008 and contains 4,308 SF of improvements. The lease commenced in 2009 and had about 9 years left on the original term at the time of the sale. The sale price was based on a 5.15% ground capitalization rate.

Comparable 5 is the 2021 sale of a site in Mesa on Ellsworth Road, which was improved with a Speedway gas station. This is a up and coming area, with a significant amount of new housing being developed in the immediate area. This ground lease was brand new, with the building completed in 2020 and containing 4,600 square feet of improvements. The sale price was based on a 4.40% ground capitalization rate.

Comparable 6 is the 2020 sale of a site in Goodyear on McDowell Road, which was improved with a Circle K gas station. This is area features a good mixture of mature housing and newly developed homes. This ground lease was brand new, with the building completed in 2019 and containing 5,187 square feet of improvements. The sale price was based on a 4.40% ground capitalization rate.

Survey Method

In addition, we have considered a national survey for support for the capitalization rate conclusion employed in the analysis. RealtyRates.com is a survey of 312 appraisal firms, brokerage firms, developers, investors and lenders. As indicated within the following table, ground capitalization rates for all property types range between 3.99% and 17.89%, with an average of 9.19%. Apartments, office and industrial property types show the lowest average rates, while golf, restaurant and special purpose properties show the highest rates.

The capitalization rates reflect initial rates of return on appraised values for vacant land proposed for development; thus, they are not actual rates but proforma in nature. They do not address increases in land lease payments or the reversion but may include percentage rent.

The discount rates reflect internal rates of return being achieved by landowners on improved properties; thus, they are actual rates. As such, they include changes in land lease payments, percentage rent where applicable, and the reversion of the entire property at the termination of the lease. Total lease terms range from 40 to 99 years, while fixed rent periods range from one to 10 years. Generally, short-term (1-3 years) fixed rent periods auto-adjust based on a national reference rate such as the Consumer Price Index, while long-term (5-10 years) fixed rent periods are based on appraised values but are often subject to negotiation and/or arbitration.

Land Leases: Capitalization and Discount Rates

	Capitalization Rates			Discount Rates		
Property Type	Min.	Max.	Avg	Min.	Max.	Avg
Apartments	3.99%	10.77%	8.15%	6.59%	11.27%	9.15%
Golf	4.44%	15.89%	10.28%	7.04%	16.39%	11.28%
Health Care/Senior Housing	4.49%	12.15%	8.75%	7.09%	12.65%	9.75%
Industrial	4.34%	11.71%	8.57%	6.94%	12.21%	9.57%
Lodging	4.44%	15.89%	8.86%	7.04%	16.39%	9.86%
Mobile Home/RV Park/Camping	4.39%	14.31%	9.44%	6.99%	14.81%	10.44%
Office	4.34%	11.55%	8.25%	6.94%	12.05%	9.25%
Restaurants	4.91%	17.89%	10.08%	7.51%	18.39%	11.08%
Retail	4.04%	11.69%	8.67%	6.64%	12.19%	9.67%
Self-Storage	4.34%	11.85%	9.58%	6.94%	12.35%	10.58%
Special Purpose	4.94%	17.89%	10.44%	7.46%	20.03%	10.68%
All Properties	3.99%	17.89%	9.19%	6.59%	18.39%	10.06%

*4th Quarter 2022 Data

Realty Rates Investor Survey 2023 Q1

It is interesting to note that discount rates are around 250 – 300 basis points above capitalization rates, on average. Given a steady income stream with known increases over time, the difference between capitalization rates and discount rates should only be the rate of income growth. For most long-term land leases, growth rates are either fixed annually to increases in CPI, negotiated at 2% to 3% annually, or negotiated at 10% to 15% every 5 years. In any case, average income (lease rate) growth rates are around 2% to 3%. This would imply a spread between capitalization and discount rates of 200 to 300 basis points.

Nearby Land Lease Comparable

We discovered one recent land lease in the neighborhood as detailed below. The property is immediately southeast of the subject at the NEC of 2nd Street and Roosevelt Street. The property was purchased in August 2019, and so a capitalization rate cannot be extracted from the sale since the lease commenced in 2023. The lease rate is $27.41/SF annually for a 13,500 SF site. However, the proposed use is a taco bar, which entails much more risk than multifamily. The average capitalization rate for MFR is 8.15% and for retail is 10.08%. If the lease rate is capitalized at 10.08%, the indicated land value is $271.90/SF, which supports the land value conclusion for the subject.

We cannot use this transaction as a comparable for rental value as the property is retail. However, after analysis, this data supports the conclusion of land value for the subject property.

Fair Market Rental Value Conclusion

Using the Extraction Method, the comparables have a relatively tight range of ground capitalization rates ranging from 4.40% to 5.82% but are dated. The highest indicator had only two years left on the original term and the lowest indicators had the longest remaining terms. This supports a lower capitalization rate for the subject property considering the term of the lease will be over 30 years.

Using the Survey Method, with more recent data, a much broader and higher range is indicated; the average ground capitalization rate for apartments (on a proforma/appraisal basis) was 8.15%, with a range of 3.99% to 10.77%. These properties are located throughout the United States and the terms of the ground leases are not known. Nevertheless, this data supports the capitalization rates extracted from local sale transactions.

In our opinion, less weight should be placed on the local sale transactions (extraction method) since they all occurred before the recent interest rate increases. In addition, these properties were all retail users in nature and significantly larger than the subject property in terms of site size. A higher capitalization rate is considered to be appropriate.

Consequently, it is our opinion that a ground capitalization rate of 6.00% is reasonable and supportable for the subject property.

The fair market rental value of the subject allotment can be estimated by multiplying the fair market value of the fee simple estate ($4,812,500) by the ground capitalization rate (6.00%). Thus, the subject's fair market rental value is **$288,750** for the first lease year.

