ADDENDUM 1

(please sign and return with the submittal)

CHANGES

Section II, Scope of Work, Subsection D. Ground Lease, has been updated with the following information:

Based on the appraisal report that was prepared, dated December 12, 2023, the “as is” market value for the property with an effective date of October 28, 2023, was determined to be $7,600,000. Based on this appraisal, the base annual market lease was determined to be $456,000 triple net (“NNN”). Proposers should consider this the minimum initial price for the ground lease terms, contemplate periodic adjustments, and assuming responsibility for operating expenses exclusive of said amounts.

Any proposal submitted with proposed ground lease terms less than the above minimum must clearly state what public benefit(s) account for the less-than-appraised offer and the estimated quantifiable value of those benefits. The proposed lease terms and quantifiable value of the proposed public benefit(s) must meet or exceed the minimum lease.

Please reference the attached appraisal report and recommendations attached to this Addendum.

QUESTIONS AND ANSWERS:

Note: Spelling, grammar, and punctuation of the questions are shown exactly as submitted by the potential respondents.

No.	Question	Answer
1.	Is there a minimum bid price for this property?	See the above update to Section II, Scope of Work, Subsection D. Ground Lease.

The balance of the specifications and instructions remain the same. Bidder must acknowledge receipt and acceptance of this addendum by signing below and returning the entire addendum with the bid or proposal submittal.

Name of Company: ____

Address: ____

Authorized Signature: ____

Print Name and Title: ____

City of Phoenix
FINANCE DEPARTMENT
REAL ESTATE DIVISION

Date:	December 13, 2023
To:	Samantha Keating, Deputy Housing Director
From:	Burton Byars, Christopher Rocca
Subject:	Lease Recommendation – Land located east of the northeast corner of Central and Columbus Avenues, Phoenix

Estimate of Market Rent

The Housing Department has requested an estimate of fair market rent be developed for an assemblage of vacant land parcels. The grouping constitutes roughly 3.22 acres located East of the Northeast Corner of Central Avenue and Columbus Avenue within the City of Phoenix. This analysis relies on an appraisal of the market value of the fee simple estate for the same subject property and same client department. The appraisal report, developed by Jo Dance, MAI, CCIM and Thomas Raynak, MAI, is dated December 12, 2023, with an effective date of valuation of October 28, 2023. The factual data and opinions within the report are believed to be reasonable and credible and are integral to this rental study. This rental study has the same effective date as the appraisal.

Summary and Description of the Subject

ASSESSOR'S PARCEL NOS.:	118-33-029 thru 037 and 057 thru 068
OWNER:	City of Phoenix
ADDRESS:	East of the Northeast Corner of Central Avenue and Columbus Avenue, Phoenix
TYPE:	Mixed-use land
SITE AREA:	140,400 square feet or 3.22 net acres (Assessor)
ZONING:	WU T5:7, WALKABLE URBAN, TRANSECT DISTRICT T5:7
IMPROVEMENTS:	None

HIGHEST AND BEST USE:	hold as a land investment with the potential for future higher density multi-family development activity consistent with surrounding properties.
FINAL OPINION OF MARKET VALUE OF THE FEE SIMPLE INTEREST:	$7,600,000 or $54.13 per square foot
EFFECTIVE DATE OF THE APPRAISAL:	October 28, 2023 (date of valuation)
DATE OF THE REPORT:	December 12, 2023 (date of last transmittal)

The client department has requested an estimate of annual market rent for the initial term of the lease of the subject properties. This is distinguished from a simple "market rate of return" on land value as of a date. A reasonable estimate of market rent is made with consideration of the lease terms and conditions which set the framework of the opinion. The estimate of market rent for the subject properties is based on the following definition:

Market Rent

> *The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options and tenant improvements (TIs).* [1]

In conformance with this definition, an estimate of market rent reflects a fair return on the land as vacant and at its highest and best use for the lease term remaining or projected lease term. Estimating market rent should consider the following, along with the lessor's and lessee's more specific requirements:

- Length of term
- Frequency of lease payments (monthly, quarterly, semi-annual or annual
- Fixed rate or frequency of escalations over the lease term based on change in an index (i.e., CPI), periodic reappraisal or by formula
- Pre-determined payment graduations between periodic adjustments (i.e., small annual graduations)
- Renewal extension periods beyond the initial term
- Rent adjustments at renewal extension
- Allocation of expenses (lessor's and lessee's obligations)
- Subordination to financing debt (first or second note and deed of trust)
- Allowed use(s) of the land
- Prohibited use(s) of the land
- Land leased "as is" or subject to improvements made, and paid for, by lessor (access extensions, utility extensions, grading, etc.)

[1] Appraisal Institute, The Dictionary of Real Estate Appraisal, Sixth Edition, (Chicago, Illinois: Appraisal Institute, 2015), page 140.

- Ownership of existing or proposed improvements
- Improvement salvage rights
- Responsibility of cost of demolition, clearing of improvements and land restoration at end of lease

The economic utility of leased vacant land is implicitly tied to the length of the term being sufficient to recapture improvement and development costs. As the term becomes shorter (of less duration than necessary for normal improvement and development cost amortization), the economic utility of the leased land decreases. Unless the underlying land value appreciates significantly, the estimated market rent at subsequent revaluation periods would be successively less at each interval as the lease nears expiration.

The specific methodology utilized to estimate market land rent in this analysis will be the same for subsequent lease revaluations. Market rent assumes and implies that the rental amount will be "fair" for both the lessor and lessee, with the lessor obtaining a reasonable return on the land and the lessee paying an economic amount for the use of the land.

Lease Terms

The client provided some specific lease terms. Our estimate of the market rent was based on the following terms and assumptions:

Term:	49 years
Rental Rate:	Based on an “arm’s length” negotiation.
Option to Renew:	No
Payment Schedule:	Annual rent with monthly payment, beginning of period
Escalations:	Based on change in the Phoenix-Mesa-Scottsdale (or equivalent) Consumer Price Index (CPI) every three to five years
Allocation of Expenses:	Triple net operating expense allocation
Allowed Use:	Uses allowed by current zoning
Property Taxes	The subject is owned by City of Phoenix; thus, no property taxes accrue or are paid. However, for the estimation of market rent, a typical tax liability is assumed.
Improvements:	All construction costs at lessee’s expense; demolition cost at lessor’s expense
Subordination:	No subordination
Other:	The site will not be available until after any existing structures are vacated and demolished, if applicable.

With regular periodic increases, the landlord assumes less risk for inflation and thus is willing to accept a lower rate of return. Given a long-term lease, the term is sufficiently long to amortize new and significant improvement and development costs. In addition, as fixed improvements to the land become the property of the lessor at the end of the term, most, if not all, of the value of the improvements accrues to the benefit of the lessor, unless depreciated or obsolete in another way. Thus, the lessee sees risk in a short-term lease and will negotiate for a lower rent.

Estimate of Market Land Rent

The appraisal concluded to an overall market value of $7,600,000, reconciled toward the middle of the adjusted per-unit comparable range. The size of the tract, the lack of supply of readily available substitutes in the competitive market, the nature of surrounding property improvements and the advantage of a larger site would appeal to a variety of potential purchasers. After accounting for physical and economic attributes, an adjusted unit rate of $54.13 per square foot was reconciled. To the per unit value a 6.0 percent capitalization rate was applied to derive a market rental rate of $3.18 per square foot of land area.

Based on our understanding of the property and the information we have gathered, we estimate the current annual market rent to be $456,000 triple net (NNN), for a lease beginning January 1, 2024. The rate presented herein is a base rate for Year 1 of the lease term. Periodic adjustment to the base rate commonly occurs every one, three or five years … standard negotiation points for the Lessor and Lessee. Payment graduations can be built-in for each of the adjustment periods, usually with a pre-determined percentage – smaller percentages for shorter periods. A triple net lease ("NNN") assumes that the tenant is responsible for all operating expenses (utilities, maintenance, cleaning, etc.). NNN leases may also require the tenant to carry an insurance policy for their use of the property improvements and the contents, if any. Corrections to any of the conditions or size assumptions utilized to develop the opinion of market rent will likely change this recommendation.

Opinion of Market Rent

Three factors are assumed in the analysis: 1) the tenant is expected to be a committed and dependable with a considerable investment in their improvements; 2) with regular periodic lease rate adjustments, the landlord is protected against the inflationary weakening of the dollar; 3) and during the term, the subject's market value will likely appreciate resulting in higher adjusted rents.

The fee simple market value of the land utilized in this analysis is the result of an appraisal report dated December 12, 2023, developed by Jo Dance, MAI, CCIM and Thomas Raynak, MAI. The opinion of value of $7,600,000 has an effective date of October 28, 2023.

Based on the rental and income data herein, coupled with the independent appraisal, the estimated annual market rent for the initial term for the subject property as of, October 28, 2023, was:

FOUR HUNDRED FIFTY-SIX THOUSAND DOLLARS

($456,000 base rate, first year, NNN)

CBRE VALUATION & ADVISORY SERVICES

APPRAISAL REPORT

3.22 NET ACRES OF VACANT LAND
LOCATED EAST OF THE NORTHEAST CORNER OF CENTRAL AVENUE AND COLUMBUS AVENUE
PHOENIX, ARIZONA 85012
CBRE GROUP, INC. FILE NO. CB23US102257-1

ASSESSOR PARCEL NOS.: 118-33-029 THRU 037 & 057 THRU 068
DATE OF VALUE: OCTOBER 28, 2023
REPORT DATE: DECEMBER 12, 2023
PROPERTY OWNER: CITY OF PHOENIX
CLIENT: CITY OF PHOENIX
PROJECT: CC 8600001003 PM: 1834

CBRE

2575 East Camelback Road, Suite 500
Phoenix, Arizona 85016
T (602) 735-5000
www.cbre.com

Date of Report: December 12, 2023

Burton Byars
Review Appraiser
City of Phoenix Finance Department
Real Estate Division
251 West Washington Street, 8th Floor
Phoenix, Arizona 85003

Re: An appraisal of 3.22 net acres of vacant land located east of the northeast corner of Central Avenue and Columbus Avenue, in Phoenix, Arizona (Project CC 8600001003: PM 1834: Housing: Housing Phoenix – Potential Dispositions)

Dear Mr. Byars:

At your request and authorization, CBRE, Inc. has prepared an appraisal report of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject property involves 3.22 net acres of vacant land located east of the northeast corner of Central Avenue and Columbus Avenue, in Phoenix, Arizona. For further reference, the subject site is situated between Weldon Avenue (north) and Columbus Avenue (south), just east of Central Avenue, in midtown Phoenix. The subject site is bisected by a 12-foot wide public alley. The subject site is zoned WU T5:7, Walkable Urban, Transect District T5:7, which allows for a range of uses including retail, offices, and residential. The site is designated for the city of Phoenix Affordable Housing Program, which suggests the site is targeted for higher density multi-family residential use. The subject property is more fully described within the enclosed report.

The purpose of this appraisal is to establish the market value of the property for potential disposition. The appraised property was inspected on October 28, 2023, which represents the effective date of value. The intended use of the appraisal is for internal city of Phoenix management and possible disposition. The intended user is the city of Phoenix.

Based on the analysis contained in the following report, the "as is" market value for the subject property is concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
"As Is" Market Value	Fee Simple Estate	October 28, 2023	$7,600,000
Compiled by CBRE			

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with: the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP); the requirements of the Code of Professional Ethics and Standards of Professional Appraisal

Practice of the Appraisal Institute and the city of Phoenix Appraisal Requirements (Revised January 1, 2020).

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and CBRE will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES

Thomas Raynak

Thomas Raynak, MAI
Director
Appraiser Certified General
Real Estate Appraiser No. 30413

Jo Dance, MAI, CCIM
Managing Director
Appraiser Certified General
Real Estate Appraiser No. 30249

CBRE

Certification

We certify 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 or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. 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.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. As of the date of this report, Thomas Raynak, MAI and Jo Dance, MAI, CCIM have completed the continuing education program for Designated Members of the Appraisal Institute.
10. Thomas Raynak, MAI has and Jo Dance, MAI, CCIM has not made a personal inspection of the property that is the subject of this report.
11. No one provided significant real property appraisal assistance to the persons signing this report.
12. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
13. Thomas Raynak, MAI and Jo Dance, MAI, CCIM have not provided services, as appraisers, regarding the property that is the subject of this report within the past three-years.
14. Thomas Raynak, MAI and Jo Dance, MAI, CCIM have the appropriate knowledge, education and experience to complete this assignment in a competent manner and have appraised properties of similar type. The reader is referred to the appraisers' Qualifications in the Addenda.

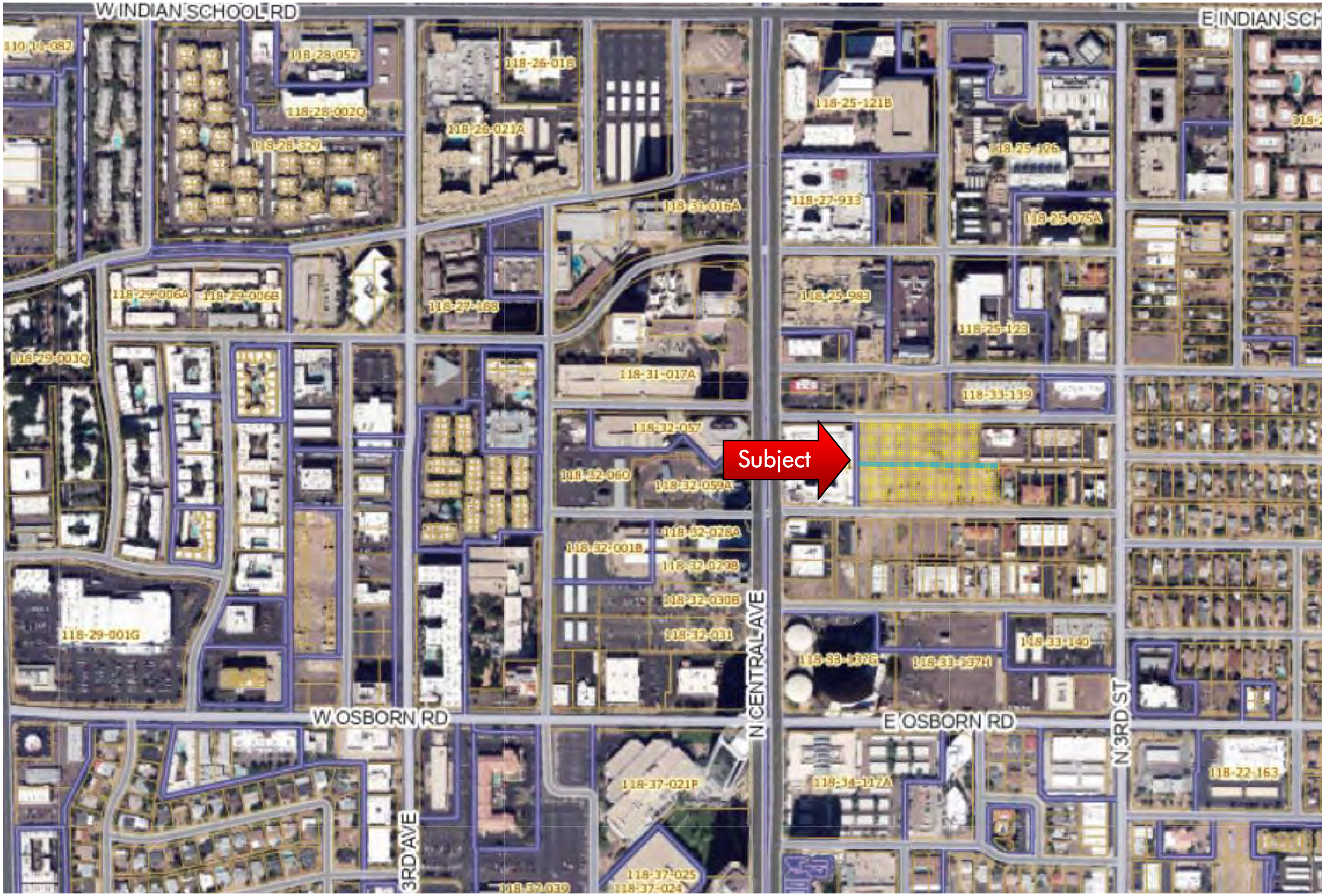
Thomas Raynak

Thomas Raynak, MAI
Director
Arizona Certified General
Real Estate Appraiser No. 30413

Jo Dance, MAI, CCIM
Managing Director
Arizona Certified General
Real Estate Appraiser No. 30249

Subject Photographs


E Indianola Ave
E Clarendon Ave
E Weldon Ave
Weldon Ave
E Columbus Ave
Columbus Ave
E Mitchell Dr
N CENTRAL AVE
N 3RD ST
Subject
CITY SQUARE
EDMUNDS BUSINESS PARK
MCR: 532-37
CLARE-WELD
118-31-007A
118-31-017A
118-25-014
118-25-123
118-25-043B
118-24-088
118-24-089
118-24-090
118-24-091
118-24-092
118-24-093
118-24-094
118-24-096B
118-24-106
118-24-104
118-24-103
118-24-102
118-24-101
118-24-100
118-24-099
118-24-111A
118-24-112
118-24-114
118-24-115
118-24-116
118-24-117
118-24-118
118-33-001A
118-33-002A
118-33-038A
118-32-059A
118-32-028A
118-32-029B
118-32-030B
118-33-070A
118-33-071A
118-33-072A
118-33-074B
118-33-137G
118-33-137H


W INDIAN SCHOOL RD
E INDIAN SCH
118-28-052
118-26-018
118-28-002Q
118-26-021A
118-28-320
118-25-121B
118-25-126
118-27-933
118-31-016A
118-25-075A
118-29-006A
118-29-006B
118-27-168
118-25-983
118-25-123
118-29-003Q
118-31-017A
118-33-139
118-32-057
Subject
118-32-060
118-32-059A
118-32-028A
118-32-001B
118-32-029B
118-32-030B
118-32-031
118-29-001G
N CENTRAL AVE
118-33-140
118-33-137H
W OSBORN RD
E OSBORN RD
N 3RD ST
118-37-021F
118-34-117A
118-22-163
3RD AVE
118-37-025
118-37-024

View Of Subject Site Facing South/Southwest From Northeast Corner

View Of Subject Site Facing West/Southwest From Northeast Corner

View Of Subject Site Facing East/Southeast From Northwest Corner

View Of Subject Site Facing South/Southeast From Northwest Corner

View Of Subject Site Facing West/Northwest From Southeast Corner

View Of Subject Site Facing North/Northwest From Southeast Corner

View Of Subject Site Facing North/Northeast From Southwest Corner

View Of Subject Site Facing East/Northeast From Southwest Corner

East Along Columbus Avenue, Subject Site at Left

West Along Columbus Avenue, Subject Site at Right

East Along Weldon Avenue, Subject Site at Right

West Along Weldon Avenue, Subject Site at Left

Executive Summary

Property Description	The subject property involves 3.22 net acres of vacant land located east of the northeast corner of Central Avenue and Columbus Avenue, in Phoenix, Arizona.
Property Owner	City of Phoenix
Client	City of Phoenix
Client Project:	Housing: Housing Phoenix - Potential Dispositions
Assessor's Parcel Numbers	118-33-029 thru 037 and 057 thru 068
Zoning	WU T5:7, Walkable Urban, Transect District T5:7 (Phoenix)
Phoenix General Plan Designation	Higher density multi-family residential use, as part of the City's Affordable Housing Program
Highest and Best Use	Eventual high density multi-family development consistent with surrounding properties, current zoning and the City's Affordable Housing Program
Property Rights Appraised	Fee Simple Estate
Date of Report	December 12, 2023
Date of Inspection	October 28, 2023
Date of "As Is" Market Value	October 28, 2023
Estimated Exposure Time	One year, or less
Estimated Marketing Time	One year, or less
Buyer Profile	Multi-Family Developer

CONCLUDED MARKET VALUE

Appraisal Premise	Interest Appraised	Date of Value	Value
"As Is" Market Value	Fee Simple Estate	October 28, 2023	$7,600,000

Compiled by CBRE

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

Strengths/Opportunities

- The subject property is located within midtown Phoenix, a short distance from the downtown central business district, which provides the subject location with excellent access to shopping, schools, medical facilities, employment centers, and other residential support facilities.
- The subject property has reasonably good access to the freeway system.
- The subject site benefits from being located near the light rail system, which extends along Central Avenue, providing easy access to the downtown central business district and other central Phoenix locations.
- Given its proximity to Central Avenue, the subject site is considered to have a relatively high degree of walkability.
- The subject site benefits from having frontage along two collector streets (Weldon and Columbus avenues), providing ample access opportunities.
- The subject’s zoning classification allows for a range of uses including retail, offices, and residential.
- Net absorption within the subject’s multi-family submarket is anticipated to remain positive over the next four years.
- Rental rates within the subject’s multi-family submarket are anticipated to trend substantially higher over the next four years.

- Despite a recent slowdown, market conditions within the multi-family sector remain relatively favorable.

Weaknesses/Threats

- Given its lack of frontage/visibility along Central Avenue, the site holds little appeal for most retail uses.
- There is a 12-foot wide public alley which bisects the middle portion of the site in an east/west direction. Since the public alley is not to be abandoned prior to a sale, this portion of the property will not be owned in fee simple.
- The presence of the public alley may result in reduced development potential, particularly considering the relatively high density appropriate for the site.
- The City will not sell the subject site based upon any contingencies pertaining to Site Plan approvals or allow for the entitlement process to be completed. Consequently, any prospective buyer will be taking on added development risk.
- Given market conditions within the office sector are quite weak and not projected to recover for at least the near to midterm, the site holds little appeal for office use.
- The median ($61,605) and average ($86,178) household income is below the averages of the broader Phoenix MSA.
- The metro-wide average occupancy rate has decreased from 93.6% as of year-end 2022 to 92.8% as of Q3 2023. Similarly, the average occupancy rate within the subject submarket has declined by less than 1% since year-end 2022, resulting in an average occupancy rate of 92.1%.
- The average effective rental rate on a metro-wide basis has declined from $1,631 per unit as of year-end 2022 to $1,606 in Q3 2023. The average effective rental rate within the subject submarket was $1,584 per unit as of Q3 2023, slightly below the metro-wide average.
- In some instances, commercial real estate market conditions have deteriorated at the macro level as borrowing costs have increased significantly. The higher cost of capital and the negative impact on transaction activity are impacting price discovery and creating more uncertainty, although the impact varies by market and asset class/type.
- Increased borrowing costs have resulted in higher overall capitalization rates for improved apartment properties, which has resulted in a correction in prices and reduced demand, which has impacted land prices as there are fewer developers seeking vacant land for development activity at the present time. Nonetheless, in many cases land prices have held up relatively well in highly desirable locations, particularly if entitlements are in place. In addition, new development activity is still yielding multi-family developers an acceptable level of profitability in many cases, although profit margins are clearly compressing.

MARKET VOLATILITY

We draw your attention to a combination of inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have significantly increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

Current Economic Conditions

At its October/November 2023 meeting, the Federal Reserve held the federal funds rate at a range of 5.25% to 5.50% consistent with market expectations. Additionally, the Fed affirmed that balance sheet reductions would continue as planned. The Fed noted that tighter financial and credit conditions for households and businesses likely will weigh on economic activity, hiring and inflation.

Despite headline inflation remaining above the Fed's 2.00% target, core inflation, which excludes food and energy prices, has steadily decreased over the past 12 months. The recent run-up in the 10-year Treasury yield has further tightened financial conditions, which will suppress economic growth and inflation. Commercial real estate investment activity is unlikely to improve until capital sources are confident that interest rates have stabilized, and pricing has fully adjusted.

While opinions vary on future economic issues, the general market consensus at the time of this appraisal is the anticipation of moderating inflation as higher interest rates cool demand. Tighter lending conditions and a weakening economy will keep capital markets activity subdued and reduce leasing demand in the short to medium term. Amid this uncertain and dynamic environment, investment market performance will be uneven across property types.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as "an assumption directly related to a specific assignment, as of the effective date of the assignment results, which if found to be false, could alter the appraiser's opinions or conclusions." [1]

- None noted.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "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 purposes of analysis." [2]

- None noted.

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[1] The Appraisal Foundation, *USPAP, 2020-2021* ed., 3 (Effective January 1, 2020 through December 31, 2023).

[2] The Appraisal Foundation, *USPAP, 2020-2021* ed., 3 (Effective January 1, 2020 through December 31, 2023).

Table of Contents

Introduction

PROPERTY IDENTIFICATION

The subject property involves 3.22 net acres (140,400 square feet) of vacant land located east of the northeast corner of Central Avenue and Columbus Avenue, in Phoenix, Arizona. For further reference, the subject site is situated between Weldon Avenue (north) and Columbus Avenue (south), just east of Central Avenue in midtown Phoenix. The subject site is zoned WU T5:7, Walkable Urban, Transect District T5:7, which allows for a range of uses including retail, offices, and residential. The site is designated for the city of Phoenix Affordable Housing Program, which suggests the site is targeted for higher density multi-family residential use.

A legal description pertaining to the subject property was not available for review; however, the appraised property may be identified as Maricopa County Assessor's parcel numbers 118-33-029 through 037 and 057 through 068. The 12-foot wide alley (no parcel number) which bisects the site is not included in the net site area. *A copy of the Assessor's plat map, with the subject site shaded in yellow and the easement/alley shaded in blue, is presented on the following page.*

OWNERSHIP AND PROPERTY HISTORY

According to public records, title to the subject property is held by the city of Phoenix. There has been no recorded sales activity pertaining to the appraised property during the past five years. Additionally, the subject is not known to be actively being marketed for sale, nor is the property known to be encumbered by any purchase or lease agreements.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to establish the market value of the property for potential disposition.

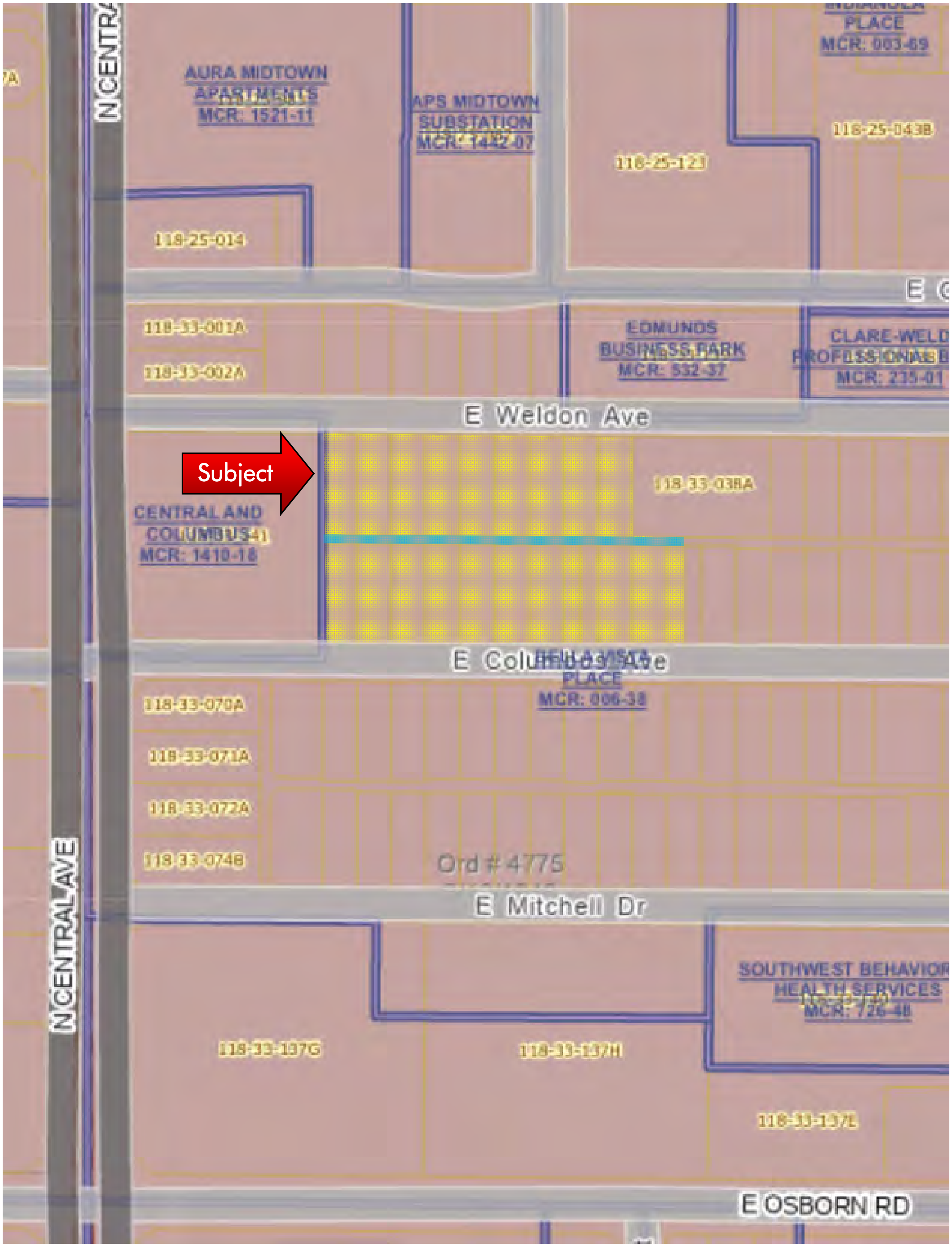
INTENDED USE OF REPORT

The intended use of the appraisal is for internal city of Phoenix management and possible disposition.