The conclusion of the subject's fair market rental value assumes a lease term of at least 5 years, with scheduled increases, tied to a mutually agreeable cost of living index, and that there are no landlord expense responsibilities. The ground lessor is also assumed to have no responsibilities for the development of utilities, access or other infrastructure.

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.
4. I have performed no 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.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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.
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 applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal 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. Roger L. Dunlap, MAI has made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the person signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Roger L. Dunlap, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

Roger L. Dunlap, MAI
Arizona Certified General Real Estate Appraiser
#31062

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.

20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Phoenix, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.

21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.

23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. **IRR - Phoenix is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Phoenix. In addition, it is expressly agreed that in any action**

which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. IRR - Phoenix is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).

26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.

27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. The Market Rent conclusion assumes a lease term of at least 30 years

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications

Roger L. Dunlap, MAI

Experience

Mr. Dunlap has been engaged in valuation assignments for purposes of estate valuation, mortgage financing, buyer/seller transactions, title disputes, land exchanges, right of way abandonments and condemnation matters, among others. He has worked in most municipalities of the Phoenix metro area as well as rural areas including properties located on three Indian reservations, and in thirteen of fifteen Arizona counties; as well as Boise, Caldwell, Nampa, Emmett, Twin Falls, Burley and other cities in Idaho. He has appraised sites for transmission facilities, easements for a water pipeline corridor, partial takings for the Phoenix and Mesa light rail projects, takings for freeway expansions, street widenings, sewer lines and sidewalk easements. He has been engaged to conduct Standard 3 reviews for bank clients and government agencies.

Property types he has appraised include land parcels, proposed and existing commercial and industrial projects on Indian reservations, all types of retail/commercial property, offices, medical facilities, multifamily residential property, and industrial projects ranging from small owner/user manufacturing properties to hi-tech industrial corporate headquarters. Geographic competencies include both Arizona and New Mexico.

February 2017 to December 2019, Appraiser, BURKE HANSEN, LLC
June 1998 to February 2017, President & CEO, ROGER L. DUNLAP & ASSOCIATES, LTD
October 1985 to May 1998, Real Estate Analyst/Paralegal, Dushoff & McCall

Licenses

Arizona, Certified General Real Estate Appraiser, 31062, Expires May 2025

Education

B.A. in English, Arizona State University, Tempe, 1998
A.A.S. in Paralegal studies, Phoenix College, Phoenix, 1983

Successfully completed the required courses of The Appraisal Institute and is current in the mandatory continuing education program.

Integra Realty Resources - Phoenix

2999 North 44th Street
Suite 512
Phoenix, AZ 85018

T 602.648.4313

irr.com

rdunlap@irr.com - 602.648.4313

Department of Insurance and Financial Institutions

State of Arizona

CGA - 31062

This document is evidence that: **ROGER L. DUNLAP** 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

ROGER L. DUNLAP

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 : **May 31, 2025**

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com

Addendum B

IRR Quality Assurance Survey

IRR Quality Assurance Survey

We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

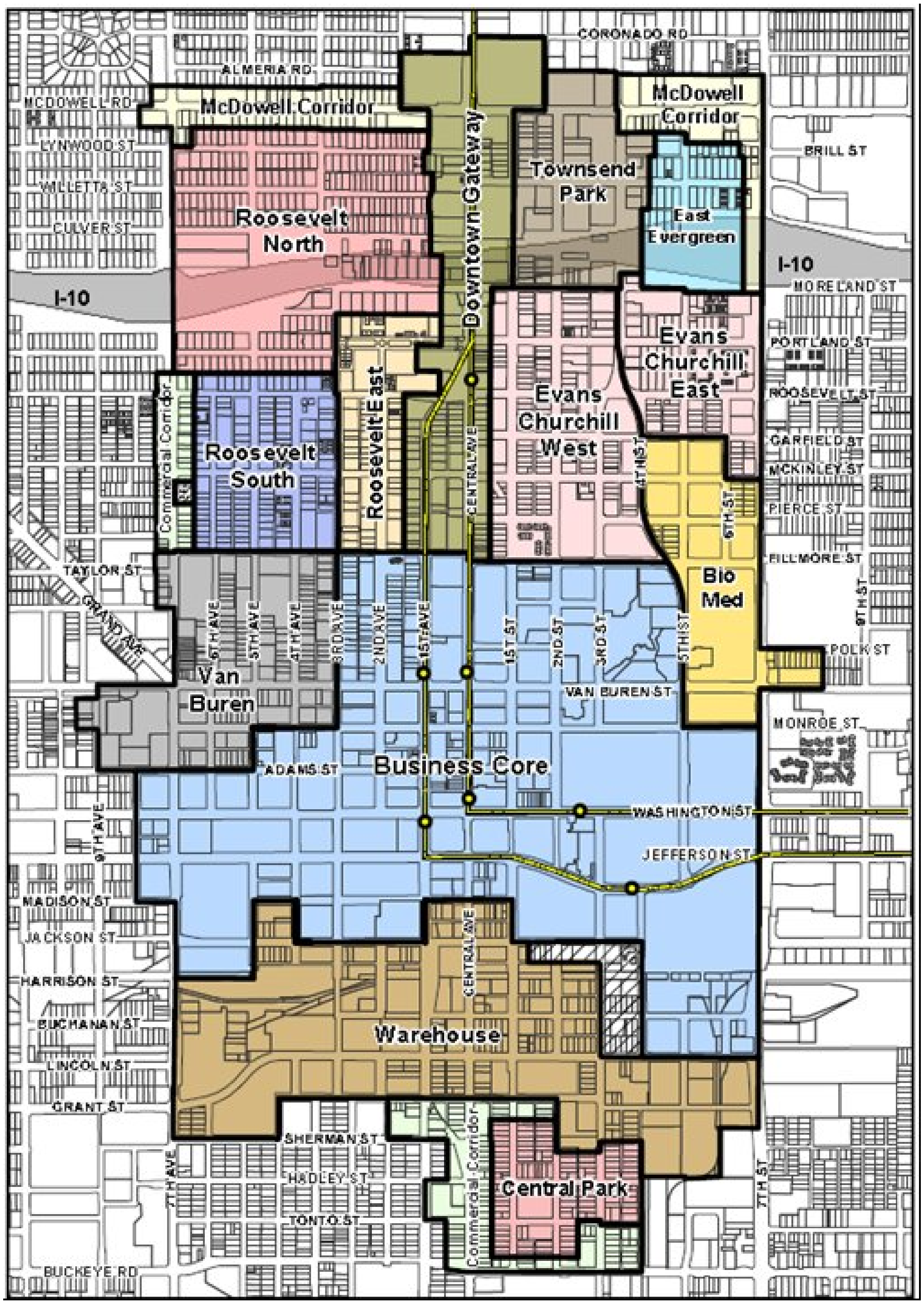
Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

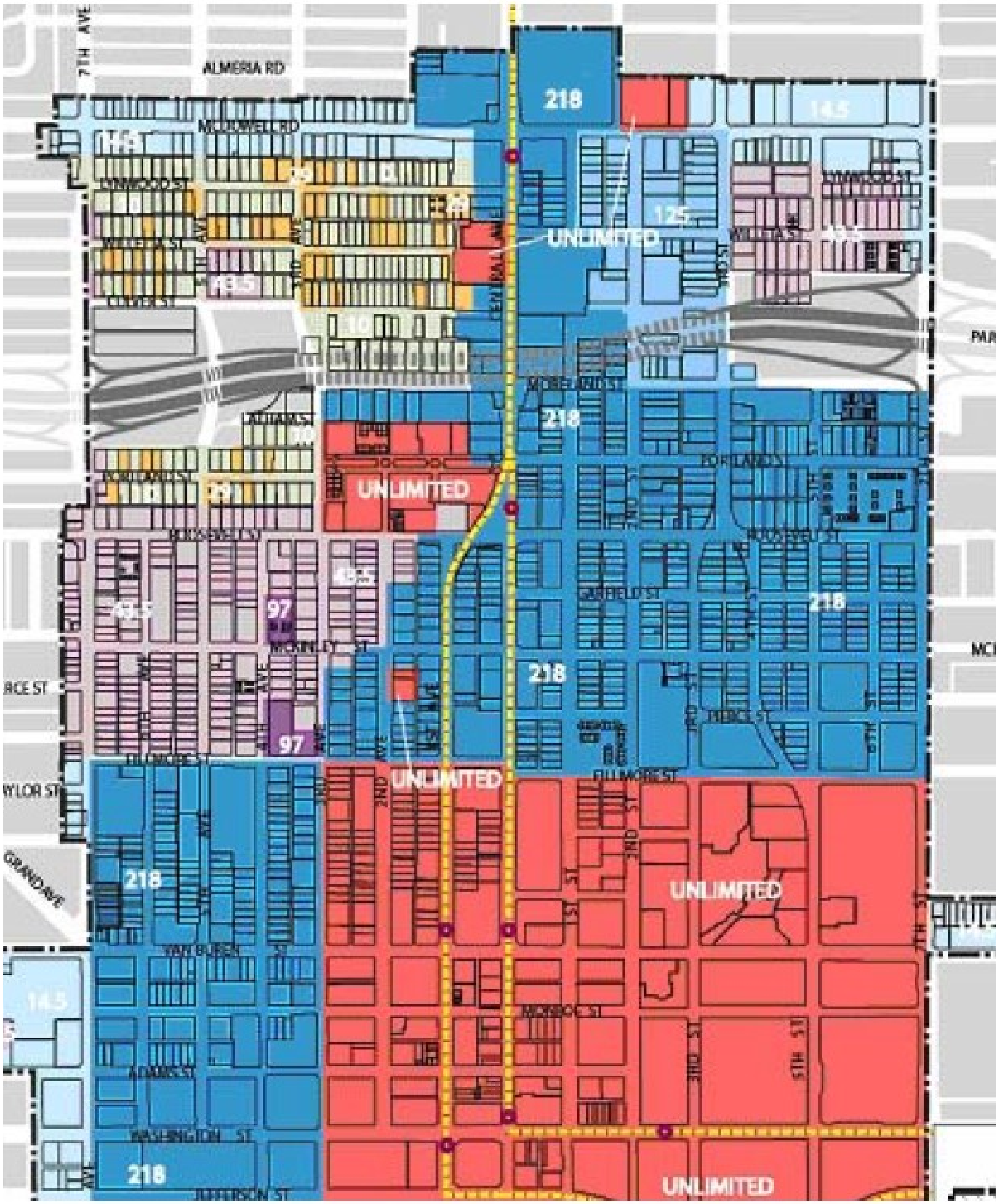
Link to the IRR Quality Assurance Survey: quality.irr.com