INTENDED USER OF REPORT

The intended user is the city of Phoenix.

Assessor's Plat Map



> Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report. [3]

DEFINITION OF VALUE

"Market value" means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements that the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable. [4]

DEFINITION OF MARKET VALUE "AS IS"

Market Value "As Is " on appraisal date means an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of inspection.

INTEREST APPRAISED

The value estimated represents fee simple interest and 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. [5]

SCOPE OF WORK

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied. CBRE, Inc. completed the following steps for this assignment:

Extent To Which The Property Is Identified

The property is identified through the following sources:

---

3 Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

4 Arizona Revised Statute 28-7091

5 Appraisal Institute, *Dictionary of Real Estate Appraisal*, 78.

5 *Dictionary of Real Estate Appraisal*, 78.

- Public records
- Maricopa County Assessor's Office

Extent To Which The Property Is Inspected

The extent of the inspection included a physical inspection of the subject site and surrounding area on October 28, 2023.

Type And Extent Of The Data Researched

CBRE reviewed the following:

- zoning requirements
- flood zone status
- demographics
- multi-family market data
- comparable land sales data

Type And Extent Of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.

Data Resources Utilized in the Analysis

DATA SOURCES	
Item:	*Source(s):*
Site Data	
Size	Maricopa County Assessor
Market Data	
	Esri; Zonda; Valley Metro; CBRE Econometric Advisors; CBRE Research; Flash Report and Q3 2023 Multi-Housing Investment Outlook; and Axiometrics Q3 2023
Sales Data	
	CoStar, Inc., Vizzda; public records; and market particpants
Compiled by CBRE	

STATEMENT OF COMPETENCY

Thomas Raynak, MAI and Jo Dance, MAI, CCIM have the appropriate knowledge, education and experience to complete the assignment competently.

APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

Cost Approach

The Cost Approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

Sales Comparison Approach

The Sales Comparison Approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

Income Approach

The Income Approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the Income Approach are direct capitalization and the discounted cash flow (DCF) analysis.

Methodology Applicable to the Subject

In the valuation of the subject property, only the Sales Comparison Approach to value is employed, as the property involves undeveloped land.

EXPOSURE TIME AND MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure time and marketing time are a function of price, time, and use. It is not an isolated estimate of time alone.

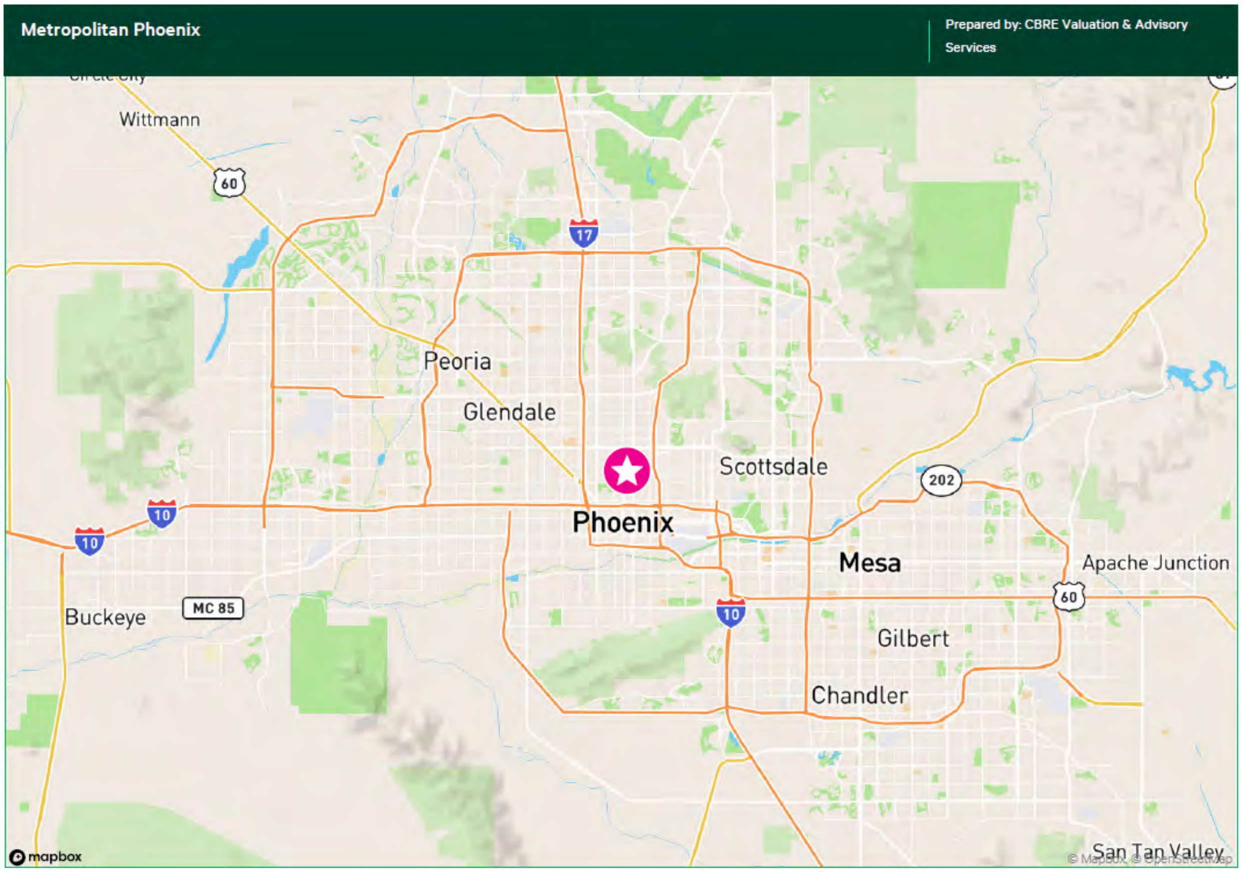
Subject Property

In consideration of the factors noted above, we have analyzed the following in determining an exposure time and marketing time for the subject property:

- exposure times for comparable land sales used in this appraisal;
- current and anticipated supply and demand; and
- the opinions of market participants

Based on exposure times of the comparable land sales employed in this analysis and discussions with brokers active in the metropolitan Phoenix apartment market, the value opinion pertaining to the subject property is predicated upon exposure time of one year, or less, assuming the subject property is adequately marketed at a price commensurate with the value conclusion. A marketing time of one year, or less, is also anticipated for the subject property based on the foreseeable market conditions projected to exist over the next approximate one-year period.

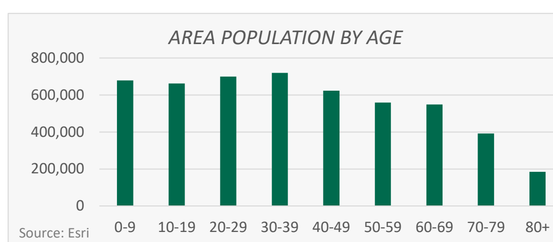
Area Analysis



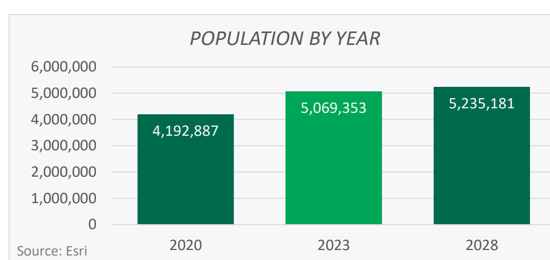
The subject is located in the Phoenix-Mesa-Scottsdale, AZ Metropolitan Statistical Area. Key information about the area is provided in the following tables.

POPULATION

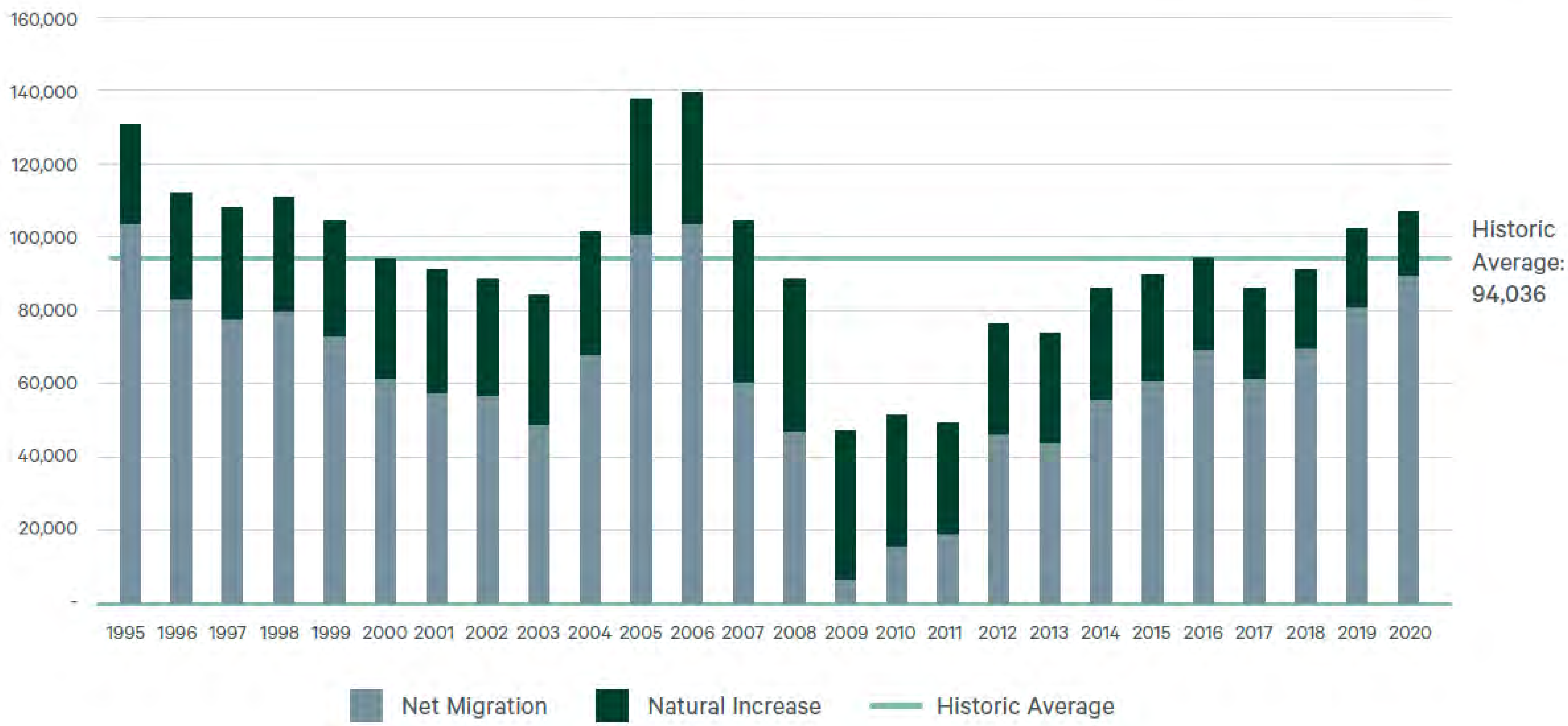
The area has a population of 5,069,353 and a median age of 37, with the largest population group in the 30-39 age range and the smallest population in 80+ age range.



Population has increased by 876,466 since 2020, reflecting an annual increase of 6.5%. Population is projected to increase by an additional 165,828 by 2028, reflecting 0.6% annual population growth.



Phoenix's Robust Population Growth Driven By Net Migration



Source: U.S. Census Bureau, 2021.

Robust population growth across the Phoenix MSA is supported by strong net migration. The metro's population has grown from 375,000 people in 1950 to more than 5.0 million residents today. Greater Phoenix added an estimated 106,000 residents in 2020 while Maricopa County—where Phoenix is located—was in the top five fastest growing counties in the U.S. over the last decade. While many know Phoenix as a retirement destination, the metro boasts a relatively young population with a median age of 36.4 years—younger than the national median age of 38.8 (see table below). This young and growing skilled labor pool offers long-term stability to metro employers.

Median Age

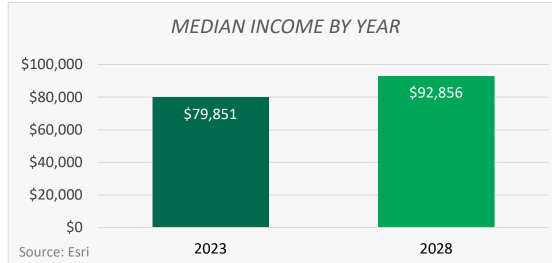
SALT LAKE CITY	32.8
AUSTIN	34.7
DALLAS	35.2
PHOENIX	**36.4**
LOS ANGELES	36.6
ATLANTA	36.7
LAS VEGAS	37.3
DENVER	37.5
SEATTLE	38.5
U.S.	38.8
SAN FRANCISCO	39.8

Source: Esri, 2022.

The following graphs show median income for metropolitan Phoenix and a general breakdown of education.

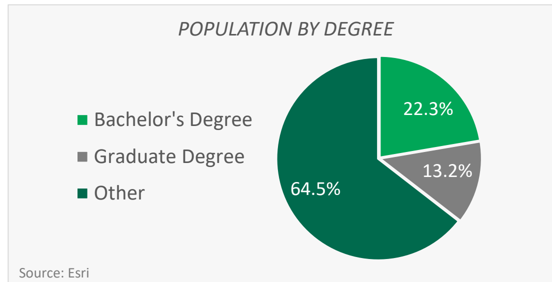
INCOME

The area features an average household income of $111,655 and a median household income of $79,851. Over the next five years, median household income is expected to increase by 16.3%, or $2,601 per annum.



EDUCATION

A total of 35.5% of individuals over the age of 24 have a college degree, with 22.3% holding a bachelor's degree and 13.2% holding a graduate degree.



As indicated above, the Phoenix MSA has a median and average household income of $79,851 and $111,655, respectively. The median household income is anticipated to grow by 16.3% between 2023 and 2028. Approximately 35.5% of the population age 24 or older has a college or graduate degree.

The Phoenix Value Proposition

The metro Phoenix value proposition continues to attract residents and employers to the region.

- Phoenix is one of the fastest growing metros in the nation. Its growth is fueled by net migration which supports the deep and growing talent pool.
- Growth across a number of industries (most notability in education, leisure and hospitality and financial services) has decreased the metro's reliance on construction and real estate. Diversification insulates the metro area from future economic shocks that impact specific sectors.
- The metro boasts a relatively affordable cost of living which offers residents a higher quality of life.
- A relatively low regulatory and tax environment makes the State business friendly.
- Since the recession, new supply has remained in balance with demand, supporting market fundamentals.

Business Activity

With a competitive advantage in regard to cost, talent and quality of life, Phoenix is uniquely attractive to businesses. These factors, in addition to the metro's business-friendly regulatory environment and proximity to major markets, continue to help fuel growth. In recent years, a significant number of financial, technology and manufacturing companies have located and expanded operations in greater Phoenix.

The metro’s growing prominence as a financial hub is fueled by companies such as USAA, State Farm, Charles Schwab, Freedom Financial, PayPal, Voya Financial, Vanguard, and Northern Trust, all of which have expanded operations within the last few years. As a result, hiring rates for finance and insurance jobs in Phoenix have been among the highest in the country. The financial activities sector accounts for 7.8% of total non-farm employment in Phoenix and is a growing sector that supports more than 171,000 jobs. Still, industries such as wholesale and retail trade, professional and business services, and healthcare and social services make up the largest share of the metro’s labor economy.

In recent years, metropolitan Phoenix has gained recognition for its entrepreneurial community. The Phoenix MSA had a startup formation rate of 9.6% between 2014 and 2018, placing it seventh in the nation for startup activity. Greater Phoenix is also one of the most rapidly expanding high-tech job markets in the nation. In fact, the Phoenix MSA was in the top 20 for high tech employment growth in CBRE’s 2021 Scoring Tech Talent report. With more than 98,220 high-tech employees, metro employment has grown 14.2% over a five-year period.

Another prominent industry sector in metro Phoenix that continues to expand is advanced manufacturing, driven largely by aerospace, semiconductors, and electric and autonomous vehicles. Industry leaders like Intel, Microchip and Benchmark Electronics have a strong presence in metropolitan Phoenix. In 2020, Lucid Motors completed construction on the initial phase of their electric car manufacturing plant in Casa Grande which is expected to generate 6,000 direct and indirect jobs over the next decade. In 2022, Pinal County purchased an additional 1,400 acres around Lucid's existing plant in Casa Grande for the expansion of a full original equipment manufacturer campus, which could total 5 million square feet at full build-out and include suppliers. Meanwhile, Nikola purchased about 1,000 acres in southern Buckeye recently for a proposed hydrogen production hub to support the deployment of Nikola's Tre FCEV trucks and hydrogen infrastructure.

In 2021, Taiwan Semiconductor, the world’s largest maker of leading-edge silicon wafers, began construction of a $12 billion foundry in north Phoenix. In late-2022, the Taiwan-based chip giant confirmed its plans to invest $40 billion with two factories in Arizona with the north Phoenix facility scheduled to be operational by 2024, with the second facility being operational by 2026. TSMC is working with about 40 suppliers that are moving or expanding to Arizona, while it will eventually employ 4,500. As of year-end 2022, Intel is in the midst of a $20 billion expansion to their Ocotillo campus in south Chandler. This project will add nearly 3,000 jobs over the next few years. The outlook for this sector is bright and is a top priority for state and community leaders.

The Phoenix metro has ranked as one of the top growth markets for data centers across the U.S. and is expected to continue growing in 2023. In the past few years, both cloud providers and colocation providers, which lease out space, have made big plans to build up megawatt capacity across the Valley. Ongoing or planned projects include Facebook's $800 million data center in

Mesa, Stack Infrastructure's new 234-megawatt campus in Phoenix and a planned data center campus across a 400-acre site in Glendale by QTS Realty Trust.

Nestle announced in 2022 that it will develop a new coffee creamer manufacturing plant in the West Valley and invest $675 million with 350 new jobs.

VAI Resort and Mattel Adventure Park is a $1 billion dollar resort under construction in west Glendale, just to the north of the Glendale Entertainment District and State Farm Stadium. At full build-out, the 60-acre resort will comprise three separate hotels, including a 5-star luxury hotel with 700 rooms, a family and group hotel with 311 rooms, and a hotel with 342 rooms. Additionally, the project will include: a conference, ballroom, meeting and wedding venue; an indoor theme park with roller coasters and attractions; a sprawling water feature; and 12 upscale restaurants, 10 exclusive bars and lounges and 100,000 square-feet of retail.

Most of the 50-year-old, Metrocenter regional mall in Phoenix is slated to be purchased by a group of developers and demolished in 2023 for a new $1 billion mixed-use campus with housing, retail and more, which could support the growing semiconductor industry in the area.

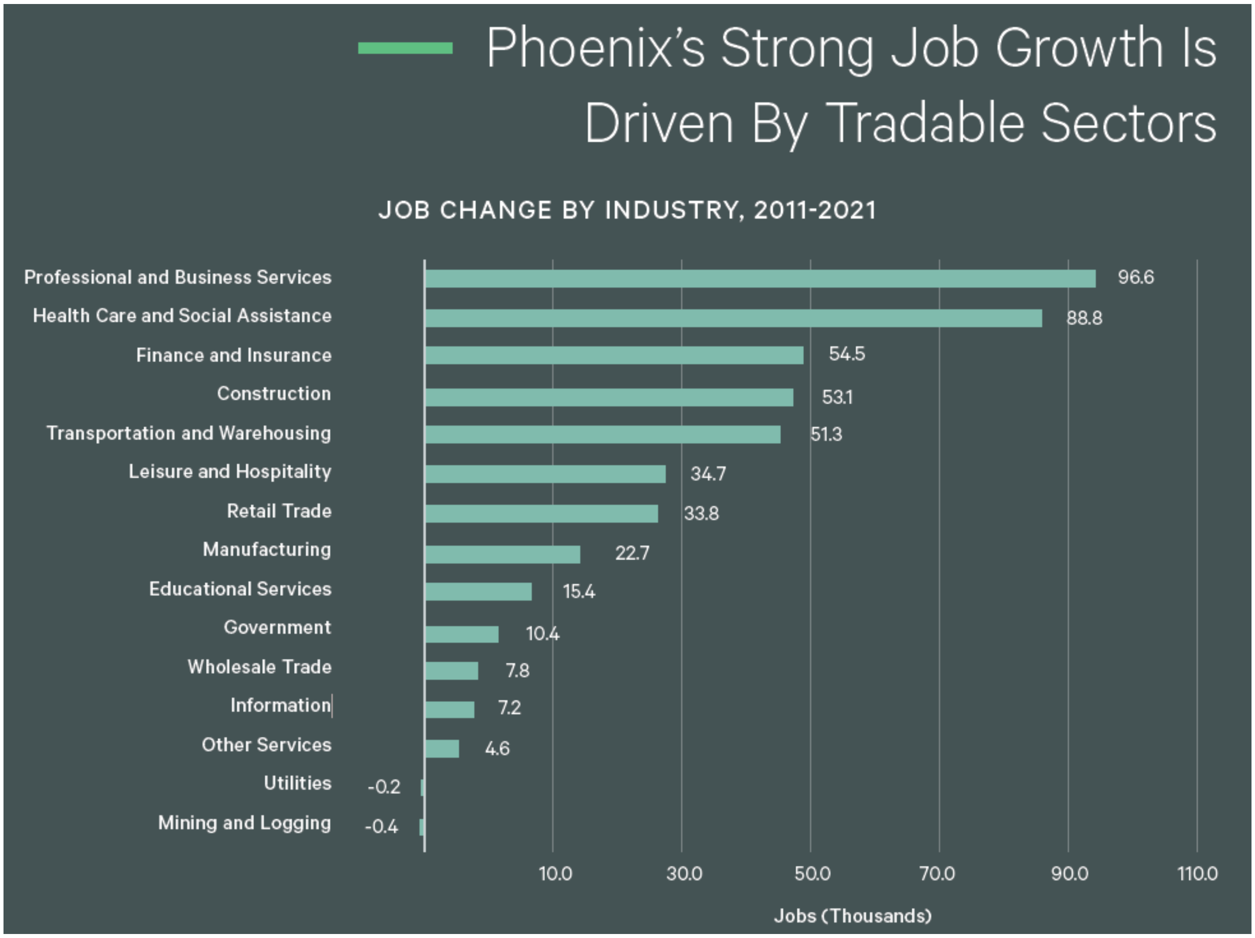
Key Industries

	HEALTH CARE	FINANCIAL SERVICES	PRODUCTION & MANUFACTURING
Businesses:	8,819	6,213	3,509
Employees:	241,510	199,100	163,660

	WAREHOUSE/ DISTRIBUTION	INFORMATION TECHNOLOGY	AEROSPACE& AVIATION
Businesses:	3,629	1,050	560
Employees:	119,570	83,510	43,370

Source: Maricopa County Association of Governments COG/MPO Employer Database, 2020.

Metropolitan Phoenix is the economic engine of the state, accounting for two-thirds of Arizona residents and nearly three-fourths of the state's labor economy. The employment outlook for the metro is positive. Notable growth is occurring in the professional and business services, financial activities and health care employment sectors. Rising employment in these higher-paying industries, combined with an extremely tight post-pandemic labor market, is driving substantial wage increases. The graph below show job change by industry between 2011 and 2021.



Approximately 570,000 jobs were created between 2011 and 2021 with professional and business services, health care and social assistance, financial and insurance, and construction leading the way. The following table summarizes 2022 year-over-year changes for the major industries within the Phoenix MSA.

Industry	Employees (000s)	YOY Change
Total Non-Farm Employment	2,368.5	▲ 7.1%
Natural Resources & Mining	3.2	▲ 18.5%
Construction	148.8	▲ 7.2%
Manufacturing	151.1	▲ 10.0%
Trade, Transp. & Utilities	472.2	▲ 7.1%
Information	42.6	▲ 6.8%
Financial Activities	217.7	▲ 27.0%
Professional & Business Srvs.	389.4	▲ 5.0%
Educational and Health Srvs.	377.4	▲ 9.8%
Leisure & Hospitality	239.1	▲ 11.9%
Other Services	74.5	▲ 9.4%
Government	252.5	▲ 5.6%
Office-Using	599.0	▲ 2.9%

Source: U.S. Bureau of Labor Statistics, 2022 annual estimates.
*Office-Using jobs includes Information, Business & Professional Services and Financial Services industries.

The following table summarizes job announcements for multiple companies throughout the Phoenix MSA.

Job Announcements*	New Jobs	City
Williams-Sonoma Inc.	3,000	Glendale
LG Energy Solutions	2,800	Queen Creek
TSMC	2,500	Phoenix
Mayo Clinic	2,000	Phoenix
Viasat	1,500	Tempe
Carvana	1,000	Tempe
State Farm	1,000	Tempe
Sendoso	1,000	Phoenix
Xnrgy Climate Systems	900	Mesa
Factor	800	Goodyear
Amazon	550	Tempe
Homelight	500	Phoenix
Procter & Gamble	500	Coolidge

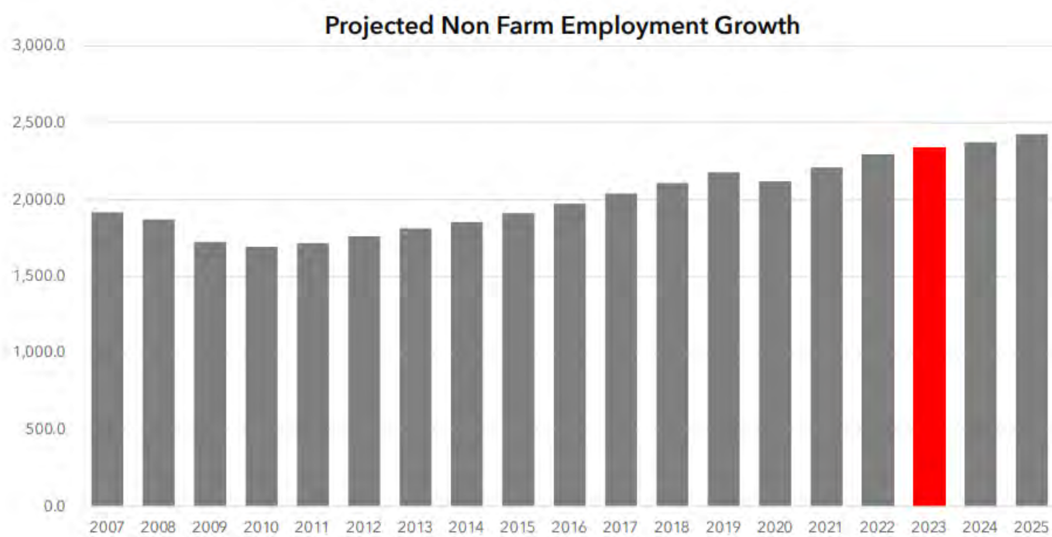
*Jobs typically based on one-to-three year projections.
Source: CBRE Research, GPEC, ACA, Phoenix Business Journal.