Addendum C

Property Information



McDowell Corridor
McDowell Corridor
Townsend Park
East Evergreen
Roosevelt North
Downtown Gateway
I-10
I-10
Evans Churchill East
Evans Churchill West
Roosevelt East
Roosevelt South
Commercial Corridor
Bio Med
Van Buren
Business Core
Warehouse
Central Park
Commercial Corridor
CORONADO RD
ALMERIA RD
MCDOWELL RD
LYNWOOD ST
WILLETTA ST
CULVER ST
BRILL ST
MORELAND ST
PORTLAND ST
ROOSEVELT ST
GARFIELD ST
MCKINLEY ST
PIERCE ST
FILLMORE ST
TAYLOR ST
GRAND AVE
POLK ST
VAN BUREN ST
MONROE ST
ADAMS ST
WASHINGTON ST
JEFFERSON ST
MADISON ST
JACKSON ST
HARRISON ST
BUCHANAN ST
LINCOLN ST
GRANT ST
SHERMAN ST
HADLEY ST
TONTO ST
BUCKEYE RD
CENTRAL AVE
1ST AVE
2ND AVE
3RD AVE
4TH AVE
5TH AVE
6TH AVE
7TH AVE
9TH AVE
1ST ST
2ND ST
3RD ST
4TH ST
5TH ST
6TH ST
7TH ST
9TH ST


7TH AVE
ALMERIA RD
MCDOWELL RD
LYNWOOD ST
WILLETTA ST
CULVER ST
CENTRAL AVE
MORELAND ST
ADAMS ST
PORTLAND ST
ROOSEVELT ST
GARFIELD ST
MCKINLEY ST
FILLMORE ST
VAN BUREN ST
MONROE ST
WASHINGTON ST
JEFFERSON ST
GRAND AVE
2ND AVE
2ND ST
3RD ST
7TH ST
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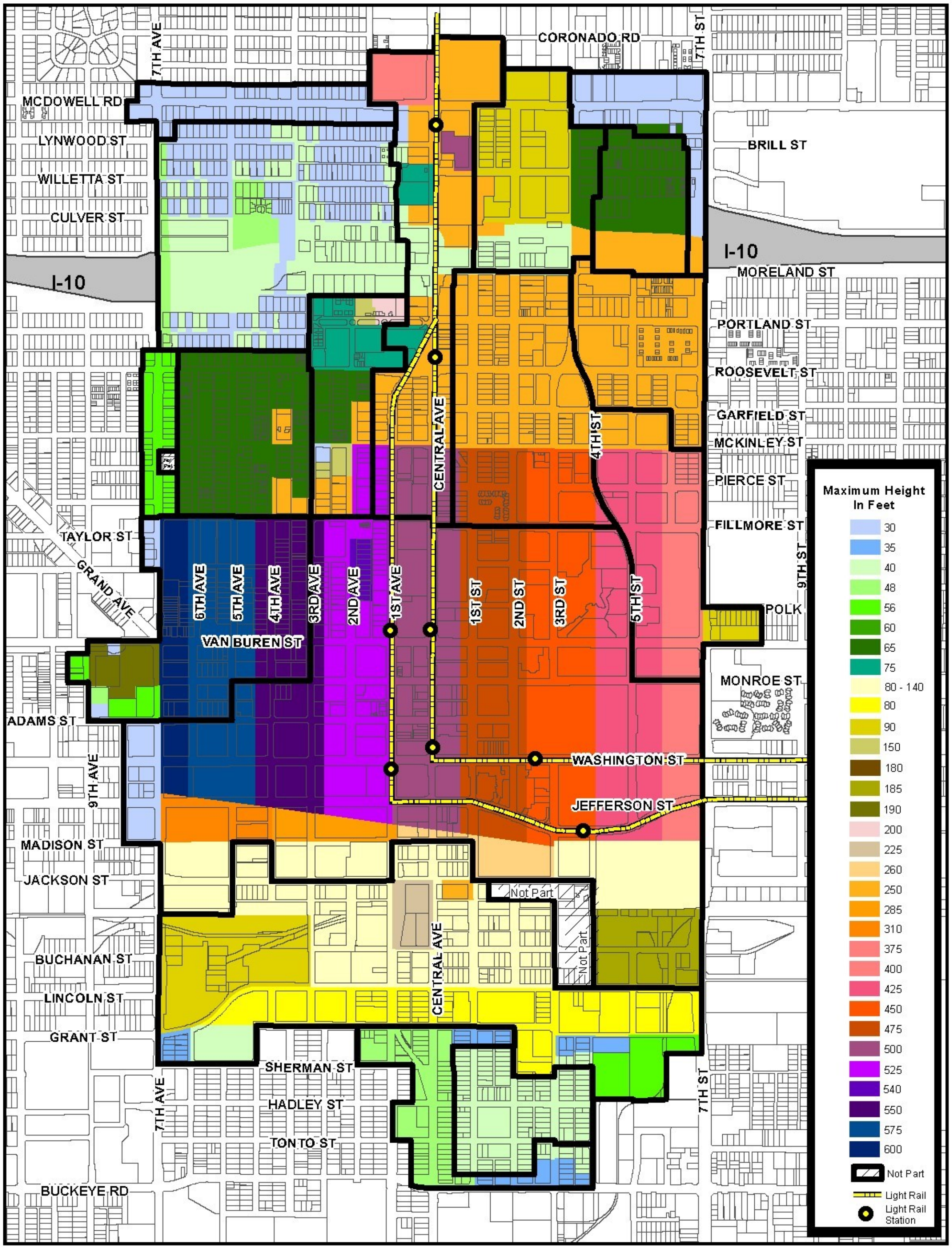
14.5
125
43.5
29
10
97
UNLIMITED


CORONADO RD
7TH AVE
7TH ST
MCDOWELL RD
LYNWOOD ST
WILLETTA ST
CULVER ST
BRILL ST
I-10
MORELAND ST
PORTLAND ST
ROOSEVELT ST
GARFIELD ST
MCKINLEY ST
PIERCE ST
FILLMORE ST
TAYLOR ST
GRAND AVE
CENTRAL AVE
4TH ST
6TH AVE
5TH AVE
4TH AVE
3RD AVE
2ND AVE
1ST AVE
1ST ST
2ND ST
3RD ST
5TH ST
9TH ST
POLK
VAN BUREN ST
MONROE ST
ADAMS ST
9TH AVE
WASHINGTON ST
JEFFERSON ST
MADISON ST
JACKSON ST
Not Part
BUCHANAN ST
LINCOLN ST
GRANT ST
SHERMAN ST
HADLEY ST
TONTO ST
BUCKEYE RD
Maximum Height In Feet
30
35
40
48
56
60
65
75
80 - 140
80
90
150
180
185
190
200
225
260
250
285
310
375
400
425
450
475
500
525
540
550
575
600
Not Part
Light Rail
Light Rail Station

Addendum D

Comparable Data

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name:	N 1st St & E Roosevelt St
Sub-Property Type:	Commercial
Address:	N. 1st St & E Roosevelt St
City/State/Zip:	Phoenix, AZ 85004
County:	Maricopa
Submarket:	Central/NE Phoenix
Market Orientation:	Urban
Property Location:	east side of 1st Street, 150 feet north of Roosevelt Street
IRR Event ID:	2984966

Sale Information

Sale Price:	$1,125,000
Effective Sale Price:	$1,125,000
Sale Date:	07/01/2021
Recording Date:	07/15/2021
Sale Status:	Closed
$/Acre(Gross):	$7,000,714
$/Land SF(Gross):	$160.71
$/Acre(Usable):	$6,987,578
$/Land SF(Usable):	$160.71
Grantor/Seller:	True North Holdings, LLC
Grantee/Buyer:	Burton First Street LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	All cash
Conditions of Sale:	Arm's-length
Document Type:	Warranty Deed
Recording No.:	2021-0771953
Verified By:	Roger L. Dunlap, MAI
Verification Date:	06/16/2023
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar, Press Release

Operating Data and Key Indicators

Operating Expenses:	$4,254

Improvement and Site Data

MSA:	Phoenix
Legal/Tax/Parcel ID:	111-36-022
Acres(Gross):	0.16
Land-SF(Usable/Gross):	7,000/7,000
Corner Lot:	No
Frontage Feet:	50
Frontage Desc.:	East side of 1st Street
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
Traffic Flow:	Low
Zoning Desc.:	DTC-W-EV
Flood Plain:	No
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone
Source of Land Info.:	Public Records

Comments

The seller was represented by Jonathan Vento of True North Holdings LLC. The buyer is represented by Ryan Kerr of Burton First Street LLC. Both were unavailable to comment on the transaction.

Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	Downtown Core Land
Sub-Property Type:	Commercial
Address:	807-817 North 3rd Street
City/State/Zip:	Phoenix, AZ 85004
County:	Maricopa
Submarket:	Central/NE Phoenix
Market Orientation:	Urban
IRR Event ID:	2797122

Sale Information

Sale Price:	$5,380,000
Effective Sale Price:	$5,380,000
Sale Date:	07/16/2021
Recording Date:	07/16/2021
Sale Status:	Closed
$/Acre(Gross):	$8,485,804
$/Land SF(Gross):	$194.81
$/Acre(Usable):	$8,485,804
$/Land SF(Usable):	$194.81
Grantor/Seller:	BBD LLC/True North
Grantee/Buyer:	3rd Street Phoenix QOZB Owner LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller - buyer obtained financing
Conditions of Sale:	Arm's-length
Document Type:	Warranty Deed
Recording No.:	2021-0778180/0778181
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar, Sworn Affidavit

Operating Data and Key Indicators

Operating Expenses:	$14,499

Sale Analysis

Proposed Use Desc.:	Commercial

Improvement and Site Data

MSA:	Phoenix
Legal/Tax/Parcel ID:	111-44-019, 111-44-020, 111-44-021, 111-44-017
Acres(Usable/Gross):	0.63/0.63
Land-SF(Usable/Gross):	27,617/27,617
Usable/Gross Ratio:	1.00
Park. Ratio 1000 SF GLA:	2.20
Park. Ratio 1000 SF GBA:	2.20
Frontage Desc.:	150.000 feet on North 3rd Street
Zoning Code:	DTC-W-EV
Zoning Desc.:	C-2/DTC-W-EV
Source of Land Info.:	Other

Comments

On July 16th, 2021; the 0.62 acres at 807-817 N 3rd St in Phoenix, AZ sold for a combined $5,380,000. The details of this sale were verified by the seller, Jason Merck of BBD LLC, the buyer, Jason Carr of Lincoln Ventures, and public records.

X

Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	800 N 1st Street
Sub-Property Type:	Commercial
Address:	800 N. 1st St
City/State/Zip:	Phoenix, AZ 85004
County:	Maricopa
Submarket:	Central/NE Phoenix
Market Orientation:	Urban
Property Location:	NWC 1st Street and McKinley Street
IRR Event ID:	2984964

Legal/Tax/Parcel ID:	111-43-021
Acres(Gross):	0.25
Land-SF(Gross):	10,890
No. of Units (Potential):	54
Zoning Code:	DC-ECW
Zoning Desc.:	Downtown Code Evans Churchill West Character Area
Source of Land Info.:	Public Records

Sale Information

Sale Price:	$1,624,050
Effective Sale Price:	$1,624,050
Sale Date:	11/01/2021
Recording Date:	11/09/2021
Sale Status:	Closed
$/Acre(Gross):	$6,496,200
$/Land SF(Gross):	$149.13
$/Unit (Potential):	$30,075 /Unit
Grantor/Seller:	McKinley First Ventures, LLC
Grantee/Buyer:	Central Fillmore Dev 1 LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	All cash
Conditions of Sale:	Arm's-length
Document Type:	Warranty Deed
Recording No.:	2021-1201973
Verification Type:	Not Verified
Secondary Verific. Source:	CoStar