The most recent employment picture for metropolitan Phoenix is summarized in the following table.

Phoenix-Mesa-Chandler MSA (Maricopa + Pinal Counties) Monthly Summary	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023
Labor Force, Thousands, Not Seasonally Adjusted, Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics						
Civilian Labor Force	2,615.37	2,637.92	2,653.79	2,655.98	2,649.10	2,676.30
% Chg from Year Ago	2.1%	2.3%	2.6%	2.6%	2.3%	2.9%
Employment	2,539.52	2,552.30	2,549.41	2,544.78	2,542.37	2,574.59
% Chg from Year Ago	2.34%	2.40%	2.43%	2.16%	2.11%	2.63%
Unemployment Rate	2.9	3.2	3.9	4.2	4.0	3.8
Change from Year Ago	-0.2	-0.1	0.1	0.5	0.1	0.2
Nonfarm Payroll Jobs, Thousands, Seasonally Adjusted, Current Employment Statistics, U.S. Bureau of Labor Statistics						
Total Nonfarm Jobs	2,366.4	2,371	2,377	2,369.7	2,371.7	2,377.5
% Chg from Year Ago	2.3%	2.1%	2.1%	1.7%	1.7%	1.9%

As indicated above, the unemployment rate has increased from 2.9% in April 2023 to 3.8% as of September 2023, although the labor force has continued to trend higher.

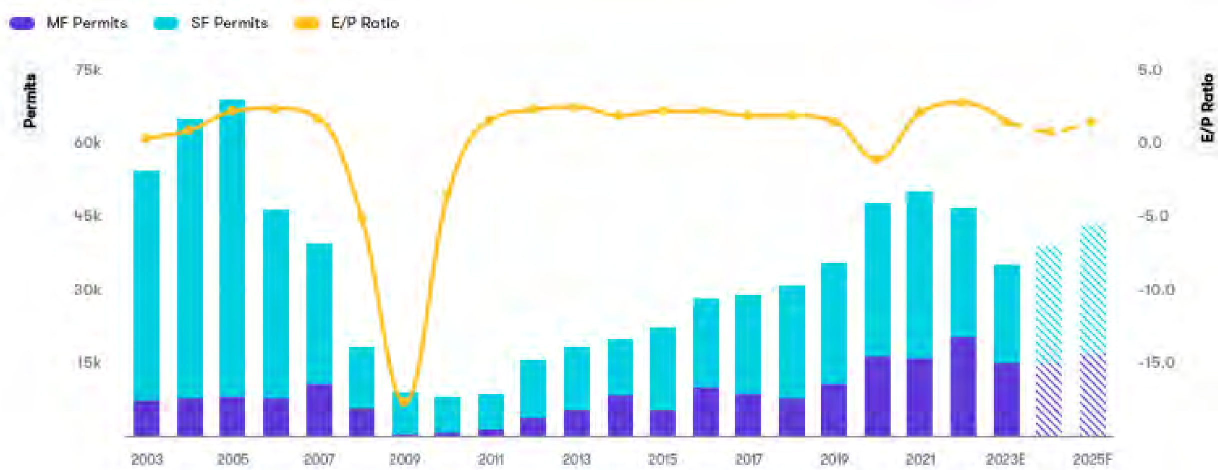
The following exhibit includes the job forecast for the following three years (2023-2025).

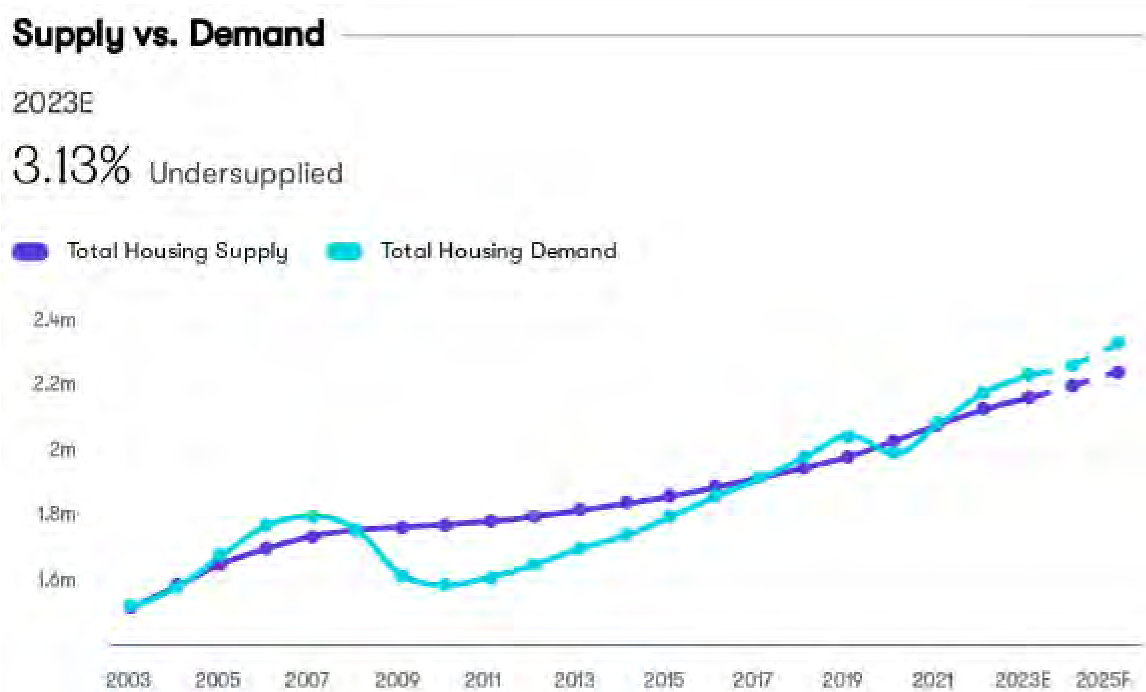


Source: University of Arizona Economic and Business Research Center, March 2023

HOUSING (SINGLE AND MULTI-FAMILY)

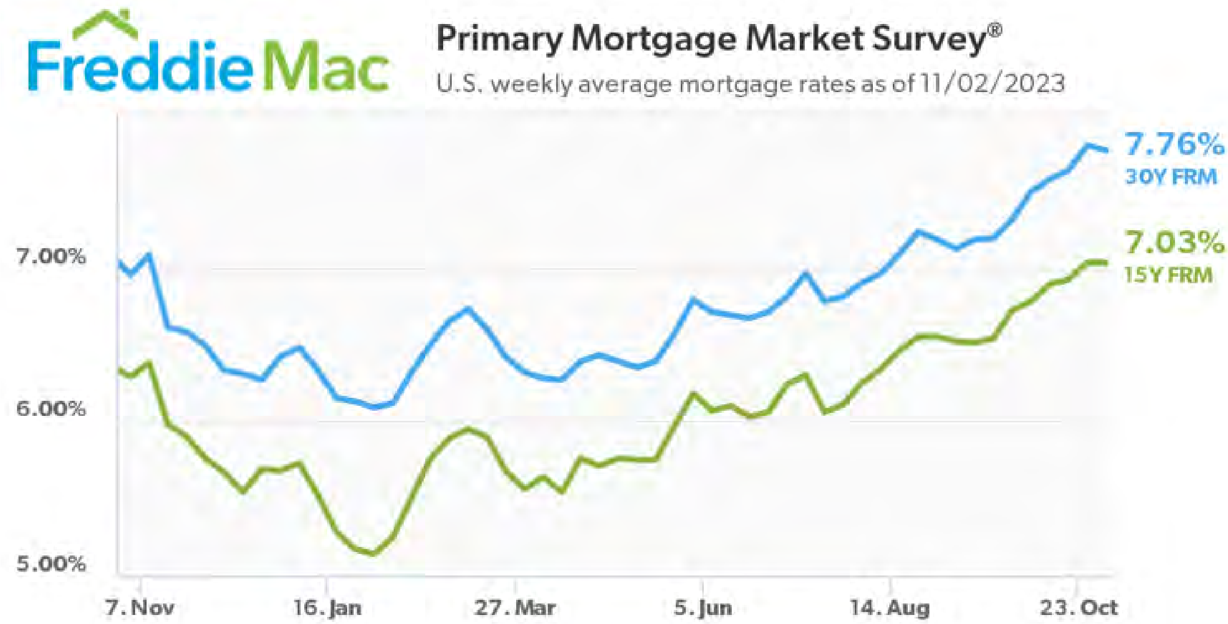
A summary of the residential permit activity (both single-family and multi-family residential) in metropolitan Phoenix dating back to 2002, as reported by Zonda is summarized in the following graphs.





As indicated above, permit activity for both single-family and multi-family has generally trended higher since 2012, particularly during 2021 and 2022; however, the combination of elevated home prices, higher mortgage interest rates and economic uncertainty resulted in reduced demand during the first 11 months of 2022. Demand for new homes has increased through the first eight months of 2023. Zonda reveals single-family permit activity was lower by 21.8% during 2022, when compared to 2021. Single-family permit activity is anticipated to decrease by 24.6% in 2023, before rebounding by 17.0% in 2024 and 11.5% in 2025. The market is anticipated to remain underbuilt, but home prices are projected to remain substantially overvalued through 2025.

The following graph tracts the 30 and 15-year fixed mortgage interest rates, along with the most popular adjustable-rate mortgage, for the past year (as of early-November 2023).



As indicated above, mortgage interest rates have generally trended higher since about April 2023, with the 30-year mortgage averaging near 7.8% as of early-November 2023.

The following three graphs show new and existing, detached and attached median homes prices over the past two years (July 2021 to July 2023), per Zonda.

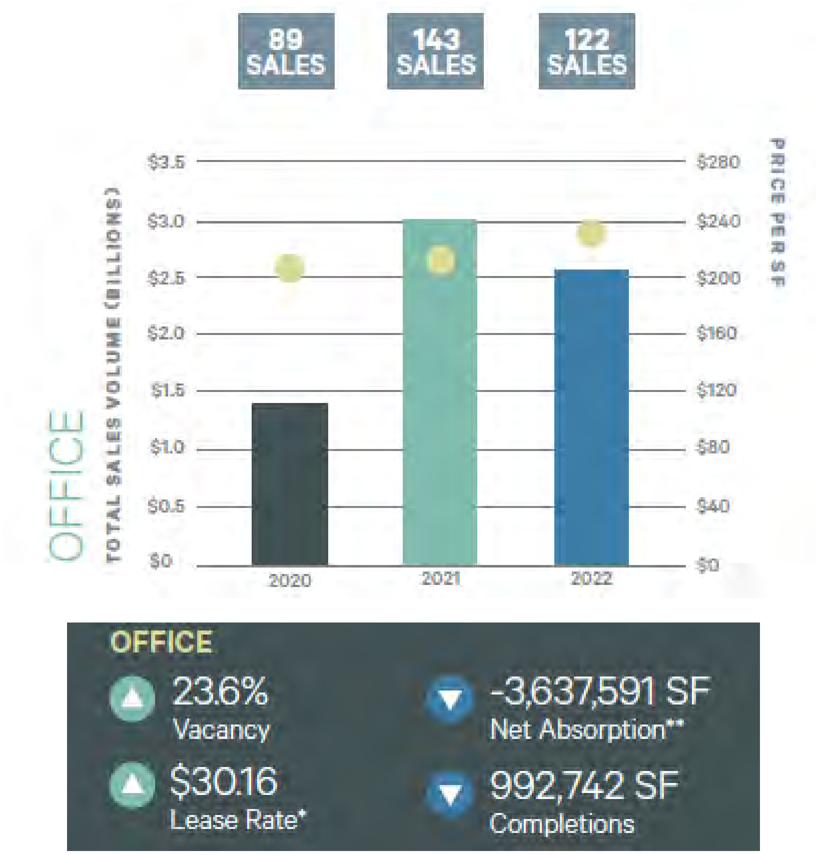
As indicated above, new detached home prices trended higher between April 2021 and about July 2022 before generally stabilizing to be slightly lower over the past year. The median resale prices for detached homes increased through about May 2022, before correcting downward through year-end 2022, but have trended modestly higher through most of 2023, but now appears to be trending slightly lower. The drop in median price over the most recent month may be a result of the recent uptick in mortgage interest rates.

The multi-family sector bottomed in about 2009-2010 and has demonstrated significant improvement since, with occupancy rates having stabilized near 93%+ on a metro-wide basis since 2018, steadily increasing effective rental rates and a steady flow of new construction activity. As a result, per unit and per square foot prices for multi-family properties increased significantly in recent years up through mid to late-2022. Due to increased borrowing costs and economic uncertainty, overall capitalization rates for improved apartment properties have increased resulting in a price correction in many cases through the first three quarters of 2023. Axiometrics forecasts a substantial increase in new multi-family inventory in for the next four years (2023 -2026) before tapering off in 2027, while occupancy rates are projected to maintain a stabilized rate between about 93% and 95% through 2027, as supply and demand are projected to be in near equilibrium. Effective rental rates are projected to remain relatively flat in 2023 before trend higher in 2024 through 2027. The following bar graph summarizes multi-family sale data from 2020 through 2022, which is followed by a year-end recap of the multi-family market, per CBRE data.

OFFICE/RETAIL/INDUSTRIAL

Office

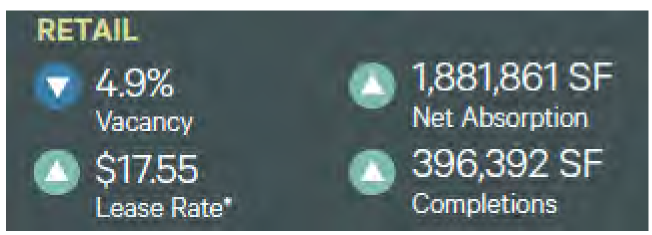
After six straight quarters of negative absorption largely attributed to the COVID-19 pandemic, the metro Phoenix office market experienced positive net absorption during Q4 2021, which was followed by negative net absorption in each quarter of 2022, again due to higher borrowing costs and economic uncertainty. The average vacancy as of Q2 2023 was 24.6%, which is higher than the 10-year average of 21.6% and the highest vacancy rate since 2014. Year-over-year, the average rental rate increased by about 67% metro-wide. There was 991,133 square feet of new office space delivered in 2022 and 102,054 square feet of space added in the first half of 2023, while an additional 676,300 square feet of space was under construction as of Q2 2023. The following bar graph summarizes office sale data from 2020 through 2022, which is followed by a 2022 year-end recap of the office market, per CBRE data.



Retail

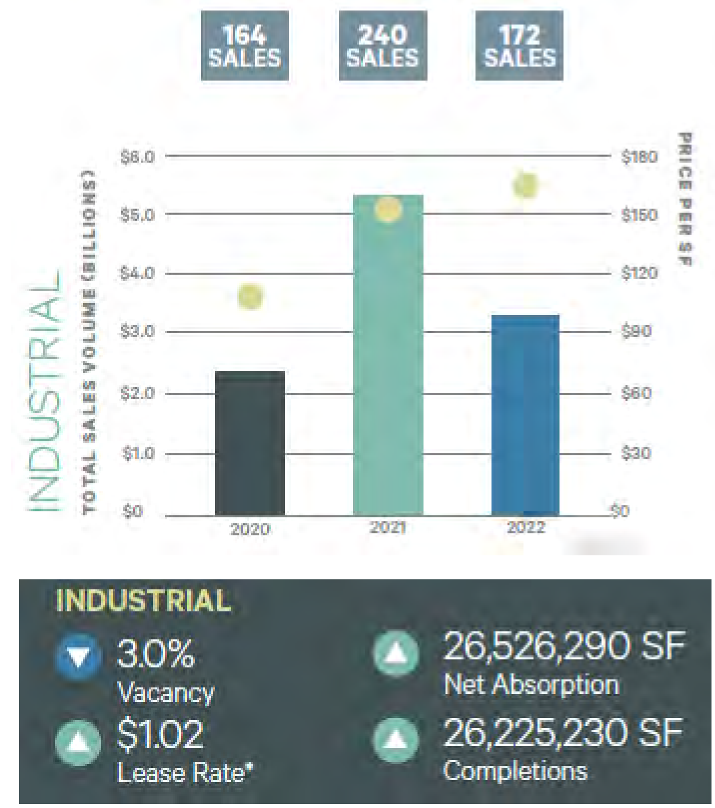
The retail sector has experienced a modestly downward trend in the average vacancy rate on a metro-wide basis in recent years, as net absorption was positive each year between 2012 and 2019. Net absorption was impacted in 2020 due to the COVID-19 pandemic, but rebounded in 2021 and 2022. Net absorption, which totaled 1.8 million square feet in 2022 and 1.2 million square feet in just the first quarter of 2023, is projected to be positive each year through 2027. The market-wide vacancy rate has declined each quarter over the last 4+ years and stands at

4.35 as of Q1 2023. During 2022, the average lease rate increased by 3.1%, but then dipped by 80 bps during Q1 2023. The average retail rental rate is projected to increase by about 3% to 4% per annum through 2027. New construction activity was limited in 2020 and 2021 but is anticipated to increase each year through 2027. The following bar graph summarizes retail sale data from 2020 through 2022, which is followed by a 2022 year-end recap of the retail market, per CBRE data.



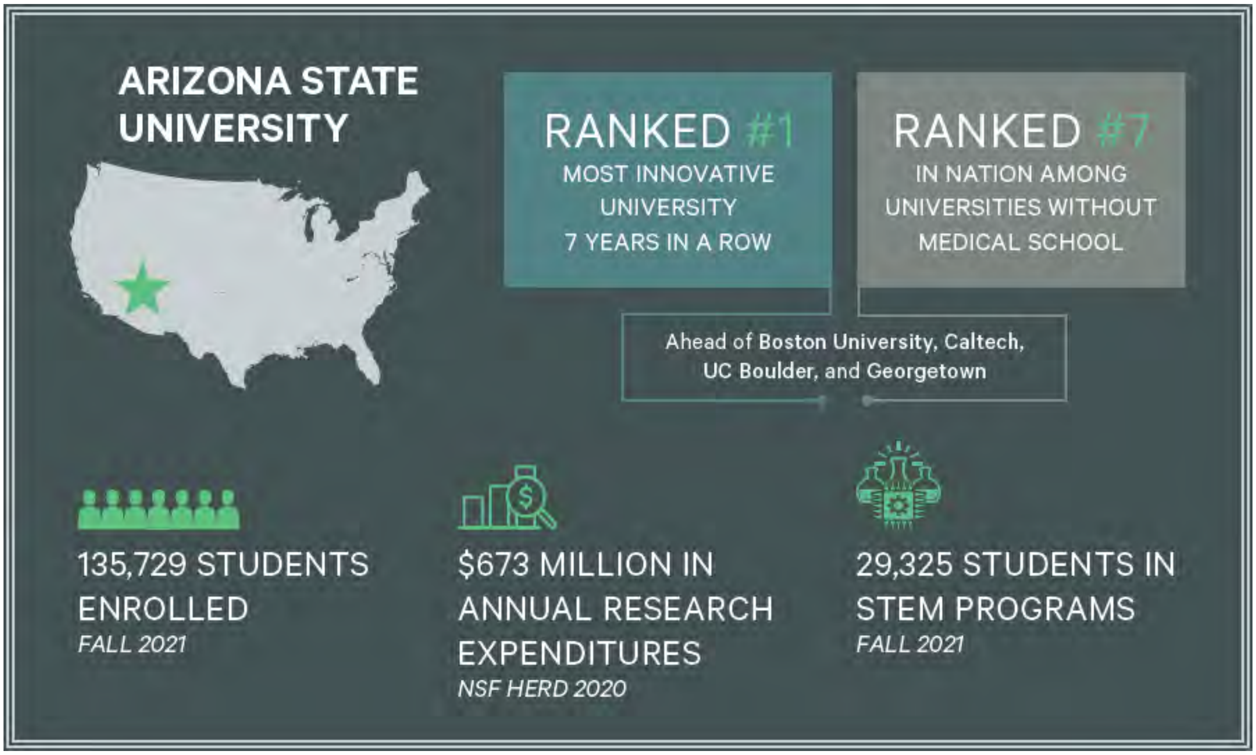
Industrial

The Phoenix industrial market experienced a record-breaking year in 2022. Vacancy remains historically low at 3.3% as of Q1 2023, up from 3.0% from the prior quarter, but 0.4% lower year-over-year. Leasing activity remains strong although the development pipeline continued to grow with 45.8 million square feet under construction. Users and developers from across the country continue to migrate to Phoenix due to strong market fundamentals, a robust workforce, and affordable industrial land and product. The industrial market in 2021 experienced a banner year with very strong absorption levels as persistent interest from out of state users and developers continue to push the industrial market higher. In fact, net absorption has increased in each of the past three years. The average vacancy rate has trended lower in recent years, while new construction activity increased significantly. Rental rates trended higher in 2021 and 2022, while tight supply continues to put upward pressure on rental rates. Rental rates are projected to increase by 7.6% in 2023 and by between 4.5% and 6% through 2027, while the average vacancy rate is anticipated to trend slightly higher during the next few years. The following bar graph summarizes industrial sale data from 2020 through 2022, which is followed by a year-end recap of the industrial market, per CBRE data.



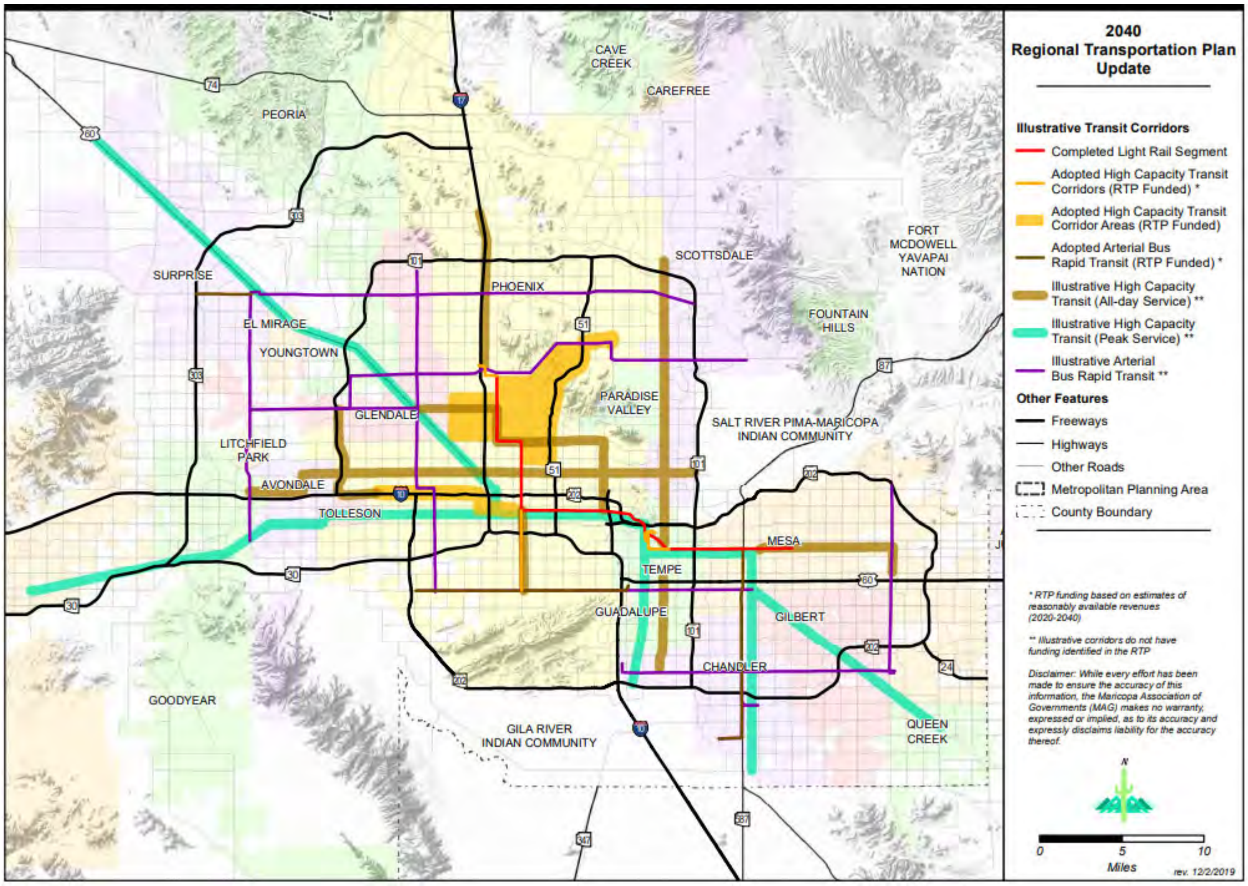
EDUCATION

The Phoenix metropolitan area is home to nationally ranked schools and world-renowned universities that prepare the area's workforce to meet current and future employer needs. An abundance of higher education programs and the talent graduating from them help to maintain the metro's attractiveness to businesses. The higher education system is led by Arizona State University which is highlighted below.