Operating Data and Key Indicators

Operating Expenses:	$7,375

Improvement and Site Data

MSA:	Phoenix

Land Sale Profile — Sale No. 4

Location & Property Identification

Property Name:	1026-1030 N 1st St
Sub-Property Type:	Residential, Multifamily
Address:	1026-1030 North 1st Street
City/State/Zip:	Phoenix, AZ 85004
County:	Maricopa
Submarket:	Central/NE Phoenix
Market Orientation:	Urban
Property Location:	SWC 1st Street and Portland Street
IRR Event ID:	2797120

Sale Information

Sale Price:	$2,250,000
Effective Sale Price:	$2,250,000
Sale Date:	12/01/2021
Recording Date:	12/30/2021
Sale Status:	Closed
$/Acre(Gross):	$7,260,407
$/Land SF(Gross):	$166.67
Grantor/Seller:	RO2 Central Roosevelt LLC
Grantee/Buyer:	Rainbow Road RoRo LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	All cash
Conditions of Sale:	Arm's-length
Document Type:	Warranty Deed
Recording No.:	2021-1385824
Verified By:	Roger L. Dunlap, MAI
Verification Date:	06/16/2023
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar, Sworn Affidavit

Improvement and Site Data

MSA:	Phoenix
Legal/Tax/Parcel ID:	111-36-011, 012
Acres(Gross):	0.31
Land-SF(Gross):	13,500
Corner Lot:	Yes
Zoning Code:	DTC-W-EV
Zoning Desc.:	Downtown Code - West Evans Churchill Char. Area
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone
Source of Land Info.:	Public Records

Comments

The complex is planned on a site near First and Portland streets that totals about a one-third acre. It will include 36 apartment units and a commercial space on the ground floor that likely will be a restaurant or coffee shop. The units will range from one to three bedrooms, and some of the two- and three-bedroom units will be multistory lofts with video-game-inspired stairs.

Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name:	6th Street Land
Sub-Property Type:	Residential
Address:	805 North 6th Street
City/State/Zip:	Phoenix, AZ 85004
County:	Maricopa
Submarket:	Central/NE Phoenix
Market Orientation:	Urban
IRR Event ID:	2797121

Legal/Tax/Parcel ID:	Parcel Number(s): 111-44-117, 111-44-118
Acres(Usable/Gross):	0.27/0.27
Land-SF(Usable/Gross):	11,880/11,880
Usable/Gross Ratio:	1.00
Zoning Code:	DTC-E-EV
Zoning Desc.:	DTC-E-EV
Source of Land Info.:	Other

Sale Information

Sale Price:	$2,400,000
Effective Sale Price:	$2,400,000
Sale Date:	12/17/2021
Recording Date:	12/17/2021
Sale Status:	Closed
$/Acre(Gross):	$8,800,880
$/Land SF(Gross):	$202.02
$/Acre(Usable):	$8,800,880
$/Land SF(Usable):	$202.02
Grantor/Seller:	Wolverine OZ Fund, LLC
Grantee/Buyer:	Obergh Opzone, LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	All cash
Conditions of Sale:	Arm's-length
Document Type:	Warranty Deed
Recording No.:	2021-01338531
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar, Sworn Affidavit

Comments

On December 17. 2021, 0.27 acres of land at 805 N 6th St in Maricopa County was sold for $2,400,000. The land is zoned DTC-E-EV. Home on the site was razed.

Operating Data and Key Indicators

Operating Expenses:	$6,515

Improvement and Site Data

MSA:	Phoenix

Land Sale Profile

Sale No. 6

Location & Property Identification

Property Name:	NWC 1st Street & Pierce Street
Sub-Property Type:	Commercial
Address:	NWC 1st Street & Pierce Street
City/State/Zip:	Phoenix, AZ 85004
County:	Maricopa
Submarket:	Central/NE Phoenix
Market Orientation:	CBD
IRR Event ID:	2984956

Sale Information

Sale Price:	$8,250,000
Effective Sale Price:	$8,250,000
Sale Date:	06/30/2022
Listing Price:	$7,998,750
Sale Status:	Closed
$/Unit:	$22,297 /Apt. Unit
$/Acre(Gross):	$17,745,752
$/Land SF(Gross):	$407.41
$/Unit (Potential):	$22,297 /Approved Unit
Grantor/Seller:	Central Fillmore Dev 1 LLC
Grantee/Buyer:	Downtown Resi Owner, LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Exposure Time:	6 (months)
Financing:	Cash to seller - buyer obtained financing
Conditions of Sale:	Arm's-length
Terms of Sale Comments:	Typical
Document Type:	Deed
Recording No.:	2022-0544168
Verified By:	Roger L. Dunlap, MAI
Verification Date:	03/31/2023
Confirmation Source:	Dave Fogler (602) 224-4443
Verification Type:	Confirmed-Seller Broker
Secondary Verific. Source:	CoStar

Sale Analysis

Proposed Use Desc.:	Apartment Units, Commercial

Improvement and Site Data

Legal/Tax/Parcel ID:	111-43-008, 151
Acres(Gross):	0.46
Land-SF(Gross):	20,250
No. of Units (Potential):	370
No. of Units/Unit Type:	370/Apt. Units
Corner Lot:	Yes
Density-Unit/Gross Acre:	795.87
Zoning Code:	DTC-W-EV
Flood Plain:	No
Utilities:	Electricity, Water Public, Sewer
Source of Land Info.:	Broker

Land Sale Profile

Sale No. 7

Location & Property Identification

Property Name:	114 E Portland St
Sub-Property Type:	Commercial
Address:	114 E Portland St
City/State/Zip:	Phoenix, AZ 85004
County:	Maricopa
Submarket:	Central/NE Phoenix
Market Orientation:	Urban
Property Location:	NWC 1st Street and Pierce Street
IRR Event ID:	2984943