TRANSPORTATION

The Phoenix metro's modern infrastructure enables an efficient flow of goods and services for local businesses and provides easy access for its residents. Sound regional transportation strategy ensures the Valley can accommodate future growth and meet the evolving needs of the population. The region's automotive infrastructure is based on a looped highway system, providing drivers the ability to navigate the metro with numerous access points to outside markets via Interstates 10, 8 and 40. For travel within the metro, Loops 101, 202 and 303 are the main freeways. Recent and ongoing infrastructure developments include: the recently opened South Mountain Freeway, which provides a 22-mile extension of Loop 202, connecting the East and West valleys; an extension to State Route 24, to be completed in late 2022, will provide greater access to growing communities in east Mesa; major renovation to Interstate 10 will greatly improve traffic flow through downtown after its completion in 2024; and the Interstate 17 improvement project, slated to begin in late 2022, will alleviate congestion on a crucial stretch of freeway that connects Phoenix to central and northern Arizona. The most recent Regional Transportation Plan Freeway Program Map is presented below:

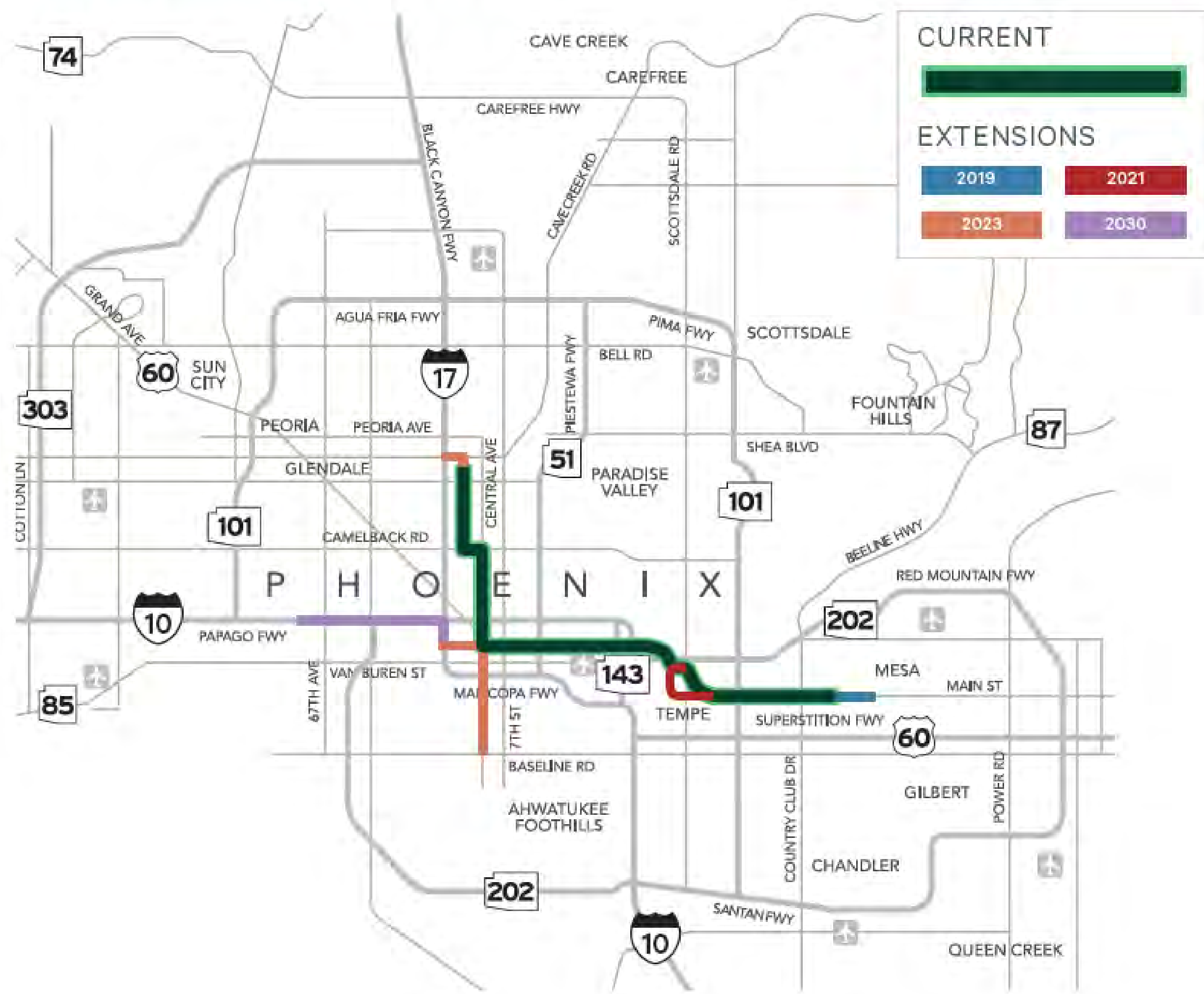


Source: Arizona Department of Transportation

Local Transit

Greater Phoenix is served by Valley Metro for regional public transportation, including 103 bus routes, light rail and a variety of shared commuter services. There is approximately 26 miles of light rail line in Phoenix that runs from north Phoenix through downtown Phoenix, and east to Tempe and Mesa. Extensions are in development to more than double the system's size to 66 miles throughout the region by 2034. All Valley Metro buses, and light rail train cars are equipped with bike racks. This multi-modal capacity helps connect bike commuters who use the Valley's surface streets and extensive bikeways for daily transport. Additionally, bike share programs have been adopted in Phoenix, Mesa, Scottsdale and Tempe, offering more than 1,000 bikes for riders. A map of the Metro Light Rail is presented below.

VALLEY METRO RAIL MAP



Source: ValleyMetro.org

AIRPORTS

Two major airports serve the greater Phoenix region: Phoenix Sky Harbor International Airport and Phoenix-Mesa Gateway Airport. Phoenix Sky Harbor Airport handles over 46 million passengers annually, providing domestic and international flights throughout Canada, Mexico, the United Kingdom and Germany. The airport serves over 120,000 passengers per day and generates a $106 million daily economic impact. Phoenix-Mesa Gateway Airport is a decommissioned air force base that today serves as a gateway to Phoenix. The airport serves more than 45 cities with non-stop service via Allegiant for domestic flights and Swoop and West Jet for flights to Canada, contributing over $1 billion annually to the Arizona economy.8 Phoenix-Mesa Gateway is developing as an international aerospace center and is a designated Foreign Trade Zone.

RAIL

The Phoenix metro is served by two Class I railroads—BNSF and Union Pacific—that maintain more than 1,700 miles of rail throughout the state. The freight rail system transports cargo to ports in Southern California, across the nation and to Mexico via the Nogales crossing.

QUALITY OF LIFE

The aptly named Valley of the Sun is known throughout the world for its climate, which averages 300 days of sunshine per year with an annual average temperature of 75 degrees. Valley residents embrace an active, outdoor-oriented lifestyle amid sweeping desert landscapes. metropolitan Phoenix boasts world-class resorts and professionally designed golf courses as well as a vibrant array of entertainment and nightlife options. Tourism remains an important economic driver in the metro. In 2019, travel to the Valley generated a record $16.7 billion in direct spending and supported 115,7000 jobs. With more than 300 golf courses in the region, the Valley is a top destination for golfers. Each year, Phoenix hosts the PGA, LPGA and Senior PGA tours, including the world-famous WM Phoenix Open. The Phoenix Open consistently sets PGA records for the most fans in attendance boasting nearly 700,000 spectators at the "Greatest Show on Grass". There are more than 120 parks within the Valley, including South Mountain Park and Preserve—the largest municipal park in the United States. Breathtaking mountains and vibrant scenery provide an ideal backdrop for hundreds of trails spanning from wheelchair accessible pathways to expert hiking and mountain biking trails. The metro's top destinations include Camelback Mountain, which attracts 750,000 people per year and Piestewa Peak with more than 350,000 visitors annually.

SPORTS

Phoenix is one of 12 cities nationwide that can claim a professional franchise in each of the nation's four major sports. The local teams include: the NFL's Arizona Cardinals, MLB's Arizona Diamondbacks, NBA's Phoenix Suns and NHL's Arizona Coyotes. In addition, Phoenix is home to the WNBA's Mercury and USL's Phoenix Rising Football Club founded in 2014. Major League Baseball has made a substantial investment in metropolitan Phoenix. Fifteen major league teams host spring training across the Valley— the greatest concentration of professional baseball facilities found anywhere in the U.S. Annually, the Cactus League contributes an estimated $644 million in economic impact in Arizona where the median spring training visitor group spends four days and $405 per day in the state.

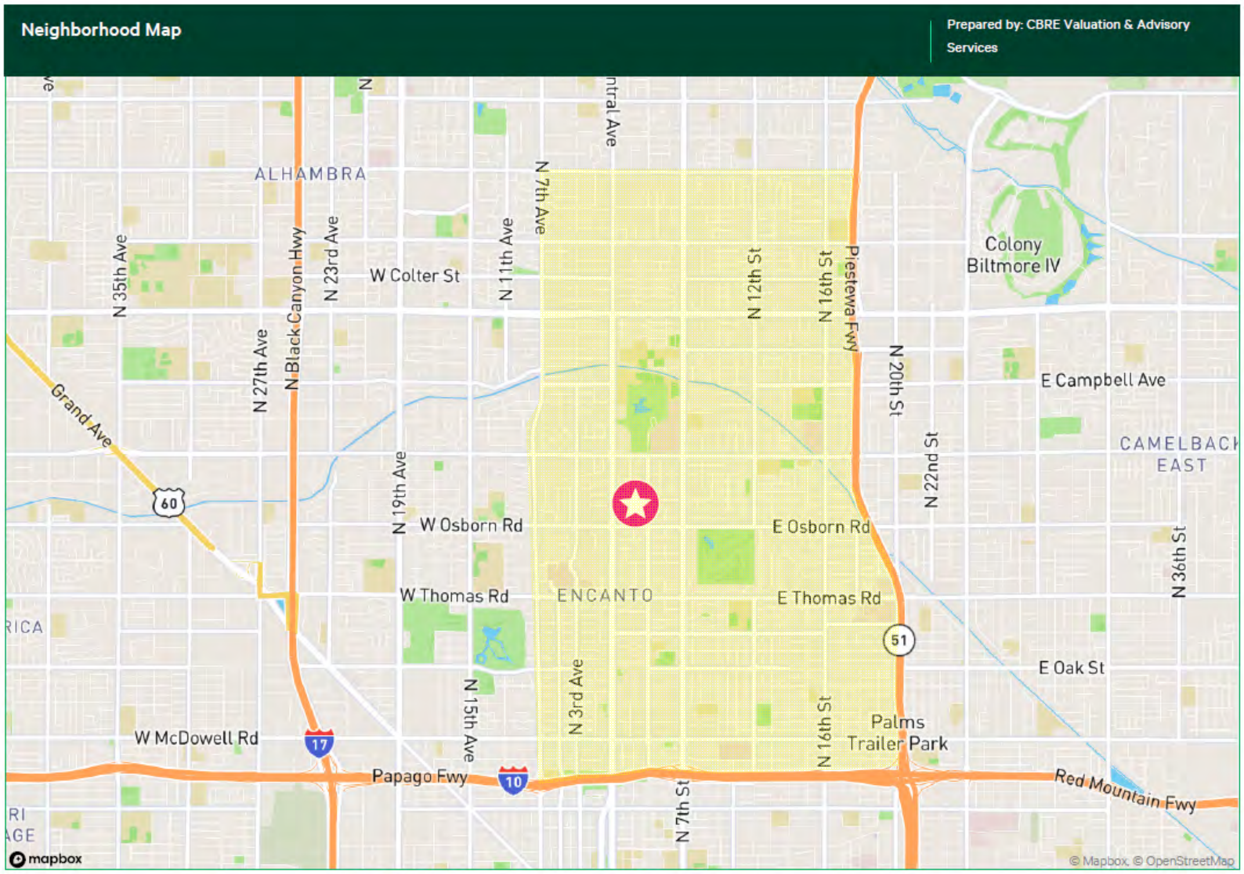
ARTS & CULTURE

Metropolitan Phoenix boasts 20 museums, including the Phoenix Art Museum, Musical Instrument Museum and the world-famous Heard Museum. The city is also home to the Phoenix Symphony, Arizona Opera Company, Ballet Arizona and a host of professional theatre companies. There are several live concert and entertainment venues throughout the metro. One of the most popular music venues is Ak-Chin Pavilion that hosts live bands and concerts and seats 20,000 spectators. Additionally, large venues like State Farm Stadium, Gila River Arena, Comerica Theater, Orpheum Theater, Footprint Arena and ASU Gammage Auditorium host numerous comedy tours, musicals, concerts and performances throughout the year.

CONCLUSION

Economic conditions in the Phoenix MSA are expected to remain favorable over the next several years as incomes increase, employment increases, and the population continues to expand. Over the past five years, total employment in the Phoenix MSA has grown at a significantly higher rate than the national average. Market conditions within the single and multifamily housing sectors as well as the industrial sector remain generally favorable, despite some recent softening in the market, while the retail and hospitality sectors continue to recover from the COVID-19 pandemic. The office market represents the sector which has been most impacted by the lingering effects of the COVID-19 pandemic, and the more recent economic uncertainty.

Neighborhood Analysis



The subject is located in midtown Phoenix, a short distance north of the downtown central business district. *A map illustrating the neighborhood is presented above, while general characteristics of the area are summarized in the following table.*

NEIGHBORHOOD CHARACTERISTICS			
Location:	*(urban, suburban, rural)*		Urban
Built-Up:	*(>75%, 25-50%, <25%)*		Over 75%
Growth Rate / Change:	*(rapid, stable, slow)*		Slow
Change in Present Land Use:	*(not likely, likely*, taking place*)*		Taking Place *
(*) From:	Vacant	to	Residential & Commercial

Neighborhood Boundaries	
North:	Bethany Home Road
South:	Interstate 10
East:	State Route 51
West:	7th Avenue

Source: CBRE

NEIGHBORHOOD DEVELOPMENT

The neighborhood has varying types and quality of existing residential development, including older single-family homes, older and newer townhomes and condominiums, and older and newer multi-family properties, generally ranging in quality from average to luxury. Due to the lack of vacant land suitable for larger scale residential development, the potential for additional single-family housing is limited; however, redevelopment of existing properties, often with higher density, has been a trend gaining momentum over the past four to five years. *Housing trends within the defined neighborhood are summarized in the following table.*

NEIGHBORHOOD HOUSING TRENDS

Property Values:	*(increasing, stable, declining)*		Stable
Demand/Supply:	*(shortage, in balance, oversupply)*		In Balance
Marketing Time:	*(< 3 months, 3-6 months, > 6 months)*		< 3 Months
	Low	High	Predominant
Price:	$250,000	$1,500,000+	$605,000
Age (yrs.):	New	100+	50-80 Years

Source: CBRE

As indicated above, single-family home prices within the defined neighborhood predominantly range from approximately $250,000 to $1,500,000+, with an overall average near $605,000. Townhome and patio home prices within the defined neighborhood predominantly range from approximately $300,000 to over $770,000 with an overall average near $435,000. Condominium prices within the defined neighborhood predominantly range from near $150,000 to over $1,000,000 with an overall average near $365,000.

Single-Family Housing

Most of the area's single-family housing is represented by older properties, some of which are located within various historical districts. Many of the existing single-family residences in the area have been renovated, while others have not been maintained and are considered interim uses situated on land rezoned for more intensive redevelopment. These scattered pockets of fair to poor condition residential improvements are in stark contrast to the newly renovated areas of downtown. Due to the relatively built-up status of the area and lack of large contiguous tracts of land, there is very little new single-family housing.

Condominiums & Townhomes

Condominiums, loft condominiums and townhomes became a more significant land use within the general area in the mid 2000's. Artisan Lofts, Artisan On Central, Tapestry On Central, Portland 38, PRD 845, 215 East McKinley, Portland Place Condominiums, the Chateaux On Central, Roosevelt 11, The Lofts at Fillmore, 44 Monroe, The Summit At Copper Square, Orpheum Lofts and One Lexington represent many of the newer projects located in central and downtown Phoenix. Townhomes On 3rd is a relatively new, 10-unit townhouse project located north of the northwest corner of McKinley Street and 3rd Avenue. artHAUS Condominiums is a developing 25-unit project located at the intersection of Central Avenue and McDowell Road. Additionally, there are a few newer condominiums and townhome developments within downtown, including: Portland On The Park,) En Hance Park, and Coronado Commons.

Multi-Unit Residential

Multi-family housing is becoming a prevalent land use within the area. Multi-family residential has had a significant impact on the economic development in the gentrification process of downtown Phoenix.

Park Central Mall

Located on Central Avenue between Thomas Road and Osborn Road is Park Central Mall, a 500,000+ square foot mall that was constructed in 1957. The mall has been renovated in the past into a back-office center that includes tech, telecommunication and traditional office users. The property has been in receivership for several years due in part to below-average occupancy and minimal leasing activity; however, the property was purchased out of receivership in September 2017 by Plaza Companies and Holualoa Companies, who have renovated and repositioned the property.

The first phase of renovations began in 2018 with revitalized retail and office space. Park Central renovations embrace the mid-century modern roots of the property. Creative office space will display high ceilings and open floor plans, a portion of the office spaces will include private patios with private glass roll-up door entrances to their respective suite to allow office tenants to have the seamless indoor/outdoor environment the renovations are capitalizing. The renovations will emphasize the mixed-use of the property, utilizing non-business hours with retail and community amenities. Park Central received a grant from the City of Phoenix to create an urban park on the property which will include a splash pad, firepits, seating areas and an outdoor entertainment venue. The outdoor amenities are connected by an extensive bike path, encouraging pedestrian traffic and utilizing the properties location and frontage along Central Avenue. The owners of Park Central plan to provide space for local artists and provide the atrium for entertainment events, highlighting the community involvement in the property during non-operating office hours.

The second phase of renovations include a parking structure, additional office space, the Creighton Medical Health Science Center, an apartment building and a hotel. Creighton Medical Health Center will be comprised of a seven-story tower and the nine-story 278-unit Catalina apartment building. Prospective plans for a hotel development include approximately 200 rooms, details of the transaction have not been finalized.

The Phoenix Plaza

This 10.6-acre, mixed-use development, located at the northeast corner of Central Avenue and Thomas Road, was a joint venture between the Koll Company and BetaWest Properties, Inc. The development includes twin, 20-story office towers, each totaling approximately 398,000 square feet; and a 26-story, 586,403 square foot office tower that serves as the Arizona headquarters for CenturyLink. Also, an exclusive, full-service, executive Hilton Suites Hotel is located within the development.

Central Arts Plaza (Formerly known as the Viad Tower)

Another notable development in midtown is the Central Arts Plaza, a 483,745-square foot, 24-story office tower completed in 1991 at 1850 North Central Avenue. The building formerly served as the world headquarters for the Dial Corporation and Finova Corporation. Both corporations moved out of the building.

Phoenix Indian School Site

A significant future influence in midtown Phoenix is the ongoing redevelopment of the 111-acre Phoenix Indian School site at the northeast corner of Central Avenue and Indian School Road. The property had been described as one of the most valuable undeveloped pieces of urban real estate in the southwestern United States. In late 1991, an agreement was reached that gave the City of Phoenix approximately 72 acres of the site for development with a city park, known as the Steele Indian School Park. The north side of the park features a playground, two half-court basketball courts, two sand volleyball courts and ramadas.

Central Park

The parcel adjacent to Steele Indian School Park is proposed for a 2.3-million-square-foot mixed-use project. At full build-out the project is planned to include six towers ranging in height from 165 feet to 355 feet and will house office, hotel, residential, senior living and retail space. Proposed are two towers with 760,000 square feet of commercial office space, 170,000 square feet of retail and restaurant space, a movie theater and a 200-room, 185-foot-tall hotel. The development is also planned to include two 355-foot residential towers which will total 400 apartment and condominium units. A 165-foot tower is proposed for 200 units of senior housing.

Hospitals

The 626-bed St. Joseph's Hospital and related medical facilities, located at the northwest corner of Thomas Road and 3rd Avenue. The Good Samaritan Regional Medical Center is located at 10th Street and McDowell Road. This facility opened in 1911 and is one of the largest facilities in the valley with 570 licensed beds and 1,800 physicians on staff. The Veteran's Administration Hospital is located at the northwest corner of 7th Street and Indian School Road.

Recreational and Cultural Facilities

These types of facilities within or near the neighborhood include the Phoenix Library, which was expanded and relocated in 1995; Phoenix Art Museum, which completed a renovation and expansion in 2000; Phoenix Little Theater, Heard Museum and Monterey Park. Also located nearby are Encanto Park, Arizona State Fairgrounds, and the Phoenix Country Club.

Phoenix Central Library

The Phoenix Central Library on the east side of Central Avenue, between The Deck Park and Willeta Street, opened in mid-1995. This 5-story, architecturally unique structure has been the focus of much interest in the community and offers a myriad of library and research-related opportunities.

DOWNTOWN PHOENIX

The Downtown Phoenix area is comprised of 13 neighborhoods, with most commercial activity occurring in the Downtown Core, Roosevelt and Evan Churchills neighborhoods. Between 2008 and 2017, 6.2 million square feet of office, retail, restaurant, residential and hotel space was built in the Downtown area, with a continuing effort to enhance commercial development and promote economic development in the downtown area. In addition to the large amount of commercial development, there are also significant efforts going into gentrification of the area.

Downtown Core Neighborhood

Light rail, growing academic campuses and renewed demand for urban living has spurred development in the Downtown Core. There is a sizable mix of for rent and for sale properties including Orpheum Lofts, Lofts at Fillmore, Summit at Copper Square, 44 Monroe, Camden Copper Square, Arizona Housing Inc. and the new CityScape Residences. The core offers walkable access to restaurants, retail and cultural attractions as the true urban center in the Valley. The neighborhood is bound by Fillmore Street south to Pacific Railroad and Seventh Street west to Third Avenue.

Evans Churchill Neighborhood

The Evans-Churchill neighborhood sits directly adjacent to the Downtown Core and is home to Roosevelt Row — the nationally recognized arts district that hosts First Fridays. With a mix of single-family homes and infill mid-rise developments, this neighborhood serves as a transitional area between the dense core and surrounding historic districts. The neighborhood is bound by McDowell Road to the south to Fillmore Street and Seventh Street west to Central Avenue.

Roosevelt Row

Roosevelt Row is located in the Evan Churchill neighborhood of Downtown Phoenix. The walkable arts district in downtown Phoenix, home of impressive murals, award-winning galleries with rotating exhibitions from renowned artists, notable local restaurants, boutiques and more. The Roosevelt Row Arts District (RoRo) is a walkable, creative district in the urban core of downtown Phoenix that is nationally known for its arts and cultural events, fostering an urban renewal with rehabilitated bungalows and new infill projects. The arts were a major factor in the revitalization of the area and crime rates plummeted as more people began to venture into the area to experience the cultural vibrancy. The corridor is re-emerging as one of the most dynamic areas in downtown Phoenix and a valued cultural resource in the metropolitan region and the state.

Roosevelt Neighborhood

This downtown district sprouted between 1893 and 1930. The first Downtown Phoenix neighborhood to receive a historic distinction, Roosevelt was designed in the typical streetcar style of its time, with period revival and bungalow homes, plus contemporary infill developments. Learn about early Phoenix history through the architecture in this idyllic setting, walking distance to local shops, restaurants and Hance Park. In recent years there have been many multi-unit residential projects constructed as well as currently under construction, providing a higher volume of residential options to the neighborhood. The neighborhood is bound by McDowell Road south to Fillmore Street and Central Avenue west to Seventh Avenue.

CityScape

CityScape is a $900 million high-rise, mixed-use project in downtown Phoenix comprised of two towers situated along a pedestrian oriented plaza incorporating 250,000 square feet of retail space, 600,000 square feet of Class A office space, and the 242-room boutique Hotel Palomar Phoenix, a Klimpton Hotel. The hotel is situated on the first 10 floors of the high-rise, while floors 11 through 24 house the CityScape Residences. The Residences offer 224 luxury apartments with penthouse units on the top floors.

The project is located adjacent to the Talking Stick Resort Arena, home to the Phoenix Suns, and within walking distance from Chase Field, home to the Arizona Diamondbacks and the recently expanded 900,000-square foot Phoenix Convention Center. The new 20-mile, $1.3 billion Valley Metro light rail transit system runs adjacent to the project, and serves the site with two transit stations. An additional 37 miles of light rail transit extensions are planned throughout Phoenix and into the surrounding cities of Tempe, Mesa and Glendale, all offering those communities direct access to CityScape.

BLOCK 23

In October 2016, the Phoenix city council approved tax breaks and financial assistance to fund the construction of Block 23, which is adjacent to the east of CityScape. The project includes a ground-floor level Fry's grocery store which opened in October 2019. Upper floors include 300 residential units, 150,000 square feet of creative office space, and 1,000 parking spaces. The construction of the grocery store has filled a void for residents in the area as there was previously no grocery store in the downtown area.

Arizona Center

Arizona Center spans two city blocks on Third and Van Buren streets and includes two office towers, a movie theater, various retail tenants and a garden office building. The property was purchased in late 2015 by Parallel Capital Partners and Angelo, Cordon and Company for $126 million. The new ownership has completed a $25 million renovation, opening up the retail space to face streets in order to improve pedestrian flow. Renovations have also been completed at the multi-tenant office tower. Additionally, there is a newly completed, 200-key upscale, urban-inspired select-service, 15-story hotel (AC Hotel Downtown Phoenix) located north of the northwest corner of Van Buren and 5th Street. Furthermore, there is a newly developing 31-story residential project (Palm Tower) located at the immediate northwest corner of Van Buren Street and 5th Street. Palm Tower (Arizona Center Residential Tower).

Sheraton Hotel

The $350-million, 31-story, 1,000-room Sheraton Phoenix Downtown Hotel is Arizona's tallest hotel tower and caters to conventioneers and business travelers. The hotel includes a 6,500-square foot fitness center, a 2,000-square foot outdoor pool and sundeck, 80,000 square feet of meeting space including a 29,000-square foot ballroom and a 15,000-square foot junior ballroom.

Cambria Hotel

Construction on the new Roosevelt Row Arts District hotel was completed in November 2019. The seven-story Cambria hotel has 127 rooms and is located on the corner of Third Street and Portland Street. The upscale hotel features a rooftop pool with cabanas and a bar, with panoramic views of the downtown skyline. In addition to a ground floor café and restaurant, the property also incorporates art to reflect the surrounding arts district.

Arizona State University Downtown

Arizona State University's Downtown Phoenix campus is home to The Walter Cronkite School of Journalism and Mass Communication, the College of Health Solutions, the College of Nursing and Health Innovation, the College of Public Programs and the School of Letters and Sciences. The Mary Lou Fulton Teacher's College and University College also have a presence. The Sandra Day O'Connor College of Law became a part of the Downtown Campus in 2016.

Sandra Day O'Connor College Of Law

The Sandra Day O'Connor College of Law is a top law school in the nation and was recently moved to the downtown Phoenix area. The six-story, 268,000 square foot, $129 million building completed construction in the fall of 2016. The building houses the Beus Center for Law and Society (BCLS) designed to connect students, visitors, and the general public to the role of justice in society. Additionally, the building includes a library which is open to the public, the ASU Downtown bookstore, a café, a Starbucks Coffee, Chick-Fil-A and a Great Hall for ASU and public functions.

Walter Cronkite School Of Journalism And Mass Communication

The Walter Cronkite School of Journalism and Mass Communication is widely recognized as one of the nation's premier professional journalism programs. The Cronkite School leads the way in journalism education with its innovative use of the teaching hospital model, for which it received international acclaim. The school's full-immersion professional programs give students opportunities to practice what they've learned in intensive real-world settings under the guidance of top-flight professionals. The Cronkite School owns and operates Arizona's PBS station. Arizona PBS and the school's nightly newscast, Cronkite News, reaches 4.8 million people in 1.9 million households across 80 percent of Arizona. The weekly viewership is more than 1 million.

Thunderbird School Of Global Management

The Thunderbird School of Global Management was acquired by Arizona State University in 2014 and announced plans to move the school to the Downtown Phoenix campus, constructing a new building being delivered in 2021 for the Thunderbird School of Global Management's 75th anniversary. The new building will have between 85,000 and 95,000 square feet of classroom, meeting, enclave and office space and will be home to both Thunderbird's graduate degree and its world-class executive education department. It will be ASU's sixth college on the downtown campus and will be located directly south of the Sandra Day O'Connor College of Law between 1st and 2nd Street on Polk Street. Plans will include room for Thunderbird's iconic pub and other archival features that reflect the history and unique qualities of the original school which was built in 1946 on a military air base. The Thunderbird School of Management specializes in global commerce and international organizations education. Programs include a Master of Global Management, Executive Master of Global Leadership & Strategy. The school is temporarily occupying space at Arizona Center until completion of the new building.

Taylor Place

Taylor Place, constructed in 2007 and 2008, is comprised of two 13-story dormitory buildings and houses a total of 1,284 beds. Tower I is comprised of furnished double rooms for two students, and Tower II has single rooms that share a common suite. The ground floor also includes retail space. Retail tenants include Starbucks, Devils Greens, and a convenience market. Amenities include student lounges and meeting space, laundry facilities, on-site dining and vending, a private terrace, a 4,000-square foot neighborhood shade garden and the Devils Den, a gaming and recreational space for residents.

The Mercado

The Mercado accommodates University College's extended education and distance learning programs, the College of Nursing and Health Innovation's simulation labs, and the College of Public Programs' Bob Ramsey Executive Education program. Students in the Mary Lou Fulton Teachers College attend classes in the Mercado. Various ASU organizations and initiatives have offices in the Mercado, such as the Stardust Center for Affordable Homes and the Family. The

Mercado is comprised of six, Spanish-style buildings accommodating a variety of ASU classrooms and offices.

Student Center @ Downtown Phoenix Campus

The Student Center, which was originally the historic U.S. Post Office, opened to ASU students in 2013. The center's new facilities include a large lounge area, multipurpose ballroom, convenience store, Changemaker Central headquarters, game zone, and multiple conference rooms. The center also houses headquarters for Programming and Activities Board and USGD, as well as a senate conference room and office for the USGD President and his executive staff.

Phoenix Biomedical Campus

The city-owned Phoenix Biomedical Campus (PBC) is a 30-acre urban medical and bioscience campus planned for more than six million square feet of biomedical-related research, academic and clinical facilities. The PBC contains the highest concentration of research scientists and complementary research professionals in the region providing firms with unprecedented opportunities for growth and collaborative efforts with the Translational Genomics Research Institute (TGen), International Genomics Consortium (IGC), National Institute of Diabetes and Digestive and Kidney Diseases (NIDDK), University of Arizona College of Medicine – Phoenix, University of Arizona College of Pharmacy, VisionGate and Barrow Neurological Institute. According to the Tripp Umbach report, the economic impact of the overall biomedical campus in downtown Phoenix in 2013 was nearly $1.3 billion, of which $961 million is attributed to the UA College of Medicine – Phoenix presence. *The boundaries of the Phoenix Biomedical Campus is outlined below.*

Phoenix Biomedical Campus

Translational Genomics Research Institute (TGen)

The Translational Genomics Research Institute (TGen) is a non-profit 501(c)(3) organization focused on developing earlier diagnostics and smarter treatments. Translational genomics research is a relatively new field employing innovative advances arising from the Human Genome Project and applying them to the development of diagnostics, prognostics, and therapies for cancer, neurological disorders, diabetes and other complex diseases.

TGEN was established in Phoenix in 2002 as the anchor research institute in an initiative to make the state of Arizona a center for genomic research. Arizona's public and private-sector leaders pledged $90 million to launch TGen on the bet that it would spur medical treatments to save lives and create high-wage jobs to drive the state's 21st -century economy.

TGen has assembled a cadre of world-class independent investigators focused on discovering the genetic markers of disease (diagnostics), identifying and manipulating new targets for treatment of disease (therapeutics), and developing new ways to conduct research and analyze information (genetic technology and computational biology tools).

The first phase included a 173,000-square-foot, six-story facility on a 15.8-acre site housing researchers and students. The $46 million TGen building near the intersection of Fillmore and Fifth streets was completed in early 2005. The facility will eventually be home to not only TGen but the International Genomics Consortium and other tenants with biotech links. Over the past several years, TGen has pursued cutting-edge research for such diseases as pancreatic cancer and Alzheimer's, spun off several private companies and secured millions in federal and state grants. The research group's $46 million lab anchors downtown Phoenix's biomedical campus and it has attracted some of the nation's top scientists.

Health Sciences Education Building

This building located on the Phoenix Biomedical Campus at 435 North 5th Street includes flexible classrooms and state-of-the-art educational facilities, such as, simulation laboratories, gross anatomy facilities, preclinical training, learning resource center, student services and faculty office administrative space. Completed in July of 2012, this 265,000-square foot building was an expansion for the UA College of Medicine. This building was designed by Ayres Saint Gross and CO Architects and has earned numerous design awards including from the American Institute of Architects and was featured in a PBS documentary series on unique architectural projects.

University Of Arizona Cancer Center (UACC)

Located at the northwest corner of 7th and Fillmore Streets, this 220,000-square foot, five-story, $100 million facility offers comprehensive cancer services, specialized cancer clinics, patient wellness and support services, clinical lab space and other related support spaces. This project just completed construction and opened to the public in August 2015. The center, a collaboration between University of Arizona, Dignity Health Arizona and St. Joseph’s Hospital, will treat approximately 60,000 patients annually. In addition, it is expected to attract about 500,000 visitors per year, create 800 permanent biomedical jobs, and have an annual economic impact of approximately $250 million.

Biosciences Partnership Building

This 10-story, 245,000 square foot building broke ground in October 2014 and was completed in 2016. The property is situated just north of the Health Sciences Education Building with frontage along 7th Street. The $136 million building serves as a hub for health care science and research, housing researchers with a myriad of backgrounds. The facility includes two, 80-seat seminar rooms, six floors of wet laboratory space and two floors of dry laboratory space.

Phoenix Convention Center

In January 2009, the expanded Phoenix Convention Center reopened its doors to the public after a $600 million investment and a five-year renovation period. The three-building campus boasts nearly 900,000 square feet of meeting and exhibit space, including a 312,500 square foot main exhibit hall and a 46,000 square foot ballroom, making it one of the top 10 convention venues in the United States. Conveniences include 99 meeting rooms, 61 loading docks (22 of which are climate controlled), exhibit halls with pre-scored floors, and an Executive Conference Center, all complimented by a 2,312 seat Symphony Hall and the 1,364-seat historic Orpheum Theater.

Footprint Arena (Formerly known as the US Airways Center and Talking Stick Arena)

This arena is home to the Phoenix Suns (NBA), Phoenix Mercury (WNBA), and the Arizona Rattlers (Arena Football). Opened in 1992, the facility has 19,500 seats and handles over 200 events each year. The property received a $70 million expansion in 2004 that included glass walls, an enclosed ticket office, outdoor entertainment areas with covered canopies, and various technological upgrades throughout the property. A five-level parking garage known as Jefferson Street Garage and Central Produce Building was also completed in 1992. This building has an attached, 900 space parking garage and also contains 7,800 square feet of retail space.

Chase Field

Construction was completed in March 1998 as the Arizona Diamondbacks $350 million, sliding-dome stadium, formerly known as Bank One Ballpark. This major league baseball stadium seats 48,519 spectators and contains 50,000 square feet of restaurants and retail space including a sports-themed restaurant, club restaurant, beer gardens, team shop, theater, interactive game areas, Cooperstown West Museum, swimming pool, picnic area and a 1,500-car parking structure. The addition of the baseball "entertainment industry" to the downtown market has dramatically increased the foot traffic, automobile traffic, and a speculated large increase in retail/ hotel demand.

Heritage & Science Park

Located north of Washington Street between Seventh and Fifth Streets, this project features the Arizona Science Center, which is a 120,000-square foot, Antoine Predock-designed facility that opened in April 1997. Formerly the Arizona Museum of Science and Technology, the center includes 40,000 square feet of exhibit space, a 200-seat planetarium and a 285-seat, I-Max theater. The center attracts over 400,000 visitors annually. In addition to the Science Center, the project also features award-winning restaurants, the historic 1895 Rosson House Museum and a collection of carefully restored historic homes and buildings. The tree-lined park is a popular home for major festivals and special events that bring thousands to the area annually.

HERBERGER THEATER

The Herberger Theater Center was conceived as a pivotal piece in the redevelopment and revitalization of downtown Phoenix in 1989. The Center Stage at the Herberger seats 800, Stage West seats 320, and the Performance Outreach Theater seats 120. More than 40 different performances perform at the Theater annually. Additionally, the Theater hosts 175,000 patrons and 30,000 school children annually. This development is located on Van Buren Street and Third Street.

Orpheum Theater

Formerly the Palace West Theater built in 1929; this restoration project was completed in January of 1997 for approximately $14 million. The 1,364-seat theater is located on Adams Street and Third Avenue.

Comerica Theater

This theater brings a greater number of entertainment options, including Broadway plays and musicals to downtown Phoenix. The 165,000-square foot facility embraces traditional theater elements comprising a stage tower, an audience chamber for approximately 5,000 seats and single dominant lobby. The theater opened in April 2002 at 400 West Washington Street.

Margaret T. Hance Park

Margaret T. Hance Park is situated between 3rd Street and 5th Avenue, over the tunnel passageway of Interstate 10. This 32-acre park was designed to facilitate a connection between the neighborhoods bisected by the freeway, as well as attract residents and tourists to an urban center offering diverse recreational and cultural activities. Margaret T. Hance Park, dedicated in 1992, consisting of playgrounds, ramadas, barbecue grills, restrooms, a dog park, the Japanese Friendship Garden, Irish Cultural Center, McClelland Irish Library, Phoenix Center for the Arts, and Burton Barr Central Library. The city of Phoenix recently announced plans for $118 million in park renovations, which are to occur over the next decade. A large draw for the renovations will be the outdoor music venue, which plans to host concerts and annual festivals committed to serving the community. Included below is an illustration of the final master plan for the park renovations.

Japanese Friendship Garden

Japanese Friendship Garden of Phoenix, named Ro Ho En is an authentic 3.5-acre Japanese Stroll Garden with tea garden and tea house. This tranquil and beautiful setting features more than 1,500 tons of hand-picked rock, stone footbridges, lanterns and more than 50 varieties of plants.

Gentrification Efforts

225 West Madison

The Madison Street Jail sat vacant for more than decade after falling behind correctional facility standards. But instead of costing taxpayers millions to demolish and redevelop, it became downtown's largest adaptive reuse project to date. Construction began in 2017 and was still underway as of late 2019. The project will provide 264,000 square feet of office space, in addition to housing the Maricopa County Attorney's Office.

Lincoln Union

A former Coors Brewing Co. distribution center will get a new lease on life as a 92,202-square-foot creative office complex in the Warehouse District. It will feature open floor plans, a coffee bar, and an outdoor dining area.

Arizona Wilderness Brewing

Gilbert-based Arizona Wilderness Co. will open a fast-casual brewpub near Roosevelt and Second streets in spring 2019. The downtown location will offer counter service, burgers, a large patio, trees and lots of local art befitting the Roosevelt Row locale. The new project will be the largest beer garden in the state.

The Churchill

Perhaps one of the most unique projects in the area, The Churchill is made from 19 repurposed shipping containers, connected to form a mix of restaurants and retail around a large communal courtyard. A number of tenants are already onboard including State Forty Eight, Foxy Fruits acai bowls, Cosas boutique, and Pobrecito Mexican food. The Churchill open in Summer 2018.

Equality Health

Alice Cooperstown closed in October 2017 after 19 years; however, Gould Evans recently renovated the historic warehouse at 101 East Jackson Street, and Equality Health, which provides healthcare to underserved populations, opened in 2018.

State 48

Located at the historic Welnick Bros. Market at Van Buren Street and Fourth Avenue, State 48 Brewery opened a new brewing facility and restaurant in summer of 2018. The historic Welnick Market was built in 1927 and got a major facelift in 2015 after sitting vacant for a decade. It was leased by the brewery in 2017.

ACCESS

Primary north/south arterials through midtown Phoenix are Central Avenue, 7th and 16th Streets, and 7th Avenue. Major east/west arterials McDowell Road, Thomas Road, Indian School Road and Camelback Road.

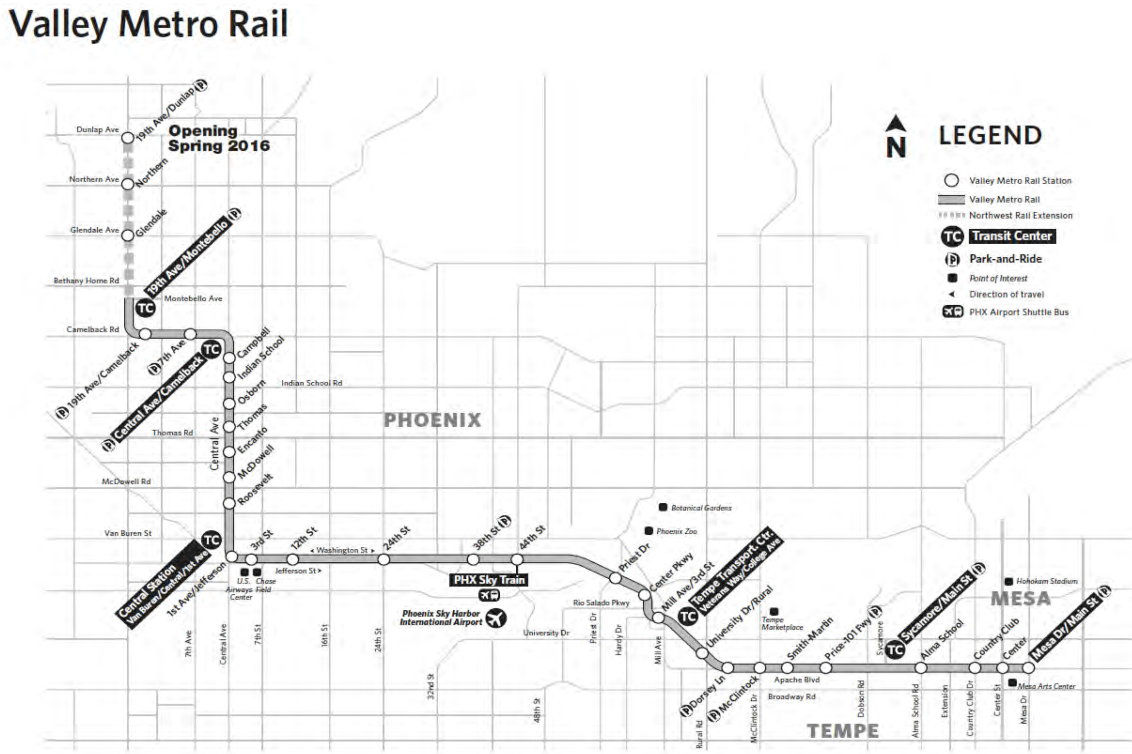
Interstate 10 is the southern boundary of the neighborhood. This limited access freeway extends east/west just south of McDowell Road, providing direct access to Tucson to the south and southern California to the west. There is a half-diamond interchange at 3rd Street that allows westbound freeway traffic to exit at 3rd Street, and 3rd Street traffic to enter the freeway and proceed east. There are full diamond interchanges at 7th Street and 7th Avenue, providing the area with good access to this transportation corridor and, by extension, to the rest of metropolitan Phoenix.

State Route 51 (Piestewa Parkway) is located about two miles east of Central Avenue, offering access at most major mile arterials. State Route 51 provides direct access to north/northeast Phoenix.

Interstate 17 links metropolitan Phoenix to northern Arizona. It is located about 2.5 miles west of Central Avenue and offers access at most major mile arterials.

Metro Light Rail

Phoenix's Metro light rail system connects the downtown Phoenix with Sky Harbor Airport, and the neighboring cities of Tempe and Mesa to the east, and northwest Phoenix to the northwest. Metro light rail operate approximately 20 hours per day, seven days a week, arriving at stations every 10 minutes during daytime hours and every 20 minutes during nighttime hours, weekends and holidays. *A map of the existing and planned light rail routes for metropolitan Phoenix is presented below.*



Shown below is a map of existing light rail for the downtown Phoenix area:

DEMOGRAPHICS

Selected neighborhood demographics in a one, three and five-mile radius from the subject are shown in the following table.

CBRE
DEMOGRAPHIC BRIEF
N CENTRAL AVE & E COLUMBUS AVE

POPULATION	1 MILE		3 MILES		5 MILES	
2023 Population - Current Year Estimate	20,010		173,268		428,416	
2028 Population - Five Year Projection	22,240		184,040		440,280	
2020 Population - Census	18,641		166,145		419,988	
2010 Population - Census	15,540		151,897		389,175	
2020-2023 Annual Population Growth Rate	2.20%		1.30%		0.61%	
2023-2028 Annual Population Growth Rate	2.14%		1.21%		0.55%	
HOUSEHOLDS						
2023 Households - Current Year Estimate	10,846		80,295		170,977	
2028 Households - Five Year Projection	12,238		88,169		180,336	
2010 Households - Census	7,651		62,651		144,110	
2020 Households - Census	9,956	87.7%	75,715	88.4%	164,669	89.8%
2020-2023 Compound Annual Household Growth Rate	2.67%		1.82%		1.16%	
2023-2028 Annual Household Growth Rate	2.44%		1.89%		1.07%	
2023 Average Household Size	1.80		2.10		2.41	
HOUSEHOLD INCOME						
2023 Average Household Income	$86,178		$92,234		$91,792	
2028 Average Household Income	$102,821		$107,766		$107,155	
2023 Median Household Income	$61,605		$60,005		$58,212	
2028 Median Household Income	$73,419		$71,670		$69,385	
2023 Per Capita Income	$47,220		$42,631		$36,810	
2028 Per Capita Income	$57,196		$51,423		$44,053	
HOUSING UNITS						
2023 Housing Units	**12,272**		**90,941**		**189,573**	
2023 Vacant Housing Units	1,426	11.6%	10,646	11.7%	18,596	9.8%
2023 Occupied Housing Units	10,846	88.4%	80,295	88.3%	170,977	90.2%
2023 Owner Occupied Housing Units	3,105	25.3%	29,696	32.7%	71,498	37.7%
2023 Renter Occupied Housing Units	7,741	63.1%	50,599	55.6%	99,479	52.5%
EDUCATION						
2023 Population 25 and Over	**14,577**		**116,912**		**271,933**	
HS and Associates Degrees	6,595	45.2%	53,330	45.6%	131,711	48.4%
Bachelor's Degree or Higher	7,061	48.4%	48,183	41.2%	92,469	34.0%
PLACE OF WORK						
2023 Businesses	2,075		11,384		20,606	
2023 Employees	38,106		193,802		353,397	

As indicated above, the population within a one-mile radius of the subject property is projected to increase from the Year 2023 estimate of 20,010 to a total of 22,240 by 2028, representing an average compounded annual increase of 2.14%. The number of households in 2023, estimated at 10,846, is projected to increase to 12,238, by Year 2028, representing an increase of 1,392 households, or 278 households per year, and an average annual compounded growth rate of 2.44%. This information suggests moderate demand for additional residential housing in the subject's immediate market area over the next five years despite the relatively built-up status of the area. The median ($61,605) and average ($86,178) household income is below the averages of the broader Phoenix MSA.

SUMMARY

In summary, the subject property is situated in midtown Phoenix, an area experiencing redevelopment activity due in part to the growing influence of the ASU downtown campus and the Phoenix Biomedical Campus downtown as well as renewed interest in residential projects in central Phoenix in general. Downtown Phoenix has experienced significant redevelopment activity and new construction activity in recent years, and this trend is filtering into adjacent areas, including midtown Phoenix (subject location). Additional changes in the downtown and midtown landscape are expected to continue during the next several years as result of the ongoing construction of several large-scale projects. Convenient access to the downtown and midtown employment centers, the valley freeway system, Sky Harbor Airport, and entertainment venues are anticipated to generate demand for additional housing and a limited amount of commercial activity. In summary, economic and demographic factors point toward a period of development and redevelopment for the foreseeable future.

Property Analysis

PROPERTY SUMMARY AND ANALYSIS		
Physical Description		
Location	The subject propety is located east of the northeast corner of Central Avenue and Columbus Avenue, in Phoenix.	
Assessor Parcel Nos.	118-33-029 thru 037 and 057 thru 068	
Site Shape	Both the northern and southern portions of the site are rectangular. The site is separated by a 12-foot public alley.	
Site Size	3.22 acres (140,400 square feet)	
Topography	Generally level	
Zoning District	WU T5:7, Walkable Urban, Transect District T5:7 (Phoenix)	
General Plan Designation	Commercial use, but targeted by the City for higher density multi-family residential use, as part of the City's Affordable Housing Program	
Flood Map Panel No. & Date	04013C2205L	16-Oct-13
Flood Zone	Zone X (Shaded)	
Adjacent Land Uses	Surrounding land uses primarily include a mix of older office properties, multi-family housing and a few vacant lots.	
Comparative Analysis	**Rating**	
Visibility	Below average	
Functional Utility	Average	
Adequacy of Utilities	All available to the subject site	
Drainage	Appears adequate	
Utilities	**Provider**	**Availability**
Water	City of Phoenix	Yes
Sewer	City of Phoenix	Yes
Electricity	Arizona Public Service (APS)	Yes
Telephone & Cable	CenturyLink and/or Cox Comm.	Yes

Source: Various sources compiled by CBRE

LOCATION

The subject is located east of the northeast corner of Central Avenue and Columbus Avenue in midtown Phoenix, a few miles north of the downtown central business district. For further reference, the subject site is situated between Weldon Avenue (north) and Columbus Avenue (south), just east of Central Avenue.

CONFIGURATION AND SIZE

The northern and southern portions of the subject site are rectangular in shape and total 140,400 square feet, or 3.22 acres, per Maricopa County Assessor records. The subject site has 450 feet of frontage along Weldon Avenue, 525 feet of frontage along Columbus Avenue. The northern and southern portions of the site have a depth of 144 feet, or 288 in total, bisected by the public alley. The subject's size and configuration is adequately functional for a variety of uses; however, the public alley will have to remain as an easement upon development, which may impact development potential. *.A close-up aerial photograph of the subject site (shaded in yellow) and the easement/alley (shaded in blue) is presented below.*

TOPOGRAPHY/FLOOD STATUS/SOIL/ENVIRONMENTAL

Topography

The subject site is generally level and at grade with Weldon and Columbus avenues, and adjoining properties.

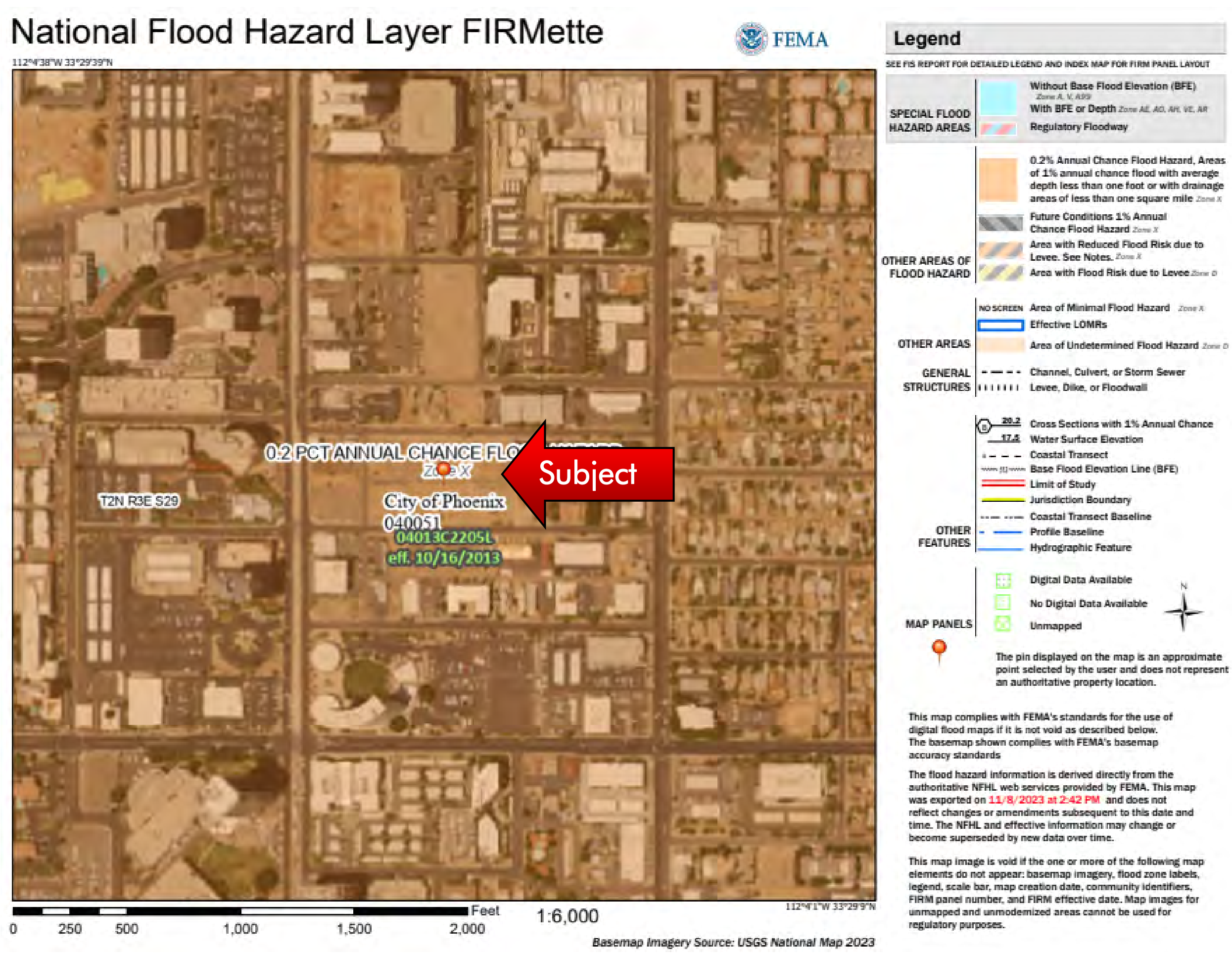
CBRE

Flood Status

No drainage problems were noted upon inspection. The Flood Insurance Rate Map Number 04013C2205L, with an effective date of October 16, 2013, prepared by the Federal Emergency Management Agency indicates the subject site is within Zone X, which is defined as:

> "Areas of 0.2% annual chance flood hazard; and areas of 100-year flooding with average depths of less than one foot or with drainage areas less than one square mile. This flood zone classification is not considered a special flood hazard area and flood insurance is not required." *A copy of the flood map, with the location of the subject property indicated, is presented below.*

FLOOD MAP



Soil

A soils investigation report pertaining to the subject site was not provided for review. Based on the existence of mainly high density residential, office and commercial uses on adjacent sites, there do not appear to be any adverse soil conditions that would prohibit the eventual development of the site.

CBRE

Environmental

An environmental site assessment (ESA) pertaining to the subject site was not provided for review. During inspection of the property, no apparent signs of environmental contamination, hazardous waste storage or dumping were observed. The appraisers are not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. For this appraisal, it is specifically assumed that the site is not affected by any hazardous environmental conditions.

UTILIITIES AND SERVICES

All necessary utilities and services are available to the site by the following providers:

Water:	City of Phoenix
Sewer:	City of Phoenix
Electricity:	Arizona Public Service (APS)
Telephone:	CenturyLink and/or Cox Communications
Cable:	CenturyLink and/or Cox Communications

EASEMENTS/ENCROACHMENTS/COVENANTS/RESTRICTIONS/CONDITIONS

Based on a physical inspection of the property, there do not appear to be any encroachments or covenants; however, a 12-foot wide public alley bisects the site in an east/west direction. The public alley will have to remain as an easement as the City will not abandon prior to a sale. The presence of the public alley may result in reduced development potential, particularly considering the relatively high density appropriate for the site. Additionally, there are existing telephone lines that will have to be relocated upon development.

INGRESS/EGRESS

Vehicular access to the subject is via the north line of Columbus Avenue and the south line of Weldon Avenue, both of which serve as collector streets improved with one lane in each direction. Both Columbus Avenue and Weldon Avenue are improved with sidewalks and street lights. There are concrete curbs and gutters along Columbus Avenue. The nearest access to State Route 51 is approximately two miles to the northeast via Indian School Road or about two miles to the southeast via Thomas Road. Access to Interstate 10 is near 2.5 miles to the southeast via 7th Street. The nearest access to Interstate 17 is about three miles to the northwest via Indian School Road and near three miles to the southwest via Thomas Road.

ADJACENT PROPERTIES

Surrounding land uses include: a single tenant retail building, a few older single-family homes, a one-story office building and a vacant lot to the north across Weldon Avenue, a three-story office building to the east; low to midrise office properties and a vacant lot to the south across Columbus Avenue; and a five-story 223-unit apartment complex (Centra Midtown) to the west.

SITE IMPROVEMENTS

The are several concrete slabs from prior buildings improvements on the site. Upon development, these slabs will be removed as part of the grading process at no substantial cost to the developer.