Sale Information

Sale Price:	$8,820,000
Effective Sale Price:	$8,820,000
Sale Date:	09/01/2022
Recording Date:	02/06/2023
Sale Status:	Closed
$/Acre(Gross):	$13,721,400
$/Land SF(Gross):	$315.00
$/Acre(Usable):	$13,781,250
$/Land SF(Usable):	$315.00
Grantor/Seller:	First and Portland LLC
Grantee/Buyer:	Second And Portland RR LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	All cash
Conditions of Sale:	Arm's-length
Terms of Sale Comments:	Typical
Document Type:	Deed
Recording No.:	2022-0058712
Verified By:	Roger L. Dunlap, MAI
Verification Date:	03/31/2023
Confirmation Source:	Charles Huzenis (312) 751-0300
Verification Type:	Confirmed-Seller
Secondary Verific. Source:	CoStar

Sale Analysis

Proposed Use Desc.:	Apartment Units
Sale Price Includes FF&E?	No

Improvement and Site Data

MSA:	Phoenix
Legal/Tax/Parcel ID:	111-36-077, 111-36-080
Acres(Gross):	0.64
Land-SF(Usable/Gross):	28,000/28,000
Corner Lot:	Yes
Zoning Code:	DTC-W-EV
Zoning Desc.:	Downtown Code - Evans Churchill West
Flood Plain:	No
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone
Source of Land Info.:	Public Records

Comments

Mr. Huzenis confirmed that the sale was arm's-length.

Land Sale Profile

Sale No. 8

Location & Property Identification

Property Name:	401 E Fillmore Street
Sub-Property Type:	Commercial
Address:	401 E. Fillmore St
City/State/Zip:	Phoenix, AZ 85004
County:	Maricopa
Submarket:	Central/NE Phoenix
Market Orientation:	Urban
Property Location:	North side of Arizona Center, between Fillmore and Van Buren Streets, west of 7th Street, in Downtown Phoenix
IRR Event ID:	2984957

Sale Information

Sale Price:	$6,100,600
Effective Sale Price:	$6,100,600
Sale Date:	12/01/2022
Recording Date:	02/01/2023
Listing Price:	$10,900,000
Sale Status:	Closed
$/Acre(Gross):	$6,740,250
$/Land SF(Gross):	$154.73
$/Acre(Usable):	$6,740,250
$/Land SF(Usable):	$154.73
Grantor/Seller:	AGP Arizona Center Owner, LLC
Grantee/Buyer:	CFD2 OZ, LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Exposure Time:	3 (months)
Financing:	All cash
Conditions of Sale:	Arm's-length
Terms of Sale Comments:	Typical
Document Type:	Warranty Deed
Recording No.:	2023-0052630
Verified By:	Roger L. Dunlap, MAI
Verification Date:	06/16/2023
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar

Sale Analysis

Expenditures Description:	None

Improvement and Site Data

MSA:	Phoenix
Legal/Tax/Parcel ID:	111-46-147
Acres(Usable/Gross):	0.91/0.91
Land-SF(Usable/Gross):	39,428/39,428
Usable/Gross Ratio:	1.00
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	222
Frontage Desc.:	South side of Fillmore Street
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
Traffic Flow:	Low
Traffic Count:	6647
Accessibility Rating:	Average
Visibility Rating:	Average

Improvement and Site Data (Cont'd)

Zoning Code:	DTC-BCORE
Zoning Desc.:	Downtown Code - Business Core
Flood Plain:	No
Flood Zone Designation:	X (Shaded)
Comm. Panel No.:	04013C2205L
Date:	10/16/2013
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone, CableTV, Fiber Optics
Source of Land Info.:	Public Records

Comments

The sale property is a parking lot on the north side of Arizona Center. Alan Robinson of US Investment Realty, LLC (602) 692-6313 represented the seller.

Parking lot on the north side of Arizona Center.

Land Sale Profile

Sale No. 9

Location & Property Identification

Property Name:	818 N 1st St (3 Properties)
Sub-Property Type:	Residential, Multifamily
Address:	818 N. 1st St
City/State/Zip:	Phoenix, AZ 85004
County:	Maricopa
Submarket:	Central/NE Phoenix
Market Orientation:	Urban
Property Location:	West side of 1st Street Between McKinley and Garfield Streets
IRR Event ID:	3017154

Sale Information

Sale Price:	$12,000,000
Effective Sale Price:	$12,000,000
Sale Date:	05/01/2023
Recording Date:	05/18/2023
Sale Status:	Closed
$/SF GBA:	$1185.54
$/SF NRA:	$1185.54
$/Acre(Gross):	$12,019,231
$/Land SF(Gross):	$275.91
$/Unit (Potential):	$16,194 /Potential Unit
Grantor/Seller:	Central Fillmore Dev 1 LLC
Grantee/Buyer:	Masyno Downtown North LLC; Masyno Downtown South LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	All cash
Conditions of Sale:	Arm's-length
Terms of Sale Comments:	Two separate deeds to related companies.
Document Type:	Warranty Deed
Recording No.:	2023-0258489, 90
Verified By:	Roger L. Dunlap, MAI
Verification Date:	06/23/2023
Confirmation Source:	Steven Nicoluzakis (Cushman & Wakefield (602) 244-4229
Verification Type:	Confirmed-Seller Broker
Secondary Verific. Source:	CoStar, Via press release dated June 13, 2023

Sale Analysis

Proposed Use Change:	Yes
Proposed Use Desc.:	Apartments

Occupancy

Occupancy Type Before Sale:	Single Tenant

Improvement and Site Data

Legal/Tax/Parcel ID:	111-43-012, 130
GBA-SF:	10,122
NRA-SF:	10,122
Acres(Gross):	1.00
Land-SF(Gross):	43,492
No. of Units (Potential):	741
Construction Desc.:	Masonry
Total Parking Spaces:	8
Bldg. to Land Ratio FAR:	0.23
Zoning Code:	DTC-W-EV

Improvement and Site Data (Cont'd)

Zoning Desc.:	Downtown Code, Evans Churchill West Character Area
Flood Plain:	No
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone
Source of Land Info.:	Public Records

Comments

The south portion of this site was sold in November 2021 for $149/SF for .25 acres.

“This is a prime high-rise residential site centrally located in the heart of Downtown Phoenix. The buyer capitalized on a great opportunity with the ability to close escrow in two weeks,” said Steven Nicoluzakis, Executive Managing Director.

Land Lease Profile

Location & Property Identification

Property Name:	Federales Tequila Bar - Ground Lease
Sub-Property Type:	Commercial, Retail
Address:	1005 North 2nd Street
City/State/Zip:	Phoenix, AZ 85004
County:	Maricopa
Submarket:	Central/NE Phoenix
Market Orientation:	Urban
IRR Event ID:	2797447

Space Information

Ground Lease:	Yes
Physical Area Leased:	Entire Site
Description of Leased Area:	13,500 square foot site
Space Type:	Restaurant
Building SF:	9,555
Improvements Incl. in Lease:	No
Leased Area:	13,500
Type of Rentable Area:	Land SF

Lease Information

Lease Status:	Signed Lease
Lessor:	HSG Roosevelt & 2nd Street
Lessee:	Federales Phoenix, LLC
Lease Signed Date:	01/10/2022
Start/Available Date:	01/01/2023
Term of Lease:	240 months
Lease Measure:	$ Amnt/Yr
Face Rental Rate:	$370,000.00
Effective Rental Rate:	$370,000.00
Escalation Type:	Fixed Percentage
Escalation Desc.:	10%, every 5-years
Percentage Rent:	Yes
Percentage Rent Desc.:	3% of gross sales in excess of $8,000,000
Renewal Options:	Yes
Desc. of Options:	Four, 5-year options
Verified by:	Glenn Grotte, MAI
Verification Date:	04/04/2022
Verification Source:	Kage Brown - Lease
Transaction Reliability:	Confirmed

Lease Expense Information

Reimbursement Method:	Absolute Net

Improvement and Site Data

MSA:	Phoenix-Mesa-Scottsdale, AZ
Legal/Tax/Parcel ID:	111-36-036 and 111-36-038
GBA-SF:	9,555
NRA-SF:	13,500
Acres(Usable/Gross):	0.31/0.31
Land-SF(Usable/Gross):	13,500/13,500
Usable/Gross Ratio:	1.00
Year Built:	2023
Property Class:	B
M&S Class:	C
Construction Quality:	Excellent
Improvements Cond.:	New
No. of Buildings/Stories:	1/1
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	100
Frontage Desc.:	1005 North 2nd Street

Improvement and Site Data (Cont'd)

Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	Stop sign
Traffic Flow:	Low
Visibility Rating:	Good
Bldg. to Land Ratio FAR:	0.71
Zoning Code:	DTC - W - EC
Zoning Desc.:	Downtown Code Evans Churchill West
Flood Plain:	Yes
Flood Zone Designation:	X (Shaded)
Comm. Panel No.:	04013C2205L
Date:	10/16/2013
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone, CableTV
Source of Land Info.:	Public Records

Addendum E

Engagement Letter

City of Phoenix
FINANCE DEPARTMENT
REAL ESTATE DIVISION

June 6, 2023

Roger L. Dunlap, MAI
Integra Realty Resources
2999 North 44th Street, Suite 512
Phoenix, AZ 85018

SUBJECT: **One Appraisal – for a three land parcels at 1016 North 2nd Street, Phoenix; PM 1807; APNS: 111-36-029A, -029B and -030; WBS: 8720001007; Project: CED – Potential Disposition / Ground Rent**

Dear Mr. Dunlap:

This letter is your authorization to complete an appraisal on the property referenced above. Your appraisal report must comply with the current edition of the Uniform Standards of Professional Appraisal Practice and the City of Phoenix Appraisal Requirements (Rev. 01/2020) previously provided to you. The purpose of the appraisal is twofold: Scenario One is to establish the market value of the properties for potential asset disposition by the City of Phoenix. The second scenario is to establish a ground rent (market) for the three parcels. The Intended Use of the appraisal is for possible disposition.

Your stated fee for this work is). Please submit one copy of your appraisal report no later June 27, 2023. If the report is not delivered to the City's Appraisal Section on or before the contractual due date and no written extension has been agreed upon by both parties at least three days prior to the deadline, $300 per day may be deducted as a late delivery penalty. By reference, this agreement incorporates all the terms and conditions specified in City Contract 21-038 and the City of Phoenix Appraisal Requirements (Rev. 01/2020) which were previously provided to you.

If you agree with the above, please sign and return a copy of this letter.

Sincerely,

Burton Byars

Burton Byars
Review Appraiser
City of Phoenix

APPROVED

Roger L.
Dunlap, MAI

Digitally signed by Roger L. Dunlap, MAI
DN: cn=Roger L. Dunlap, MAI, o=IRR, ou=IRR-Phoenix, email=Rdunlap@IRR.com, c=US
Date: 2023.06.07 12:24:12 -07'00'

Roger L. Dunlap, MAI
Certified General Real Estate Appraiser No. 31062
Vendor #3543076 / Clerk #153706 / SRM #4701007999

251 W. Washington St., 8th Floor • Phoenix, AZ 85003 • 602-262-6267