SUBJECT PROPERTY ASSESSMENTS AND REAL ESTATE TAXES

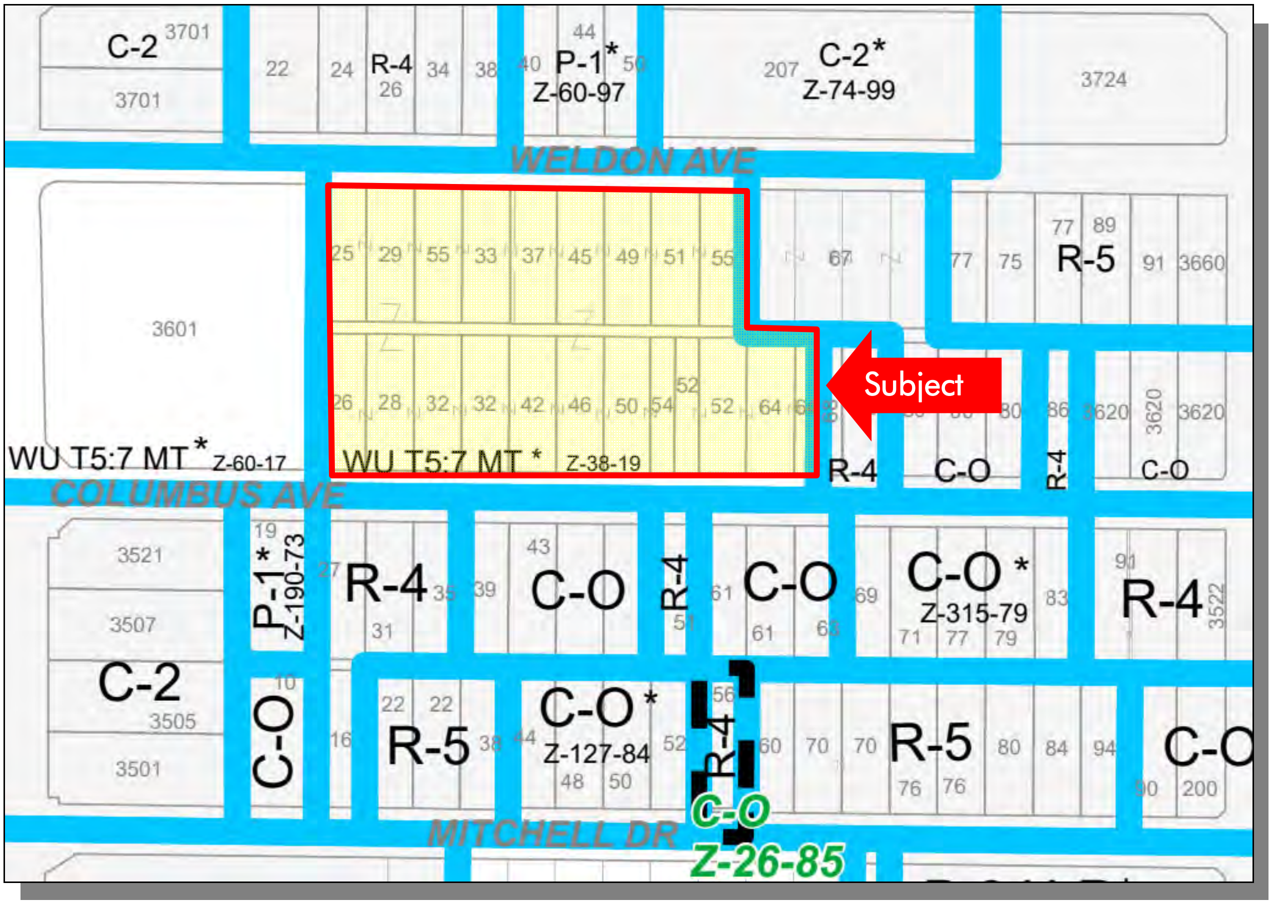
The appraised property is identified as Maricopa County Assessor's parcel numbers 118-33-029 through 037 and 057 through 068. The subject's full cash value for 2023 totals $4,593,200, while the limited property value totals $1,358,853. Given that the city of Phoenix currently owns the subject site, the parcel is exempt from real property taxes.

CONCLUSION

In sum, the location, size, configuration, topography, availability of utilities and services, and zoning (to be discussed in the following section) are factors conducive to eventual development of the site with a higher density multi-family residential use as part of the City's Affordable Housing Program. As noted, there is a 12-foot wide public alley bisects the site in an east/west direction. The public alley will have to remain as an easement as the City will not abandon prior to a sale. The presence of the public alley may result in reduced development potential, particularly considering the relatively high density appropriate for the site.

Zoning

The subject is zoned WU T5:7, Walkable Urban, Transect District T5:7, by the city of Phoenix. *A copy of the zoning map is presented below with subject site shaded in yellow.*



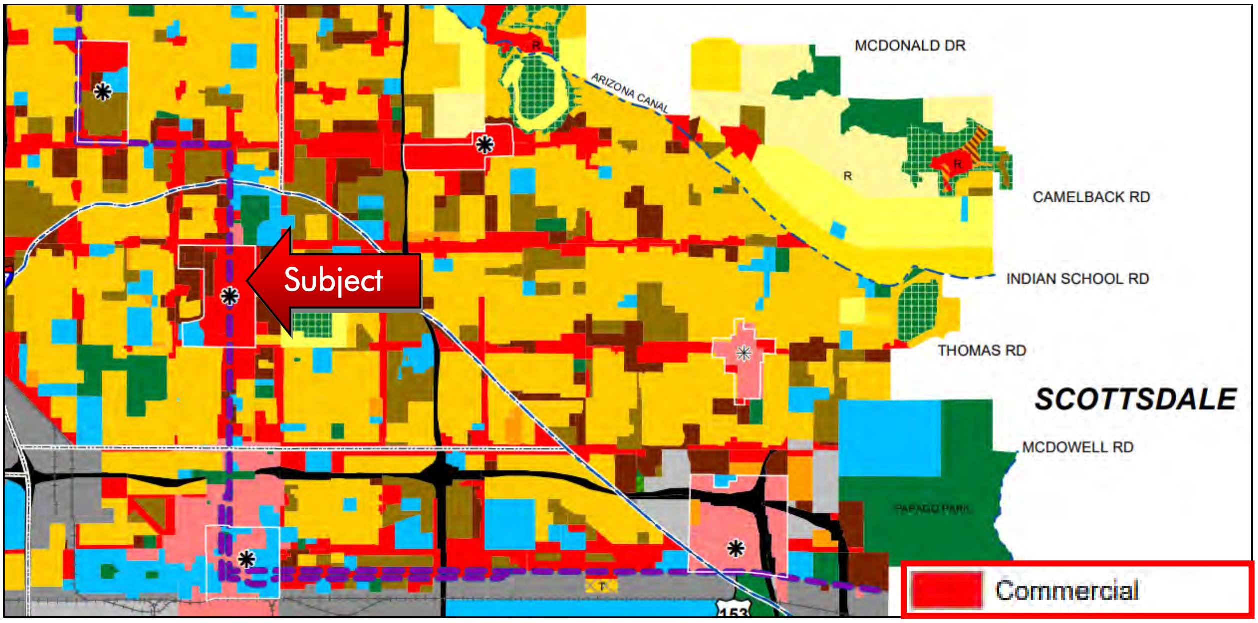
WU T5:7, WALKABLE URBAN, TRANSECT DISTRICT T5:7

According to the city of Phoenix, the Walkable Urban zoning designation was intended to, "regulate development around light rail stations in all five Transit-Oriented Districts (TOD): Gateway, Eastlake-Garfield, Midtown, Uptown, and Solano; and will replace the existing zoning for properties within the Interim Transit Oriented Zoning Overlay Districts (TOD-1 and TOD-2 of the Zoning Ordinance)."

Transect District T5:7

Transect District T5:7 is designed for mixed-use development with a variety of building types that integrate retail, office, and residential units adjacent to the Light Rail Corridor. The maximum building height within this transect district is 100 feet.

A copy of the Phoenix General Plan map is provided below.



As displayed above, the Phoenix General Plan indicates the subject site is designated for commercial use, which allows for a wide range of uses, including multi-family residential. The subject site is designated for the city of Phoenix Affordable Housing Program, which suggests the site is targeted for higher density multi-family residential use. Given the subject's locational characteristics, zoning, and surrounding land uses, the site is best suited for high density multi-family residential use. Although the subject site has yet to be approved for any project density, a density of approximately 80 units per net acre would be legally permissible with the existing zoning and generally consistent with the immediately surrounding multi-family residential uses .

<u>It is also important to note, the city of Phoenix will not sell the subject site based upon any contingencies pertaining to Site Plan approval or allow for completion of the entitlement process prior to a sale. Consequently, any prospective buyer will potentially be taking on added development risk with acquisition of the site.</u>

Market Analysis

Given the subject site is targeted for higher density multi-family family residential use, an analysis of the multi-family residential market is presented below. Data sources compiled for this analysis include CBRE Econometric Advisors Q3 2023 Flash Report, Q3 2023 Multi-Housing Investment Outlook, and Axiometrics Q3 2023.

METROPOLITAN PHOENIX APARTMENT MARKET

Recent Performance

The following table summarizes historical and projected performance for the overall metropolitan Phoenix apartment market, as reported by Axiometrics.

PHOENIX METRO APARTMENT MARKET

Year Ending	Inventory (Units)	Completions (Units)	Occupied Stock (Units)	Occupancy	Effective Rent ($/Unit / Mo.)	Effective Rent Change	Net Absorption (Units)
2013	317,869	2,529	294,474	92.6%	$751	3.25%	2,709
2014	322,654	5,003	302,069	93.6%	$802	4.59%	7,601
2015	327,981	5,790	309,680	94.4%	$868	6.99%	7,596
2016	334,473	6,666	314,706	94.1%	$922	6.93%	5,027
2017	340,592	6,119	321,451	94.4%	$990	4.74%	6,733
2018	348,630	8,539	332,628	95.4%	$1,074	5.80%	11,189
2019	356,585	8,115	342,215	96.0%	$1,184	8.19%	9,604
2020	364,015	7,525	350,364	96.3%	$1,245	4.58%	8,120
2021	374,384	10,581	364,725	97.4%	$1,597	17.86%	14,369
2022	387,625	13,295	362,623	93.6%	$1,631	13.26%	-2,093
2023 Q1	391,262	4,227	365,595	93.4%	$1,616	6.37%	2,986
2023 Q2	395,599	4,337	368,698	93.2%	$1,609	0.67%	3,093
2023 Q3	399,847	4,248	371,138	92.8%	$1,606	-2.50%	2,448
2023 Q4*	405,795	5,948	376,984	92.9%	$1,642	-2.51%	5,926
2024*	439,157	33,362	412,808	94.0%	$1,672	1.63%	35,824
2025*	466,445	27,288	438,458	94.0%	$1,720	2.88%	25,651
2026*	485,207	18,762	457,550	94.3%	$1,782	3.63%	19,092
2027*	493,263	8,056	465,640	94.4%	$1,843	3.70%	8,090

* Future Projected Data according to Axiometrics

Source: Axiometrics, 3rd Quarter 2023

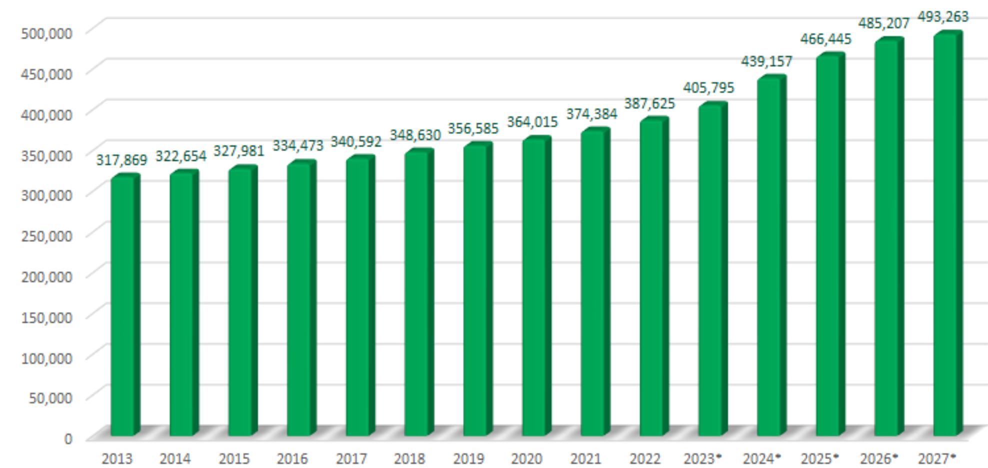
The metro Phoenix apartment market consists of approximately 399,847 units. The following observations are noted from the table above:

- As of Q3 2023, there were approximately 371,138 units occupied, resulting in an average occupancy rate of 92.8% for the metro area. This reflects a decrease from the previous quarter's occupancy rate of 93.2%, and a decrease from an average occupancy rate of 93.6% from year-end 2022.
- The metro area experienced positive net absorption of 2,448 units during Q3 2023 and positive net absorption of 8,527 units year-to-date. By comparison, net absorption was negative by 2,093 units during 2022.

- The metro area experienced completions totaling 4,248 multi-family units for the current quarter and 12,812 units completed year-to-date.
- The average effective rental rate on a metro-wide basis was $1,606 per unit in Q3 2023, a nominal decrease from the previous quarter's effective rent of $1,609 per unit, and a decrease from the effective rent of $1,631 per unit as of year-end 2022.

Historical Inventory – Market

HISTORICAL INVENTORY: PHOENIX METRO APARTMENT MARKET



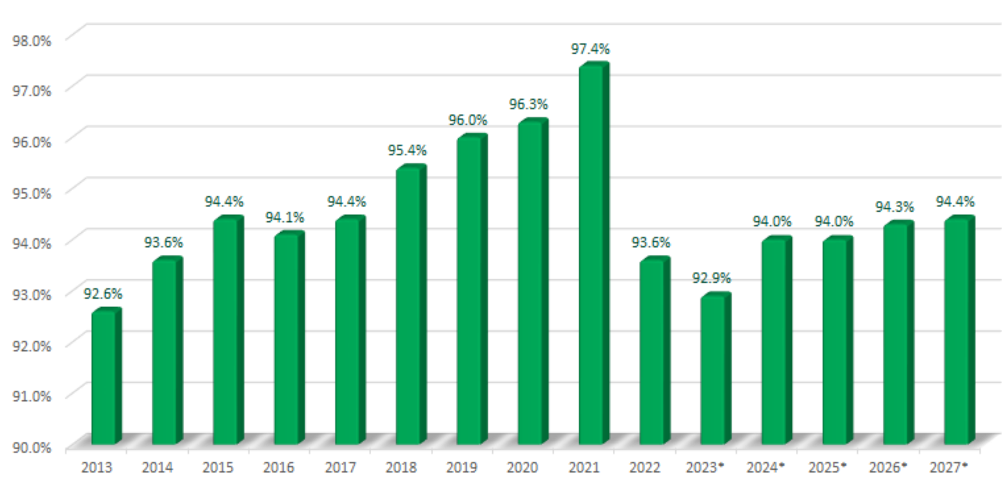
* Future Projected Data according to Axiometrics

Source: Axiometrics, 3rd Quarter 2023

The multi-family inventory is projected to be 405,795 units at year-end 2023, which represents an increase from an inventory of 387,625 units at year-end 2022. The multi-family inventory is projected to increase to 439,157 units by year-end 2024.

Historical Occupancy - Market

HISTORICAL OCCUPANCY: PHOENIX METRO APARTMENT MARKET

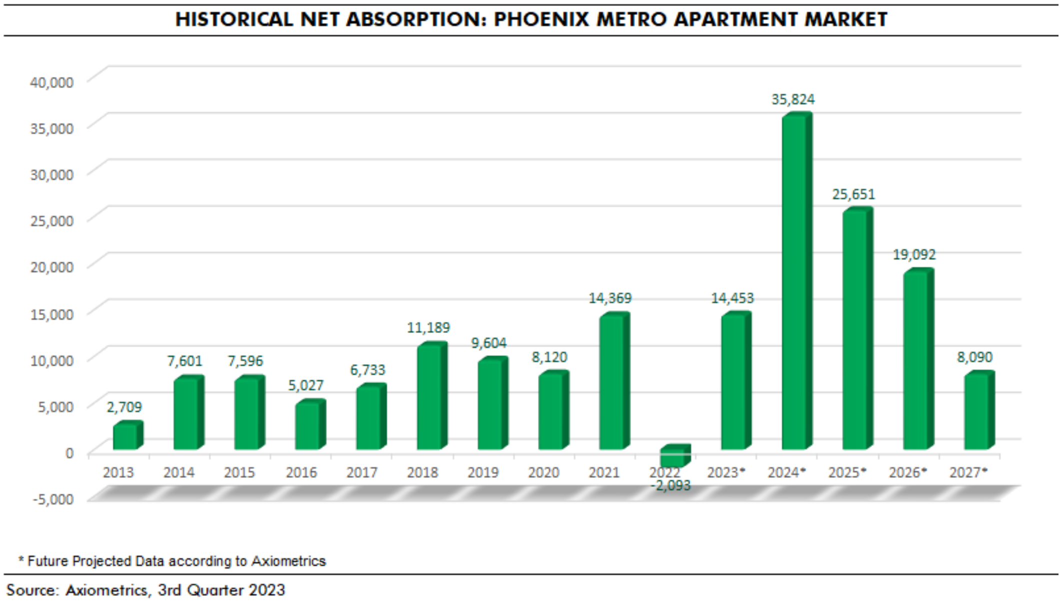


* Future Projected Data according to Axiometrics

Source: Axiometrics, 3rd Quarter 2023

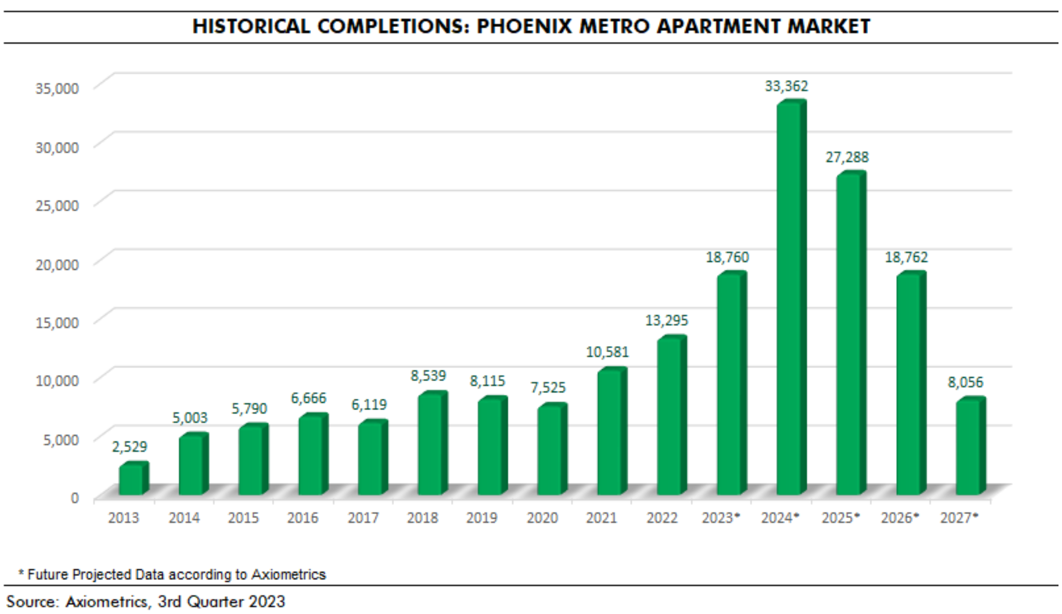
At year-end 2023, the average occupancy rate is projected to be 92.9%, a decrease from the average occupancy rate of 93.6% at year-end 2023. The average occupancy rate is projected to increase to 94.0% by year-end 2024.

Historical Net Absorption - Market



During 2023, the metro area is projected to experience positive net absorption totaling 14,453 units, an improvement from the negative net absorption experienced in 2022. The metro area is projected to experience positive net absorption of 35,824 units during 2024.

Historical Completions - Market



The area is projected to achieve completions totaling 18,760 units during 2023, which is higher than the 13,295 unit completed in 2022. The metro area is projected to experience completions totaling 33,362 units during 2024.

Historical Effective Rent - Market

HISTORICAL EFFECTIVE RENT: PHOENIX METRO APARTMENT MARKET

* Future Projected Data according to Axiometrics

Source: Axiometrics, 3rd Quarter 2023

The metro area is projected to have an average effective rental rate of $1,642 per unit at the year-end 2023, a nominal increase from the average effective rental rate of $1,631 per unit at year-end 2022. The metro area is projected to achieve an average effective rental rate of $1,672 per unit by the year-end 2024.

Submarket Snapshot

The following table summarizes the supply of apartment units for each submarket within the Phoenix MSA as of Q3 2023. The subject property is located within the North Central Phoenix submarket.

PHOENIX METRO SUBMARKET SNAPSHOT

Submarket	Inventory (Units)	Completions* (Units)	Effective Rent ($/Unit / Mo.)	Occupancy
Avondale/Goodyear/West Glendale	23,496	3,881	$1,618	92.4%
Central Phoenix	14,074	964	$1,809	92.6%
Chandler	25,245	710	$1,743	93.8%
Deer Valley	20,245	1,107	$1,721	93.2%
East Mesa	15,644	1,585	$1,664	93.7%
East Phoenix	17,332	160	$1,500	92.2%
Far West Phoenix	12,612	544	$1,379	92.0%
Gilbert	16,219	1,655	$1,759	93.6%
North Central Phoenix	26,009	1,030	$1,584	92.1%
North Glendale	8,162	591	$1,610	93.0%
North Scottsdale	18,481	737	$2,022	92.7%
North Tempe/University	16,769	10	$1,757	93.5%
Northeast Phoenix	21,680	0	$1,490	92.6%
Northwest Mesa	13,367	378	$1,412	93.0%
Northwest Phoenix	25,749	62	$1,256	91.9%
Peoria/Sun City/Surprise	19,220	979	$1,640	93.6%
Pinal County	4,383	355	$1,388	90.5%
South Glendale	15,987	456	$1,272	92.2%
South Phoenix	14,129	424	$1,656	93.4%
South Scottsdale	19,903	135	$1,960	93.5%
South Tempe	17,601	247	$1,640	93.0%
Southwest Mesa	17,970	363	$1,424	92.6%
West Phoenix	15,570	0	$1,173	91.5%

*Completions include trailing 4 quarters

Source: Axiometrics, 3rd Quarter 2023

North Central Phoenix Submarket

NORTH CENTRAL PHOENIX APARTMENT SUBMARKET							
Year Ending	Inventory (Units)	Completions (Units)	Occupied Stock (Units)	Occupancy	Effective Rent ($/Unit / Mo.)	Effective Rent Change	Net Absorption (Units)
2013	19,482	270	18,085	92.8%	$772	4.27%	584
2014	19,482	0	18,083	92.8%	$837	5.55%	-2
2015	19,850	368	18,486	93.1%	$877	7.36%	402
2016	20,379	529	18,965	93.1%	$916	4.46%	478
2017	21,369	990	20,106	94.1%	$978	4.49%	1,141
2018	22,420	1,051	21,297	95.0%	$1,097	5.22%	1,193
2019	23,049	629	22,003	95.5%	$1,239	6.39%	705
2020	23,868	819	22,620	94.8%	$1,228	2.10%	617
2021	24,685	817	24,110	97.7%	$1,540	12.18%	1,491
2022	25,170	539	23,408	93.0%	$1,640	14.22%	-704
2023 Q1	25,489	319	23,743	93.2%	$1,615	-1.29%	335
2023 Q2	25,856	367	23,922	92.5%	$1,616	-0.01%	179
2023 Q3	26,009	153	23,949	92.1%	$1,584	-1.45%	28
2023 Q4*	26,086	77	24,025	92.1%	$1,652	4.29%	71
2024*	27,274	1,188	25,392	93.1%	$1,667	1.60%	1,434
2025*	28,977	1,703	27,065	93.4%	$1,700	2.23%	1,547
2026*	30,520	1,543	28,597	93.7%	$1,743	2.85%	1,485
2027*	31,177	657	29,244	93.8%	$1,799	3.03%	647

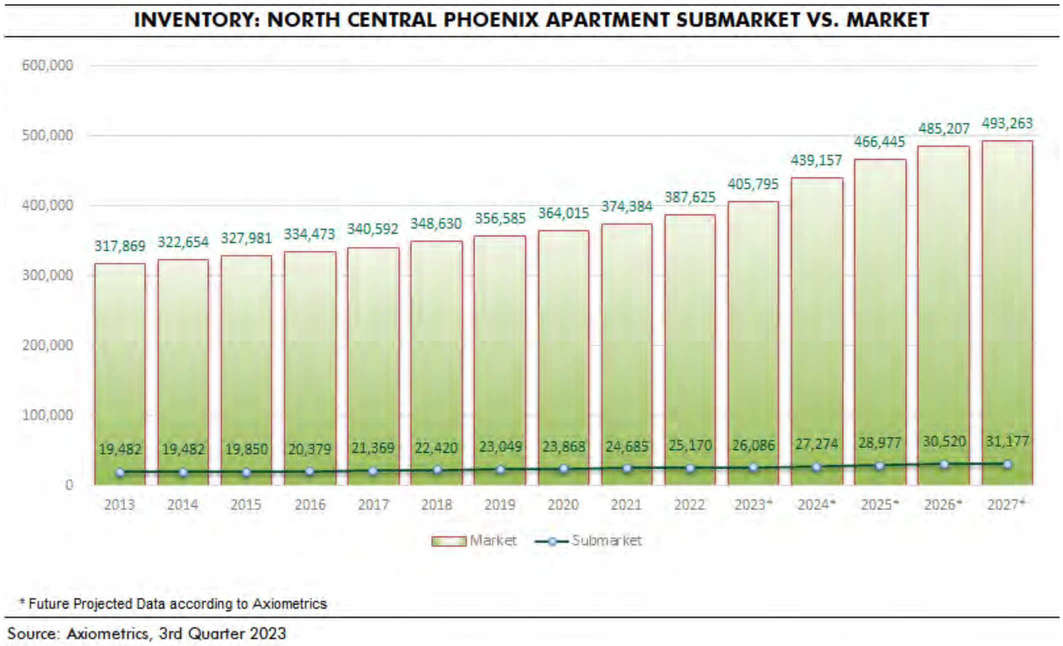
*Future Projected Data according to Axiometrics

Source: Axiometrics, 3rd Quarter 2023

The North Central Phoenix submarket consists of approximately 26,009 apartment units, which represents 6.5% of the overall market inventory. The following observations were noted from the table above:

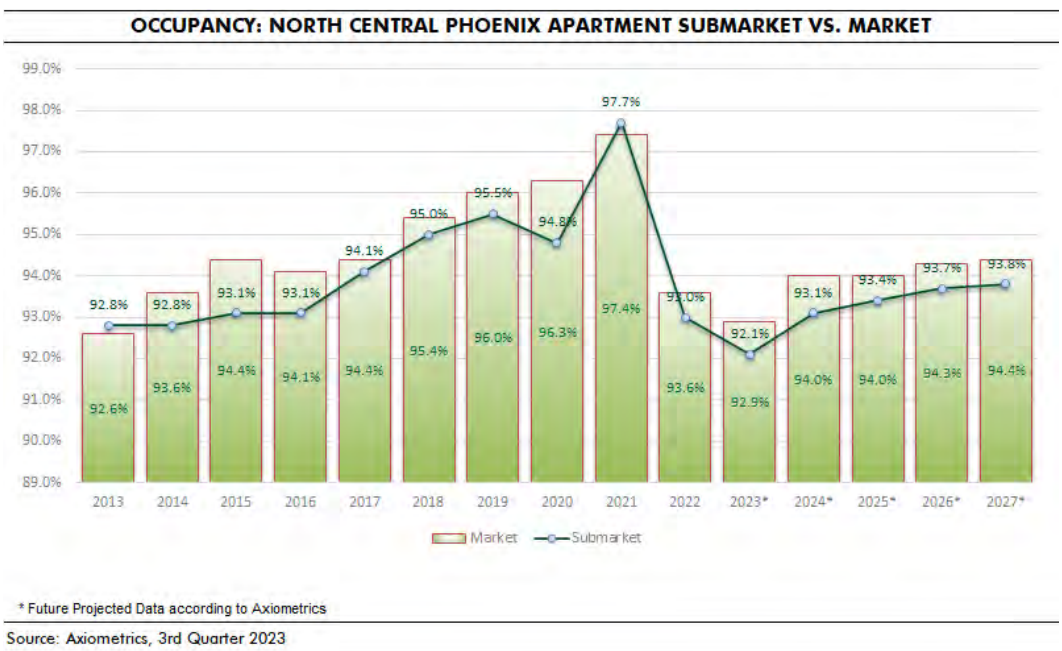
- As of Q3 2023, there were approximately 23,949 apartment units occupied, resulting in an average occupancy rate of 92.1% for the submarket. This reflects a decrease from the prior quarter's average vacancy rate of 92.5% and the year-end 2022 average occupancy rate of 93.0%. The submarket's average occupancy rate is lower than the metro-wide average of 92.8%.
- The submarket experienced positive net absorption of 28 units during Q3 2023 and 542 units year-to-date.
- The submarket experienced completions totaling 153 units during Q3 2023 and 839 year-to-date.
- The average effective rental rate for the submarket was $1,584 per unit as of Q3 2023, a decrease from the prior quarter's average effective rental rate of $1,616 per unit, and a decrease from the average effective rental rate of $1,640 per unit from year-end 2022. The submarket's current average effective rental rate of $1,584 per unit is below the metro-wide average rate of $1,606 per unit.

Historical Inventory - Submarket



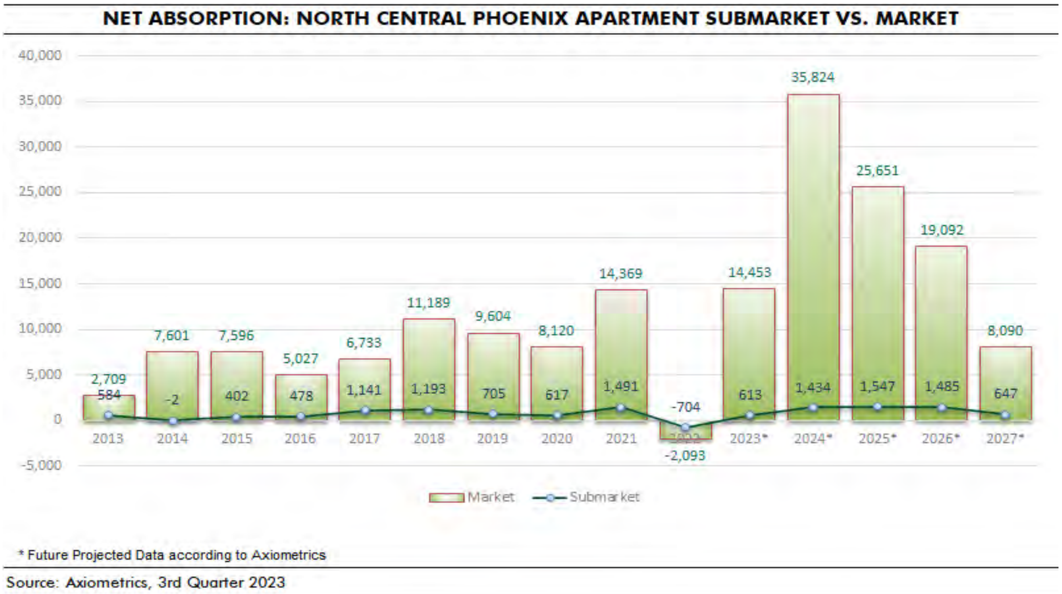
The submarket's multi-family inventory is projected to total 26,086 units at year-end 2023, an increase from 25,170 units at year-end 2022. The multi-family inventory is projected to total 27,274 units by year-end 2024.

Historical Occupancy - Submarket



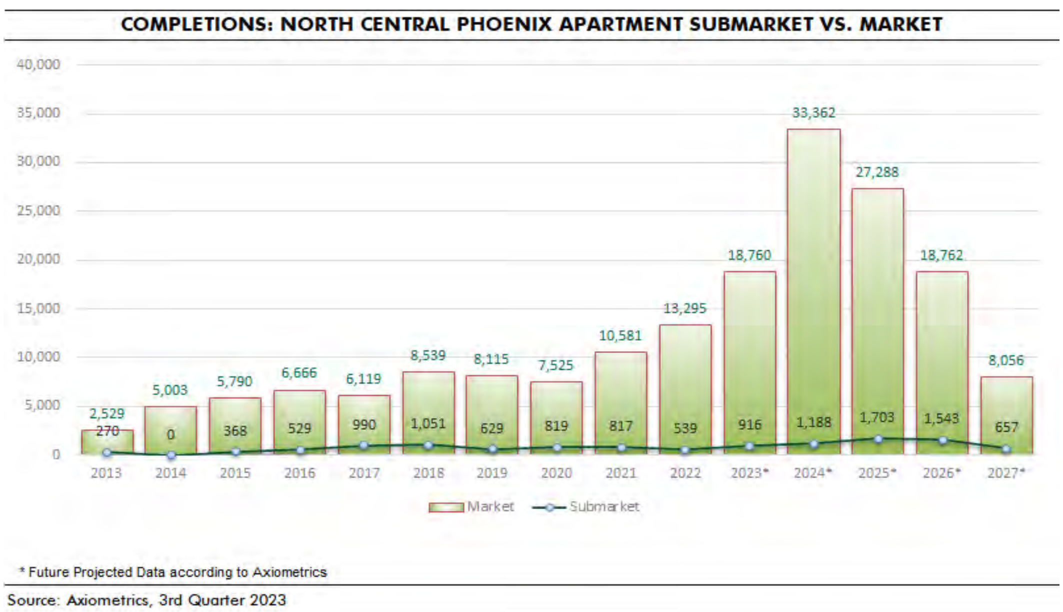
The submarket's average occupancy rate is projected to be 92.1% at year-end 2023, which represents a decrease from the submarket's average occupancy rate of 93.0% at year-end 2022 . The submarket's average occupancy rate is projected bump up to 93.1% by year-end 2024.

Historical Net Absorption - Submarket



Net absorption in the submarket is projected to be a positive 613 units for all of 2023, reflecting an improvement from the negative net absorption of 704 units during 2022. Net absorption during 2024 is projected to be a positive 1,434 units.

Historical Completions - Submarket



The submarket is projected to achieve completions totaling 916 units during 2023 compared with 539 units during 2022. The submarket is projected to experience completions totaling 1,188 units during 2024.

Historical Effective Rent - Submarket

EFFECTIVE RENT: NORTH CENTRAL PHOENIX APARTMENT SUBMARKET VS. MARKET

* Future Projected Data according to Axiometrics

Source: Axiometrics, 3rd Quarter 2023

The submarket is projected to achieve an average effective rental rate of $1,652 per unit by year-end 2023, an increase from the average effective rental rate of $1,640 per unit at year-end 2022. The submarket is projected to achieve an average effective rental rate of $1,667 per unit by year-end 2024.

Proposed Inventory

PHOENIX METRO APARTMENT MARKET - PROSPECTIVE AND UNDER CONSTRUCTION PROJECTS

Submarket	Proj Name	Address	City	Zip	County Name	Level	Units	Start Date	Begin Lease Date	First Movein Date
North Central Phoenix	The Local Midtown	3500 N 4th Ave	Phoenix	85013	Maricopa	6	391	8/1/2023	6/1/2024	8/1/2024
North Central Phoenix	Broadstone Uptown	500 W Camelback Rd	Phoenix	85013	Maricopa	5	284	4/1/2021	11/1/2023	1/1/2024
North Central Phoenix	Alta Biltmore	1720 E Camelback Rd	Phoenix	85016	Maricopa	5	216	9/1/2021	12/1/2023	2/1/2024
North Central Phoenix	Broadstone on 7th	5727 N 7th St	Phoenix	85014	Maricopa	5	257	3/1/2022	2/1/2024	4/1/2024
North Central Phoenix	Aura Uptown	225 W Coolidge St	Phoenix	85013	Maricopa	4	210	9/1/2022	8/1/2024	10/1/2024
North Central Phoenix	Alloy Midtown	3010 N 2nd St	Phoenix	85012	Maricopa	4	114	2/1/2022	10/1/2023	12/1/2023
North Central Phoenix	3rd & Flower	N 3rd Ave & W Osborn Rd	Phoenix	85013	Maricopa	7	338	6/1/2024	2/1/2026	5/1/2026
North Central Phoenix	Turney Canals	1118 E Turney Ave	Phoenix	85014	Maricopa	3	45			
North Central Phoenix	Petree Properties Development Future Phases	N Central Ave & W Glenrosa Ave	Phoenix	85012	Maricopa	22	1500			
North Central Phoenix	Biltmore Fashion	2502 E Camelback Rd	Phoenix	85016	Maricopa		250			
North Central Phoenix	Magnolia 7th & Camelback	5015 N 7th Ave	Phoenix	85013	Maricopa	4	249			
North Central Phoenix	Forty600	4600 N Central Ave	Phoenix	85012	Maricopa	7	155			
North Central Phoenix	Former Embassy Suites	2333 E Thomas Rd	Phoenix	85016	Maricopa	4	200			
North Central Phoenix	Modera Midtown	3443 N Central Ave	Phoenix	85012	Maricopa	7	335			
North Central Phoenix	Dwell Highland	2111 E Highland Ave	Phoenix	85016	Maricopa	3	144	7/1/2024	5/1/2025	7/1/2025
North Central Phoenix	Maizon Biltmore	N 24th St & E Highland Ave	Phoenix	85016	Maricopa	5	341	6/1/2024	1/1/2026	3/1/2026
North Central Phoenix	Zoe Phoenix	4146 N 12th St	Phoenix	85014	Maricopa	4	44			
North Central Phoenix	Willowick	E Colter St & N 16th St	Phoenix	85014	Maricopa	5	237			
North Central Phoenix	Bond Companies Development	N Central Ave & E Thomas Rd	Phoenix	85012	Maricopa	31	360			
North Central Phoenix	JDM Development	N 24th St & E Arizona Biltmore Cir	Phoenix	85016	Maricopa		320			

Source: Axiometrics

The table above includes proposed inventory for the submarket. As of Q3 2023, there are 2,295 units that are proposed with actual scheduled dates, meaning these proposed projects have been approved for development, have started construction, or are nearing completion.

There are also 3,695 proposed units with no scheduled dates, meaning these proposed projects have not been approved for development, but are going through the approval process as of the current period.

Together, they total 5,990 units coming online from the current period through 2026.

Conclusion

Generally, the submarket is performing well, with ongoing construction activity, with modest increases in rental rates, positive net absorption and positive net absorption. A relatively high level of construction activity when compared to prior years will prevent substantial improvement in the average vacancy rate, although absorption is anticipated to remain strong.

Highest and Best Use

In In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject property is discussed below.

AS VACANT

Legally Permissible

The subject is zoned WU T5:7, Walkable Urban, Transect District T5:7, by the city of Phoenix. This zoning district aims to "regulate development around light rail stations in all five Transit-Oriented Districts (TOD): Gateway, Eastlake-Garfield, Midtown, Uptown, and Solano." Permitted uses include a broad mix of building types that integrate retail, offices, and residential units adjacent to the Light Rail Corridor, averaging between 56 and 100 feet in height.

Although the subject's zoning allows for retail and office uses, given the subject's lack of frontage/visibility along Central Avenue, the site holds little appeal for most retail uses. Given the office market conditions are quite unfavorable and not anticipated to substantially improve for at least the near to midterm, the site holds virtually no appeal for an office use as vacancy rates in the sectors are at multi-year highs. For instance, the average vacancy rate for office buildings within the subject's Midtown office submarket is currently 29.0%, and there is no construction activity taking place. The Midtown office submarket has experienced negative net absorption of 119,565 square feet during 2023 year-to-date.

As noted, the subject site is designated for the city of Phoenix Affordable Housing Program, which suggests the site is targeted for higher density multi-family residential use. Given the subject's particular locational characteristics and market factors, the site is best suited for multi-family residential development. Although the subject site has yet to be approved for any project density, a density of approximately 80 units per net acre would be legally permissible with the existing zoning and generally consistent with the immediately surrounding land uses.

<u>As noted, the city of Phoenix will not sell the subject site based upon any contingencies pertaining to Site Plan approval or allow for completion of the entitlement process prior to a sale. Consequently, any prospective buyer will potentially be taking on added development risk with acquisition of the site.</u>

Physically Possible

The subject is located east of the northeast corner of Central Avenue and Columbus Avenue in midtown Phoenix, a few miles north of the downtown central business district. The northern and southern portions of the subject site are rectangular in shape and total 140,400 square feet, or 3.22 acres. The subject site has 450 feet of frontage along Weldon Avenue, 525 feet of frontage along Columbus Avenue. The northern and southern portions of the site have a depth of 144 feet, or 288 in total, bisected by the public alley. The subject's size and configuration is adequately functional for a variety of uses; however, the public alley will have to remain as an easement upon development, which may impact development potential.

The subject site is generally level and at grade with Weldon and Columbus avenues, and adjoining properties. No drainage problems were noted upon inspection, and the site is not located in a flood zone. No adverse soil or environmental conditions are known to exist, and all necessary utilities and services are available to the property. there do not appear to be any encroachments or covenants; however, a 12-foot wide public alley bisects the site in an east/west direction, which may impact development potential.

Vehicular access to the subject is via Weldon and Columbus avenues, both of which are collector streets. Access to State Route 51, Interstate 10 and Interstate 17 is within three miles to the east, south and west, respectively. Surrounding land uses primarily include a mix of multi-family residential and office properties, as well as a few vacant lots. In sum, the location, size, configuration, topography, availability of utilities and services, and zoning are factors conducive to eventual development of the site with a higher density multi-family residential use.

Financially Feasible

Financial feasibility and maximally productive uses have been discussed in the Market Analysis section of this report. The population growth rate projection, along with the projected growth in the number of households within a one-mile radius of the subject property, suggests moderate demand for residential housing over the next five years despite the relatively built-up status of the area. Some notable points within the Market Analysis section include:

- The subject site benefits from being located near the light rail system, which provides easy accessibility to the central business district and other locations within central Phoenix.
- The subject site benefits from having frontage along two collector streets (Weldon Avenue and Columbus Avenue), providing multiple access opportunities.
- Net absorption within the subject's multi-family submarket is anticipated to remain positive over the next 4+ years, or through 2027.
- Rental rates within the subject's multi-family submarket are anticipated to trend substantially higher over the 4+ years, or through 2027.
- The metro-wide average occupancy rate has decreased from 93.6% as of year-end 2022 to 92.8% as of Q3 2023. Similarly, the average occupancy rate within the subject submarket has declined by less than 1% since year-end 2022, resulting in an average occupancy rate of 92.1%. On a more positive note, the average occupancy rate within the submarket is projected to trend higher through 2027.
- Construction activity is anticipated to remain relatively robust through 2027.
- Increased borrowing costs have resulted in higher overall capitalization rates for improved multi-family properties, which has resulted in a correction in prices, which has impacted land prices.

- There is a 12-foot wide public alley that bisects the site in an east/west direction. The public alley will have to remain as an easement as the City will not abandon prior to a sale. Since the public alley is not to be abandoned prior to a sale, this portion of the property will not be owned in fee simple. The presence of the public alley may result in reduced development potential, particularly considering the relatively high density appropriate for the site.
- The City will not sell the subject site based upon any contingencies pertaining to Site Plan approvals or allow for completion of the entitlement process prior to a sale. Consequently, any prospective buyer will be taking on added development risk.

Maximally Productive - Conclusion

The final test of highest and best use of the subject site, as vacant is that the use be maximally productive, yielding the highest return to the land. **Based on the information presented above, it has been determined the highest and best use of the subject site, as vacant, is to hold as a land investment with the potential for future higher density multi-family development activity consistent with surrounding properties, current zoning and the City's Affordable Housing Program. The most likely buyer of the subject property, as vacant, is a multi-family developer.**

Sales Comparison Approach

The Sales Comparison Approach compares the subject site, with recent land sales considered to be similar. This approach is based on the principle of substitution, which states the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability.

The vacant land sales are compared to the subject site on a price per net square foot basis. This unit of comparison, along with the price per planned unit, is most typical in the valuation of land zoned and designated for multi-family residential use. Each sale comparison was related to the subject site in terms of the following factors:

1. *Real Property Rights Conveyed*
2. *Financing Terms*
3. *Conditions Of Sale*
4. *Market Conditions (Date Of Sale)*
5. *Location*
6. *Physical Characteristics*
7. *Zoning/Entitlements*
8. *Density*
9. *Highest And Best Use*
10 *Other (Sale Limitations)*

In determining the market value of the subject site, and based on its highest and best use, similar multi-family land sales were analyzed. Given that the subject site is best suited for high density multi-family residential use, the search for comparable sales was limited to vacant land parcels acquired for relatively high density multi-family residential use. The lack of pertinent land sales activity within central Phoenix necessitated extending the search for comparable sales to other metro Phoenix locations, including south Scottsdale and north Tempe. Aerial photographs and current photographs of each land sale are presented on the following pages. Land sale data sheets are included in the Addenda. A location map and a table summarizing pertinent information for each sale are presented on the following page.

Aerial View Of Land Sale 1

Photograph Of Land Sale 1 (Nearing Full Completion)

Aerial View Of Land Sale 2

Photograph Of Land Sale 2 (Under Construction)

Aerial View Of Land Sale 3

Photograph Of Land Sale 3 (Under Construction)

CBRE

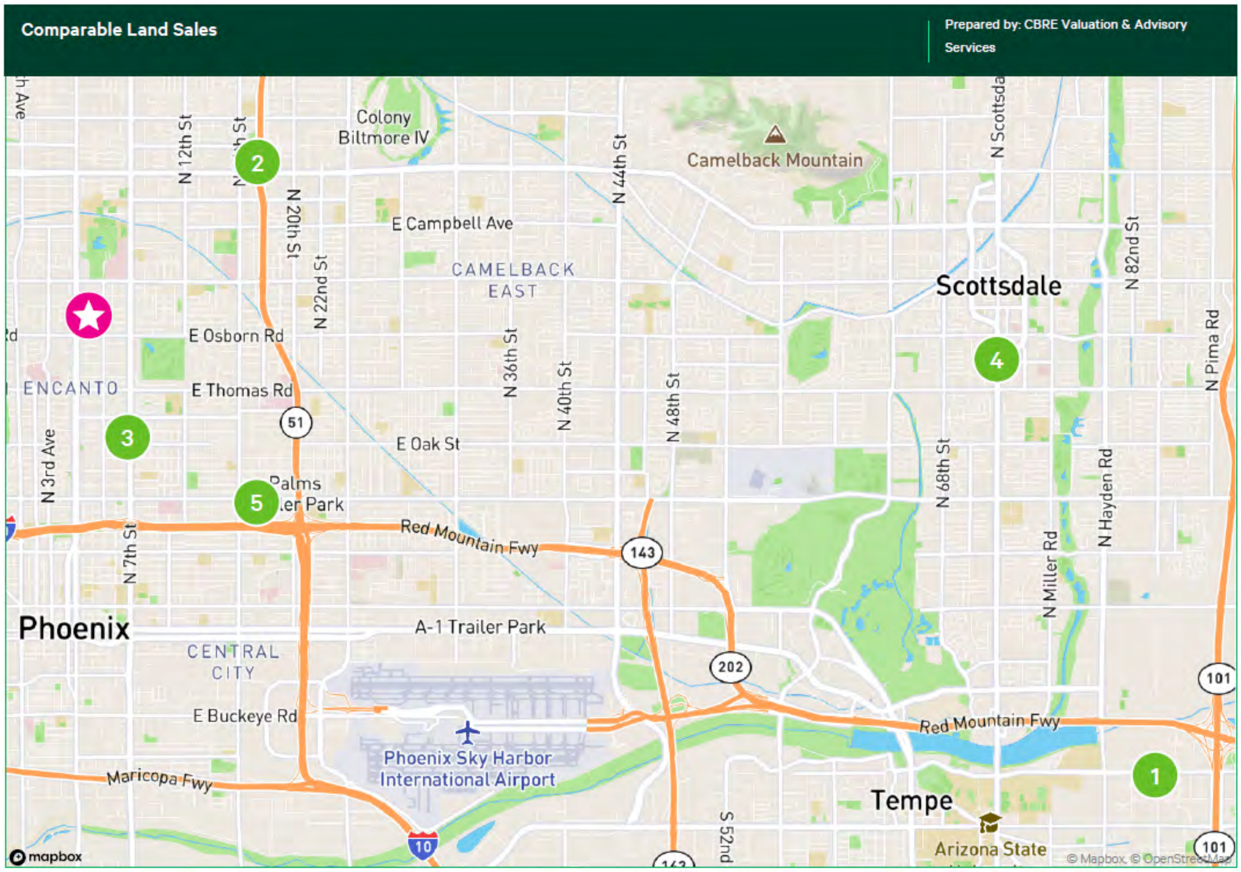
Aerial View Of Land Sale 4

Photograph Of Land Sale 4 (Still Proposed)

CBRE

Aerial View Of Land Sale 5

Photograph Of Land Sale 5 (Under Construction)



SUMMARY OF COMPARABLE LAND SALES

No.	Property Location	Transaction Type	Transaction Date	Zoning	Density	Proposed Use	Adjusted Sale Price	Number of Units	Net Acres	Size (SF)	Price/SF
1	SWC of Rio Solado Parkway and Smith Road, Tempe	Sale	May-21	PCC-2	91.3	Apartments	$10,496,110	310	3.40	147,970	$70.93
2	NWC of Camelback Road and State Route 51, Phoenix	Sale	Jul-21	C-2	77.3	Apartments	$9,925,000	216	2.80	121,796	$81.49
3	NWC of 7th Street and Oak Street, Phoenix	Sale	Sep-21	WU	86.8	Apartments	$9,264,100	332	3.83	166,639	$55.59
4	NWC of Scottsdale Road and Earll Drive, Scottsdale	Sale	Jul-22	D/DMU-2, DO	66.9	Apartments	$6,065,000	77	1.15	50,125	$121.00
5	W-SWC of McDowell Road and 18th Street, Phoenix	Sale	Jul-22	PUD	74.7	Apartments	$6,225,000	172	2.30	100,289	$62.07
Subject	**E-NEC of Central Avenue and Columbus Avenue, Phoenix**	-	-	**WU**	-	**Apartments**	-	-	**3.22**	**140,400**	-

Compiled by CBRE

Elements Of Comparison

Real Property Rights Conveyed

The real property rights conveyed in each comparable is the fee simple interest, which is consistent with the property rights of the subject property being appraised; therefore, no adjustments for property rights conveyed are indicated.

FINANCING TERMS

The market value opinion for the subject property is based on all-cash, or cash-equivalent financing. Cash transactions typically sell for less than those sales which involve favorable financing terms such as below market interest rates, buy downs, wraparound mortgages, interest only loans, etc. Therefore, cash equivalency adjustments must be made to sales involving favorable financing terms. Since all comparables represent cash-to-seller or cash equivalent transactions, no adjustments for financing terms are required.

CONDITIONS OF SALE

An adjustment for conditions of sale is used to reflect the motivations of buyers and sellers in sales that are not arm's-length transactions, due to duress, special relationships, or unusual circumstances. Since Comparables 1 through 4 represent arm's-length transactions with no atypical circumstances reported, no adjustments are required. Comparable 5 reportedly took place between related entities; however, the negotiated sale price was reportedly deemed to be market derived. Therefore, no adjustment is considered necessary to this sale.

MARKET CONDITIONS

The subject property is being appraised as of a specific date; therefore, adjustments to the comparables must be recognized for changes in market conditions between the sale dates of the comparables and the date of valuation. The adjustment for market conditions is not always related to "time;" changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors.

The comparables transpired between May 2021 and July 2022, or within approximately 29 months of the effective date of value. As discussed in the Market Analysis section, market conditions within the multi-family sector were quite favorable in recent years with increases in rental rates, improved property prices and land prices. The overwhelming consensus of market participants, which is supported by a plethora of sales data, suggests land prices escalated rapidly in many instances throughout 2021 and into early-2022, but have softened somewhat since mid-2022, with downward price adjustments taking place in most locations. Improved apartment property values have corrected over the past 12 to 15 months as overall capitalization rates have increased, while land prices appear to have been less impacted as demand continues, albeit at a slower rate with fewer potential buyers and many potential purchases being put on hold and/or negotiated at lower prices. Based on this information and taking into consideration the recent softening of prices, nominal upward market adjustments are applied to Comparables 1 and 2, which closed escrow in mid-2021, as the upward trend in prices in the second half of 2021 and early 2022 more than offset the more recent correction in prices. No adjustment is considered necessary to Comparable 3, which transpired in late-2021, as the increase in prices through early to mid-2022 is generally offset by the more price correction. Relatively nominal downward adjustments are made to Comparables 4 and 5, both of which transpired in July 2022, near the market peak.

LOCATION

The subject property is located east of the northeast corner of Central Avenue and Columbus Avenue, in midtown Phoenix, a few miles north of the downtown central business district. The site benefits from close proximity to a wide range of residential support facilities and close proximity to the light rail system.

Comparable 1 is located at the southwest corner of Rio Salado Parkway and Smith Road, in Tempe, approximately 1.5 miles east of the ASU campus and just over two miles east of downtown Tempe. This property benefits from being located adjacent to Tempe Marketplace, a popular community shopping center. Other surrounding land uses include well maintained light industrial properties, which is less desirable to an apartment tenant. In this location, Rio Salado Parkway serves as a moderately busy secondary arterial. Access to Loop 202 and 101 are within a few miles to the northwest and east, respectively. Rental rates within the North Tempe/University submarket are higher on average when compared to the subject's North Central Phoenix submarket; however, the comparable does not have a favorable location within the submarket. Overall, Comparable 1 is considered to have a generally similar location with no adjustment applied.

Comparable 2 is located along the north side of Camelback Road, adjacent to the west of State Route 51, in Phoenix. The site benefits from being located at the west end of the prestigious Camelback Road office corridor. Surrounding land uses primarily include a mix of commercial and multi-family residential. Access to State Route 51 is within one mile to the north and south. Given its location in an upscale area along Camelback Road, Comparable 2 is considered to have a more desirable location, with a downward adjustment applied.

Comparable 3 is located at the northwest corner of 7th Street and Oak Street, in midtown Phoenix, about one mile southeast of the subject site. Surrounding land uses primarily include older and single-family homes, a city park, and two schools, an Arizona Public Service (APS) substation and miscellaneous commercial uses. Access to Interstate 10 is less than one-mile to the south. Comparable 3 has a less walkable location and does not benefit from close proximity to the light rail system. Thus, an upward location adjustment is considered appropriate for this sale.

Comparable 4 is located at northwest corner of Scottsdale Road and Earll Drive, just south of downtown Scottsdale. This site benefits from its frontage along Scottdale Road, a heavily traveled arterial roadway and proximity to the attractions offered by downtown Scottsdale. Surrounding land uses primarily include a mix of retail and mid to higher density residential uses. There is an older RV park and commercial buildings to the north that were acquired for development of a four-story apartment complex. Access to Loop 101 and Loop 202 is several miles to the east and south, respectively. Mainly due to its location along Scottsdale Road and in close proximity to the attractions in downtown Scottsdale, a more prestigious location than midtown Phoenix, Comparable 4 is considered to have a substantially more favorable location when compared to the subject with downward adjustment applied.

Comparable 5 is located west of the southwest corner of McDowell Road and 18th Street, in Phoenix. In this particular location, McDowell Road serves as a heavily traveled section line arterial. Surrounding land uses include older retail strip centers, older single-family and multi-family housing and a church. Access to Interstate 10 and State Route 51 are within about one mile to the south and east, respectively. Mainly due to the subject's proximity to the light rail and greater walkability, an upward location adjustment is made to this sale.

PHYSICAL CHARACTERISTICS

Adjustments for physical characteristics are necessary when the physical characteristics of a comparable property are different from those of the subject. Primary factors analyzed include site configuration, site size (net acres), access to utilities, and on-site and off-site development requirements.

Site Configuration

The northern and southern portions of the subject site are rectangular in shape with ample frontage along Weldon and Columbus avenues. As discussed, the subject is bisected by a public alley which will have to remain as an easement upon development (not to be owned in fee simple), which may impact development potential. Since none of the comparables were potentially impacted by a similar factor, relatively nominal downward adjustments are applied to each sale.

Site Size

Typically, as the size of a site increases, the per square foot price decreases, primarily due to economies of scale, higher holding costs, and greater risk of changes in initial investor assumptions due to a longer development time frame. Inversely, the per square foot price generally increases as the size of a given site decreases due to the fact that more buyers have the ability to acquire smaller parcels, thus increasing demand for smaller parcels. On the other hand, if a parcel is too small, development potential can be more limited, which results in less prospective buyer demand. The subject site encompasses a land area of 3.22 net acres. By comparison, the comparables range in size from 1.15 to 3.83 net acres. No adjustments are considered necessary to Comparables 1, 2, 3 and 5, which range in size from 2.30 to 3.83 acres. A downward adjustment is applied to Comparable 4 (1.15 acres) due to being less than half the size of the subject site.

Access to Utilities

As discussed, all utilities are available to the subject site. Since all comparables had similar access to utilities at the times of sale, no adjustments are considered necessary for this factor.

On-Site Development Requirements (Topography)

The subject site has a generally level topography. Since all comparables had generally level topographies, no adjustments are deemed necessary. Also, any prior improvements that required demolition and removal have been accounted for in the adjusted sale prices.

Off-Site Improvements

It does not appear as if any substantial off-site improvements will be required upon development of the subject site. Similarly, all five comparables sold with no significant off-site improvements required upon development. Thus, no adjustments are made for this factor.

ZONING/ENTITLEMENTS

The subject's zoning allows for a range of potential uses, including relatively high-density multi-family residential. Since Comparables 1, 2, 3, and 5 had zoning in place at the times of sale and were entitled at the expense of the buyer, no adjustments are made to these four sales. A downward adjustment is applied to Comparable 4, which sold with entitlements in place at the expense of the seller.

DENSITY

As noted, the subject site has yet to be approved for any project density; however, given the subject's particular location and surrounding land uses, a density of approximately 80 units per net acre appears to be legally permissible with the existing zoning and would be generally consistent with the immediately surrounding land uses. Given the subject's allowable density is only estimated (not finalized) and considering the comparables have relatively high densities ranging from 66.9 to 91.3 units per acre, no adjustments are considered necessary.

HIGHEST AND BEST USE

The highest and best use for the subject property was determined to be for higher density multi-family residential use. Since all five comparables were acquired for high density residential use, no adjustments for highest and best use are considered necessary.

OTHER (SALE LIMITATIONS)

Since the subject site cannot be acquired with contingencies in place (ie., subject to a successful rezone, subject to achieving Site Plan approval, etc.) or over an extended time period allowing for full entitlements, the prospective buyer of the subject site will incur a substantial amount of added development risk. In order to offset the added development risk associated with acquiring the subject site, a downward adjustment is applied to each sale.

Summary Of Elements Of Comparison

Several factors were considered in the land value analysis including real property rights conveyed, financing terms, conditions of sale, market conditions (time), location, physical characteristics, zoning/entitlements, density, and highest and best use. Presented in the following table is a summary of the adjustments for each comparable.

LAND SALES ADJUSTMENT GRID						
Comparable Number	1	2	3	4	5	**Subject**
Transaction Type	Sale	Sale	Sale	Sale	Sale	**-**
Transaction Date	May-21	Jul-21	Dec-21	Jul-22	Jul-22	**-**
Interest Transferred	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	**Fee Simple**
Zoning	PCC-2	C-2	WU	D/DMU-2, DO	PUD	**WU**
Proposed Use	Apartments	Apartments	Apartments	Apartments	Apartments	**Apartments**
Adjusted Sale Price	$10,496,110	$9,925,000	$9,264,100	$6,065,000	$6,225,000	**-**
Size (Acres)	3.40	2.80	3.83	1.15	2.30	**3.22**
Size (SF)	147,970	121,796	166,639	50,125	100,289	**140,400**
Density	91.3	77.3	86.8	66.9	74.7	**-**
No. Units	310	216	332	77	172	**-**
Price Per Unit	33,858	45,949	27,904	78,766	36,192	**-**
Price Per SF	$70.93	$81.49	$55.59	$121.00	$62.07	**-**
Price Per SF	$70.93	$81.49	$55.59	$121.00	$62.07	
Property Rights Conveyed	0%	0%	0%	0%	0%	
Financing Terms	0%	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	0%	
Market Conditions (Time)	5%	5%	0%	-5%	-5%	
Subtotal	$74.48	$85.56	$55.59	$114.95	$58.97	
Location	0%	-15%	15%	-20%	10%	
Site Configuration	-5%	-5%	-5%	-5%	-5%	
Site Size	0%	0%	0%	-10%	0%	
Access to Utilities	0%	0%	0%	0%	0%	
On-Site Improvements	0%	0%	0%	0%	0%	
Off-Site Improvements	0%	0%	0%	0%	0%	
Zoning/Entitlements	0%	0%	0%	-10%	0%	
Density	0%	0%	0%	0%	0%	
Highest & Best Use	0%	0%	0%	0%	0%	
Other	-15%	-15%	-15%	-15%	-15%	
Total Other Adjustments	-20%	-35%	-5%	-60%	-10%	
Value Indication for Subject	**$59.58**	**$55.62**	**$52.81**	**$45.98**	**$53.07**	
Absolute Adjustment	*25%*	*40%*	*35%*	*65%*	*35%*	

Compiled by CBRE

The comparables provide an adjusted range of $45.98 to $59.58 per square foot, with added support for a lower range value conclusion and a mean indication of $53.41 per square foot. Less weight is applied to Comparable 4, which required the most adjusting. The remaining four comparables required a similar amount of adjusting overall and have been given relatively equal consideration in the conclusion of value.

Supplemental Sales Activity

In addition to the land sales discussed and analyzed above, consideration is applied to an additional sale which provides insight into the reasonableness of the above analysis.

> This sale involves a 0.46 net acre site located east of the northeast corner of Central Avenue and Weldon Avenue, immediately north of the subject, in Phoenix. The site is zoned P-1, Passenger Automobile Parking Limited, by the city of Phoenix. The site sold to a neighboring property owner (Five SAC Self Storage Group) for $1,230,000, or $61.36 per square foot of net land area, in February 2023. Although this sale was not purchased for multi-family development, it is located immediately north of the subject and provides an uppermost indicator of value for the subject site given it is not impacted by alley or subject to the same limitations as acquiring a site from the city of Phoenix. A partially offsetting factor is its less desirable zoning.

"AS IS" MARKET VALUE

Based on the analysis above, a unit value range of **$53.00** to **$55.00 per square foot of net land area** is concluded for the subject site resulting in the following value indication:

MARKET VALUE CONCLUSION				
Price per SF		Subject SF		Total
$53.00	x	140,400	=	$7,441,200
$55.00	x	140,400	=	$7,722,000
Indicated Value:				**$7,600,000**
		Rounded Price Per SF		$54.13
Compiled by CBRE				

Therefore, after considering all facts available, subject to the underlying assumptions and limiting conditions included, it has been concluded the fee simple interest in the subject property had an "as is" market value as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
"As Is" Market Value	Fee Simple Estate	October 28, 2023	$7,600,000
Compiled by CBRE			

Assumptions and Limiting Conditions

(i) CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.

(ii) The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.

(iii) Unless otherwise expressly noted in the Report, CBRE has assumed that:

- Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
- Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
- Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
- Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
- No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
- There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
- All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
- The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
- The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
- The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

(iv) CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.

(v) CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.

(vi) All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.

(vii) Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.

(viii) The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.

(ix) No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.

(x) CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

(xi) Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.

(xii) The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

(xiii) The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.

(xiv) The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.

(xv) The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

ADDENDA

Addendum A

COMPARABLE LAND SALES

Sale	Land - Multi Unit Residential	No. 1

Property Name	Smith & Rio
Address	SWC Rio Salado Parkway and Smith Road Tempe, AZ 85281 United States
Government Tax Agency	Maricopa
Govt./Tax ID	132-38-025

Site/Government Regulations

	Acres	Square feet
Land Area Net	3.397	147,970
Land Area Gross	3.397	147,970

Site Development Status	Raw
Shape	Irregular
Topography	Generally Level
Utilities	All available to the site at the time of sale

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	91.26 per ac

General Plan	N/A
Specific Plan	N/A
Zoning	PCC-2, Planned Commercial Center General (Tempe)
Entitlement Status	None

Sale Summary

Recorded Buyer	PR III/Crow Smith Rio, LLC (Trammell Crow)	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Quemado Partners, LLC	Seller Type	Private Investor
True Seller	N/A	Primary Verification	Representative of seller, Co Star, Inc., Vizzda, and public records
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant land	Date	5/28/2021
Proposed Use	310-unit apartment community	Sale Price	$10,496,110
Listing Broker	None	Financing	Cash to Seller
Selling Broker	None	Cash Equivalent	$10,496,110
Doc #	2021-0598239	Capital Adjustment	$0
		Adjusted Price	$10,496,110

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
05/2021	Sale	PR III/Crow Smith Rio, LLC (Trammell Crow)	Quemado Partners, LLC	$10,496,110	$3,089,908 / $70.93

Sale	Land - Multi Unit Residential	No. 1

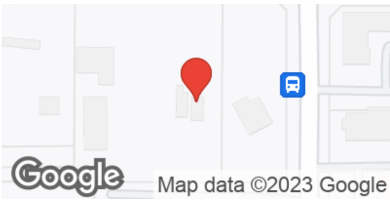
Units of Comparison

$70.93	/ sf	N/A	/ Unit
$3,089,908.45	/ ac	$33,858	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments



This comparable represents the sale of a 3.399-acre parcel located at the southwest corner of Rio Salado Parkway and Smith Road, in Tempe. The site is situated adjacent to the south of Tempe Marketplace, a popular community shopping center and within approximately one mile of the Loop 202 and Loop 101 interchange. Most of the other immediately surrounding land uses are light industrial buildings. The adjacent development will include a dual-branded hotel and retail uses. The buyer purchased the site for development of a five-story, 310-unit multifamily property known as Smith & Rio. The buyer incurred the costs to entitle the property for the proposed use. No significant half street improvements are required upon development.

Sale — Land - Multi Unit Residential — No. 2

Property Name	Alta Bluewater
Address	NWC of Camelback Road and State Route 51 Phoenix, AZ 85016 United States
Government Tax Agency	Maricopa
Govt./Tax ID	164-57-451

Site/Government Regulations

	Acres	Square feet
Land Area Net	2.796	121,796
Land Area Gross	N/A	N/A

Site Development Status	Other(See Comments)
Shape	Irregular
Topography	Generally Level
Utilities	All available to the site at the time of sale

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	77.25 per ac

General Plan	N/A
Specific Plan	N/A
Zoning	C-2, Intermediate Commercial (Phoenix)
Entitlement Status	None

Sale Summary

Recorded Buyer	Alta Bluewater LLC	Marketing Time	N/A
True Buyer	Wood Partners	Buyer Type	N/A
Recorded Seller	The Fish Market & Margaret T Morris Trust	Seller Type	N/A
True Seller	N/A	Primary Verification	CoStar, Inc.; Vizzda, and public records
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	7/28/2021
Proposed Use	Redevelopment for 216-unit multi-family residential	Sale Price	$9,850,000
Listing Broker	N/A	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	$9,850,000
Doc #	Multiple (See Comments)	Capital Adjustment	$75,000
		Adjusted Price	$9,925,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
07/2021	Sale	Alta Bluewater LLC	The Fish Market & Margaret T Morris Trust	$9,850,000	$3,549,587 / $81.49

Sale | Land - Multi Unit Residential | No. 2

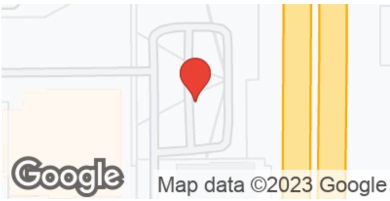
Units of Comparison

$81.49	/ sf	N/A	/ Unit
$3,549,586.92	/ ac	$45,949	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments



This is the July 2021 sale of a 2.80-acre parcel of land located at 1720 East Camelback Road, in Phoenix. The property was improved with a retail building at the time of sale which was removed from the site to make way for a 216-unit apartment community with an indicated density of 77.1 units per net acre. Upon development, no significant half street improvements will be required. The property was acquired through six separate transactions (2021-081873, 081874, 081875, 081876, 081877, and 081878) that closed at the same time totaling $9,850,000. The retail improvements contained approximately 14,343 square feet while demolition costs were estimated at $75,000, indicating an adjusted price of $9,925,000, or $81.49 per square foot of net land area. The proposed Alta Bluewater is currently under construction. Surrounding land uses include a mix of retail and multi-family residential, while State Route 51 is adjacent to the east. No significant off-site improvements were required at the time of sale. The buyer incurred the costs associated with entitling the property for the proposed use.

Sale — Land - Multi Unit Residential — No. 3

Property Name	Seven Oaks
Address	NWC of 7th Street and Oak Street Phoenix, AZ 85006 United States
Government Tax Agency	Maricopa
Govt./Tax ID	118-46-030, 033A, 043A, and 043B

Site/Government Regulations

	Acres	Square feet
Land Area Net	3.826	166,639
Land Area Gross	N/A	N/A

Site Development Status	Other(See Comments)
Shape	Irregular
Topography	Generally Level
Utilities	All utilities were available to the site at the time of sale.

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	86.79 per ac

General Plan	N/A
Specific Plan	N/A
Zoning	WU, Walkable Urban (Phoenix)
Entitlement Status	None

Sale Summary

Recorded Buyer	Seven Oaks Phx, LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	Treatment Assessment Screening Center, Inc., MBA 7th Street, LLC, and MELJ, LLC	Seller Type	Other
True Seller	N/A	Primary Verification	CoStar, Inc.; Vizzda; affidavit; public records
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	9/17/2021
Proposed Use	N/A	Sale Price	$9,050,000
Listing Broker	N/A	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	$9,050,000
Doc #	2021-1008269, 1008270, and 1008271	Capital Adjustment	$214,100
		Adjusted Price	$9,264,100

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
09/2021	Sale	Seven Oaks Phx, LLC	Treatment Assessment Screening Center, Inc., MBA 7th Street, LLC, and MELJ, LLC	$9,050,000	$2,421,670 / $55.59

Sale | Land - Multi Unit Residential | No. 3

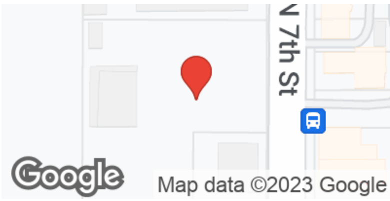
Units of Comparison

$55.59 / sf	N/A / Unit
$2,421,670.37 / ac	$27,904 / Allowable Bldg. Units
	N/A / Building Area

Financial

No information recorded

Map & Comments



This comparable represents a 3.83-acre site located at the northwest corner of 7th Street and Oak Street, in Phoenix. The site is proposed to be developed with a 332-unit multi-family community to be known as Seven Oaks, indicating a density of 86.8 units per acre. Surrounding land uses primarily include older and single-family homes, a city park, and two schools, while an Arizona Public Service (APS) substation is immediately to the north. Access to Interstate 10 is good and less than one-mile to the south. At the time of sale, there was approximately 42,820 square feet of various commercial-oriented improvements. Demolition costs were estimated to be $5.00 per square foot or $214,100, reflected in the adjusted price above. The buyer incurred the costs to entitle the property for the proposed use. Upon development, no significant half street improvements will be required.

Sale — Land - Multi Unit Residential — No. 4

Property Name	L'Esperance
Address	NWC of Scottsdale Road and Earll Drive Scottsdale, AZ 85251 United States
Government Tax Agency	Maricopa
Govt./Tax ID	130-16-008D, 008H

Site/Government Regulations

	Acres	Square feet
Land Area Net	1.151	50,125
Land Area Gross	N/A	N/A

Site Development Status	Other(See Comments)
Shape	Rectangular
Topography	Generally Level
Utilities	All available to the site at the time of sale

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	66.92 per ac

General Plan	N/A
Specific Plan	N/A
Zoning	D/DMU-2,DO, Downtown Overlay (Scottsdale)
Entitlement Status	Fully Entitled/Planning Permissions

Sale Summary

Recorded Buyer	Earll Scotts LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	EJG Investments LLC	Seller Type	Private Investor
True Seller	N/A	Primary Verification	Representative of seller, Public records, CoStar, Inc., and Vizzda
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	N/A	Date	7/7/2022
Proposed Use	N/A	Sale Price	$6,000,000
Listing Broker	N/A	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	$6,000,000
Doc #	2022-0557662	Capital Adjustment	$65,000
		Adjusted Price	$6,065,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
07/2022	Sale	Earll Scotts LLC	EJG Investments LLC	$6,000,000	$5,270,705 / $121.00

Sale | Land - Multi Unit Residential | No. 4

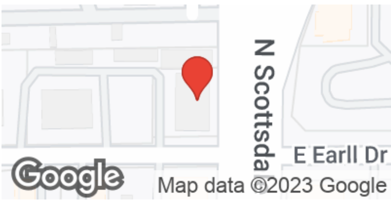
Units of Comparison

$121.00	/ sf	$78,766	/ Unit
$5,270,704.79	/ ac	$78,766	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments



This comparable represents a 1.15-acre mixed use/multifamily site located at the northwest corner of Scottsdale Road and Earll Drive, in Scottsdale. The site is proposed to be developed with a 77-unit 4-story apartment complex to be known as L'Esperance and 5,225 square feet of street front commercial space, indicating a density of 66.92 units per acre. Surrounding land uses primarily include a mix of multi-family and commercial oriented uses. The nearest access to Loop 101 is near 2.5 miles southeast via Thomas Road, while access to Loop 202 is near 3.5 miles to the south via Scottsdale Road. Upon development, no significant half street improvements will be required. Of note, the seller incurred the costs associated with entitling the property for the proposed use. At the time of sale, the site was improved with several small commercial buildings with no contributory value. The cost for demolition and removal has been estimated at $65,000 which is reflected in the adjusted sale price, above.

Sale — Land - Multi Unit Residential — No. 5

Property Name	The Governor Apartments
Address	W-SWC of McDowell Road and 18th Street Phoenix, AZ 85006 United States
Government Tax Agency	Maricopa
Govt./Tax ID	116-14-088A

Site/Government Regulations

	Acres	Square feet
Land Area Net	2.302	100,289
Land Area Gross	N/A	N/A

Site Development Status	Semi-Finished
Shape	Rectangular
Topography	Generally Level
Utilities	All utilities were available to the site at the time of sale.

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	74.71 per ac

Frontage Distance/Street	N/A	McDowell Road

General Plan	N/A
Specific Plan	N/A
Zoning	PUD, Planned Unit Development Individually Tailored Standards to Create a Built Environment Superior to That Produced Through Conventional Zoning and Design Guidelines (Phoenix)
Entitlement Status	None

Sale Summary

Recorded Buyer	Governor Apartments LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	Developer
Recorded Seller	WLD Housing LLC	Seller Type	Developer
True Seller	N/A	Primary Verification	Representative of buyer, CoStar, Inc.; Vizzda and public records
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Vacant Land	Date	7/27/2022
Proposed Use	Multi-family	Sale Price	$6,150,000
Listing Broker	N/A	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	$6,150,000
Doc #	2022-0603335	Capital Adjustment	$75,000
		Adjusted Price	$6,225,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
07/2022	Sale	Governor Apartments LLC	WLD Housing LLC	$6,150,000	$2,703,818 / $62.07

Sale | Land - Multi Unit Residential | No. 5

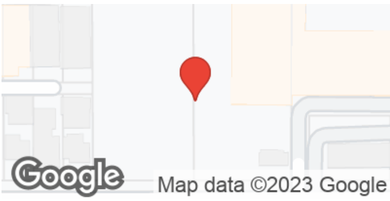
Units of Comparison

$62.07	/ sf	N/A	/ Unit
$2,703,817.92	/ ac	$36,192	/ Allowable Bldg. Units
		N/A	/ Building Area

Financial

No information recorded

Map & Comments



This comparable represents a 2.30-acre site located west of the southwest corner of McDowell Road and 18th Street, in Phoenix. The site is proposed to be developed with a 172-unit multi-family community to be known as The Governor Apartments, indicating a density of 74.8 units per acre. Surrounding land uses primarily include commercial oriented uses, as well as single-family and multi-family housing. Access to Interstate 10 is a short distance to the south via 16th Street, while access to State Route 51 is a short distance to the east via McDowell Road. At the time of sale, there was approximately 18,000 square feet of industrial improvements, part of which will be repurposed into a single ±3,000 square foot single tenant retail building and the remaining 15,000 square feet is to be demolished. Demolition costs were estimated to be $75,000. The buyer incurred the costs to entitle the property for the proposed use. Upon development, no significant half street improvements will be required. The buyer and seller are from related entities; however, the sale price was reportedly market derived.

Addendum B

ENGAGEMENT LETTER

City of Phoenix
FINANCE DEPARTMENT
REAL ESTATE DIVISION

October 24, 2023

Ms. Jo Dance, MAI, CCIM – Managing Director
CBRE, Valuation & Advisory Services
2575 East Camelback Road
Suite. 500
Phoenix, AZ 85016

SUBJECT: One Appraisal – of twenty-one vacant land parcels located as described below:

25 E WELDON AVE	118-33-029
29 E WELDON AVE	118-33-030
55 E WELDON AVE	118-33-031
33 E WELDON AVE	118-33-032
37 E WELDON AVE	118-33-033
45 E WELDON AVE	118-33-034
49 E WELDON AVE	118-33-035
51 E WELDON AVE	118-33-036
55 E WELDON AVE	118-33-037
64 E COLUMBUS AVE	118-33-057
64 E COLUMBUS AVE	118-33-058
52 E COLUMBUS AVE	118-33-059
54 E COLUMBUS AVE	118-33-060
52 E COLUMBUS AVE	118-33-061
50 E COLUMBUS AVE	118-33-062
46 E COLUMBUS AVE	118-33-063
42 E COLUMBUS AVE	118-33-064
32 E COLUMBUS AVE	118-33-065
32 E COLUMBUS AVE	118-33-066
28 E COLUMBUS AVE	118-33-067
26 E COLUMBUS AVE	118-33-068

CC: 8600001003; PM 1834; Project: Housing: Housing Phoenix – Potential Dispositions

Dear Ms. Dance:

This letter is your authorization to appraise the above referenced properties. You are to develop an opinion of the market value of the properties as per the documentation provided to you. Your appraisal report must comply with the current edition of the Uniform Standards of Professional

Appraisal Practice. The Intended Use of the appraisal is to assist the City of Phoenix – Housing Department with internal planning decisions and possible disposition. Please ensure the appraisal incorporates the Arizona definition of market value cited in ARS 28-7091. <u>The appraisal must be developed with the understanding that these parcels are subject to the Housing Phoenix - Affordable Housing Program.</u>

Your stated fee for this work is $2,500. Please submit one electronic copy of your appraisal no later than November 15, 2023. The City of Phoenix may request up to three (3) hard copies at a later date. If the reports are 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 the City Contract 21-038 and the City of Phoenix Appraisal Requirements (Rev. 01/2020) which have been provided to you previously.

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

Sincerely,

Burton Byars

Burton Byars
Review Appraiser
City of Phoenix

APPROVED:

Jo Dance, MAI, CCIM
Certified General Real Estate Appraiser No. 30249
Vendor # 3539339 / Clerk # 153703 / SRM # 4701007997

Addendum C

QUALIFICATIONS

Thomas Raynak, MAI

Director, Phoenix, Arizona

CBRE

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M + 602-516-8352
thomas.raynak@cbre.com

2575 East Camelback Road
Suite 500
Phoenix, Arizona 85016

Experience

Thomas Raynak, MAI, is a Director with CBRE's Valuation & Advisory Services. Thomas Raynak has experience with a broad spectrum of property types, but specializes in the valuation of vacant land, master planned communities, residential subdivisions (single-family, townhomes and condominiums), and apartments. He also provides review services to several lending institutions. He also has experience completing appraisals and consulting assignments on office and medical office buildings, retail properties, industrial properties, mobile home/RV parks, mini storage facilities, private/charter schools, restaurants, automotive facilities, and a variety of special use properties.

Thomas Raynak has completed over 2,500 assignments throughout the state of Arizona. Additionally, he has extensive experience as a qualified expert in Federal Bankruptcy Court. As a member of the Appraisal Institute, he held several positions including serving as a member of an experience review committee, a regional disciplinary panel, and as a mentor to candidates for membership. Thomas Raynak has been a partner in a private real estate development venture since 2007.

Thomas Raynak works in the Western Region which covers the western portion of the United States.

Professional Affiliations / Accreditations

- Appraisal Institute, Designated Member (MAI)
- Arizona Certified General Real Estate Appraiser, No 30413

Education

- Master of Arts Degree, Geography (Land Use Analysis)
  - Arizona State University, Tempe, Arizona 1985
- Bachelor of Science Degree, Geography (Urban Planning)
  - Pennsylvania State University, University Park, Pennsylvania 1981

Clients Represented

- Alliance Bank
- AZ State Land Dept.
- Bank of America
- Banner Bank
- BNC National Bank
- Central Bank
- Commencement Bank
- Comerica Bank
- CIBC World Markets
- Developers
- Homebuilders
- Farmers Merchant Bank
- First Bank
- GTIs Partners
- Metro Phoenix Bank
- National Bank Of AZ
- NY Community Bank
- Pacific Western Bank
- Parkway Bank & Trust
- Talmer Bank & Trust
- The Resmark Cos.
- Tricon Capital Group
- US Bank
- Unison Bank

Department of Insurance and Financial Institutions

State of Arizona

CGA - 30413

This document is evidence that: **THOMAS A. RAYNAK** 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

THOMAS A. RAYNAK

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 : **September 30, 2024**

Jo Dance, MAI, CCIM

Managing Director, Arizona

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M +01 602-361-6600
jo.dance@cbre.com

2575 East Camelback Road
Suite 500
Phoenix, AZ 85016

Clients Represented

- CBRE Capital Markets
- Western Alliance Bank
- Walker & Dunlop
- MidFirst Bank
- C-III Asset Management
- Opus Bank
- JLL
- HFF
- Bank of the West
- National Bank of AZ
- Bank of Oklahoma
- BBVA Compass
- PNC
- Citibank
- Washington Federal
- Blackstone
- StanCorp
- A10 Capital
- Starwood Capital
- VEREIT, Inc.
- CoBiz Bank
- First Bank
- East West Bank
- Bank OZK

Experience

Jo Dance serves as Managing Director of CBRE Valuation & Advisory Services, Pacific Southwest Division, where she leads a team of over 20 appraisal and consulting professionals in the Phoenix and Tucson offices. An accomplished 30-year real estate professional with extensive industry and management experience, she leads CBRE's efforts to provide exceptional outcomes for local, regional and global clients.

Working alongside a dedicated team of specialized experts, she works to elevate CBRE's best-in-class status by ensuring consistent, quality appraisal services. In her role as Managing Director, she coordinates all activities for Arizona, including overseeing new business development, client relations and appraisal quality control production.

She is licensed as a Certified General Appraiser in the states of Arizona, New Mexico and Nevada. Ms. Dance is a designated member of the Appraisal Institute (MAI and SRA) and holds a CCIM designation. Her appraisal experience spans a broad spectrum of real estate appraisals, rent analyses and market studies of commercial and multifamily residential properties. She has also provided litigation support and expert testimony in deposition and court in Arizona.

Professional Affiliations / Accreditations

- Appraisal Institute – Designated Member (MAI and SRA)
- CCIM Institute – CCIM designation
- Certified General Real Estate Appraiser, State of Arizona, No. 30249
- Certified General Real Estate Appraiser, State of New Mexico, No. 03242-G
- Certified General Real Estate Appraiser, State of Nevada, No. No. A.0206799-CG
- Licensed Real Estate Broker: State of Arizona (#BR505868000)

Education

- Arizona State University
  - Science in Business Administration, Production & Operations Management

Department of Insurance and Financial Institutions

State of Arizona

CGA - 30249

This document is evidence that: **JOLENE U. DANCE** 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

JOLENE U. DANCE

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

Expiration Date : **August 31, 2024**